



**SAMUEL ADEGBOYEGA UNIVERSITY**

**OGWA, EDO STATE**

**COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES**

**DEPARTMENT OF MASS COMMUNICATION**

**2018/2019 ACADEMIC SESSION**

**LECTURE NOTE ON ECONOMICS OF MASS NEWS REPORTING: MAC 323**

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**Week one Objective**

**TOPIC: Principles of Economics**

Adams Smith (1776) defined Economics as an inquiry into the nature and causes of wealth of nations. According to him, these causes aren't accidental, they are deliberate. This definition implies that economics is seen as a social science which studies human beings and their behaviour. Now, human beings are insatiable but you can carry research to understand their needs and the changing dynamics of their needs in order to attempt to satisfy them.

Lionel Robins (1932) defined Economics as a science which studies human relationship between end and scarce means which have alternative uses. Gary Becker describes economics as combining the assumption of maximizing behaviour, stable preference and market equilibrium, used relentlessly and unflinchingly.

According to Allen (1977), economics is a social science that analyzes and describes the consequences of choice made concerning scarce productive resources. Economics is the study of how individuals and societies choose to employ these resources, i.e, how goods and services will be distributed among members of the society.

Economics is the study of how human beings allocate scarce resources to produce various commodities and how those commodities are distributed for consumption among people in the society. The essence of economics lies in the fact that resources are scarce or limited, and therefore not all human needs can be met. The distribution of these resources in the most efficient and equitable way is a principal concern of economists. Economics deals with how people choose to use limited resources in attempting to satisfy their unlimited wants.

In essence, economics is fundamentally a study of scarcity and of the problems to which scarcity gives rise.

## **WEEK TWO: News Reporting as a Management Decision**

News reporting and other programming activities in the media are regarded as management decision. Management could be defined as the deliberate harmonizing of materials and human resources aimed at achieving organizational goals. Management, according to Henri Fayol means to forecast & plan, organize, command, coordinate and control. Management has to do with the administration of an organization, whether profit or non-profit. Management includes the activities of setting the strategy of an organization and

coordinating the efforts of employee to accomplish its objectives through the application of available resources such as financial, natural, technological and human resources.

In every news station, the Editor-in-Chief and news producer call for editorial board meeting to discuss the editorial decision for the day, week, month or as the case maybe.

During such meetings, reporters and correspondents are assigned to cover different areas based on the informed decision of the manager. These decision are products of some reasons that are considered very strategies to the survival and continuous progress of the station. Even when reporters are done with their story for the day or week, before they are published or aired, the news managers make some editorial decisions to either publish, broadcast or kill the story.

The media is into a business of selling news so news is a major product sold by most media houses. It's a management decision. How the news is produced (how it is gathered processed and disseminated) and how the news is sold (how it is distributed) is a tough decision.

The media manager has to pick the best individuals to get a desired result. When delicate new are to be covered, a media house send its best candidate to get the right result.

New reporting is a management decision because:

1. The management understands that news is a major product that they sell and as such care must be taken in its production.
2. The management also understands that one of the products that has the largest audience is news and they wouldn't want to lose their audience.

3. Advertising remains the most sustainable source of revenue for any news medium.  
Therefore a news manager must understand that advertisers only place their adverts in medium that has a large audience.
  4. News managers must also understand that resources needed to produce news are always scarce but must be managed to produce the optimal results
  5. News managers must also understand that there are confident alternatives in managing news processes.
  6. News managers must also understand that there is a strong relationship between politics and economy.
- People are more conscious of news because of its affects them. In Nigeria,90% strongly report news and very few are entertainment based. The primary aim medium is news production and all resources must be deployed into news.
  - News has large audience and they have to be sustained and retained by regular and consistent supply of news.
  - Advertiser advertises in medium that has large audience. This audience can contain the advertiser's target. More advert=more money= more programmes.
  - News that are controversial and sensitive must be reported by its best persons so as not to loose its importance as wells as its audience.
  - More adverts from politicians generate more revenue for the organization through an increase in political adverts. A news organisation that is not against the politicians gain more advert from politicians.

Robert Picard said, news story may be very interesting and current, and may meet all the criteria for news values but may be dropped because of some unwritten codes which are usually stronger than the written codes.

**Things Editors and Managers Consider before Assigning Beats to Reporters are:**

1. The capability of the reporter
2. The sensitivity of the report or beat in question
3. The interest of the owner about the report or beat
4. The economic implication of such assignment
5. The political implication of such assignment.

**WEEK THREE: What Editors and Publishers Should Consider Before Publishing/ Broadcasting**

1. In practice, the interest of the owner is stronger than all news values put together.
2. The news report that has been paid for compete with news that met the news value.
3. Find out whether the news is coming as a commercial or not.
4. Political factors: they consider the political implication the story will invoke.
5. The economy fortune that a report will fetch for the station is also considered.
6. They also check the legal implication of the report.
7. And the ethical implications

However, these factors mentioned should not take the place of audience expectations or interests, objectivity and the basic criteria for news selection. In all the factors mentioned

both for assigning reporters to beat and considering what to publish, two are more important. The political and economic factors. This explains why political economist theorists, Golden and Mudoch (1997) said “the obvious starting point for the political, economy of mass communication is the recognition that the mass media are first and foremost industrial and commercial organization that produce and distribute commodities”.

### The Diagram

## **A SIX WAY MODEL OF ECONOMICS OF MEDIA SURVIVAL**



## **WEEK FIVE: Types of Reporting and their Economic Implications**

One of the critical decisions that media managers take is how to assign reporters to different beats. These decisions are usually determined by the economic condition or climate of that station. The number of reporters to maintain around the world is also a function of the financial resources of the station. This explains why some stations have more reporters than the others even when they're supposed to have the same coverage area. For instance, stations like CNN and Aljazeera have the same coverage arrears but different number of reporters. The same applies to NTA, Channels, Arise New, TVC and AIT. Apart from this, managers also determine what type of news purveyors to be used. This leads us to the types we have;

- Reporters
- Correspondents
- Contributors
- Freelancers
- Stringers

- **Reporters**

It is usually difficult to define who a reporter is because of the silly misunderstanding of the concept. Some have argued that there is no clear cut difference between a reporter and a correspondent. In other words, some say a reporter is same as correspondent. However, it is safe to say that a reporter is someone who has basic or advanced training on how to

gather news and disseminate same for a particular media organization. The term is usually used to refer to someone who does not have special training in a particular area of news gathering. This means that such an individual could be sent to cover any beat as the editor deemed necessary. He could also be referred to someone that reports within and around the media organization. There are two types of reporter: beat reporter and roving reporter.

A beat reporter is someone that has been assigned to a particular field. He may not necessarily have the basic skills to report on that area. However, as he continually cover that beat, he begins to master the skill of reporting that beat. A roving reporter does not have a particular beat. He's often considered as a general purpose reporter.

- **Correspondence**

A correspondent is someone who has basic and specialized training in a particular area and assigned to cover such area by the news station. Correspondents in most cases report from a distant location and serve as Bureau Chief of the organization in that location. It is common to hear things like sports correspondent, defense correspondent, economy correspondent, e.t.c.

- **Contributors**

A contributor is someone who makes contribution to media contents of a particular station or many stations. A contributor is not necessarily a staff of that station and may contribute other things that are not considered news. Contributors sometimes are not paid.

- **Freelancer**

A freelancer is an independent news purveyor who sells his news for a value. This freelancing business is most times done on part-time basis.

A news station will make a choice on which of these news purveyor to use at every given situation. Apart from other considerations, one of the major reasons for using contributors and freelancers is because the station may not have the financial muscle to maintain correspondents and reporters everywhere. This explains why they make use of contributors and freelancers that're cheaper to maintain. For instance if there's an earthquake in China and all media stations are streaming to report it, SAU radio that has very limited resources to send reporter to China, could buy the news for a token from a freelancer. Some stations use postgraduate students in different countries as contributors or freelancers. This is because it is cheaper to have somebody report that event from that location without bothering about transport allowances. Whatever news decision a news manger takes, he considers the cost. Technically speaking, sometime the cost outweighs the quality of report.

### **WEEK SIX: Why Media Stations Get Involved in Collaborative Journalism**

The advent of technology has not only redefined the way media businesses are conducted but has also altered the way the audience of the mass media relate with media organizations. Technology has made it possible for audience to have a deeper relationship with the mass media organizations than what it used to be in the 60s. Not only has that technology made the mass media audience to move from being passive to being active, this technology has also made them to be contributors of media messages.

These changes in the way media audiences and organizations relate are directed prediction of Marshall McLuhan in his very popular theory called Democratic Participate theory. He had predicted that the art of information dissemination is too sensitive to be left in the hands of professionals alone. McLuhan therefore advocated for a system where everybody will play a role in the act of information dissemination. Mysteriously, at the time McLuhan was making this prediction. Online technology was not as widespread as it is today. So many years after this prediction, technology forced people to become overnight reporters and content generators using their mobile phones. Therefore, the act of citizen journalism emerged.

**Citizen journalism:** Citizen Journalism is a concept that explains the idea of ordinary people generating news content and disseminating same to a small audience. Everyone that has a social media account and has the ability to generate contents is considered a citizen journalist. They are called citizen journalists because they are not trained in the art of news gathering and reporting and may not understand the ethical dimensions. Research has shown that citizens generate enormous content that are valuable. Some Twitter and Facebook accounts have followers than a mass media station. The kind of material citizen journalist gather are regarded as UGC, content generated by ordinary users.

### **Collaborative Journalism**

In 2009, one Abdul Mutallab, a British- Nigerian attempted to bomb a US plane and he was quite unsuccessful. Few minutes after the attempted bombing, all media stations around the world were awash with the attempted bombing. Unfortunately, all they could report at the time was that a Nigerian, born in London, his name, the aircraft he attempted

to bomb and the passengers aboard and how he did not succeed. However, none of the stations including CNN had a picture of the guy but CNN discovered the importance of collaborative journalism. Few minutes later they went online pleading with former classmates and anyone who had his picture to share it online. Shortly after, a Nigerian online news organization, Saharareports, also pleaded with audiences, friends, and former classmates to send the picture of Abdul Mutallab. Moments later, a classmate of his in England sent the picture (a group picture) it was cropped and used online by Sahara reporters. Few minutes later all the news media around the world started using the picture and giving credit to Saharareports. That was what made Sahara reporters very popular (Omoyele Sowore). Therefore, collaborative journalism is between a citizen journalist and mainstream media.

### **WEEK SEVEN: News Media as a Business Entity**

Every proprietor of news station expects two gains- economic and political gains, and its placed even before the audience. The story of Saharareports on that citizen journalism above only underscores the importance of collaboration in a digital age. Apart from the fact that technology makes it very easy for media people (trained and untrained) to collaborate in every media production, it also has an economic undertone. It is far cheaper for media stations to use competent stringers, freelancers and contributors to report a story in a distant location that will cost the station a fortune to get their own reporter to that location. It therefore means that news producers and media owners/organization consider the news purveyor to use at every given time and circumstance. For instance, what is the economic sense in sending a reporter from Nigeria to cover an earthquake incidence in

China when such stations could use the service of a stringer, freelancer or even a postgraduate student of Mass Communication in China. All that the PG student needs is to be prepared and be paid for the job. It is also important for content producers in media stations to develop plans for every conceivable emergency. The rule of thumb is this, make friends online before the news breaks so that when the need arises, they could be used as part of collaborative journalism. Another example to be considered is what played out in the movie called The News Room where a media station ACN had use a stringer in Cairo, Egypt to cover the 2011 anti -Mubarak protest. It was cheaper for the station to use him instead of sending another reporter to Cairo after the first was injured during the protest. Sending a reporter from US could have cost the station air ticket, issuance, accommodation, etc.

According to Robert Picard, whether a media company is commercial or non-commercial operation, it faces a variety of economic and financial forces and must be operated as a business entity in order to effectively respond to those forces. It is imperative to understand the position of Picard who sees media as business entity established to make gain at all cost.

Media houses are not charity organizations and Santa clause that gives free gifts all the time. The earlier one understands that media houses must establish core marketing principles, the better for them. But the simple question is why should media houses be run as business entity in Nigeria?

1. They are taxed.
2. They have competitors.

3. They have to survive under a harsh economic climate.
4. They must satisfy their audience and win more because the size of the audience is the actual size of your meal ticket.

Most stations that did not consider the factors above were those that started and folded shortly after they were established.

The commercialization of Nigerian press, developed and implication by Lai Osho (1991)  
News commercialization, ethics and objectivity in journalism practice in Nigeria, stranger  
beds fellows by Kate Omenugha and Margority Oje.

Mint of abundance

Creation of portfolios of media products

Supply market and demand market

Risks in media business

### **WEEK EIGHT: News Commercialization, Ethics and Objectivity in Journalism**

Willie Nnorom (1994 cited in Ekwo 1996) defined news commercialization as a “phenomenon whereby electronic media report as news or news analysis a commercial message by an unidentified or unidentifiable sponsor, giving the audience the impression that news is fair, objective and socially responsible”. Although this definition does not seem to include newspaper industries, it occurs there also.

News commercialization in Nigeria occurs in two levels:

- At the institutional level, where charges are officially placed for sponsored news programmes. It thrives at this level because media owners see it as a business or profit making venture and news commercialization has increasingly been taking the place of hard news report. It is a means through which organization survive and pay their staff.
- At the journalist level where individual journalist makes monetary demand to cover an event or report an event.

The point being drove out about news commercialization is that no attempt is made to let the audience know that those spaces are paid for and they end up holding them as sacred as they would. Bako (2000) states that, an average Nigerian sees whatever emanates from the press as the gospel truth and therefore consume it line, hook and sinker.

News commercialization is the act of selling news to the audience in such a way that the audience is led into believing that the story actually met the criteria for news selection. News ordinarily is a sacred commodity that media stations should offer for free. In fact, it is the sacred responsibility for media stations to report about timely events, issues and activities. However, a news is said to be commercialized if the criteria for news selection is substituted for financial gain.

Commercialization despites its ethical issues, remains one of the avenue through which media station make money for survival.

## **Why News Commercialization Thrive in Nigeria**

It started as a result of Structural Adjustment Programme (SAP) introduced in 1986 by General Ibrahim Babangida and the withdrawal of subsidies from Government owned media houses. With the increasing rise in production cost, media houses resort to all kinds of tricks to make money. This situation led to a lot of compromise with sensation of news and half-truth reaching alarming stage.

- Another factor is the pattern of news report and the means of news gathering. There are more of interviews and slated news than digging out of facts.

## **The Commercialization of The Nigerian Press: Development and Implication**

The Genesis of Capitalization: The capitalization of the Nigerian press and its subsequent commercialization started with the arrival of Daily Times in 1926. The editorial policy of this paper clearly spells it out that it has nothing to do with local politics and therefore not attached to any party. The paper was established by businessmen who had their mind set on financial success and the paper could not afford to be political like its contemporaries. The paper depended on advertisement which came from expatriate traders who were not concerned by the nationalist cause championed by indigenous press. Daily times started a process of acceleration which led to the establishment of Ziks chain of newspaper led by West African Pilot (1937). Apart from the political function, the paper served, Zik also saw

the paper as part of his effort to be economical, secure and free from wants. The newspaper was set up as a commercial enterprise which reflected in their news content and presentation. A major contribution of the paper to the Nigerian journalism was the commercialization of the sector. This paper saw itself as a commercial enterprise first and then party affiliated second.

### **WEEK Nine: Factors that Make Media Stations Change their Thinking Orientation and Operations**

The media economic landscape is changing dramatically in such a way that media owners and operators are finding it increasingly difficult to understand this changing dynamics. This has forced them to think of new ways to remain in the business or go comatose or moribund, and this explains why Robert Picard (2011) argued that there must be new thinking and operations in order to survive in media business. To have a new thinking, there are some factors to be considered:

1. Media abundance
2. Audience fragmentation
3. Media polarization
4. Increased competition

**Media abundance:** The number of media content has outgrown the audiences. There is a dramatic price in media tag and unit. The growth of media supply is far exceeding the growth of media consumption in both temporal and monetary term. Make no mistake, the number of media firms around the world is rising geometrically. This rising has equally

introduced competition. Unfortunately, this competition is not only among media station but competition for time expenditure between media and other leisure time activities. This competition is not limited among media stations but also between media station and its audiences to steal their time and make them listen or read them. Media station also compete for audience time.

**Audience Fragmentation:** this is a concept that explains how media organization have their audiences divided into sub-groups due to wide spectrum of media audience within the zone. Increase in media use has led to more audiences for more stations and less audiences to others. The audience are fragmented because of the increasing number of media stations. Some audiences are for television, some for radio, some for books, film, internet, and so on. Even within a station, the audience are still fragmented. Some for news, cartoons, programmes, etc. This fragmentations has led two types of economy-attention economy and experience economy.

Attention Economy is a concept that recognizes the scarcity of attention given to media station in terms of time by the audience. This concept helps to understand that the time of audience member is a scarce resources for media station and must be competed for.

Experience Economy: Is based on the idea that enterprises need to organize satisfying and memorable interaction for their audiences or consumer in order to generate loyalty and repeated engagement. If the experience is worthwhile, there will be a repeated exposure and personal selling at the individual level. That is how media stations are advertised by their audiences.

**Media Polarization:** The growing media outlet has also led to more media content that have led to more debate and opposing views among audience. Therefore, the content, the more the audiences are polarized. Because they are polarized, they have different demands that must be met. The job of a media operator is to meet these demands and opposing views.

### **WEEK TEN: Sources of Revenue for Media Organization**

1. Advertising: The first thing media organization do to get advert is to reach out and make contact with companies or even individuals. They also make contact with advertising agencies because they are the first people this advertisers meet. The advertising agencies could persuade the advertisers to place its advert in a particular medium. Secondly, discount on advert made: most organization give discount on advert, one thing they consider in giving discount is the frequency of the advert. It is a very strong strategy use to gain advert. Thirdly, giving favorable coverage to a firm they expect to get advert from. It is actually a deliberate act to win the heart of this potential advertisers. Fourthly, check before you run a damaging story about a firm where your advert. Give the firm an opportunity to comment. That they believe they were consented before such story is ran. Getting advert is usually tasking and if you get one you don't throw it away.
2. Content creation: There are instances where media organization has helped other companies to create content. Content creation would be seen from the perspective that media organization create content for themselves that attract audience and so more advertisers obviously, advertisers look out for the media organizations audience reach and frequency.

3. **Media Consulting or Consultancy:** There are cases where politicians approach media organization to consult. They believe that media organization have good brains that can help them package their image, speeches and all that. Media consultancy could be individual or institutional. They do this things as image laundering. Public opinion is molded by media.
4. **Special project** are being carried out by media organization. An example is the special project, print media get e.g printing textbooks, notebooks, fliers, posters. Graphic design can also be done by the graphic department of the media house. It could also be in form of being a MC and the certain percentage get to the media organization.
5. **Programme Sponsorship:** A programme that has the capacity to pull crowd can be sponsored. Programme sponsorship is a way of getting the sponsor known or advertised. However, you have to carry out research and develop strategies in order to know the kind of program that will attract audience.
6. **Subscription by Media Consumers:** In the era of digitalization, people pay for broadcast signals (e.g GOTV, DSTV pay channels in order to get their signals).
7. **Grant and Subventions:** This come from Government agencies.

### **WEEK ELEVEN: Economic and Political Forces against the Media Survival in the 21<sup>st</sup> Century**

In every clan (environment) there are usually economic and political forces against media operations. These forces to a very large extent determine media survival. For instance a single economic policy by the Government can send majority of media houses packing. Just as a good economic policy can encourage media survival. In the same vein policies

can also affect media survival, if the policies are healthy and favorable to media operation media houses will survive and if the policies are harsh or unfavorable media houses will close up.

Since news is the major product of a news agency there are always economic and political issues against the production of news. Politicians and economic managers understand that the most effective way to cripple any media organization is to come up with harsh political and economic policy against the press. In fact, in most cases politicians threaten media houses with unreasonable sanctions which will force them to spend the money they do not have. In some cases they come up with obnoxious laws to gag the media. For example, the recent shut down of AIT and Daar Communications by the government of Buhari is an example of such obnoxious and unreasonable use of political powers. Such obnoxious powers or laws by the government of Buhari is seen as normal by those who do not understand that when the media is shut down, freedom of expression is attacked.

The following are examples of economic policies against the press:

1. Heavy taxation: The government can decide to task the press heavily and by so doing they could be taxed out of business.
2. Double or multiple taxation: Different officials or departments of the government ask for all manner of unreasonable taxes paid by media houses. These multiple taxes tax the media houses or medium out of business.
3. When the raw materials for media operation or news operation rise: When raw materials for media production rise it becomes difficult for media houses to cope economically. For example, the cost of newsprint has risen, also print production

plant has shut down because of harsh economic climate, the cost of paper and ink has risen which has led to the increase in the cost of production. When newspaper increases there will be an increase of free readers which lead to low patronage of the newspaper itself. When the cost of raw materials increases it will affect the content, when the content reduces it will affect the number of audience which will affect advertisers because they will pull out and when they pull out there will no longer be revenue to increase the span of media survival.

4. Advertising issue: when economic policies are not favorable it affects the number of persons that are willing to advertise. Advertisers also respond to the economic situation in the country. When the economic is harsh it affects the people who are willing to advertise and pay. When the number of advertisers reduces it affects the revenue generation of the media. As we all know advertising is the major source of revenue for a news station.

### **The Way the out**

The simple question that comes to mind is how we as media managers navigate these challenges in order to break even. This is because the issues raised are not opinions to be debated, they are facts to be dealt with. As a prospective news manager failure is not an option.

Therefore, the following solutions should be considered:

1. As much as you want to remain objective and professional a news manager must understand that there are other factors to be considered before selecting a news. These factors are not usual human interest, prominence, timeliness etc. the manager

must also know that there comes a time where some parts or aspects of the content must be commercialized. For example, if there are 20 stories to be ran, if 17 are published based on news selection criteria and the 3 stories left are paid for then it is a good decision, some aspects of story has to be commercialized.

2. A good manager should also understand the news stories from your major source of revenue is reported with care. Research has shown that news stations may either not report a bad story that will affect the image of their major source or slight it to reduce the gravity of the issue at stake. During scandals organizations identify who are their true friends in the media
3. Winning more advertisers during crisis. Some stations during crisis could go for courtesy visit during that period. After the crisis if they do not go down you will remain the choice the organization will go to. It is important to build social capital. There could be media partnership.
4. Do your cost benefits very well before you will report any story. Before you report on stories ask questions, what we stand to gain is it at much as what we stand to loss for not reporting this this story.

### **Political Issues little**

1. Through unreasonable legislatures.
2. Attack on media houses and threat to life.
3. Unreasonable fines brought up by the government.

In conclusion, use your sixth sense as a news manager and know he who reports today and tomorrow is a better news manager.

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