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Sanja Knežević, Lena Sigurnjak, Anita Kulaš
RECOGNIZING OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT IN SMALL AND MEDIUM ENTERPRISES IN BRODSKO POSAVSKA COUNTY

Pupavac Drago
ROAD NETWORK AND REGIONAL DEVELOPMENT - CROATIAN EXPERIENCE OF THE LAST DECADE

I. Miklošević, S. Ravlić, P. Turić
IMPACT OF LABOUR MOBILITY AND USE OF BUSINESS INTELLIGENCE IN ORDER TO CREATE THE COMPANY EFFICIENCY IN THE EU MARKET

**Economic Development, Technological Change, and Growth**

Domagoj Karacic
THE SECTOR DISTRIBUTION OF COMMUNAL ECONOMY OF CITIES IN CROATIA

Irena Bosnić, Dejan Tulić
GLOBALIZATION AND AGROTOURISM DEVELOPMENT: THE CASE OF SLAVONIA AND BARANJA

Anton Devič
CONCEPT OF INTELLIGENT REGION IN USE OF EUROPEAN UNION FUNDS

**Urban, Rural and Regional Economics**

Ivan Ferencek, Marina Đukić
ECONOMIC INFLUENCES ON MEDIA NEWS PRODUCTION – NEWS AS A MARKET GOOD

Mitja Jeraj
TOWARD THE NEW CONSTRUCT: ENTREPRENEURIAL CURIOISITY

Ivo Mijoč, Duhravka Pekanov Starčević, Marija Mihaljević,
REVIEW OF THE FACTORS AFFECTING FINANCIAL REPORTING SYSTEM COMPETITIVENESS

**Miscellaneous Categories**

Drago Barković, Jelena Stanislić, Nenad Stanislić
IMPROVING SWOT ANALYSIS BY USING THE ANALYTICAL HIERARCHY PROCESS

Norbert Pap, Janka Teodóra Nagy, Andor Végh
SOME THOUGHTS ABOUT THE GEOGRAPHICAL WAY OF THINKING IN THE HUNGARIAN CULTURE

Linda Juráková, Romina Sinosich
ANALYSIS AND ROLE OF LEADER PROGRAMME IN RURAL DEVELOPMENT OF CROATIA

Sanja Bijakšić, Sandra Jelčić, Arnela Bevanda
DIMENSIONS OF RETAIL SERVICE QUALITY THROUGH CUSTOMERS' PERCEPTION
ECONOMIC INFLUENCES ON MEDIA NEWS PRODUCTION – NEWS AS A MARKET GOOD

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ABSTRACT

New technology development, media globalization and global media expansion on local markets puts before media institutions in small countries, like Croatia, numerous challenges for which it is necessary to find adequate measures of adjustment. Among media industry global trends which aren’t just the case on Croatian media landscape, but as well in European countries, particularly notable are economic influences on media news production. Accordingly, the paper will indicate that specific determinants of Croatian journalism are characterized exactly with ascending presence of global media players’ that, along with profit as a justification, considerably influence on presentation of media created social image of reality. The papers main goal is to indicate the omnipresent trend in media environment where instead of public, economic interests prevail, and according to them the media news production is carried out. The results are news as market goods where the faith of publishing the news depends on pure economics laws of supply and demand. The paper doesn’t have pretensions to offer overall knowledge about research problem, but has pretensions to show the aspects of apparently just media process in order to encourage further scientific research on this interesting topic.

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Keywords: news, news production, economic influences, news market, media

INTRODUCTION

It is an undisputable fact that globalization, which nowadays affects every segment of the society, including media, presents new challenges for the media industry which require reaction and adjustment to modern trends. Dominant character-
istic of media globalization which connects very different societies and integrates them into "one World" (Jovović, 2010, p.115) puts on the agenda the question of multiple and multiplied influences that today's media face with, all with the purpose of adjusting to the needs of new generations of news consumers. On the other hand, our belief is that key decisions and events that reflect the situation in our social environment is exactly what the public interest is concerned with. However, often the image presented in the media, under influence of production mechanisms and news selection, changes its grimy side from which the strongest members of society make profit, such as politicians and economic operators. In other words, processes of news production and reporting are constantly under pressure of various entities who are interested in the way in which certain stories will be established and told (Kurtić, 2006, p.32). In this kind of media, context of the key orientation of news is its status where news "becomes a commodity to fit the market demands of a collection of special interests" (McManus, 1994, cited in Poler Kovačić, 2001, p. 29). The model of Pamela Showmaker and Stephen Rees, who analyzed different influences on media production, identified five spheres of influence. At the first level there are journalists who produce news, followed by the second level - work routine aimed at objective reporting and public interest as the criterion in news selection and production. The third level comprises institutional imperatives of an organization where a journalist is employed, and the fourth level, which is very important for this context, presents special media influences consisting of influence of technology, institutional sources of news, revenue from advertising, regulatory and legal frameworks as well as audience. The last level refers to the influence of ideology. Although there are many influences, factors of influence that will be analyzed within our context here refer to economic factors of influence (School of Communication at Simon Fraser University, 2011, p. 5).

When comparing specific determinants of Croatian journalism, it can be observed that the Croatian media scene follows global trends that are characterized exactly with ascending presence of global media players' that, along with profit as a justification, considerably influence presentation of media created social image of reality. Therefore paper's main goal is to indicate the omnipresent trend in media environment, where economic interests prevail over public interests, and according to them the media news production is carried out. This transforms news in market goods where destiny of publishing depends on purely economic principles of supply and demand. The paper does not have pretensions to offer rounded knowledge on the research problem, but it has pretensions to point to aspects of this only
societies and integrates agenda the question of with all the purs consumers. On the other the situation in our ment with. However,uction mechanisms t most members of ors. In other words, ider pressure of vari es will be established if the key orientation the market demands Peler Kovačić, 2001, o analyzed different influence. At the first second level - work criterion in news al imperatives of an el, which is very inst of influence of ing, regulatory and influence of ideol that will be analyzed School of Commu lism, it can be ob ut are characterized long with profit as used social image of ent trend in media ests, and according ms news in market prineps of surounded knowledge ects of this only seemingly media process, i.e. to encourage further scientific research on this interesting subject.

INFORMATION (NEWS) AS A MARKET GOOD

To be able to say that in terms of journalism news can be perceived as a market good, definitions will be used as the starting point. The framework of this paper will refer to the information in journalism context as a process of transferring particular knowledge, i.e. as a notice, news or novelty (Sapunar, 2004, p. 44), that is, as a content about an event, a term or novelty, which eliminates some vagueness, thus increasing our knowledge (Kostić, 1985, cited in Sapunar, 2004, p. 43). Information evolves as a result of processing, manipulation and data organization and accordingly adds knowledge to recipient (Lamza – Maronić, Glavaš and Novaković, 2007, p. 3). The ancillary stated framework, information as a market good, i.e. as object of economic transactions can be observed through three basic characteristics that can make market transactions more difficult if we compare them to other goods. Namely, Hal R. Varian defines information as a public good so that it includes everything that can be digitized, but it does not require the information to be really digitalized (1998, p. 2). Therefore the news can be understood as a market good which has been digitalized and which transfers particular knowledge and increases our overall knowledge. However, the problem arises with elements of market transaction – experience of a good, scale of returns and public good. To know that information is good (increases our knowledge about something), it should be met, that is, one should know what it is (Varian, 1998, str. 3). In other words, to make a decision about purchase of a good (information as market goods), it has to be experienced, met, but it’s already too late. In our context the news first has to be read/seen/listened to know what it is about, but by that moment we have already perceived and this process is irreversible. One of the ways to overcome this is to rely on reputation of a particular medium which is, according to professional standards in journalism, expected to provide objective reports with public interest as the key criterion for evaluation of the news value. The second element is the scale of returns referring to what was invested in the production of information itself. Information as well as news have typically high fixed production cost, but low margin cost of reproduction, which means that information is expensive to produce, but cheap to reproduce (Varian, 1998, p.3). As it will be further analyzed in the paper, consequences of this process are two-fold. On one hand it has impact on reduction of the costs for reduction of news production, which in the context of journalism is re-
lected in less money invested into deeper analysis, themes and research journalism. Low marginal cost of reproduction is, on the other hand, reflected in reduction of reporting to short statements and news taken over from the Internet, but also from global media according to the system copy – paste with uniform approach that does not adjust and interpret global issues. Public good in economy, public good, and in our context we consider information as public good, which should typically be uncompetitive and non-excluding. This means that consumption of information or news by a single person does not reduce the possibility of receiving this information for others, and that consumption by a single person cannot turn off receiving information for another person (Varian, 1998, p.4). Due to nature of news and information, they do not provide reduced use for other news consumers, but, being the public good, consumers can be disconnected from receiving information in the event that monthly prescription or subscription for national television and radio programmes, or cable TV, or Internet connection has not been paid, or they simply did not buy newspapers.

A conclusion can be made that news, i.e. information can be perceived as a market good in some sectors and it can work according to the principles of market transactions with certain difficulties that can be easily overcome in today’s media world, guided by profit.

ECONOMIC IMPERATIVES OF MEDIA AS BUSINESS

At times of economic neoliberalism and corporate capitalism, the media industry is under growing influence of dominant private and global conglomerates whose key goal is to acquire profit (School of Communication at Simon Fraser University, 2011, p.6). In addition to globalization processes, changes in the media space put emphasis not only on media as a source of information, but also media as economic operators. In other words, economic behaviour of these subjects becomes a key to their success and survival (Jovović, 2010, p. 116). Although we have seen that news can be understood as market goods, we should also examine the very communication process for which we claim that it is under dominant economic influences. On one side there are media consumers or spenders to whom news are served in such a way that they do not meet information needs of citizens of the public sphere in public discourse, but the needs of advertiser for consumers (Kurtić, 2006, p.89). News was included in servicing of the commercial market that demands doing business according to economic principles and in this way media become business
arch journalism...

The second component of this process is news selection, i.e. editing policy which evaluates events on a daily basis and selects news that will be presented to the public. Although media do not tell us how to think and process certain information, they tell us what to think about (Hackett & Gruneau, 2000, cited at School of Communication at Simon Fraser University, 2011, p. 4), and put particular themes in media discourse that are adequate for particular subject, thus creating the agenda. However, decisions that should be made by – according to their professional competences – journalists (and editors) are nowadays more and more made by other people: media owners, advertisers, sources of financing (Poler Kovacić, 2001, p.26). So, evaluation of something new, unexpected and unpredictable as primary source of information moves away from editors and journalists and goes into hands of those who (successfully) impose their interest; those who “directly (as owner) or indirectly (as the most influential sources of information and opinion, as advertisers and sponsors) rule media” (Spichal, 1997, cited in Poler Kovacic, 2001, p.26). Such instrumentalization of news with the goal of satisfying commercial interests fills news with new content. As already pointed out, new production is very expensive and all efforts are directed at achieving the cheapest possible production of news that will attract audience, lure advertiser and ensure profit. Therefore dominant forms in today’s media include short illustrated stories, info entertainment and easy social topics, thus skillfully avoiding important questions and traditional public themes. Also, if one wishes to remain in the market, simply it is not feasible to spend resources on deep analysis of event backgrounds. Everything is reduced to market efficiency; sensation, drama and conflicts prevail as primary values of news that are sold. With domination of easy topics and those that do not affect interests of off stage structures that influence news production and selection, what contributes to reduced news production costs is also closing of foreign reporter’s bureau, reduced number of journalists, and above mentioned taking over of news from global players that are published in media without adequate interpretation relevant for local environment. This has resulted in unification of news, where all so-called hard news in mainstream media look and sound the same, which can easily be confirmed by a simple overview of front pages or announcements. Economic logic of the Croatian media scene will be described in more details in the following chapter, and in this context a conclusion can be made that media who wants to provide information that are cheap for production, and have maximum effect (read: profit), use different means. Among other, emphasis is put on routine journalist practice that is oriented towards sensationalism when
covering events with clear images of tabloid journalism in which sensation and drama are of greatest importance in news. If price is one of the important factors, then media competition will be reduced to those products that are the cheapest and the most attractive, with access to extensive global distribution and best capabilities for promotion in the market where there are no space for small players, and global private interests dominate and lead communication processes.

INSTEAD OF A CONCLUSION – MERCILESS MARKET COMPETITION OF THE CROATIAN JOURNALISM

A phenomenon that can be observed in European countries is also evident in our media space – development of multimedia groups and emergence of new participants from other branches of economic activities, covering the process of media production and distribution from the beginning to the end. It has a two-fold impact on openness and freedom of media. Although media ownership is one of the most guarded secrets in the Croatian media scene, it is known that our media are mostly in foreign ownership, with currently two state (public) media (Hrvatska radio televizija (Croatian National TV and radio) and Hrvatska informativna novinska agencija (Croatian News Agency). Professor of journalism studies at the Faculty of Political Science in Zagreb, Stjepan Malović, points out that the prevailing type of journalism is corporate journalism “where a good part of editorial offices has 4 global corporations, having their own logic, own understanding and who, in a way, some people still determine what would be known in this country and what will not” (Barbir-Mladinović, 2010). In this merciless fight for profit, media space is guided by the yellow press according to which novelties should be sold at any price, ratings should be increased. According to owners, this can be achieved only through well-tried methods, says professor Malović (Karabeg, 2009). These methods include drama, scandals, light topics without real life content and values. According to this, all media organizations have a sort of an economic imperative to increase the audience. Because the higher circulation and the wider audience there is..., more can be required for advertising, which is the economic circulation of the media. Sensational news – news that affects privacy, exaggerates or is delicate – attract attention and increase the volume of the audience (Lambeth, 1997, cited in Poler Kovačić, 2001, p. 30). Thus the real role of journalism is getting lost, profit comes first, and news is wrapped in shiny package of entertainment and fun at minimum production costs. Accordingly, the key orientation is the status of news that “becomes a commodity to fit the market demands of a collection of special in-
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ies is also evident in v ergence of new par- the process of media it has a two-fold inn- nership is one of the n that our media are media (Hrvatska ra-informativna novin- m studies at the Fac- ut that the prevailing it of editorial offices erstanding and who, i in this country and ight for profit, media tities should be sold at this can be achieved arabeg, 2009). These content and values. onomic imperative to wider audience there onomic circulation of gerates or is delicate mbeth, 1997, cited in 1 is getting lost, profit rtainment and fun at 1 is the status of news ollection of special in- terests” (McManus, 1994, cited in Poler Kovačić, 2001, p. 29). Although it can be said that this is a global trend which was introduced by large players such as CNN with its 24-hour news broadcasting, the main characteristic of news – to serve public interests as public good - is getting lost. The absurdity takes place that key social issues are being concealed under justification that the public is served information that it requested, at times of the crisis and economic instability, reflecting the influence of politics to which entertaining topics that do not tackle real issues and problems are suitable. In this segment it is then possible to talk about common interests of political and economic influences, i.e. indirect and non-public influence that politics achieves through media owners and advertisers on production and reporting in the media, which is a topic for a separate paper.

Ultimately, the role of the audience must not be neglected, which, despite diff- ficult social position, has the desire and the need to believe that only those topics broadcast through the content of mass media are relevant, and as long as the voice of the public is not changed in this regard, the media scene shall continue its mar- ket competition in which those who are best win. However, what gives hope in such processes are certainly the new media that encourage two-way communica- tion and who can, in addition to the dimension of comments and social networks, influence media agenda at least partially and the presentation of social image of reality created by the media.

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