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## The “Two Cultures” in Public Media Management

– in search of a third generation model

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### **Abstract:**

*Although Public Service Media (PSM) has been one of the main objects of (European) academic media studies for many years surprisingly little has been written about the way the PSM organisations are organised and managed. On that background this paper should be considered as a humble step to rectify some of this deficiency.*

*Three models of PSM organisations are presented serving as generalised ideal typologies drawing attention to a combination of general – but shifting - external and internal trends and forces which to a varying degree have influenced all PSM organisations in three characteristic époques in their history: The time of monopoly, the last thirty years of market competition and the new digital era, which is now turning all business models and managerial paradigms upside down. Woven into this pattern the paper describes the shifting balance (of power) between two dominating organisational cultures: The “creative programme makers” and the “management culture”.*

*The paper is written as a first version 0,9 of a chapter to a forthcoming volume on “Media, Management and the Publics” edited by Michal Glowacki and Jan Malinowski. As such it should be considered as a pure and simple desk top work undisturbed by thorough field studies of the organisational evolution of the wide range of the European PSM organisations. Rather it is based upon the authors yearlong “participating observations” in the field of Public Media, partly as a manager himself partly as advisor for a number of PSM corporations. As such the paper can be seen as a late coming follow up on the management focused part of the first report from ‘The Digital Strategy Group’ (EBU: 2003) of the European Broadcasting Union of which the author was a member, and the revised report from the DSG Group (EBU: 2006).*

*Whether the paper at a later stage can serve as the point of departure and basis for follow up studies in “the field” will depend on (lack of) time and resources – and on the constructive criticism with which it will hopefully be met in this first draft version (which also require a thorough linguistic review before being published).*

### **1. Introduction**

In 1959 the British novelist and scientist C.P. Snow held a lecture in Cambridge with the title “The Two Cultures”. It was later published and caused a heated international debate which now fifty years later has barely ended. Snow argued that the natural sciences and the humanities had developed into two separate worlds unable to communicate and understand each other. He considered the split a threat to modern society.

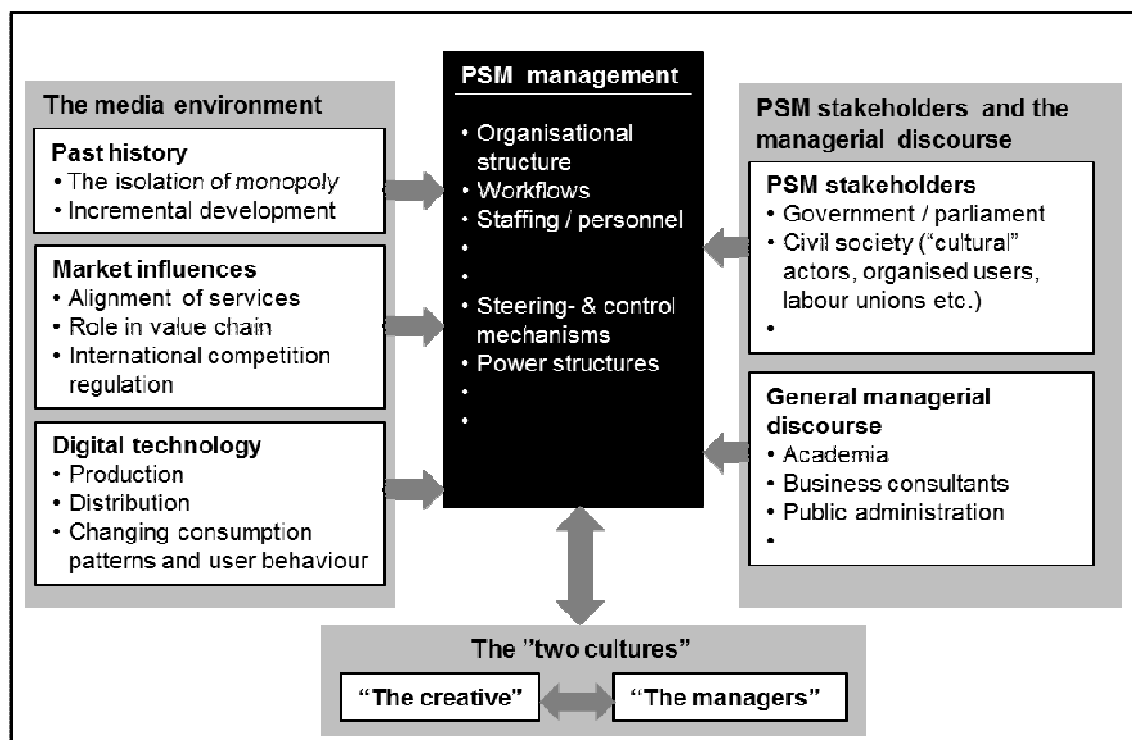
Large media organisations have for the last couple of decades known cultural gaps of a similar kind. For many years top managers and the creative content makers have been living in separate worlds, very often with conflicting goals and values making it difficult to establish unifying strategies and operational clarity.

In recent years two tendencies seems to make this split even wider and more complex. The first one was the professionalization of management and introduction of a number of general managerial tools in the late 1980ies and 1990ies. The second is the consequences of the new media environment with digitalization, interactivity, user generated content and so forth. With a special attention to the challenges from the new digital environment it's the purpose of this chapter to describe these changes and to illustrate how they have influenced the way in which large media companies have been organised and managed.

It is worth noting that similar cultural dichotomies exist in many, both private and public organisations. On the one hand the managerial culture of the top management and on the other the many professional cultures amongst the rank and file of the staff.

In this perspective the European Public Service Media organisations can probably be of special interest, because they – though existing under very different, national circumstances - all have been exposed to a number of profound similar changes in their environment. They developed in the era of monopoly very often as isolated habitats mirroring the bureaucracies of (other) public institutions. As such they were in their first fifty years of existence “protected” from market development and competition and the influence from the development of professional management in similar commercial organisations. In the last decades of the 20<sup>th</sup> century they abruptly met the market competition and the revolutionary introduction of the digital technology. Both forcing them to managerial and operational rethinking. It should also, as an argument for the PSM-focus, be mentioned that most of the PSMs are large organisations and in many (smaller) countries often the sole or most important media organisations setting national standards of organisational behaviour.

Figure 1: PSM management – its environment and the Two Cultures



The main structure of the chapter is illustrated in figure 1. Section two will present an overview of important elements in the media environment which to a considerable degree have influenced almost all the PSM organisations and their managerial development. The main features of the PSM organisation will be described in section three as a lead in to section four's presentation of the two cultures. Section five will deal with their shifting roles in the PSM history influenced by a combination of the general developments in the media environment and a number of specific factors in the closer, often national surroundings. Finally in section six the chapter will look ahead offering possible new ways of organising and managing the public service corporations in the evolving digital environment.

The main assumption of the chapter is that the PSM organisations and the way they are and have been managed - besides the influence of the mentioned external, environmental factors – also can be seen and understood as a continuous battle between the two cultures.

## **2. PSB/PSM organisations and the media environment.**

Right from the beginning of (radio-) broadcast in the 1920ies and 30ies the European companies were established as publicly owned monopolies. Half a century later the monopolies were gradually abandoned and gave way to today's very special European duo polar system with public companies as only one actor in a predominately commercial media market.

The fifty year long period without competition and with relatively stable financial conditions formed the public broadcasters as isolated monoliths. They were self-supplying entities (technological equipment, programme content, staff, supporting services and so forth) and very often also developed their own way of organising only marginally influenced by the developments in managerial thinking in other businesses. From the outset most public broadcasters were running only a single radio channel and were able to produce the relative few hours of daily programme production within a rather unsophisticated organisational setup which were gradually enlarged when more channels and later also television were added.

In the last two decades of the twenties century the European media markets were opened up for commercial media companies and the hitherto Public Service monopolies were met with a new and unfamiliar competition. The circumstances and conditions were very different (for instance between Eastern Europe with the fall of communism and Western Europe) and the old Public Service organisations reacted differently. But over all a number of general trends can be found.

Losing market share (of television viewing) at a high pace in the first years of the open markets the public broadcasters gradually had to adjust their policies to the conditions of market competition. Programme formats were transformed bringing them closer to international (and commercial) standards and the schedules adjusted to secure a proper viewing flow. From a market share point of view the transformation was successful as the drop in market share stopped (around 15-35 pct. of viewing time). It's though debatable whether some of the special Public Service obligations were brought to the altar in this adjustment of profile.

The public broadcasters were in the era of monopoly the sole actor in their national territories taking care of all functions in the media value chain from programme creation and production to distribution. As the market developed and differentiated they involved themselves but with a narrower role. They bought international programme formats, outsourced some of their support services and program production and gave up the transmission services just to mention a few examples.

One of the effects of being publicly financed and at the same time a part of an international, competitive media market was the growing tensions with the commercial media industry and the complaints on "market distortion" it raised. As a consequence the competi-

tion regulation within the European Union and their member states has given special attention to public broadcasters.

All these changes have influenced not only the operations of the old Public Service companies but also the way they are organised and managed.

### **3. The PSM organisation – combining structural and cultural features.**

As a background for the following section's description of the last decade's evolution of the PSM organisation and the challenges ahead this section will briefly present some of the characteristic features of the PSM organisations. The approach combines elements of structural- and organisational culture theory although here directed more towards how internal organisational structure is adapted to external market challenges and to a lesser degree dealing with economic performance outcomes in the market and the effects of ownership structures on media content, which is more often in focus in media management studies (Mierzejewska and Hollifield: 2006). The reason for this deliberate choice is – to put it simply – that issues like ownership structure and economic market performance are not central for most PSM organisations. Adding to this they have a considerable larger in-house production than their commercial counterparts and of that reason also an organisation that is both larger and more complex, making it worthwhile giving it special attention.

Not surprisingly of number of basic organisational features of media companies correspond in many ways with other large organisations and can be described with variables usually used in analysis of any organisation (see center square in figure 1), such as:

- Organisational structure and division of labour/responsibilities
- Organisation of workflows
- Staffing / personnel
- Distribution of budgets
- Rules of operation, steering principles and control mechanisms
- Informal structures and patterns of influence / power

Besides the special historic background and influences from the media market environment, described above in section two, there are a number of characteristic features in the PSM organisations worth mentioning. They are related to the specific “product”, the way it is produced and delivered and the special organisational cultures in which it all takes place. As illustrated sketchy in fig. 2 we are here dealing with a number of very different – almost contradictory – elements when looking closer at functions, processes, cultures, values etc.

#### *The creative laboratory*

First of all it should be noted, that the “product” of electronic media is intangible and has many similarities with other services brought to the market. Basically it can be considered as “a good story” whether it's an episode in a drama series, a documentary, a feature in a news program, or a recurring host-born music programme. As such its intangibility is even more fundamental because each “service item” (being it a broadcasted radio- or television programme or something put on a webpage) is unique, even if it's delivered in a repetitive standard format.

Therefor the PSM services are developed, produced and delivered in a process and in an environment, where artistic work and creativity are key factors. Not only in developing new programme formats or researching for an investigative, critical documentary but also in various degrees in the daily delivery in the studio before the microphone or television camera, where personality, professional reliability and trustworthiness are of the greatest

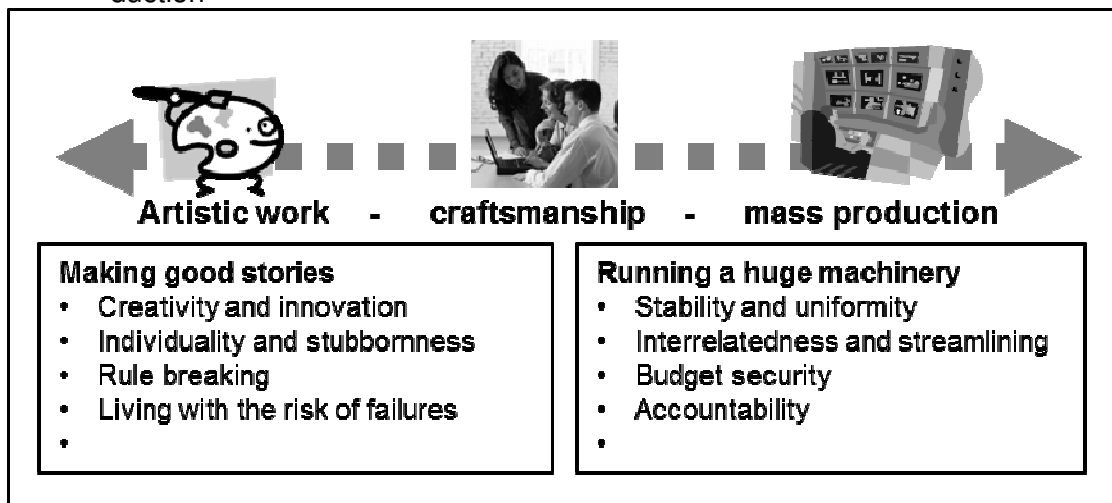
importance. Having the right people and providing them with the right working conditions are indispensable factors. These elements are summed up in the cues on the left side of figure 2.

### *The huge complicated machinery*

The cues on the right side of the same figure 2 point in the opposite direction underlining the fact that large media organisations at the very same time are complicated and conflictual organisations and should be managed as such. It is related to several characteristics.

The first one is the way in which the services (i.e. radio- and a television programmes) are delivered. They are not “stand alone services” as for instance a movie in a cinema or a concert. In the broadcast environment they are transmitted in a sequence, in professional slang called channel flows, where the delivery and use of one program is dependent on the neighbouring programmes in the flow. And in contrast to the Internet as a platform broadcasting brings exactly the same program to every single receiver at the same time. Behind the standard expression of commercial radio hosts, “Stay tuned on this channel”, lies the imperative for broadcasters in a competitive market (commercial as well as PSM) to optimise the size of the audience and make it refrain from using the button on the remote control to shift channel.

Figure 2: The PSM organisation: Combining artistic work, craftsmanship and mass production



The attractiveness (perceived quality) of the individual program is of course important in that respect. Probably even more so is the composition of the programme-flow in the channels. To optimize the audience a program needs a good “lead in” (many listeners or viewers – and the right ones) from the previous program in the channel. Likewise every single program must provide the best possible “lead out” to the subsequent program. To accommodate these important considerations the PSM organisation must have an editorial center (often called “channel controllers”) not only deciding the sequence of the pre-produced programs in the channels (the schedules) but also – and much more controversial – having some influence over the content of the programs before they are produced to secure they fit into the brand of the channel and the requirements of the time slot.

The second characteristic is that production of programmes takes place in a sophisticated and very costly technological environment staffed with a combination of many professional skills. The pre-production phase itself can often be carried out by a small group of creative people equipped with “pencils and paper”. In contrast the subsequent phases, preparing the production, recording in studios and a number of post-production routines, as well as transmission (also the direct ones) require dedicated equipment and a combi-

nation of differentiated and much specialised professions. Just to manage this complicated setup require high demands on logistics and the necessity to keep very strict deadlines.

Adding to the above mentioned characteristic internal features of the complex PSM-organisation one must also be aware of the very special combination of stakeholders and the general public interest (both as an ethical imperative and an imposed regulatory mandate) surrounding and influencing the management of the public broadcaster (Napoli 2006). During the time of monopoly they were the sole provider of radio and television and as such the focal point of the public attention directed towards electronic media. This special public interest has continued after the break of monopoly and is of course also stemming from the fact that the PSM organisations are publicly owned and financed more or less directly by the audience/licence fee payers. To be able to manoeuvre in the complex landscape of government, parliament, supervising bodies, cultural institutions and interest groups, labour unions and organised listeners and viewers etc. the PSM management not only need a professional public relation preparedness. It must also establish and run all kinds of control- and reporting systems for both internal use and external documentation of accountability.

#### *Combining the cultures of “creative laboratories” and “huge machinery”*

The two very different cultural settings described above can be seen as two extremes at each end of a continuum. Between them you find a vast number of functions with varying degrees of “artistic freedom” and bureaucratic steering, such as the many editorial units, production teams, workshops, technical departments and administrative entities.

The difficult managerial challenge for large broadcast organisations is the fact that they must encompass these very different functions/cultures and make them work together in integrated, coordinated processes. And that is not an easy task. The creative people at the one end of the continuum feel that they are tied down and overwhelmed with all kinds of bureaucratic control mechanisms and coordination procedures forcing them and their work into a suffocating conformity. At the other end of the continuum the top management realises that they need the creative culture but looks upon it with scepticism often as a disturbing, irresponsible element that must be kept on a short leash.

Some might perceive this description of extreme positions a bit exaggerated – and it certainly is. It's a very general simplification made to serve as a magnifying glass drawing attention to two important, often dominating, cultural traits in the classic PSM organisation. Before going deeper into their evolving interrelations over time and the alleged conflict between them a brief description of the two cultures and their characteristic features should be given.

#### **4. Two cultures of the PSM organisation**

Continuing this line of oversimplification the two cultures can be described as archetypes characterised by a set of values and behavioural norms defining the way in which their members see and understand their surroundings and act within it. The norm sets are formed by a combination of educational background (i.e. as journalists, musicians, engineers, clerks etc.), their previous carriers and especially through the socialisation taking place in-house so to speak as they gradually after recruitment accommodate to the culture of the group where they belong. So looking closer at the PSM organisation you will find a number of sub-cultures covering not only professions but also different departments and even geographical locations. People working in the sports department will often belong to and feel at home in a special “sport-culture” whether they are journalists, cameramen or clerks. And that culture can easily be differentiated from the norms and values you find in

the news department or among their colleagues in the departments of drama, entertainment and culture.

Zooming out from the closer look at these sub-cultures they will merge into a smaller number of dominating cultural clusters. One example of this is the split between the cultures in radio and television found in many of the traditionally organised public broadcasters. Another the formation around three large groups of employees, the programme makers, technicians and administrative people. So all in all the delineation of cultures and sub-cultures is not of an objective nature. Depending on the perspective or purpose – and the distance of observation – one can focus on a wide range of cultures.

In the following description of one of the dominating cultural patterns of the PSM organisation the focus will be set on the previously mentioned two main groups: the content makers and the managers. These are also dominant antagonists mentioned by Gallagher (Gallagher:1982) in her study on control patterns in media organisations.

#### *A. Content makers - "the individual artists"*

Not surprisingly the group of employees responsible for making the content (radio- and television programmes and services on the web) comprise an important group. Compared to them all other staff can be considered to perform supporting functions – and that's actually how many programme people see it. If "content is king" it's surrounded by a nobility of content makers of which the core consists of a relative limited group of "solo-players", the creators of stand-alone documentaries, the hosts of prestigious programmes, directors of award winning drama series and so forth. They are well-known figures in the public and often have an access to politicians and top-business men much more frequent and open than the PSM-top managers.

They are seen – and often also behave as – prima donnas for whom the qualitative (sometimes even artistic) ambitions often are in conflict with limits set by budgets, the rational flow in production lines and other profane considerations.

Around this core of "the individual artists" you find a larger group of programme people. "Tutti players" in the orchestra so to say, who work in groups or teams with research, recording, editing etc., but never the less share many of the norms and values of "the solo players" as ideals. At the inside this creative culture might be very diverse and often marked by rivalry and conflict, but confronted with external pressure, e.g. budget cuts and all kind of bureaucratic procedural requirements it unites in a common almost collective culture not infrequently also including the supporting technicians and administrative staff from the associated environment.

Depending on circumstances and the issues at stake the culture of the content makers often is the largest and very influential one of the PSM-organisations.

#### *B. Managers - "the bureaucrats"*

The managers' culture is very different and numerical much smaller. The core here consist of the top managers, those working in staff functions close to the top, the administrative departments and to varying degrees also heads of program departments and their closest staffs. What it lacks in size is usually compensated for by influence. One should though not exaggerate its formal hierarchically based power. It's a bit like the power structure of symphony orchestras. One tends – if only acquainted with them from attending concerts - to consider the very visible chief conductor as the unchallenged leader of the musicians. The conductor usually is and from the seats of the auditorium you always get that impression looking at the conductor swinging with the arms and the musicians playing wonderfully apparently following his signals. Behind the visible surface it is however, when there are serious conflicts, sometimes the other way round.

It is very much the same with the PSM director general's (the CEO's) and their surrounding culture. Although the DG often has a professional background as a successful

programme maker he or she is forced into a new norm-set when shifting position and taking over the management of “the huge machinery”. More attention will in this position be directed towards external stakeholders and their interests. In the culture of the top management bureaucratic accounts to budget security, wage policy, productivity, coordination and operational stability will often be prioritised at the expense of decentralised, local freedom of manoeuvre. The internally recruited DG usually realises this potential conflict all too well but lacks sometime the will or the ability to change the pattern. His successor coming with a managerial background from outside with a clear assignment and a firm attention to make a thorough turn around will sometimes get stuck in an impenetrable jungle of hidden agendas and the unfamiliar power patterns of the content makers’ culture.

The relations between these two dominating cultures are here described in very general terms not taking the necessary account of the huge variety from country to country. Neither has it done justice to the variations over time as the original PSM organisations developed from one-channel radio broadcasters to multimedia providers in competitive markets as described in section two. This deficiency will be sought rectified in the next section.

## **5. The two cultures in shifting balance: From monopoly to market**

The relations and shifting balance between “the two cultures” of the PSM organisation will in this section be described by focussing on two phases in their evolution each with their own general models for organising the functions and the management. In the era of monopoly the PSB organisation was dominated by the culture of programme makers. At the end of last century market competition and public regulation shifted the balance. It gave the (new) management culture the upper hand and set the scene for reorganisation attempts in search of efficiency, cost-cutting and control.

Although this shift was probably necessary at the time it is worth discussing whether the dramatic changes in the media environment following the introduction of digital technology and the resulting collapse of traditional business models should open up for adjusting the balance to find a third generation model. This will be discussed in the following section.

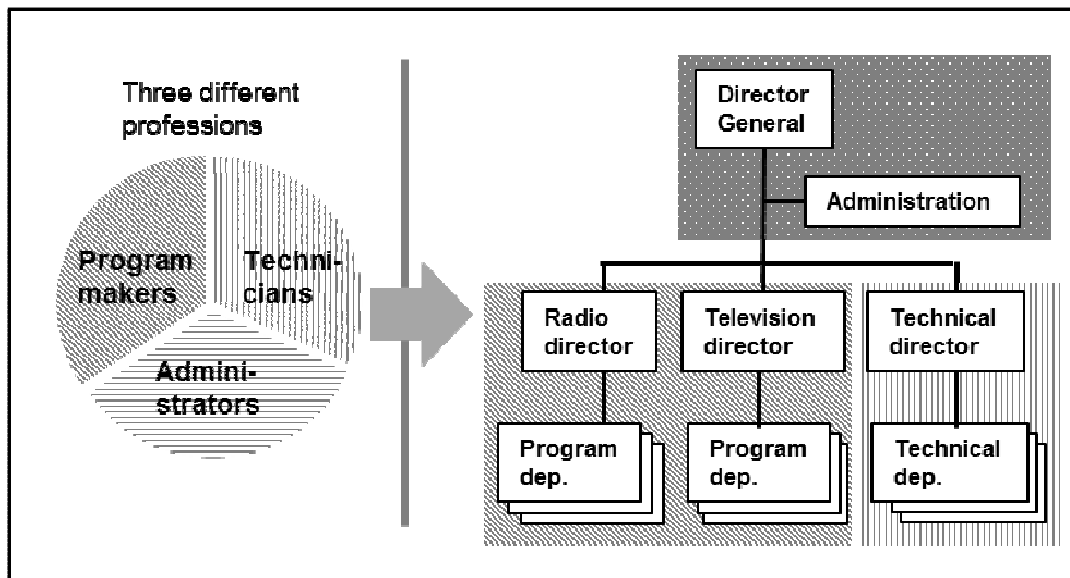
### *From the time of monopoly (Model 1)*

As is often the case with new businesses the public broadcasters were originally staffed with dedicated people having very different professional backgrounds. With the perspective of today they were all amateurs in making radio broadcast. Some came as engineers from the public telegraph, others were musicians, writers, actors or had their background in teaching, public administration and the newspaper world, not to speak of the many with more distant and exotic backgrounds.

Gradually as the activities, the funding and the staff expanded some kind of professional organisation was of course needed. Often it was modelled more or less after the state bureaucracy or rather as public corporations such as the railways, postal services or public tele-companies. In the broadcasting environment it meant to put it very simply: a) Program makers writing manuscripts and reading them before the microphone or musicians performing in studios, b) Technicians in charge of the technical infrastructure, recording and the transmissions and c) An administration taking care of budgets, accounting, personnel and relations to government. In other words three more or less independent functions and organisational cultures as sketchily illustrated on the left side of figure 3. This functional divided “three-pillar” organisation actually also was mirrored in the floor-plans of the company headquarters of the time: Individual cellar-offices to program makers and administrative staff and recording studios divided by sound proof glass separating technicians and program people.

When television was introduced in the 1950ies and 60ies it was organised as a parallel structure often situated in separate buildings both symbolically and in practice establishing its own subculture. Very quickly television took a position as the upper dog with a fast growing proportion of the overall corporate budget, attracting many of the leading program people and most of the public attention. This resulted in a rivalry between radio and television, which still can be found in many PSM-organisations, amplified by an organisational structure where the two media had “their own” dedicated program departments, i.e. a double set of departments for news, sports, entertainment, culture etc. Also the previous corporate and not infrequently very autonomous and powerful technical division was in many cases divided in separate radio- and television departments. This led to a hierarchical downgrading of the whole technical side of the organisations causing a lot of trouble years later when the transformation to digital technology placed great demands on a holistic, cross organisational handling of the whole technological field.

Figure 3: The typical PSM-organisation of the monopoly era (“Model 1”)



The supremacy of the program culture was largely due to a decentralised power structure and a rather low priority given to cross organisational coordination and steering. One can also with some right say that not only was the necessity of corporate steering not recognised, it was probably neither obvious. That stems from a number of characteristic features.

First of all it was a long period of growth. Year after year the number of license fee payers (and the fee to be paid itself) grew and so did the advertising income. There was little need for the drastic budget cuts which often makes it legitimate and necessary for top management to prioritise and to introduce corporate-wide steering initiatives. This economic stability was enforced by the way revenue was distributed internally to the program departments in decentralised, rather fixed budgets year after year adding “new money” on the top of last year’s budget.

The stable budgets - and the absence of external competition from other broadcasters - laid the foundation for the same kind of stability in the departments’ program portfolio, their timeslots in the channels and their staffs with highly specialised employees who seldom had alternative working opportunities. Therefor the program departments very often were - and acted as if they were - autonomous principalities in a loosely coherent kingdom. They - or rather their more or less individual program makers - developed and produced their (own) programmes and delivered them for transmission.

Continuing this analogy; with radio- and television directors as kings one could consider the director general as an even more remote emperor in charge of ceremonial duties and “foreign relations” vis a vis government and other external stakeholders. Being often internally recruited from the ranks of program makers’ culture and seldom seriously – any way not openly – questioning its dominating position.

Despite the thinly disguised caricature and the tone of irony in the above description of the PSM organisation from the days of monopoly one should bear in mind that it also had its virtues. Beside the stability itself – valued by many and despised by others – the decentralised power structure based on the professional culture of the content makers secured a considerable degree of pluralism and diversity in the total program offer. Had the top management (the director generals and radio- and television directors) been in real editorial control of program production, it might have been problematic considering the fact that the PSM’s were government controlled monopolies.

This stable situation was challenged by the break of monopoly in the last two decades of last century when the public broadcasters more or less abruptly woke up to the competition of the media market.

#### *In a new world of market competition and tighter public regulation (Model 2)*

After some time of reclining disbelief the public broadcaster – top management as well as the rank and file - reluctantly during the 1990ies acknowledged that their long time handcuffed users given the possibility of choice at an alarming pace (also) chose the new, market driven, commercial offer. If not of other reasons then just because they were given an alternative. There were though other reasons. The competing new offer was delivered according to professional ways of adapting the flow channels to a market driven environment and the ways radio listeners and television viewers – when given the choice – uses their new consumer power. As noted in figure 1 and briefly mentioned in section three the public broadcasters were forced to align in order to secure a market share, and especially a reach, necessary for fulfilling their role as broadcasters for the whole public (Nissen 2006 A). As a consequence it became an imperative to establish a centralised control over the channel flow, the time slots, the scheduling of programs – and the budgets.

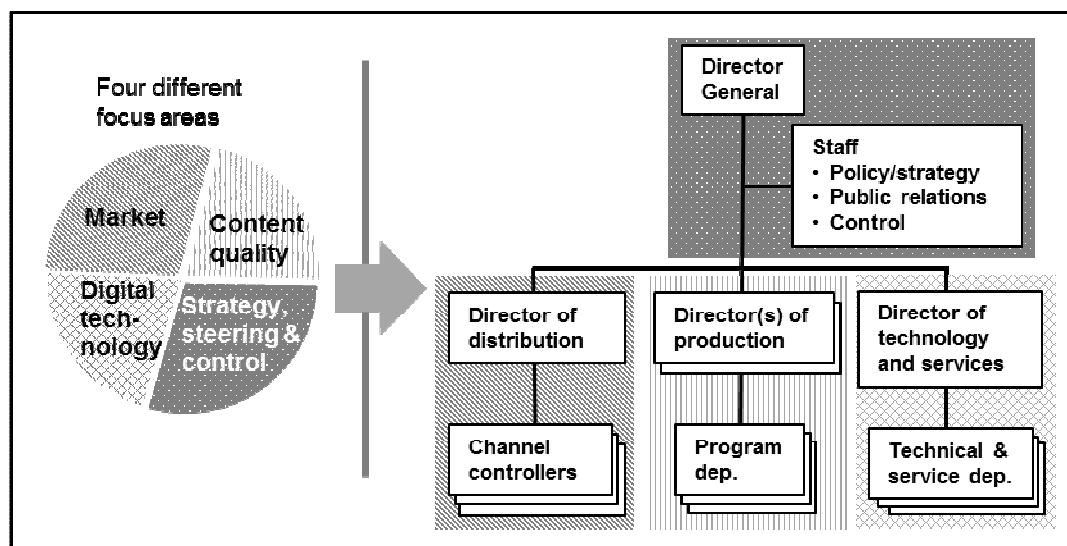
Another more indirect influence from market competition (spurred by heavy lobbying by the commercial media sector) has been – as mentioned in section two - the still tighter public/EU competition regulation. The “Television without Frontiers” directive (1989) followed up with its successor, the “Audiovisual Media Services Directive” (2007) and a number of so called “communications” has gradually spun a complex regulatory net diminishing the freedom of operation for the hitherto more or less self-regulated public broadcasters. The “Public Value Test” / “Market Impact Assessment” introduced in 2009 is just one more step in a direction, which makes an internal top/central control of program activities unavoidable for the PSM top management.

At the national level this was followed up and implemented by a new and growing governmental regulation carried out by national regulatory bodies demanding the public broadcasters to carry out accurate accounts and to deliver detailed reports on their program activities. A less formal, but also very influential factor in the managerial development of many PSM organisations has been the gradual spread of the so called “New Public Management” (NPM) steering- and control paradigm in the public sector in many European countries. It has for good and bad caused a tight focusing on efficiency and productivity requirements with new budgeting- and accounting systems to support not only reporting on activities, customer satisfaction and spending but also streamlining production and cutting costs. An example illustrating this approach to the management of public services can be found in (Curry: 1999). Another feature of the NPM which has found its way into public broadcasting is the “contract concept” where the public sector outsources some of its service production (cleaning, maintenance, health care etc.) to private companies based upon a contract fixing the volume and a quality of the delivered service and its price. “Pub-

lic Service Contracts” are used in some countries where governments for a specific period of time establishes a agreement or “contract” (which is in reality mandatory) with the PSM-corporation on its remit, output and finance.

How have these changes in the PSM environment (market competition, international- and national regulation and the influence from general public management thinking) influenced the way the PSM organisations are managed? And how has it affected the balance between the “two cultures”? In very general terms (because there are great variations amongst the PSM organisations) three areas can be highlighted as illustrated in figure 4.

Figure 4: A PSM-organisation in market competition (“Model 2”)



First of all market competition has caused – if not forced - the PSM management to upgrade its “marketing function” by giving channel controllers more influence over what is broadcasted. A radical solution – first introduced by BBC in the 1990ies and with some variations followed by other PSMs, for instance in the Nordic countries – was to create an organisational separation between those responsible for developing and producing the content and the channel controllers in charge of packaging the programmes in the time slots of the channels and “the content” on the newly established online services. To provide the channel controllers with the necessary power they were given some kind of “final cut authority” and/or the role of “commissioning editors”; in some cases even bolstered with control over (part of) the production budget. By establishing this kind of an internal market-like environment – where some of the production even was commissioned to external, independent producers – the channel controllers got a centralised editorial control hitherto unseen in public broadcasting. Besides a number of very questionable effects of this shift in the power structure, which will be commented on later, it is probably fair to say that it created the foundation for stabilising the PSM market position which were seen in many countries.

Deprived (some of) the influence over which programmes should be produced the previous so powerful program makers had to make do with a more retracted position, concentrating on the innovative and qualitative aspects of program development and production in departments now merging radio, television and the Internet. Ideally they were supposed to welcome this focusing on “creating god stories” and to be spurred by the competitive character of the internal commissioning system. An ideal that was not easy to live up to in practice.

The separation of responsibility for production and distribution not surprisingly also gave more power to the top management, i.e. the director general and his close staff, by - as formulated by some sceptics – the element of “divide and conquer” which characterised the construction. Adding to this the commissioning system also dissolved some of the stiffness that had previously been in the distribution of budgets and provided top management with the instrument of influence always related to control over the distribution of resources.

The other changes in the environment mentioned above (growing external regulation and the influence from general public management thinking) pulled in the same direction by making it necessary and (for some at least) also legitimate to establish new internal steering- and control regimes in the hands of the PSM top management. This was in many cases stepped up by a budget squeeze that was caused by on the one hand the need to finance expanding activities (more channels, new web services and the beginning switch to digital technology) and on the other the cuts in funding which some governments introduced in the period around the shift of the century. The necessity of cuts in production budgets, dismissal of staff and reshuffling of resources across the organisation placed top management in a central and very powerful – but also very demanding – position.

This led in many PSM corporations to a demand for a professionalization of the entire management function. The response to this demand varied. In some cases management was reinforced by recruiting professional top managers and supporting staff with management experiences from large public corporations or private business. In others business consultants were hired for shorter or longer periods to support the management in the often very controversial and conflict loaded change processes which also included a more conscious management training of managers at lower organisational levels, including staff at “the other side of the cultural gap”, the content makers.

It is also interesting to note that media researchers, who per tradition often have gone back and forth between academia and PSM corporations serving as market analysts and strategic advisors, in this period began to relate to colleagues occupied with management studies in general business as well as the more specialised field of media management and economics. By that they and the whole academic management discourse contributed to establishing a more self-conscious and coherent management culture in some of the PSM organisations.

That was anyway how many managers saw the situation. It is though a question how deeply rooted the victorious management culture actually is. As is often the case when formerly independent principalities are forced – whether by general societal trends or strong emperors - into a more federation like structure; their commitment is as fragile as intangible their enthusiasm.

The program culture’s scepticism and even resistance towards the market oriented organisational model is also caused by some real weaknesses in that paradigm. It’s internal market-like environment and tight bureaucratic control regime has in many cases eroded the “corporate spirit” and has no doubt also entailed a tendency to distort programme policy priorities and downgrading programme- /content innovation and quality development.

Balancing the pros and cons one can say, that the model probably had its advantages by giving the PSM organisations a necessary chock treatment for their awakening and survival in the new competitive market environment. On the other hand even a well-used and relevant treatment can cause harm if prolonged beyond the point of acute crisis.

### *Public Media in the midstream between conflicting organisational models*

The above presented second generation, market oriented organisational model is described in very general terms and covers in reality over a wide variety of very differently organised and managed PSM organisations. Some are actually - after many years in the competitive market environment – still organised and managed in a way close to the model related to the monopoly era. Others have after a transition period gradually sof-

tened the market oriented model and have downgraded some of its most contentious and controversial elements, as for instance the internal commissioning market, providing larger operational space for the program departments.

This diversity is worth bearing in mind when we now turn the back to the past and present and look ahead at the question of how PSM corporations can adapt their organisations and management to yet another radical change in their environment.

## **6. In search of a new, third generation, model: The digital era.**

Since the beginning of radio broadcasting electronic media has been closely related to technological discoveries and the speed with which they have been introduced in the market. None though has had such a fundamental influence as the introduction of digital technology. As a matter of fact it is challenging the business models of all the old single media platforms (newspapers, the music/record industry, telephony, television, radio and so forth). Concerning PSM media, where the business model due to the public funding is only marginal associated with the financial aspects, the drivers of change can be summed up in three areas: How the programmes – or rather “the content” as we will now have to call it – is produced, how it’s is distributed and the way in which it’s used.

On the production side changing to digital is basically only shifting the old analogue cameras, microphones, recorders and other parts of the production equipment with new digital ones. And too many broadcasters have regrettably limited the shift to that narrow perspective. The digital environment however opens up for – and its real advantages can only be harvested by – a radical revision of the whole production line from the creative preproduction and research over recording, editing and post-production to distribution and archiving (EBU: 2003, pp. 28-33). To illustrate it very briefly: All working procedures (“From lens/microphone to screen/loudspeaker”) will run on standard equipment and software all supported by one integrated IT infrastructure (no tapes). This leads to fewer specialists, less routine work, more multiskilling and room for creativity.

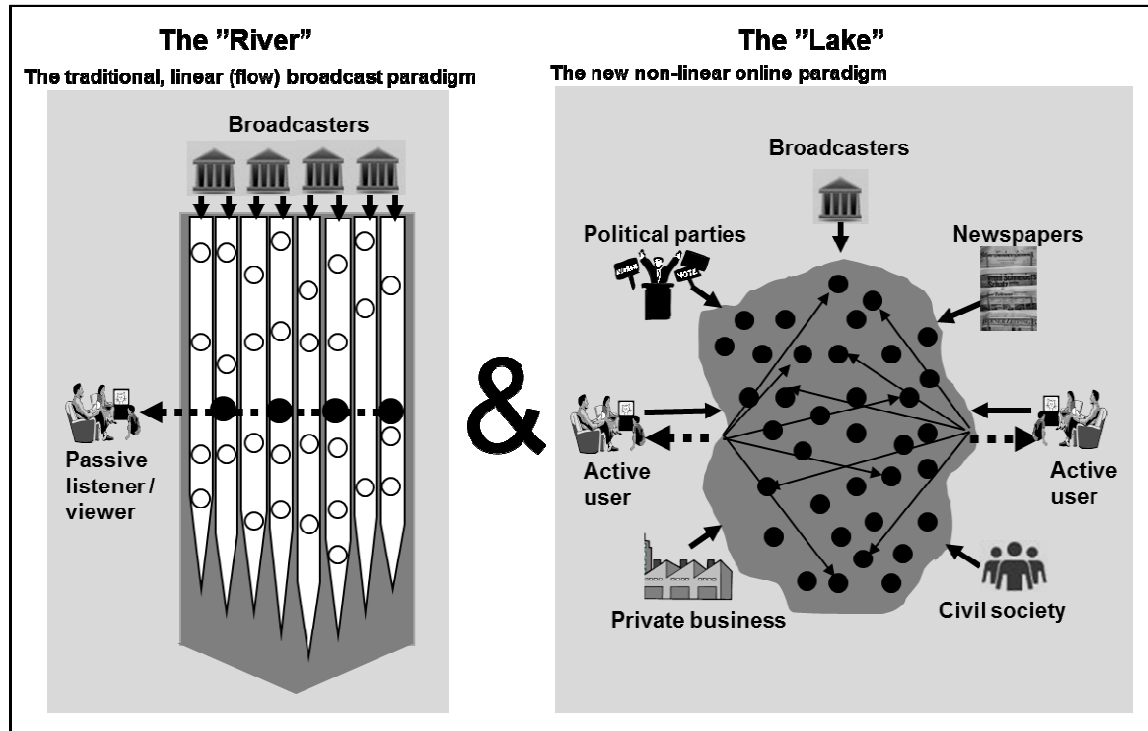
The possibility to convert text, images and sound to a common digital format has led to a merger of distribution methods and a combination of the traditional linear broadcast (“from one to many”) with the new non-linear interactivity (“from many to many”). This has transferred much of the control over the “What”, “Where” and “When” from the broadcaster to the audience, the user. By that it has opened up for the individualisation of media usage we now see on the Internet and even more revolutionary for the “users” also to be “providers” (“Web 2.0”) as illustrated in figure 5. The importance of the change in user behaviour cannot be overstated. As Shaver & Shaver (2006) puts it: “If change is the keyword to describe the direction of media industries, managers must understand media consumers to understand that change”.

Despite the fact that all this began twenty years ago and since then has turned almost everything upside down in the media world, we are all – providers as well as users of media – in our minds stuck in the old analogue, broadcast paradigm. It took around fifty years before the automobile in the middle of last century escaped the design of the horse carriage and found its own genuine form. So with digital media. Here we are probably still in the horse carriage, analogue mode fumbling to grasp the real consequences of change.

The creative content makers will have to develop their services, their mind-sets and the whole way of working to accommodate the gradual emigration from the flow oriented river- to the interactive lake paradigm and to combine them for a considerable time to come. Adapting to a new “non-linear world” requires more than simply taking into account that users will exercise their new interactive options and go elsewhere if they are bored. Non-linearity will also influence the way the single stories themselves are told. Program makers who for generations have been trained in making good, linear story-lines being it in a documentary, a piece of drama or an entertaining music contest, will have to develop new

non-linear narrative methods inviting the users to interrupt with questions, to provide suggestions and even to come up with their own stories.

Figure 5: The new combination of distribution- and user paradigms



Note: A more detailed description of the two paradigms and their combination, as they were originally presented, can be found in (EBU: 2003, pp. 11-15) and (Nissen: 2006 B, pp. 12-14)

What's make that kind of forecasting a risky endeavour is the fact that when evaluating the effect of new technologies we usually underestimate how the radical they will be and often overestimate the speed with which they come. Very few, if any, foresaw in the mid 1990's the potential of the Web and many of us refused categorically that it would ever reach a capacity to transmit television. Today we know better. On the other hand alongside the fast evolving Internet we have in many countries witnessed a continuous growth in the usage of the old fashion channel-flow television, which ten years ago by many was declared obsolete.

#### *Adapting the PSM organisation and management to a digital environment*

Having thus naively prepared us against accusations for inadequately founded forecasts by legitimising a certain manoeuvrability of uncertainty, we can now return to the question how PSM organisation and management will evolve and adapt to the new digital environment. Here one is however presented with yet another uncertain independent variable, namely a possible change in the management- and leadership discourse. The traditional management paradigm, theories and methods (the content of the managers' "tool box") developed to serve the industrial era's uniform mass production in the large factory is in the process of being replaced or supplemented with "new tools" better suited to the era of the knowledge society with small scale, custom tailored service provision. In the public sector this change is paralleled with a growing scepticism against the NPM paradigm and a search for alternatives (See for instance Brookes: 2008).

If this perspective turns out to be fruitful, it will certainly make sense in a media environment where users are leaving the collective universe of omnibus flow channels, or rather supplementing them with all kind of niche channels and individual offers whether it is from their PVRs or on-demand from cable or Internet. Even more so if the consumption of media provided by the traditional broadcasters (public as well as commercial) will be supplemented with offers from other institutional sources and all kinds of “user generated content” (UGC) from civil society. A very cautious attempt to illustrate some possible trends is presented in table 1 focusing on two main sources of change: The way the content is made and how it’s used.

Table 1: Possible/probable developments in production and usage of media and suggested effects on organisation and management

Production and usage of media	Effects on organisation and management
<b>Production / provision</b>	
Simplification of production. From the complex, industry like “assembly line” to “workshops” in a flexible digital network with standardised technology	<ul style="list-style-type: none"> <li>• A move from tight, uniform managerial control to a leadership setting clear goals and standards.</li> <li>• Decentralising of executing authority</li> <li>• High priority to internal innovative capabilities and network with external sources</li> <li>• DRM handling</li> </ul>
Demand for new concepts and services	
The proliferation of (external) providers (low entrance costs) including UGC.	
<b>Usage</b>	
Gradually declining importance of the TV channel-flow and fragmentation of audiences due to <ul style="list-style-type: none"> <li>• channels losing ground (share) Main</li> <li>• of (niche-) channels Multiplicity</li> <li>• sion of simultaneity (PVRs and “on demand” delivery) The ero-</li> <li>• age of intelligent program guides The us-</li> </ul>	<ul style="list-style-type: none"> <li>• Less need of close, central control of channels and other outlets</li> <li>• Brand alignment of total PSM offer more important to secure PSM loyalty and support</li> <li>•</li> </ul>
Interactivity, user involvement	

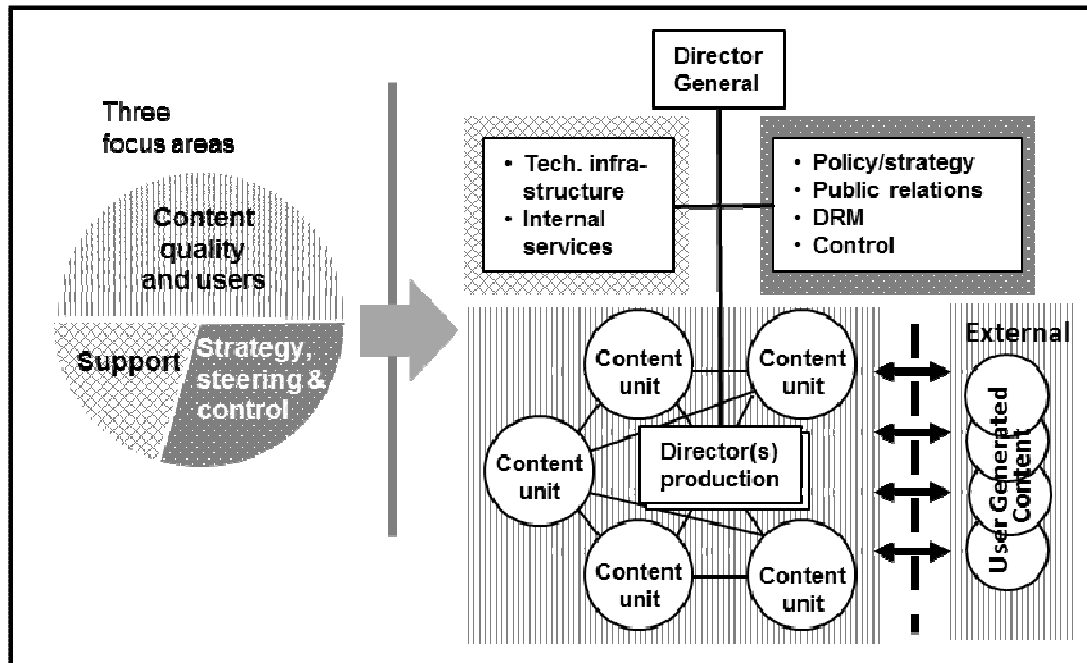
All in all this points in a direction of a more flexible and loosely structured organisation better equipped to act in a fragmented market, where users are more demanding customers than a loyal congregation. The gradually reduced dominance of the main flow channels and the proliferation of a variety of new outlets might be an argument for decentralising the management of distribution and relate it closer to those in charge of developing and producing the content and services. That would also serve the growing need of establishing a closer contact between internal content makers and the audiences, both in their role as users and in their possible new capacity of providers of content and services (USG).

Technology management, which in the last decade’s transition to digital technology has been of a central strategic importance for top management, will probably also change. As it becomes a more standardised technology this whole area will move from development to operational procedures, which to a large extent can be outsourced as we have seen with a number of internal, supporting services.

The overall corporate top management will also have to adapt to the new environment. Some kind of central steering and control will still be needed, but probably with changed

priorities, as the characteristic feature of content production gradually becomes more workshops in a network than the classic assembly line of the huge factory. The central control of total output and the overall use of resources will have to continue whereas its relevance concerning the content production itself will diminish. On the other hand the decentralised control over content production and usage of the wide variety of externally produced content will probably make it necessary to upgrade areas as for instance program ethics and digital rights management (DRM).

Figure 6: A PSM-organisation in the digital environment (“Model 3”)



If the PSM organisations in coming years move in the direction very sketchily described above we can probably expect the management of them to become less based upon uniform, detailed rules and control mechanisms. This will not reduce the role of top management, but change its character. Organisations with a decentralised power structure require top managers to exchange “the hardware” of rules and controls with “the software” of formulating common missions, setting clear goals and basic operational standards and to develop a uniting corporate wide commitment. In other words to move from hands-on operative management to motivating leadership.

As a consequence of this shift in organisational structure and management mode the balance between the two cultures will probably shift. Or rather be of another kind. The “creative culture” will be freed of the tight handcuffs of commissioning channel controllers and standardised program formats. Not as a compassionate response to the creative people longing for regaining their lost position, but as a necessary change to upgrade the creative and innovative capabilities of the whole PSM organisation. Also because the centralised “command structure” necessary to transform the PSM organisations to competitive market conditions gradually will become not only redundant but also inhibitory in establishing an open and creative working environment. This will however not inevitably lead to a parallel loss of influence for the “management culture” if it is able to shift to the leadership mode described above.

Neither will the shifting or changed balance automatically lead the creative culture of content makers back to their previous position of power in the autonomous, walled principalities. Their capability to perform and to deliver will to a large extent depend on their ability to develop and sustain an open and fruitful relation to creative people in the exter-

nal production environment. Not only to harvest new ideas and to get useful inspiration, when something interesting pops up; but to establish dependable supply channels of content delivery on a more permanent basis.

### 7. Three organisational models with shifting balance of “the two cultures”.

At the end of this tour de force through nearly a century’s development of PSM organisation and management it is necessary to underline that the purpose of the three models presented have neither been to provide an accurate description of management in each and every PSM organisation nor to give prescriptive recommendations of how to run them. They are not even to be understood as inevitable stages in the PSM organisations’ evolutionary history. Just as the model illustrating the time of monopoly (Model 1) in some PSM organisations has survived the challenges of market competition and exists parallel to the presented organisational structure of the market environment, so will this model (Model 2) – or features of it – continue to be a useful way of illustrating PSM organisations in the process of transformation to the digital environment (Model 3).

Rather the three models are thought to serve as much generalised ideal typologies drawing attention to a combination of general – but shifting - external and internal trends and forces which to a varying degree have influenced all PSM organisations and probably will continue to do so in a foreseeable future. The PSM environment – whether it’s dominated by political, market oriented or technological forces - define the framework and sets the overall conditions to which organisation and management must adapt. How it’s done and the timing and speed of adaption depends on many other factors where local circumstances, cultural settings and even personal preferences and abilities of individuals involved often play a decisive role.

This is why the structural focus has been combined with the more anthropologically oriented focus on “The Two Cultures”. The role they have been playing in the close to hundred years of PSB/PSM history, their interrelations and shifting positions should not be seen exclusively as dependent variables in the PSM organisational evolution – but also as an interplay between two determining factors influencing the course of development.

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Figurer og tabel til:

## The “Two Cultures” in Public Media Management

– in search of a third generation model

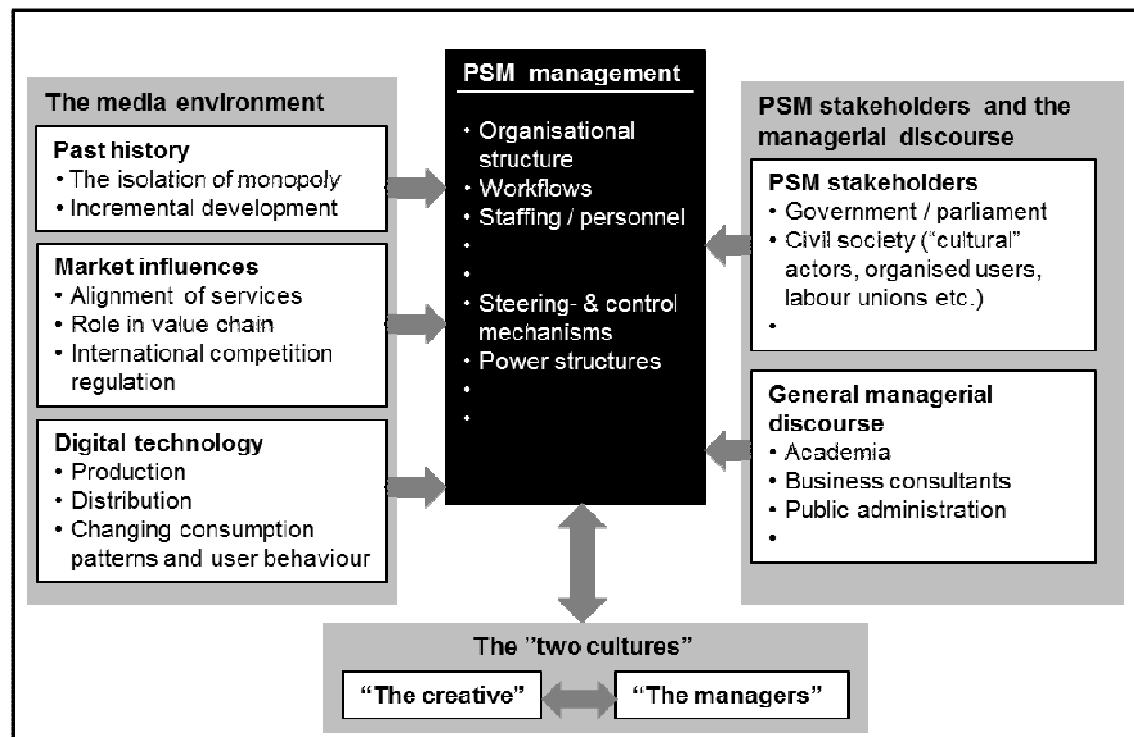
Christian S. Nissen

Side 1.



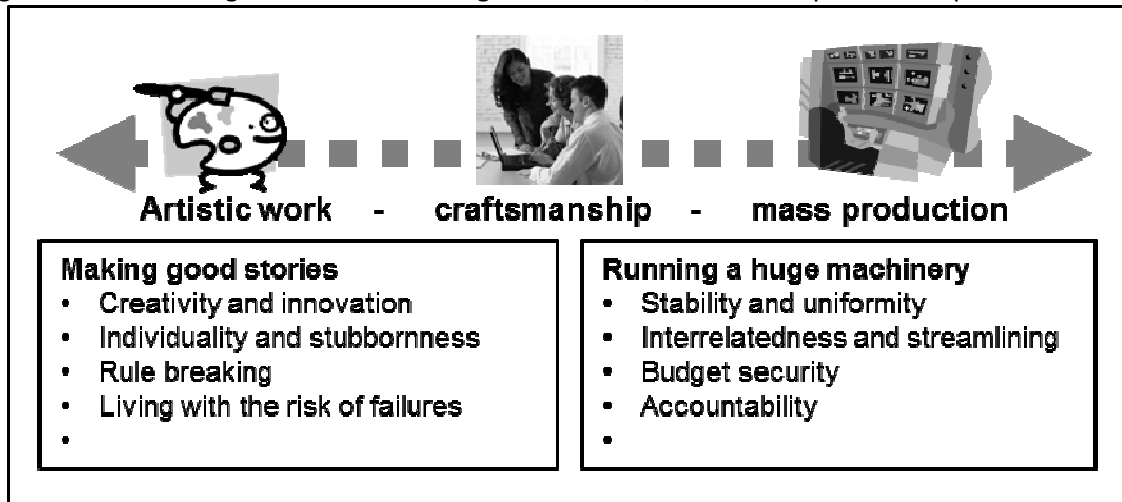
Side 2:

Figure 1: PSM management – its environment and the Two Cultures



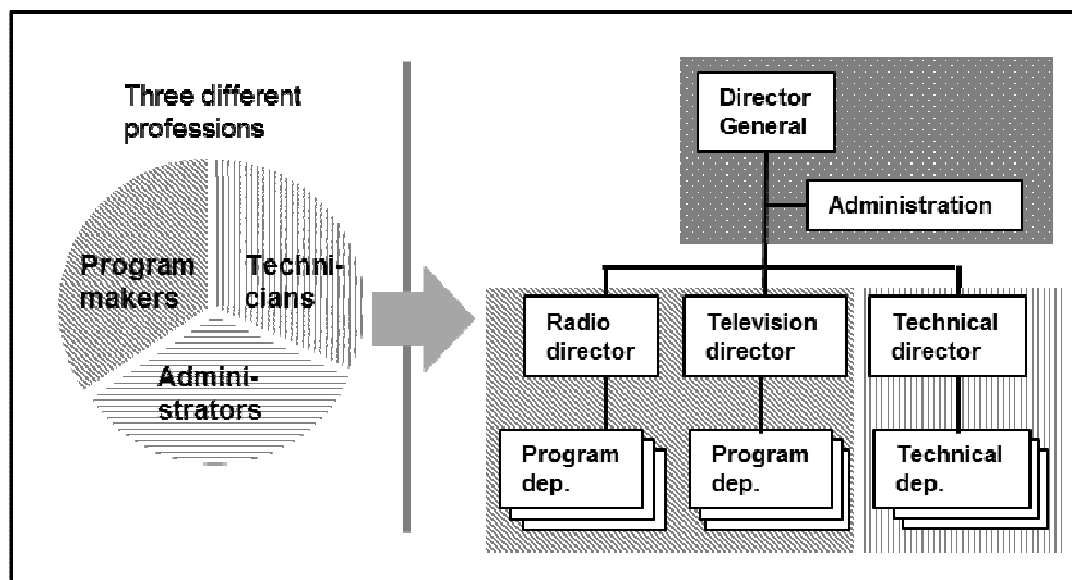
Side 5:

Figure 2: The PSM organisation: Combining artistic work, craftsmanship and mass production



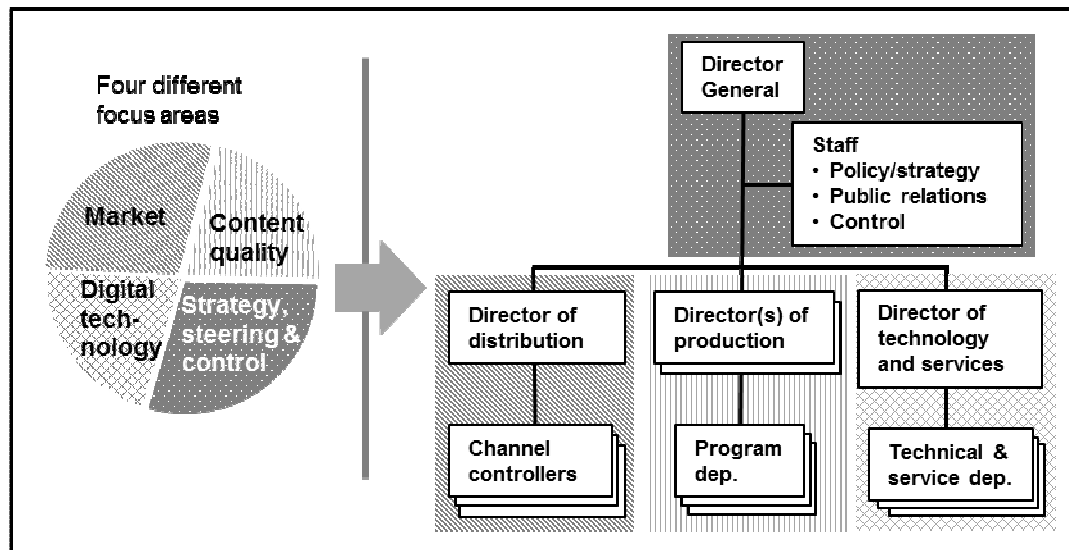
Side 9:

Figure 3: The typical PSM-organisation of the monopoly era ("Model 1")



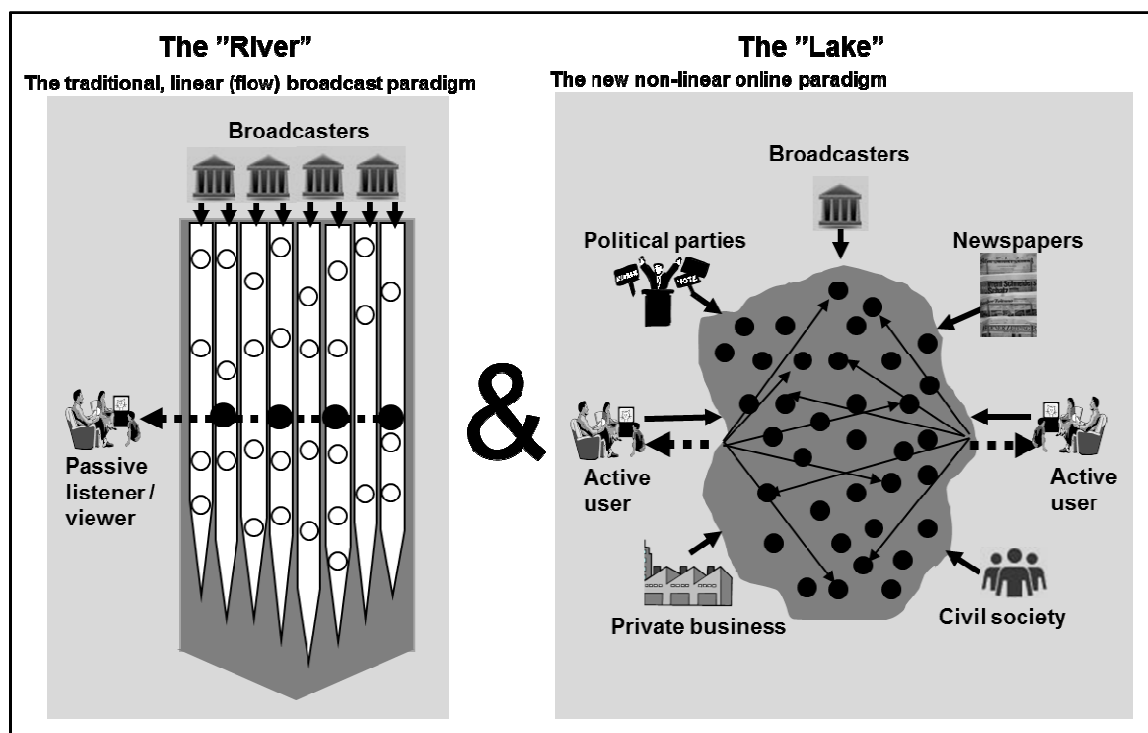
Side 11:

Figure 4: A PSM-organisation in market competition ("Model 2")



Side 14:

Figure 5: The new combination of distribution- and user paradigms



Note: A more detailed description of the two paradigms and their combination, as they were originally presented, can be found in (EBU: 2003, pp. 11-15) and (Nissen: 2006 B, pp. 12-14)

Side 15

Table 1: Possible/probable developments in production and usage of media and suggested effects on organisation and management

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Demand for new concepts and services	
The proliferation of (external) providers (low entrance costs) including UGC.	
<b>Usage</b>	
Gradually declining importance of the TV channel-flow and fragmentation of audiences due to <ul style="list-style-type: none"> <li>• channels losing ground (share) <span style="float: right;">Main</span></li> <li>• of (niche-) channels <span style="float: right;">Multiplicity</span></li> <li>• erosion of simultaneity (PVRs and “on demand” delivery) <span style="float: right;">The erosion</span></li> <li>• age of intelligent program guides <span style="float: right;">The usage</span></li> </ul>	<ul style="list-style-type: none"> <li>• Less need of close, central control of channels and other outlets</li> <li>• Brand alignment of total PSM offer more important to secure PSM loyalty and support</li> <li>• </li> </ul>
Interactivity, user involvement	

Side 16:

Figure 6: A PSM-organisation in the digital environment (“Model 3”)

