



**Media Management And Entrepreneurship
(BA(JMC)-302)**

Unit – I

**[Media Organization - Structure and
Functions]**

by

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Syllabus- Unit I

Media Organization - Structure and Functions

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3. Cross Media Ownership and Conglomerates: Case Studies of Times Group and Reliance Communication.
4. FDI in Indian Media and Entertainment Industry

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**Media Organization: Meaning, Structure and
Importance**

The mass media comprise the institutions and techniques by which specialized social groups and organizations disseminate symbolic content to large heterogeneous and geographically-dispersed audiences.

The growth of mass communications is a dual process. On the one hand it describes the development of an industry, on the other, the evolution of an audience.

The relationship between the two is one of supply and demand for two basic social commodities: leisure facilities and information.'

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 **Media Organizations: Meaning, Nature & Process**

This means that media organizations function within a society, which accepts the acceptability of financial gain, regard the profit motive as 'natural' and allows the media to generate quite extensive social power.


1. **Economic/industrial perspective** – looking at the distinctive features of media as economic enterprises.
2. **Political Economic theory-looks** at the processes of concentration and the powers of ownership but also the cultural and social implications of commercialization.
3. **Public Interest** – examine media structures according to a public interest perspective against the kinds of expectations imposed on it from a national and political perspective.

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 **Media Organizations: Meaning, Nature & Process**


- a) **Work Specialization:** Henry Ford became rich and famous by building automobiles on an assembly line, demonstrating that work can be performed more efficiently by using a work specialization strategy.
- b) **Departmentalization:** Grouping these jobs together so common tasks can be coordinated is called departmentalization
- c) **Chain of Command:** The chain of command is "an unbroken line of authority that extends from the top of the Media Organization to the lowest echelon and clarifies who reports to whom."
- d) **Span of Control:** All things being equal, the wider or larger the span, the more efficient the Media Organization. • Wider spans are more efficient in terms of cost.

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 **Media Organizations: Meaning, Nature & Process**

- e) **Centralization and Decentralization:** There are Media Organizations where decision-making is pushed down to those managers who are closest to the action. This is highly decentralized.


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 **Nature of Media Organizations**

- New forms of Media Organizations are geared to make Media Organizations more receptive, adaptive and generative -- always focused on meeting the needs of stakeholders. New forms of Media Organizations often exhibit the following characteristics:


1. Strong employee involvement - input to the system starts from those closest to the outcome preferred by the system, from those most in-the-know about whether the Media Organization is achieving its preferred outcomes with its stakeholders or not.
2. Organic in nature - less rules and regulations, sometimes no clear boundaries and always changing forms.
3. Authority based on capability - ensures the Media Organization remains a means to an end and not an end in itself
4. Alliances -takes advantage of economies of scale, e.g., collaborations, networks, strategic alliances/mergers, etc

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 **Nature of Media Organizations**

5. Teams -shares activities to take advantage of economies of scale at the lowest levels of activities and ensures full involvement of employees at the lowest levels
6. Flatter, decentralized Media Organizations - less middle management, resulting in top management exchanging more feedback with those providing products and services; also results in less overhead costs.
7. Mindfulness of environments, changes, patterns and themes - priority on reflection and inquiry to learn from experience; develop "learning Media Organizations".


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 **Process of Media Organization**

- In general, the Media Organizational process consists of five steps

1. Review plans and objectives. Objectives are the specific activities that must be completed to achieve goals.
2. Plans shape the activities needed to reach those goals. Managers must examine plans initially and continue to do so as plans change and new goals are developed.
3. Determine the work activities necessary to accomplish objectives.
4. Managers simply list and analyze all the tasks that need to be accomplished in order to reach Media Organizational goals.
5. Classify and group the necessary work activities into manageable units. A manager can group activities based on four models of departmentalization: functional, geographical, product, and customer.

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 **Process of Media Organization**

6. Assign activities and delegate authority. Managers assign the defined work activities to specific individuals. Also, they give each individual the authority (right) to carry out the assigned tasks.

7. Design a hierarchy of relationships. A manager should determine the vertical (decision-making) and horizontal (coordinating) relationships of the Media Organization as a whole. Next, using the Media Organizational chart, a manager should diagram the relationships.


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 **Importance of Media Organization**

Media Organizations are established to attain the different goals related to the different interest groups. These are attained through the mutual contribution of all related stakeholders. **We can realize the importance of Media Organization in society in many ways, among which some are discussed as follows:**


- 1. Synergy effect:** In an Media Organization, people having different skills and expertise work together to produce the synergetic effect with the help of latest technology. The result of the work done in group will be higher as compared to the additional value of individual work.
- 2. Team Spirit:** Media Organizations always enhance the team spirit within its team members. No Media Organization can attain its goal with a single effort of limited members.

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 **Importance of Media Organization**

- 3. Attainment of Common goal:** Different individuals have different goals on the basis of their social values and they come to the Media Organization in the expectation of the fulfillment of those goals.
- 4. Employment Opportunity:** The Media Organization has thousands of small tasks and responsibilities in hierarchical form for the goal attainment obviously creating employment opportunity in variety of scale.
- 5. Economic Development:** Through the employment, purchasing power will increase as well as the Media Organization has to pay tax resulting more revenue collection for government.
- 6. Specified Service:** Media Organizations are established to produce or render specified goods or services to the society giving emphasis on innovation and creativity.

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 **Ownership Patterns of Media Organizations**

Each type of structure has certain advantages and disadvantages that should be considered. The descriptions of the structures below are provided to assist applicants and are not intended to be legal definitions with the force of law.

A Sole Proprietorship is one individual or married couple in business alone. Sole proprietorship's are the most common form of business structure.


A General Partnership is composed of two or more persons (usually not a married couple) who agree to contribute money, labor, and/or skill to a business. Each partner shares the profits, losses, and management of the business and each partner is personally and equally liable for debts of the partnership. Formal terms of the partnership are usually contained in a written partnership agreement.

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 **Ownership Patterns of Media Organizations**

- **A Limited Partnership** is composed of one or more general partners and one or more limited partners. The general partners manage the business and share fully in its profits and losses.
- **The Limited Liability Company (LLC)** An LLC is formed by one or more individuals or entities through a special written agreement. The agreement details the organization of the LLC, including: provisions for management, assign ability of interests, and distribution of profits or losses.
- **A Corporation is a legal entity**; a corporation has certain rights, privileges, and liabilities beyond those of an individual.
- **A Nonprofit Corporation** A nonprofit corporation is a legal entity and is typically run to further some sort of ideal or goal, rather than in the interests of profit.

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 **Ownership patterns of media organizations**

The media is popularly referred to as the "Fourth Estate" as it plays a crucial role in a democracy. It is the watchdog of public interest and its role as witness and commentator on the activities of the Government, various social and political institutions, and society at large, is vital.

The pattern of media ownership has 4 major constituents:


1. **Owner characteristics:** Owners may be distinguished by the sector in which they reside: government, private or co-operative. Within each sector additional distinctions can be made.
2. **Concentration of control:** Concentration refers to the number and size of competing outlets within a market or audience grouping, eg, newspapers in a community.
3. **Cross-ownership:** Cross-ownership refers to common control over different media genres (eg, print, film, electronic). It indicates the extent to which intermedia competition thrives or is controlled.

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 **Ownership patterns of media organizations**

- **Vertical integration:** Vertical integration is the extent to which media owners create, select or otherwise determine messages.


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 **Cross Media Ownership and Conglomerates**

The Indian media market differs from those of developed countries in several ways. For one, India is a developing country and all segments of the media industry (including print and electronic i.e (around 1lac publications, 1000, radio and 800 TV channels including 300 news channels) are still growing unlike in developed countries.

In India, there is no general policy on ownership and cross-media restrictions, as far as restrictions between print and electronic media are concerned. Debating on regulatory issues for cross-media ownership the Industry & TRAI have long-term implications for the critical and booming Indian media industry.


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 **Types of Ownership of media organizations in India**

There are various types of media ownership. There are many media organization in the country that are owned and controlled by a wide variety of entities including corporate bodies, societies and trusts and individuals. **Generally four major types of ownership of mass media i.e. Chain, cross media, conglomerate and vertical integration.**

1. Chain ownership:
Chain ownership means the same media company owns numerous outlets in a single medium, a chain of newspaper, a series of radio stations, a string of television stations or several book publishing companies. Chain ownership in India applies mostly to newspapers. There are many publishing groups in India which fall into this category.

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 **Types of Ownership of media organizations in India**

2. Cross Ownership in Media Industry

Cross media ownership is when the same company owns several along with newspaper, magazines, musical labels, and publishers and so on. cross-media ownership across the various carriers such as television, radio or print; consolidation, including vertical integration among media operations of content, carrier and distributor within a media segment such as television or radio; and market share dominance in a given geography within each media segment.

Sun Network has 14 TV channels in four states, cable assets, magazines, radio stations and newspapers. In Tamil Nadu, the dominance of Sun in cable and satellite TV (channels and distribution network) and now in the DTH market is quite visible. Sun TV and its cable company are known to simply blackout political telecasts by rival Jaya TV.

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 **Types of Ownership of media organizations in India**

3. Conglomerate

Conglomerate ownership means the ownership of two or more corporation engaged in entirely different businesses together into one corporate structure, usually involving a parent company and several subsidiaries.

In a conglomerate, one company owns a controlling stake in a number of smaller companies, which conduct business separately. Each of a conglomerate's subsidiary businesses runs independently of the other business divisions, but the subsidiaries' management reports to senior management at the parent company. The largest conglomerates diversify business risk by participating in a number of different markets, although some conglomerates elect to participate in a single industry.

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 **Types of Ownership of media organizations in India**

4. Vertical integration

Vertical integration indicates that a media company monopolizes the production of the ingredients that go into the making of media products.

News Corp.'s Star TV India and Sun TV Network Ltd already own DTH and cable distribution platforms.

Star's cross-media India operations include television channels, Internet offerings, radio, mobile entertainment and home video (incidentally, 11 cable distribution companies provide some 400 television channels in India).

Sun Network has 14 TV channels in four states, cable assets, four magazines, radio stations and two newspapers.

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 **FDI in Indian Media and Entertainment Industry**

FDI stands for foreign direct investment i.e. investment made by the foreign companies or foreign government in India. It is mainly dealing with financial matters.

Foreign companies invest in India to take advantage of relatively lower wages, special investment privileges such as tax exemptions, etc. For a country where foreign investments are being made, it also means achieving technical know-how and generating employment.

The government has taken many initiatives in recent years such as relaxing FDI norms across sectors such as defence, oil refineries, telecom, power exchanges, and stock exchanges, among others.

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 **FDI in Indian Media and Entertainment Industry**

General Regulation of Foreign Investment in India
Foreign investment in India is governed primarily by:

1. The Industrial Policy of the Indian government, as formulated by the Secretariat of Industrial Assistance (SIA);
2. Press notes issued by the Ministry of Commerce and Industry;
3. The Foreign Exchange Management Act of 1999; and regulations and notifications issued by the Reserve Bank of India (RBI) and the
4. SEBI regulates India's capital markets.
5. RBI administers exchange controls;
6. The Foreign Investment Promotion Board (FIPB), which reviews all foreign investment proposals that require prior governmental authorization.

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 **FDI in Indian Media and Entertainment Industry**

7. Foreign investment in sectors that do not qualify for the automatic route, including media sectors such as print media and broadcasting, must be approved in advance by FIPB.

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FDI in Media Sector in India

Government of India in June 2002 had decided to allow 26 per cent foreign direct investment (FDI) in news and current affairs print media. The decision, taken by the Union Cabinet, reverses the 1955 Cabinet resolution prohibiting any foreign investment in print media. The Foreign Direct Investment (FDI) inflows in the information and broadcasting (I&B) sector (including print media) in the period April 2000 – September 2015 stood at US\$ 4.28 billion, as per data released by Department of Industrial Policy and Promotion (DIPP).

Market Dynamics:

1. INR 204 Billion film industry by 2019.
2. INR 1,026 Billion in 2014 revenues.

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FDI in Media Sector in India

Reasons To Invest:

1. Total market size of the Indian entertainment industry stood at INR 1,026 Billion in 2014, growing by 14.2% over 2013.
2. The industry is expected to register a CAGR of 13.9%, reaching INR 1,964 Billion in 2019.
3. The size of the television industry in India was estimated at INR 475 Billion in 2014, with a projected CAGR of 15.5% to reach INR 975 Billion in 2019.

Broadcasting carriage services:

FDI in local cable networks and MSO in non-DAS areas is allowed up to 49% under the Automatic route.

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FDI in Media Sector in India


Broadcasting content services:

1. FDI in FM radio is allowed up to 26% under the government route.
2. FDI uplinking of 'News and Current Affairs' TV channels is allowed up to 26% under the government route.

Print media:

1. 26% FDI under the government approval route is allowed in the publishing of newspapers and periodicals dealing with news and current affairs.
2. 26% FDI under the government approval route is allowed in the publication of Indian editions of foreign magazines dealing with news and current affairs.


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 **FDI in Media Sector in India**

Foreign Investors :


- Walt Disney (USA)
- NBC Universal (USA)
- Ogilvy and Mather (USA)
- Blackstone (USA)
- Interpublic Group (UK)
- Bloomberg (USA)
- News Corp (USA)
- Sony (Japan)
- Leo Burnett (USA)
- BBC (UK)

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 **Recent Development/Investments**

- **Reliance Entertainment** (owned by **Mr Anil Ambani**) and **DreamWorks** (led by **Mr Steven Spielberg**), along with **Participant Media** (led by **Mr Jeff Skoll**) and **Entertainment One (eOne)** have formed a new film, television and digital content creation company called 'Amblin Partners', and have raised US\$ 500 million in debt to develop and produce films.
- **ScoopWhoop**, an Indian digital media and content start-up, has raised US\$ 4 million from Kalaari Capital and plans to use the funds for expansion of its video production unit called **ScoopWhoop Talkies**.
- **Cinepolis India Private Limited**, the Indian movie exhibition arm of Mexican chain **Cinepolis**, has plans to add 60 screens to take its total count to over 250 screens by the end of 2015.

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 **Recent Development/Investments**

- **STAR India**, a unit of **21st Century Fox**, acquired the entire broadcast business of **MAA Television Network Limited** for an undisclosed amount.
- **Carnival Films Private Limited** acquired **Stargaze Entertainment Private Limited**, a multiplex company, from a unit of **Mukesh Ambani-controlled Network18 Media and Investments Limited**.


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- Transfer of news: World events can only be transmitted accurately when correct information is received by agencies. Eg. China ban international news agencies in local regions.

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