

# ■ The Business of Media

Central Asia Media Conference  
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## Message of greetings

### Markus Müller

On behalf of the OSCE Centre in Bishkek, I would like to welcome you to the OSCE Conference “The Business of Media”. I would like to particularly thank Mr. Miklós Haraszti, OSCE Representative on Freedom of the Media, for his initiative in arranging this conference in Bishkek.

The main goal of our meeting is to support the development of the mass media in Central Asia and draw the public’s attention to the urgent problems faced by journalists.

It is important to note the natural fact that the more developed and advanced journalist communities are, the less intense the political situation in the country becomes. After all, governance, economic processes, and public life as a whole are becoming more transparent, understandable, accessible, and stable. In other words, the role of the free press in today’s society is simply invaluable.

Working for the mass media in Central Asia is like playing with fire. Their activities are often accompanied by great risks to life and health. What is more, the mass media as a business structure in Central Asian countries have a very low capital turnover and low level of independence.

So, in turn, the representatives of civil society, government structures, and international organizations should help the mass media to develop the media business as one of the main prerequisites for fostering pluralism of opinion and freedom of speech.

In closing, I hope that this conference and your discussions will promote the development of the media business in Central Asia.







## Message of greetings

**Alikbek Jekshenkulov**

Dear Mr. Haraszti,  
Dear Conference Participants,  
Ladies and Gentlemen,

Please allow me first to warmly welcome you to Kyrgyzstan. It is a great honour for us to hold such a prestigious conference in our country attended by delegates from Central Asian countries and experts from the Far Abroad. I hope that during your stay in Bishkek, you will not only enhance your knowledge about the mass media business, but will also become more closely acquainted with the country's capital, as well as with the culture, traditions, and history of the Kyrgyz people.

I would like to take this opportunity to thank the OSCE Office of the Representative on Freedom of the Media and the OSCE Centre in Bishkek for their assistance and support in arranging this important regional event. Today's conference is a vivid example of the fact that the Kyrgyz Republic was and remains a firm supporter of diplomacy focused on openness and good neighbourliness, and an advocate of regional integration processes not only in politics and the economy, but also in journalism, which can rightly be called the fourth power.

Dear Participants,  
As you are very well aware, the mass media play a special role in the life of any state. Free and open mass media guarantee the irreversible development of democracy in the country and are an integral part of a democratic society. It seems to me that the political and legal component is a prerequisite of

the successful development of the media business. Kyrgyzstan is building a rule-of-law state in which the fundamental human rights and freedoms are respected and laws are observed. And of course, the mass media play a special role in this. President of the Kyrgyz Republic Kurmanbek Bakiyev noted in an interview with journalists that during this historical time our country is going through, the mass media have the great responsibility of reflecting the changes in the state, being guided in so doing by the principles of objective journalism. In turn, the state will exert every effort to further strengthen its democratic achievements and protect freedom of speech in the country.

On 4 May 2006, the head of state signed a decree on certain measures aimed at further enhancing the democratic processes in the Kyrgyz Republic.

This decree stipulates drawing up two new draft laws with the cooperation of representatives of the political parties, the mass media, and civil society: one on the guarantee of opposition activity and the other on state support of the mass media aimed at eliminating pressure on journalists by government bodies, local government administrations, and local authorities. The new draft law will toughen up sanctions imposed on people guilty of violating the individual's right to freedom of thought, speech, and the press.

In this respect, the country's President entrusted the Prosecutor General of the Kyrgyz Republic, along with the Ministry of Justice, to carry out continuous monitoring and effective supervision of the government bodies and their officials in order to prevent restrictions of the individual's right to freedom of speech and freedom of action not prohibited by the Constitution and laws of the Kyrgyz Republic.

In order to implement this decree, on 15 July 2006, Prime Minister of

Kyrgyzstan Felix Kulov issued an order, according to which a working group consisting of representatives of government bodies, non-governmental organizations, and independent mass media, including opposition, has been formed for drawing up a draft law. We hope that the new draft law will soon be discussed at a round table with the broad public.

Dear Participants,

At this time of rapid development of new information technology, the information business is becoming an extremely profitable enterprise. In Kyrgyzstan, the media business has not yet put down sufficiently strong roots and is not yet cost effective, but all the necessary prerequisites for its development are in place. These include the creation of conditions in the country for free enterprise, the above-mentioned political component, and new information technology, which has been developing in leaps and bounds recently. The population's computer and information literacy is growing every day, and this is also of special significance. As these factors and their unconditional influence on society increase, the acute need will arise for developing high-quality and professional mass media. In the new era of market economy, they should become business supporters, and they should be businesses themselves. As you are all very well aware, in the West the mass media have long been ordinary businesses.

Of course, only competitive mass media can survive in today's information market and rake in profit. This requires competent management, knowledge, technology, principles of printing industry management, and journalist professionalism. It is an easy thing to register mass media organizations with the corresponding bodies, but almost impossible to achieve success in this type of business without the necessary knowledge and skills.

At the same time, in the rush to make money, we should not forget the objectivity of journalism, morality, and tolerance. It is important in my view to achieve a balance between journalistic ethics and the interests of the sponsoring side. For it is no secret that some forces can use the mass media as a means for manipulating public consciousness by introducing mercenary ideas, images, conceptions, and so on. In privatization issues, it seems to me it is the mass media that should be privatized, but not journalism. A privatized journalist forgets that he or she should express the voice of the public and general social interests. Unfortunately, we are still coming across cases where business in the mass media is understood differently, as publishing information that has been obviously ordered and paid for.

I hope that today's Conference and the workshop to follow will give the participants the opportunity to discuss and share their opinions and experience on a wide range of problems and issues.

I am sure that with the support of the OSCE, the foundation for a new stage in the development of the mass media can be laid, and not only in Kyrgyzstan, but in the Central Asian region as a whole.

In closing, I would like to wish you all success in your creative and commercial pursuits!

Thank you for your attention.







## Opening statement

**Miklos Haraszti**

Dear Participants,

I am very glad to be here in Bishkek for a number of reasons. I am particularly glad to see once again my old acquaintance, Minister Jekshenkulov. We met many years ago when he was the Ambassador to Hungary - my home country. He showed me something in Budapest which I had not seen before for which I am grateful. I am very pleased that despite his busy schedule he has been able to come to open the conference today.

My thanks go to Ambassador Müller and the teams from both our offices for their hard work in the preparations for this conference. They have been working for many months and their professionalism is outstanding.

Dear Participants, many of you I know from previous visits to this region. I look forward to meeting those of you with whom I have not yet had the pleasure of meeting and learning more about your work.

The subject matter of our Conference is no less than democratization of the media.

From the point of view of media freedom, privately-owned media is clearly the form of media which is society-owned rather than state-owned. We remember that state ownership had originally been introduced claiming perfect societal control. We all know what that meant in reality – state-

ownership control, not societal control. The aim of media democratization is still unchanged, but today it means taking the media out of the hands of the state where it was when the new democracies emerged in the early 1990s, and putting it more firmly back into the hands of society.

The democratic media are society-owned, society-ruled, and society-operated. The democratic media are civil-society enterprises – they must not have anything to do with the state. And let's add right away: they should not have anything to do with any type of monopoly. Neither state, nor private monopoly can be compatible with societal control of the media. The privately owned media will be society controlled media if ownership is diversified, if the media are in many hands, so they can be truly pluralistic.

Obviously, this is a long process – it doesn't happen overnight and requires a parallel enrichment of civil society itself. But even as we agree that it is a long process, the democratic states must be aware of the long-term goals of media democratization and must endeavor to remove the obstacles that might prevent media democratization. The role of governments is to provide the framework for such a transition to take place to enable pluralism to flourish.

By pluralism we not only mean that the media has to be in enough hands to respond to the needs of society. Anti-monopolization is of course a measure of pluralism whereby the state can guarantee against ownership remaining in too few hands. But it should also allow individual outlets to be driven by profit motives, to be able to get strong enough businesses so they can stand up against pressure and remain editorially independent.

And anti-monopoly care by the State is the only way it can – or should be allowed – to help the forces of market competition to drive up quality standards and enhance both professionalism and responsibility. This is the process whereby private ownership and market competition result not only in commercialism but also in a quality-driven media segment, which is so decisive for every democracy.

How to establish all of this is the subject of our discussions today. I wish you good collaboration and a future where the media is privately-owned, but also society-owned and quality-driven.

Thank you very much for your attention.

## **I. Media Privatisation**

### **Ioana Avadani**

The “Guess who?” game in the media – why the media ownership has to be transparent

### **Shamaral Maichiev**

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## The “guess who” game in the media – why the media ownership has to be transparent

**Ioana Avadani**

There are few these days who question the role of a free and independent media in a democratic society. In the last 17 years, the post-communist countries have witnessed a significant effort of advocacy, public and political debate, international support and more or less discreet pressure leverage at work – all directed toward the consolidation of a free press, as a prerequisite of a sustainable democracy. While most agree that a free press is what we need, there is a less obvious agreement on what a free press really means.

The definition seems somehow easier to formulate if one looks at the media from the democratic angle: the media should be free from interference from the governments, should enjoy a permissive legal framework that will allow for and encourage self-regulation and responsibility of the profession, and should strive on a functional and freely competitive market.

But it is when the market comes into the picture, that the things become a bit more complicated, especially in post-communist countries. The communist systems did everything in their power (which is a quite significant “everything”!) to dwarf the individual initiative, the entrepreneurial spirit. One of the first tasks of the new regimes was to revive this spirit, seen as the root of all future development, to encourage

the local entrepreneurs to take the necessary risks, to put their money at work and to start a new – and just hopefully – profitable business. The media were one of the most dynamic sectors of the national economies – at least in the South East European (SEE) region, where combined energies resulted in the mushrooming of new media channels. It is quite a challenge to tell these people – ones of those who entered first in the unknown and often murky waters of the emerging economies – that they are not completely free to do whatever they want with their investment, with their money. It's a tough game to teach the new entrepreneurs business competitive spirit and responsibility at the same time - but it's something that has to be done when it comes to media operations.

### **Transparency as a public duty**

The media should be seen and dealt with in their dual nature: they are at the same time a human rights vehicle and a business. The approaches that separated the two features, giving prevalence to one or the other - proved to be less than optimal, in the long run, as sooner rather than later the neglected aspect emerged as a natural conditioning of the other. The media function as business operations and they are held to play by the market rules. In this respect, it is legitimate for them to seek profit. One time too often the media have been accused of playing dirty when they were just playing the winning game. The best example here is the tabloid press. While looked down at by many as an inferior form of media, it is still the best selling formula on many markets – very well established ones, in centuries-old democratic societies. The tabloids sell because they service the public's interest, even if not necessary the public interest. But, as long as they use legal means and provide a product desired by a market niche, they are as legitimate as the serious newspapers.

At the same time, the media are human rights agents to the extent they are a means through which the members of the public exert the right



to free expression and the right to access and impart information. The right to information is stated as such in the fundamental human rights documents – The United Nations Declaration of Human Rights, the European Convention on Human Rights. The media function on behalf of the public, gathering and disseminating information, keeping the state authorities accountable, comforting the afflicted and afflicting the comfortable. This way, they definitely act on public interest. While each individual is still free to exert their own rights individually, the media are there to perform the task on behalf of communities, on a public mandate. This public mandate is what puts special terms to media, when it comes to transparency, as they are actually performing a public service, irrespective of the private nature of their ownership.

### **Do media perform a public service?**

The idea of the media performing a public function is not entirely new - but is not broadly recognized either. The private/public argumentation is fuelled not only by the form of ownership, but also by the debate regarding different characters of print and broadcast media. While broadcast media are perceived as being “more public” – because they use the Hertzian waves spectrum, that is an asset of a given state, tantamount to public property, the print media is rather assimilated to the private space. While an individual may be “exposed” to broadcast against their own will, the mere act of buying a newspaper is considered a form of contractual trade, an expression of the free will of the buyer and consent to be exposed to the content of the paper.

### **But what would be the arguments that would consecrate media as a public service?**

Firstly, as means of mass communication, the media perform a public function. It is mostly via the media that the authorities communicate their messages to the citizens. From important policy messages to “news

for use”, all the elements of the social communication have at least one media component (if not relying heavily on them). This role is so enhanced that in some cases the communication through media tends to be seen as the only communication worth of effort. This is visible mostly in the case of politicians who tend to focus more on their media relations than on their direct contacts with their constituencies.

Secondly, the media perform a function that affects the public at large. In this respect, the service provided by the media can be considered similar to the electricity networks or the water supply. While privately operated, these services enjoy a public status, as they are key elements of the functioning of the society. All the same, the media can be listed among the “utilities” of a modern democratic society.

Thirdly, as mentioned above, the media embody a basic human right. Any restriction or flaw in the functioning of the media result in a limitation of this human right. Hence the special protection given to media by the international treaties and the national Constitutions. Such high protection is in itself an indication of the value attached by the states to the service provided by the media and a recognition of its public nature. Moreover, the media not only function as an expression of the fundamental right to free expression, but their work is done on behalf of the public, so they mediate the collective exercise of this right, to a certain extent.

If we agree that the media perform a public service, then, by way of consequence, they should be subject to the same obligations as the other public services. Accountability and transparency are two of the main obligations that the civil society imposes to the governments (the main “suppliers” of public services). As “the voice” of the citizens, the media have their crucial role in keeping the governments accountable and making the government’s work transparent to the public.

Therefore, it would be highly hypocritical from the media not to accept to apply to themselves the same obligations. They have to be ready to voluntarily respect these obligations, in order to avoid the double standards in the treatment of various providers of public services.

Accountability is easier to accept by the media and even the terra nova that is the journalism in SEE started to move in this respect. Discussions about the responsibility of the media professionals, as well as media owners, toward their public are quite frequent and self-regulation became a preoccupation within the professional communities. There are several modalities for the community to keep itself accountable, each modality coming with a different degree of involvement.

One such tool is the Code of ethics, a collection of principles and professional practices that represent the standards a certain group or journalistic community commits to respect. It is not rare to see more than one Code developed and adopted in one country, which is only apparently a sign of weakness. Coming out of a history of “unanimity” and single bodies that regulated the whole society, many media professionals enjoy the pluralism – even if the good principles in journalism are just a handful and there is not that much space for innovation. But the process of adopting such a Code is more important than the end product, as it implies a dialogue within the professional community, the negotiation of terms in order to satisfy all the participants in the process and still provide a safe protection against outside influences (that of the government should never be underestimated).

The process is where commitments are made and coagulation of like-minded people is taking place. Experience showed that “parachuted” Codes of ethics – texts done outside the professional communities and imposed to them via power leverage of all sorts – were unsuccessful,

not because the respective communities were resisting the idea of self-regulation, but because the process should have started from within.

The main problem with the Codes of ethics is their daily implementation - and here comes another accountability tool: the media councils (or similar bodies). Such councils have the task to mediate between the media and the public and to let the public know that the mistakes of the media do not go un-noticed and unsanctioned. To some, this public auto-da-fé is not necessary, but it is exactly its public component that gives satisfaction to the media consumers, who thus see the media responding not only to their general informational needs, but also to their immediate and specific complaints. Such councils are effective to the extent that they are recognized by the whole community - and here comes again the reluctance of the post-communist nations to see “single bodies” at work within societies which still have to bridge the gaps between various factions.

A way of dealing with this reluctance is to build such accountability mechanisms within each newsroom, in the form of “newsroom ombudsman”. This formula worked pretty well in the case of big Western newspapers, which understood how important it is to give the reader a voice, even – or especially when – this voice is critical to the media. It is more and more frequent for the SEE media to consider such an empowerment of their readership or viewers or listeners.

Transparency, on the other hand, is not so natural to the media in post-communist countries when it comes to their own functioning. It is a very bizarre relationship these media build with transparency, as long as, it is their very nature: they live out of the transparency of others and make it their job to reveal what is kept from the eyes of the public.

There are two major aspects that are of importance when it comes to the transparency of the media: ownership and funding.

It is important to know who owns what in the media, as it is not rare to see the owners dictating their own agenda to their media channels. It is a popular saying in the SEE region that “he who pays the orchestra orders the music” – therefore, many media owners see it as their legitimate right to advance their own interest via the media channels they own. While such a mentality may take time to change – if ever! - it is important for the public to know who the owners are and what the interests that may influence the editorial content of their media are.

The same goes for the transparency of the funding, given the fact that the real owners may not be those who are visible. The economic figures demonstrate that many media channels in SEE are not profitable and they are kept afloat through capital injections. The source of this capital may flavour the editorial agenda and put a spin on the information.

With all this data handy, it is up to the public to decide whom to trust and up to what point. With such a multitude of media available, the members of the public have to make their own decision what to read/listen/watch and what to trust from what they receive as “information”. Such data can educate the public choice: the media consumers should be aware and interested in the source and quality of their information they pay attention to and choose the water they drink.

### **A case study – Romania**

In Romania, media is often mentioned as one of the most valuable and persistent gains of the anti-communist revolution. Media enjoy a solid public trust (over 65% of the public said they trust media, ranking them third among the most trustworthy institutions, after the Church and the Army).

At the first glance, the media market in Romania is vibrant and pluralistic. There are some 15 national dailies, 150 TV stations, 360 radio stations and 150 local newspapers. The market seems overcrowded (in respect with the advertising money available) and fragmented. There are clear tendencies of ownership concentration – which is not necessarily a bad thing, as these moves come to consolidate some media operations that are not able to survive alone. There are four major players on the media market – Media Pro, Intact, Realitatea/Academia Catavencu and Ringier - and a fifth (Satiricon & Adevarul) is emerging. The formation of big, multi-media trusts is facilitated by the legislation that provides no limitation to the cross-ownership (only the ownership in broadcast operations is limited).

Still, for many years the real ownership over the media was hidden and over the last years the phenomenon persisted, despite some opening. For example, the majority owners of the principal news agency in the country, Mediafax, providing information to the overwhelming majority of the media, are unknown to the public. The company owning the majority stock is registered in the Netherlands Antilles, where the legislation allows for anonymous ownership.

The track record of some of the biggest media owners in Romania is not flawless. Thus, Senator Dan Voiculescu, the leader of the Conservative Party founded a media conglomerate counting: Jurnalul National newspaper (one of the most sold), Antena 1 TV (second leading private TV channel in Romania), accompanied by all-news Antena 3, life style & women's channel Euforia, the upcoming Antena 2, and Radio Romantic network. All the media owned by Mr. Voiculescu give high profile to his party, although the polls show that the party barely could score over the 5% parliamentary threshold. When Mr. Voiculescu was exposed as a collaborator of the Securitate, the communist political police, he declared that his media would boycott the council in charge of studying

the Securitate archives, claiming that the ruling was a politically motivated attack against him. Even though he passed the ownership of the media operations to his daughters, it is clear that his political agenda reflects heavily on the editorial content of the channels he still (indirectly) controls. Another influential media owner is Mr. Sorin Ovidiu Vintu, controlling Realitatea TV, an agenda-setting all-news TV channel and - after buying Academia Catavencu group – the Cotidianul newspaper (considered to be a reference newspaper) and the much beloved satirical weekly Academia Catavencu. On top of these, Mr. Vintu controls smaller media operations.

Mr. Vintu has been brought before court on several occasions and in early 2007 he was convicted to two years in prison for using false documents (he appealed the sentence and the appeal is pending).

Another emerging “star” of the media market is Mr. Din Patriciu, who made his fortune in oil business and who started to buy media some two years ago. He announced his intention to build a media trust with very ambitious projects. Up to now, he owns Dilema veche, a respected cultural weekly, Romania Literara, one of the once landmarks in the culture press and Adevarul, one of the oldest newspapers in Romania, now in a declining shape. On top of these, Mr. Patriciu owns other minor titles, but recruited famous journalists to staff his media operations. Mr. Patriciu is under penal investigation for his oil business, facing accusations of money laundering and fiscal evasion.

While the issue of the ownership of the media has cleared up a bit over the last two years, the funding sources still remain a secret and an area of concern.

In 2004, the total net advertising market for televisions stood at 100 million Euro (according to the EUMAP report). The average income of a private TV channel is around 15 million Euro per year. It is crystal clear

that the advertising money is not enough to keep alive and functioning – not to mention profitable – the number of TV stations active in Romania. Therefore, the question “Where is the rest of the money coming from?” is legitimate and deserves a comprehensive answer.

### **Some possible solutions**

There are several possible solutions to secure the transparency of ownership and funding of the media, in order to preserve the right of the media consumer (or the “citizen”, if we look at the media from their human right dimension) to make their own decision when it comes to media consumption habits.

The first set of solutions is legislative. A coherent legal framework can request the media owners to be transparent in both ownership and funding terms. Such provisions can be introduced in the broadcast legislation, in the legislation ruling the fair competition, in the anti-monopoly legislation or in the financial one. For example, the Romanian Constitution provides, in article 30(5) that “The media companies may be required, under the law, to reveal their sources of revenues”. As transparent as such provision may seem, it is not directly applicable. Over the last 17 years, nobody took action to draft and promote such a law, demonstrating the lack of interest of the political class in respect to the transparency of the media.

Apart from direct legislation, there is the so-called “soft regulation”, measures of more administrative nature that may shed some light on media ownership and funding. Such a measure is the introduction of the “media registers”, special administrative functions that require the media operation to register before coming into operation. Such actions have to be introduced with careful consideration, as they may turn into instruments to censor the media. Such registration has to have only the



“notification” role and the functioning of any media outlet should not be conditioned in any way by this registration. The registration should not be turned into the right of the state to “authorize” a certain media. The entry on the market should be free and unconditional (apart from the licensing system required in the case of broadcast) and the registration should serve only an informational role.

An even softer modality to promote the transparency of media ownership and funding is self-regulation. While weaker in its effects, it is probably easier to accept by the media owners, in the first stages. Collections of good practices for media owners can double the Code of ethics for journalists. Similarly, a formalization of the relationships between owners, publishers and journalists can increase the transparency of the journalistic work and could increase the public trust in media – therefore consolidating their revenues.

Last but definitely not least, the civic initiative can play a role in shedding light on media ownership and revenues. If we agree that the media perform a public service, then the civil society can and should exert on the media the same monitoring and oversight that they exert on the public authorities.

To cite again a Romanian example, a civic initiative managed to break the taboo on media ownership secrecy and created a favourable response. In 2006, the Center for Independent Journalism made available a public D-base with information regarding the media owners and their other business interests. The D-base is available on the internet at [www.mediaindex.ro](http://www.mediaindex.ro) and contains information detailed down to individuals (rather than companies, as was previously done). The launching of the site stirred an interest from both journalists and media owners. Some of the latter signalled missing or outdated information, some asked to be included in the D-base (it was constructed to deal mainly with the news media, so inevitably some niche

publications were not included). Once the taboo on ownership broken, people felt more comfortable with the idea of transparent ownership and volunteered information in order to keep the D-base updated and complete.

### **A final word of wisdom**

Media ownership and funding is a sensitive issue. Not only for the media consumers/citizens, but also for the media owners. Some of them are still sharing the old communist mentality that secret is good and the holder of secrets also holds the power. Others have fewer reasons to be proud of their business affiliation or partnership and tend to obnubilate the information. In some other cases, the affiliation may be downright criminal and the secret is therefore crucial to the continuation of the media operation.

Irrespective of the reasons that lead to opacity, media enjoy a special treatment and statute and therefore should respond with special obligations. So, whenever dealing with them, one has to keep in mind that, given their dual nature, the media are the only type of business enjoying special Constitutional protection.





## Privatisation of the mass media in the Kyrgyz Republic: illusion or reality?

**Shamaral Maichiyev**

After the well-known March events in Kyrgyzstan, rapid reform of the mass media and definition of their role in society to keep astride of the latest changes became a priority. One of the factors that facilitated the change in power was the honest and implacable stance of the opposition media, such as Agym, MSN, Respublika, Litsa, and others, in sharp contrast to the government-owned media, particularly the Kyrgyz Television and Radio Company (KTR), which are unprincipled, openly deceitful, and biased. It was perhaps thanks to the television and radio programmes aired and articles published during the parliamentary elections that the public was willing to support the opposition and accept the new government.

The new leadership immediately declared its willingness to carry out radical reforms in the mass media and in particular to reform KTR by transforming it into a public television station. It also talked about the need to denationalize media.

On 25 May 2005, Prime Minister of the Kyrgyz Republic Kurmanbek Bakiyev issued an order for a working group to be set up to reform the government-owned media. The working group was headed by acting Kyrgyz Vice-Prime Minister Adahan Madumarov, and Chairman of the Journalists Public Association Kuban Mambetaliyev was appointed deputy.

Representatives of civil society were included in the working group. The following specific proposals from members of the working group were officially introduced by Kuban Mambetaliyev and Shamaryl Maichiyev:

1. Government agencies (the government, regional/district/municipal administrations, ministries, prosecutor's offices, courts, agencies, inspection services, and other government institutions and services) and local self-government agencies (regional/district/municipal keneshs, ail okmotu, and other structural entities of the local self-government system), which are the founders of printed media, should withdraw from the position of founders. In future, all government and local self-government agencies should be prohibited from acting as founders of printed and electronic media.
2. Government and local self-government agencies that are founders of printed media without the formation of a legal entity should close down the mass media they founded and transfer the rights of founder to a third person. The transfer of property to newly organized media should be carried out as stipulated by the law.
3. Government and local self-government agencies that founded printed mass media with the formation of a legal entity should transfer their founding rights to a third person within two months as stipulated by the law.

The following draft of a decree by President of the Kyrgyz Republic Kurmanbek Bakiyev was also drawn up on this account:

“The government, regional government administrations, the mayor's offices of Bishkek and Osh, regional and municipal keneshs, ministries, prosecutor's offices, courts, government agencies, and other government

institutions that founded media companies and set up legal entities should withdraw from the position of founders and transfer their founding rights to third parties within two months as stipulated by the law. The government, regional government administrations, the mayor's offices of Bishkek and Osh, regional and municipal keneshs, ministries, prosecutor's offices, courts, government agencies, and other government institutions that are founders of mass media without forming a legal entity should liquidate the mass media they founded and transfer their rights of founder to a third party."

Our proposals were approved by the members of the working group and formed the basis of recommendations presented to President of the Kyrgyz Republic Bakiyev.

On 8 December 2005, a decree was issued by President of the Kyrgyz Republic Kurmanbek Bakiyev on Reforming Some Government-Owned Mass Media, which essentially triggered denationalization of government media. This decree was something society had long been waiting for because it is the first step towards liberalizing the media market. Denationalization of the mass media makes it possible to equalize the status of all media organizations and provides a wide range of opportunities on the media market. Most importantly, it prevents the government and specific government officials from having a direct influence on the content of media subordinate to them.

Unfortunately, the decree envisages only one ownership form – joint-stock companies. While this is acceptable for national newspapers such as Slovo Kyrgyzstana and Kyrgyz Tuusu, it is cumbersome for regional media outlets. The activity of joint-stock companies requires the presence of independent registrars and envisages special conditions for holding shareholders' meetings, interacting with the State Commission on Securities, and so on.

The deadlines and conditions for transferring the government's shares to citizens, group of employees, or other persons are also pertinent. So, in our opinion, it would be much better if the decree provided for various ownership options to government media as envisaged in the Kyrgyz Republic Civil Code, for example, a limited society or non-commercial organizations in the form of agencies, foundations, and so on. Our proposal makes it possible for media organizations to choose their ownership form themselves, taking into account their specific circumstances, financial and property state, and legal status.

As noted earlier, some media organizations were not registered as legal entities, and there is no need of transforming them into joint-stock companies. In this case, the government agency simply closes the media organization and transfers the right to use its name to another entity based on a joint decision by the staff and government agency in question.

We sent a letter to the Presidential Administration about this, suggesting that amendments be made to the presidential decree on the mass media reform.

Unfortunately, the new authorities have not formulated a national information policy or the role of new independent media, which makes the entire media reform process chaotic in form and very disturbing in content. The opinion has been dominant of late, similar to the ideology and totalitarian thinking of the Soviet era, which declared that the press and authorities are involved in a common cause and only need to improve their techniques and methods.

Today denationalization of the media has moved smoothly into a state of stagnation, because besides the legal issues concerning media denationalization, there are also other aspects, which if not taken into account could reduce the reform efforts to naught.



On 19 July 2006, the Media Representative Institute public foundation, along with the Presidential Administration, held a working meeting with the chief editors of central and regional government-owned newspapers on the subject of mechanisms for reforming state printed media of the Kyrgyz Republic.

The discussions at the working meeting focused on implementation of the presidential decree on denationalization of the mass media. The purpose was to discuss the current problems faced by these publications at the first stage of denationalization, as well as to discuss and draft recommendations for the future.

A brief analysis of the economic status of the publications was carried out. All the participants in the working meeting unanimously expressed the opinion that the denationalization concept (within the framework of a specially established government commission) was drawn up without heeding the opinions and viewpoints of the heads of these media organizations. That is why they suggest that the denationalization mechanism should not be launched immediately, but gradually over the course of several years.

Some editors of provincial publications unanimously declared that their publications would go bankrupt if the state administration stopped rendering them financial support. In keeping with the decree, the staff of several provincial newspapers have already been warned that financing will stop next year.

One of the most troubling questions concerns what material and technical resources and physical assets they will have after denationalization. If newspapers only receive the name of the publication in the process of denationalization, without the funds they had, this will bring about their instant collapse.

Media companies purchase paper and pay printing expenses and salaries using state funds.

For most provincial publications, support by way of organizing subscription campaigns is the main way to stabilize circulation, since it ensures sale of up to 95% of the copies put out. How this will be organized without government support is an important question with respect to preserving distribution area and procedure.

What is more, all the participants noted the negative fact of Kyrgyz pochty's (government post company) indebtedness, which from the very start will make the publication unprofitable if it is denationalized.

All the participants also noted that the publications have a stable readership, who are interested in the further output of these publications. In most cases, the publications and government administrations enjoyed partnership relations – the administration acted as a client for distributing information among the public. In this way, regional newspapers enjoyed an advantage over private publications. Everyone is also worried about the consequences of denationalization in this respect.

Editor-in-chief of Kyrgyz Tuusu noted that the paper is a fully self-financing entity. Assistance from the government is the premises in the centre of Bishkek.

Some editors-in-chief think that “the government should have media organizations in its arsenal that act as promoters of government ideology”.

Editors-in-chief of provincial newspapers have noted that the absence of an advertising market prevents newspapers from forming their spending

budget in full for the year and existing as an independent media outlet. At the same time, with the exception of Kyrgyz Tuusu, which has a commercial director, publications have no advertising departments or ways for gathering advertisements.

Tenir Too and Vesti Issyk-Kulia manage to cover approximately 50 per cent of their current expenses by placing advertisements, which is the only source of income for these regional newspapers. Nevertheless, it transpired that all regional media position themselves as commercial publications when gathering advertisements and are willing to step up their efforts in this area. But they do not have professional experience in this type of activity, since there is no money for developing this branch. Summing up the above, most state media organizations have no strategic plan for developing their own publication, own limited resources, and have no skills in assimilating the regional market, have an underdeveloped system for distributing printed media, and absolutely no qualified specialists in marketing, advertising, distribution, and promotion.

Based on the results of the working meeting, the participants drew up the following recommendations:

1. Detailed amendments of the presidential decree are needed in order to develop the strategic directions of denationalization. An addendum should be added to the decree envisaging the possibility of transforming government-owned media into “other incorporation forms”, so that the editorial staff may independently choose a form of denationalization that best suits their needs.

2. Alternative denationalizing options acceptable to government-owned media organizations should be envisaged. Specific mechanisms and ways of changing legal status should be drawn up jointly with representatives of the government-owned media.
3. Denationalization should not be carried out in a hurry.
4. The printed media should continue to be financed in the requisite amount until denationalization is completed.
5. The 20% VAT should be temporarily cancelled for 2-3 years, until denationalized media acquire financial stability.
6. The printed media should be offered consultation and assistance in building a stable market mechanism to support their activity.
7. After denationalization, the printed media should retain their government-guaranteed order on mutually advantageous conditions.
8. Not only the name, but also other physical assets previously owned by the media organizations and necessary for successful completion of denationalization should be transferred to the ownership of the printed media.
9. An independent legal and financial audit of government-owned media organizations should be carried out.





# Trends in concentration of broadcast media ownership in Europe: Threats to public service and diverse content

**Algirdas Lipstas**

This presentation is based on a research into the state of television in 20 European countries done in 2004-2005 by the Open Society Institute (OSI) European Monitoring and Advocacy Program (EUMAP) and the Network Media Program. The report has looked into a situation in EU member countries, both old (France, Germany, Italy, United Kingdom) and new (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia), candidate countries (Bulgaria and Romania) and non-EU countries (Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic Macedonia, Serbia, Montenegro, Turkey).

The research has looked into a number of issues defining the current situation of television: European, international and national regulations and regulatory bodies, programming, situation of public service broadcasting, new technologies (such as digitalization), etc. However, in this presentation I would like to go through dilemmas that TV ownership, and particularly its concentration, pose to media policy makers, regulators, and societies at large.

## **Concentration of ownership**

A significant and worrying development in the commercial television sector is the increasing concentration of ownership along with a lack of transparency of the ownership of TV stations. Such concentration of

ownership in a few hands is potentially dangerous as it could turn into a concentration of influence that can be used for political, personal, ideological or commercial purposes. At the same time, the reduction of a range of independently-owned TV stations raises the specter of uniform commercialized content, at the expense of diverse coverage and - in combination with overall commercialization of media - further shrinking of public service content.

### **Existence of legislation against formation of dominant positions**

Every country surveyed in the EUMAP report has legislation prohibiting monopolies generally. In addition, there are specific constraints on the ownership of multiple broadcast entities: usually, the operator of a nationwide TV station is not permitted to own a second nationwide license, and often the owner of a local TV station is not permitted to own a second TV station in the same market. (There are also restrictions in some countries, for instance, on broadcast media owners having interests in print media and vice versa, and so on.)

However, measures for what counts as monopolies for the purposes of broadcasting differ significantly from one country to another (e.g., in some it is the audience share such as in Germany and the UK; while in others it is the revenue share such as in Italy). Moreover, there are cases where the measure would appear to be explicitly designed to protect existing structures. For example, in Italy, the relevant measure for monopoly in broadcasting is revenues from the “integrated communication system” (SIC), but this includes advertising in all of: television, publishing, radio, Internet, direct advertising activities, sponsorships, sales of movie tickets, and so on. Given this expansive definition, it is virtually impossible for a single entity to exceed the limit imposed by law: 20%.



In any event, even where the laws and regulations are complied with in principle, television corporations have taken advantage of loopholes or weak regulatory mechanisms to maintain and even increase their ownership share.

One standard tactic here is to hide the real ownership of the station by creating a shell that is the nominal owner, registered locally, and having the real owner (usually the owner of the shell) registered in a foreign jurisdiction that protects ownership secrecy. A second technique is the creation of multi-layered, sophisticated ownership structures locally that evade the most strenuous of investigations by regulatory bodies.

### **Level of concentration of media ownership**

Concentration of ownership is apparent across the region covered in the EUMAP report. The most spectacular example, of course, is Italy, where Mediaset, owned by former Prime Minister Silvio Berlusconi, owns all three national commercial television channels in the country, Canale 5, Italia Uno and Rete4. Whether this particular monopoly will continue to plague television coverage in Italy under the new government, however, remains to be seen.

But concentration is not only a problem in Italy. Multi-national corporations have moved into a number of markets and have established their marks there. For example, Central European Media Enterprises (CME) operates the first-most watched station in the Czech Republic, the second- and fourth-most watched stations in Romania, and the top stations in Slovakia and Slovenia. The RTL Group operates the most popular station in Hungary and the third-most popular station in Croatia. And the Modern Times Group (MTG) operates very popular stations in Latvia, Estonia, the Czech Republic and Hungary.

Group <sup>1</sup>	Station	Country	Position on the national market
Central European Media Enterprises (CME)	Nova TV	Croatia	4
	TV Nova	Czech Republic	1
	Pro TV	Romania	2
	Acasa TV	Romania	4
	Markíza TV	Slovakia	1
	Pop TV	Slovenia	1
	Kanal A	Slovenia	4
RTL Group <sup>2</sup>	RTL Klub	Hungary	1
	RTL Televizija	Croatia	3
Modern Times Group (MTG)	TV3 (through Kinnevik)	Lithuania	2
	TV3	Latvia	2
	TV3	Estonia	1
	Prima TV	Czech Republic	3
	Viasat 3	Hungary	3
	Prva TV	Slovenia	5

<sup>1</sup> These investors own more stations in other countries not monitored by the EUMAP. CME for example owns a station in Ukraine, MTG owns a station in Russia etc.

<sup>2</sup> Prima TV in the Czech Republic and Prva TV in Slovenia are recent acquisitions.

The basic idea here is that the same group is likely to market the same programs throughout the stations that it runs in various countries, and there will therefore be a fairly homogeneous set of television products across a particular broadcasting group's spectrum. As these continue to establish their dominant presence throughout the region, the products of local independent stations in the various countries will tend to be decreasingly viewed. The result is likely to be a decrease in diverse and pluralistic content actually viewed.

On the other hand, in many countries with fairly small media and advertising markets, particularly (as noted in the respective reports) in Estonia and some countries in the Balkans, the concentration of media ownership is considered to be, rather than a threat, quite essential. In such small markets, media companies would not be able to survive if they did not consolidate their various media businesses. And, given the size of the markets, small and independent stations have very little chance of remaining economically sustainable.

### **Non-transparency**

The above information indicates that there are potential difficulties arising out of the fact that certain companies – some national, some international – are admittedly and quite visibly in relatively dominant positions in their respective markets. But sometimes dominance is not visible in this way: sometimes single owners have broad interests in media holdings that are probably illegal under applicable monopoly laws, but authorities have no way of knowing about this because the ownership structures are not transparent. Of particular concern here is that the lack of transparency of media ownership can hide from the public eye potential conflicts of interest and the interference by owners with the stations' programming. Once again, diversity (not to mention objectivity) may be at risk.

There are at least two ways in which ownership can effectively be hidden from the eyes of monopoly and broadcast regulators. One way, as already noted, is that media companies can be registered in “offshore” jurisdictions, where confidentiality of ownership is guaranteed. This is notably the case in Bulgaria and Romania. In other cases, in contrast, ownership or control remains vested in local entities or individuals, but the real owners, owning multiple outlets, still remain hidden. Well documented are cases in Turkey, for example, where ownership forms submitted to the broadcasting regulator have been known to contain lists of shareholders that include names of drivers, doormen, the company lawyer, and so on.

### **Threats to content by interfering owners**

The EUMAP report describes numerous cases of owners of television stations linking their stations to other business interests they have – not necessarily in violation of monopoly laws, of course – and employing the station to further those business interests. The effect, once again, is that there is no incentive to engage in diverse programming, because the main goal is simply to advance business or political interests. Examples of this sort of situation abound in the EUMAP report, in such places as Romania, Albania, Serbia, the former Yugoslav Republic Macedonia and Turkey.

### **Digitalization**

The digitalization of the broadcast spectrum is trumpeted in some circles as being the potential savior of diverse content of public interest. As the UK regulator, OfCom has regularly asserted, digitalization will enable more television stations to broadcast, and the result is likely to be an increase in the number of voices, voices that will be responsive to the needs and interests of a very diverse UK viewing audience.

This argument would be highly salient if it were correct, given the rapid advance of digitalization in Europe. Digital TV has already been launched in many Western European countries. For example, in France, the broadcasting regulator has granted digital licenses and digital terrestrial transmission began in March 2005. In the UK, digital penetration had reached 56% by the end of 2004, while in Germany the region of Berlin/Brandenburg was the first jurisdiction in the world to complete the switch-off of analogue transmission (in 2003).

Even in Central and Eastern Europe, though the digitalization process has been slower, relevant policies and strategies are increasingly being put in place.

But the simple fact is that the switch to digitalization does not necessarily guarantee the increase in diversity. In the first place, we see considerable resistance by current analogue stations, particularly those with well-entrenched market positions, resisting the switchover. For example, in the Czech Republic, where the regulator issued the first six digital licenses in April 2006, there followed a challenge by TV Nova and Prima TV, the leading stations in the country, which resulted in the regulator's decision being reversed. The entire process has had to begin anew.

Pressures by the principal players in another direction equally suggest that there may not be an uptick in diversity following the digital switchover. Typical is the situation in Italy, where the two dominant players, the public service station RAI and commercial Mediaset, have been trying to consolidate their dominance in the digital market by applying for as many digital licenses as possible.

## Conclusion

The combination of increasing concentration of ownership and a lack of ownership transparency carries with it potential dangers to diversity of broadcast content and to public service values; nor do the improvements promised by the digital switchover necessarily include a guarantee either of diversity or of public service content. We can combat this uncertainty with advocacy efforts directed at legislators and regulators. Specifically, we should be prepared to work towards the following goals:

- Where necessary, adoption and implementation of rules designed to prevent improper dominance by a few media players;
- Adoption and implementation of rules requiring genuine transparency of all media ownership structures, regardless of whether the owners are local or foreign, and possibly increasing penalties and enforcement mechanisms where media owners don't comply with their transparency obligations;
- Monitoring of the process of licensing (including digital) and advocating to ensure that licenses are distributed with an eye to increasing both diversity and public interest content in broadcasting.







## The mass media market in Kazakhstan

**Berik Belzhanov**

I will focus on one of the most socially important and dynamically developing spheres – the media market in the Republic of Kazakhstan, its achievements, difficulties, and development prospects.

As soon as it acquired its independence and sovereignty, the Republic of Kazakhstan began carrying out deep-cutting reforms in the media business and focused particular attention on ensuring legal guarantees of citizens' rights and freedoms. This means first of all understanding the fact that developed, organizationally strong, and free mass media are the best indication of a democratic society. For example, according to Kazakhstan legislation, interference in the activity of the mass media is prohibited, unless the media contradicts the law.

Several provisional stages can be identified in the evolution of the information market in the Republic of Kazakhstan since it acquired its independence.

The first stage is the post-Soviet stage, which was characterized by primary state monopoly on the mass media before 1992, when there were essentially no independent media organizations.

The second stage, 1992-1996, was a stage of development and growth when the state relinquished its total control over the information space to some extent, non-governmental (private, corporative, and so on) media outlets underwent tempestuous development, and the percentage of state media outlets in the total number of mass media decreased.

The third stage is the liberal stage characterized by qualitative and quantitative changes on the media market, mass privatization, decentralization of former state media outlets and printing enterprises, and a transition from state financing and subsidizing of the mass media to government contract for conducting government information policy. This stage in the development of the Kazakhstan's information space began in 1996-1997.

Today we can confidently say that Kazakhstan's information market has essentially come about. What is more, it has entered a phase of stable growth. Economic support of the mass media and adopting measures to raise the competitiveness of the domestic media market have played a significant role in accomplishing this. For example, from 2001 to 2004, periodicals were exempt from VAT, and a zero tax rate for added value on their own products was in effect for television and radio broadcasting companies. Over the past five years, the fees for using radio frequencies have decreased almost annually, and in 2002, annual payments for their use were cancelled entirely. Now licensor companies only settle payment for the initial issue of a permit for the radio frequency service rate. In order to ensure transparency of the process for acquiring television and radio broadcasting frequencies, the parliament, as well as international and Kazakhstan's public associations are represented in the contest Commission for granting the right to the use of radio frequencies. What's more, the Commission's work is widely covered in the mass media, which is also having a favourable effect on the development of the information sphere.

Media outlets are being commercialized as a consequence of forming an advertising and information market under the conditions of developing national economic system. It should be emphasized that the national media market is becoming a segment of the general commodity market in which the same regulations function as in the economy as a whole. The fact that there is already a whole series of sufficiently well-established

and strong media outlets and information media holdings in the country is one of the unconditional achievements of the socio-economic and democratic reforms under way.

Today, at the current stage, it can be said that the main and most essential elements of the information market have already been formed in Kazakhstan. They include the appearance of a dominating segment of non-governmental media organizations, significant differentiation of the information thematic field, and the creation and functioning of sufficiently large media companies. For example, whereas before 1990, a total of ten nation-wide government newspapers and magazines were published in the country and 21 television and radio channels were on the air, as of 20 September 2006, 7,483 media outlets were registered in Kazakhstan and 2,479 are functioning. Public associations are the owners of 218 print media. Seventeen belong to religious organizations. Seventy-eight percent of Kazakhstan's mass media are non-governmental. Small businesses comprise the lion's share of owners of non-governmental media organizations (48 per cent). Newspapers and magazines comprise the overwhelming majority – 91 per cent – of the media market, electronic media make up 8.5 per cent, and information agencies 0.5 per cent.

Since 1998, the main mechanism of interrelations between the state and mass media is the government contract system, which all the country's active mass media have access to, regardless of their form of ownership. The gist of a government contract consists of the fact that the state, in the form of the government and local executive bodies, finances media coverage of the most important socially significant topics. Country-level and regional media outlets acquire the right to broadcast such topics at open contests.

This measure promotes the creative activity and business initiative of the media organizations, which is demonstrated by the annual increase in the number of media owners participating in the contests. For example, whereas in 2004, 72 media outlets (46 printed and 26 electronic) participated in them, in 2005, this number reached 85 (54 printed and 31 electronic), that is, an overall increase of 15 per cent. And in 2006, 77 media organizations participated in the contests.

All the media outlets, including independent ones, have equal opportunity to participate in tenders in our ministry.

In this way, during the years of independence, political, economic, and legal conditions have been created in Kazakhstan for the functioning of independent mass media.

It should be noted that practically all the leading country-level publications issued in the state and other languages participate in this segment of the market (government contract). They include nation-wide publications, such as *Kazakhstanskaya Pravda* and *Egemen Kazakstan*, country-level publications *Liter*, *Aikyn*, *Ana Tili*, *Kazak Edebieti*, *Express K*, *Ulan*, *Yuridicheskaya Gazeta*, and others. They also include Kazakhstan's appendices to popular Russian publications, such as *Komsomolskaya Pravda*, *Moskovsky Komsomolets*, *Argumenty I Fakty*, *Izvestia*, and national editions of *Ukrainski Novyny*, *Uigur Avazi*, *Deutsche Allgemeine Zeitung*, and *Kore Ilbo*.

The measures undertaken by the state to expand the country's information space, search for new ways to co-operate with journalists throughout the world, and ensure joint influence of the mass media on the globalization processes have created new opportunities for attracting representatives of world media organizations and agencies to

Kazakhstan. The media periodical market is also widely represented by the press of other states – there are 2,594 foreign media organizations in the country. BBC, Deutsche Welle, Radio Freedom, Poland's Polonia television, and Russian media programs are very popular in Kazakhstan; and more than 80 representatives of foreign media organizations from two dozen countries of the world are accredited in the country, including from the largest information agencies – BBC, Associated Press, Interfax, France Press, Xinhua, Reuters, ITAR-TASS, Bridge News, and others. Ninety percent of the total number of foreign printed media are published in Russian, five percent in English, and five percent in other languages (the figure presented is given keeping in mind the total number of languages: Greek, German, Dutch, Spanish, Portuguese, Swedish, Georgian, Armenian, French, and others).

An analysis of the topics of these mass media shows that entertainment publications and television programs, which constitute 83 per cent of the number of foreign media, enjoy the greatest popularity among the population.

This diversity and multilingual nature does not hinder, but fundamentally compliments and stimulates the tempestuous development of Kazakhstan's own media and creates Kazakhstan's unique information sphere. This is largely promoted by the annual government contract for conducting state information policy financed from the budget. The right to participate in this contract is determined by the results of the contests held among media outlets regardless of their form of ownership.

It should be noted that socially significant topics, such as the state's social, investment, language, and migration policy, integration processes in the CIS, cultural and historical ties of the Commonwealth countries, promoting a healthy lifestyle, fighting crime, extremism, and terrorism, moral and spiritual upbringing of the younger generation, development

of small and medium-sized business, and so on, are annually the priority areas in the state's information policy.

In the Republic of Kazakhstan, constant and constructive interaction with public organizations, associations, international organizations, and media research institutes is observed in the development of mass media. Such public associations for the protection of journalists' rights as the Congress of Journalists of Kazakhstan, Union of Journalists of Kazakhstan, National Association of Television and Radio Broadcasters of Kazakhstan, representative offices of international organizations: the OSCE, Kazakhstan International Office of Human Rights, Internews Network, Adil Soz, and others are working productively in the country. The development of mass media in the Eurasian space has given rise to an objective search for ways to ensure further co-operation. The Eurasian Media Forum has become a sign of the times. This is an important international media initiative aimed at supporting the professional development of Eurasian mass media and spreading information on the special features of the development of the Eurasian region. It has been held in our country for the fourth year in a row now.

The Eurasian Media Forum is creating a new opportunity for a free and open dialogue among politicians, journalists, and experts on the global problems of present-day development and the mass media's influence on them in order to find new opportunities for ensuring political stability and security in the region.

The state intends to continue its efforts to create the necessary conditions for ensuring the activity of media space subjects that correspond to modern international standards. For this purpose, a Concept of Development of Competitive Information Space in the Republic of Kazakhstan for 2006-2009 has been drawn up in the country.

Within the framework of this Concept, there are plans to focus special attention on the development of the information and telecommunication infrastructure (formation of its own satellite group, up-to-date receiving and transmitting stations, and so on). We are also on the brink of introducing digital television, and active effort is being made to develop a national segment on the Internet.

We are confident that all of these tasks can be accomplished.





## Media business changes journalist's attitude to their rights

**Oleg Panfilov**

In early 1990s, the Altapress media holding was set up in the city of Barnaul, capital of Russia's Altai Territory. It did not appear overnight, of course – initially a small liberal-minded newspaper saw the light of day and started selling like hotdogs. The proceeds sufficed, some time later, to found another newspaper, and then several more. Now Altapress is one of the biggest media holdings in Siberia, producing eight newspapers and having a modern printshop of its own, which also fulfils orders from several Russian regions and northern provinces of Kazakhstan.

When I asked the founder of Altapress, Yuri Purgin, why he had no serious problems with the local authorities, he replied that he had built up a transparent business, did not dodge taxes, and engaged in an open dialogue with the authorities.

The emergence of Altapress is reminiscent of the establishment of the Polish Gazeta Wyborcza, which turned into the Agora holding, a prime example of a media business in Eastern Europe. One could probably give several more examples of the independent media set up in the post-Soviet environment not only under freedom of expression slogans, but also in full awareness of the fact that acquiring freedom largely depends on the extent to which political independence is shored up by economic independence.

People in Central Asian countries have already grown sick and tired of discussing the freedom of expression problem only from the sidelines and of watching two opposing sides – the authorities and the journalistic community – competing in their legal illiteracy.

To be sure, the legal literacy of both sides still leaves a lot to be desired, but in this scramble, we have started losing the main thing – independent media. The results of monitoring violations of journalist and media rights show that small newspapers account for a large proportion of such violations. These newspapers are either published on donations from charitable organizations or have been set up by businessmen to wage information wars.

As a rule, such newspapers are short-lived, because, as belligerents in information wars, they come under pressure and persecution on the part of the authorities or rivaling political parties. Officially, they are registered as independent publications, but their aggressiveness often exceeds that of opposition newspapers.

From the freedom of expression point of view, they have the right to exist, since they reflect the ideas held by part of the public, but in terms of impact on broader readership, they fall behind newspapers that try to maintain a neutral view of sociopolitical events. The printruns of such newspapers are minimal – as many as the budget of charitable grants may permit, and the chief editors are not concerned about their business development.

This situation is easy to imagine if one recalls Hans Christian Andersen's fairytale *The Emperor's New Clothes*, in which only a little boy saw that the Emperor's new clothes, made by sham tailors, were a myth in which the Emperor himself believed and his subjects did not want to disappoint their monarch.

Many journalists in the post-Soviet territory have come to believe in the freedom of expression myth, because freedom of expression means exclusively the right to express oneself. One could argue that way in the late 1980s, during Gorbachev's perestroika period, when relative freedom, called glasnost, was still financed out of the national budget and supported by circulars put out by the Communist Party.

Then charitable foundations and Western governmental organizations came and took root in the former Soviet states, believing it their duty to help promote democracy and its main institution – freedom of expression. The establishment of new newspapers, magazines and agencies with the help of grants donated just marked the start of the media independent of the national budget. But this situation is well known in Japanese folklore: “Don't give a poor man a fish; better give him a fishing rod and teach him how to fish.”

This allegory well suits to explain the situation surrounding the mass media in the countries of Central Asia, where the attitude towards the media business is still considered to be of less importance than imitation of a fight for freedom of expression. Like over the last 15 years, there still are far fewer seminars and trainings devoted to management or alternative ways of distributing newspapers than to general problems of freedom of expression.

What is needed is a fundamental change in the form of training, and also the creation of educational centers or schools that would help media executives assess the prospects for developing newspapers, television companies and radio stations. For this purpose, research should be carried out to evaluate the performance of existing media in terms of newspaper printruns, television and radio audiences, outreach areas, media popularity ratings, technical and technological environments which media operate, and advertising markets. Such research would help bring out the prospects for existing newspapers, television companies and radio stations, and offer recommendations for further media development.

## **II. Media Management**

### **Yevhen Hlibovitsky**

Why the post-Soviet media lack competitiveness beyond the NIS  
– the case of the challenges brought before the Ukrainian Channel 5  
and the responsive market

### **Saidali Siddikov**

Media management: To improvise or to live by prescription?

### **Ognian Zlatev**

Challenges for media development in transition countries  
– case study Bulgaria

### **Dulat Abish**

People wait for the newspaper to come out

### **Khaliljan Khudaiberdiev**

Freedom of speech and specifics of media management in the south  
of Kyrgyzstan





## Why the post-soviet media lack competitiveness beyond the NIS – the case of the challenges brought before the Ukrainian channel 5 and the responsive market

**Yevhen Hlibovitsky**

### The point

The markets, which are heavily affected by the political or semi-political influences (dominating parties, political figures, so called oligarchs etc) run tremendous risk for the media, which dare to try and play with transparent rules. This is quite logical and expected. The unexpected part is that the risk comes not from the outside, but from inside.

### The case

The Ukrainian Channel 5 emerged in early 2003, as a transformation of a small network station previously called NBM. The channel has had major point of difference:

- Quality: the only channel on TV that has no political interests behind it and that heralds all political spectrum

That point of difference lead to increasing numbers of audience as the channel had a vivid advantage of being able to discuss issues, other channels were silent. The channel had to withstand a great pressure from the authorities, both legally and illegally. The channel had also to withstand the pressure from its own owner, whose business and political interests were hurt. In order to do that the Channel has signed a public Editorial Agreement defining Channel 5's editorial independence, unbiased attitudes, and professional standards.

The point of difference emerged beyond the channel, when three acknowledged professionals in TV journalism came up with the concept. The channel has implemented the solutions, employed the journalists, but stayed with the old management system, and made very little restructuring.

As long as other politically dependent channels were broadcasting along with their political bosses' guidelines, Channel 5 felt great confidence in its future, despite the risk of being simply shut down by the Kuchma administration.

During the Orange revolution the Channel has been the main broadcaster of Maidan, providing live coverage in Ukraine, as well as internationally. The fall of censorship as a result of the Orange revolution led to some press disappearing because of new competition, and the Channel 5 has lost its point of difference, since all news outlets became free.

The new point of difference was defined:

- [Quantity on top of Quality: news on the beginning of every hour 24x7.](#)

Eventually, Channel 5 has been losing its market share, becoming #11-12 on the market after peaking #3 during the Orange revolution.

### [The conclusions](#)

The Ukrainian Channel 5 was defeated not by its political opponents, but by the market force it strongly praised.

Whereas other market players started shifting slowly from possessing their media outlets as PR-extensions towards independent media, the Channel 5 development was stalled by the strong feeling of “victor”.



When the channel was reformed in 2003, four questions were brought up by the founders before the investor. These became clear indicators of the type of the outlet this and other channels were:

1. Is this business (versus political project)?
2. Is the investor aware of the cost scale?
3. Is the investor aware of the human capital cost and importance?
4. Is the investor ready for transparent procedures?

The market moved from answering “No” to all 4 questions, to slowly accepting the change. But the old professionals weren’t ready to shift to all “Yes”. Accepting new challenges became a challenge itself:

- Media serve the audiences
- Media have to market themselves before audiences
- Creativeness, style etc are secondary before the core content, which competes on the market

The lack of leadership on the market by Channel 5 as the role model (the legacy of being the only channel to withstand pressure and not to lie to the viewers), and absence of the responsive governmental policies, has led to substitution of freedom with chaos or pluralism of dependencies. Most of the Ukrainian TV channels migrated from PR-outlets to independent media, but never reached the final goal, stopping in the middle.

- The new definition of media means behaving on behalf of the audience if the interests of the owner are not involved, and on behalf of the owner, where they are involved

The progress made in the first part of this statement after the Orange revolution, left the second part untouched, thus failing to provide guaranteed product quality for the audience, as it never knows, whether the reports are professional.

Channel 5 has failed to provide leadership not because of the hostile environment, but because of its own managerial decisions. It turned out that it was not enough to know “what”, but after the challenge of the political pressure was off, it was important to know “how.”

Even under healthy or neutral political environment those are the human managerial decisions that in the end lead to secondary standards, and as a result – lack of freedom and efficiency.

Those countries’ media outlets will remain influenced more than influential on the international scale, often undermining the attempts to be internationally heard.





## Media management: To improvise or live by prescription?

**Saidali Siddikov**

Speaking of a school of management, I would like to state straight away that it seems to me that today Tajikistan has no real, let alone advanced, school of newspaper management from which one might draw something of use for participants in today's event. Personally, I do not see such a school in the sphere of independent publications; it might exist in embryonic form but definitely not in a mature one.

For this reason, I would like to share with you some of my own ideas about why no such school has yet taken shape here and what is preventing this from happening.

We do, of course, have smart and competent publishers, such as Asia-Plus and Charkhi Gardun, bringing out several newspapers, with which we not only compete to a certain extent, but also, in a number of cases, co-operate and act as partners. Yet they cannot, I believe, be seen as founders of any sort of school, even though they have managed to create, in their enterprises, a kind of mechanism for decision-making, interrelations, management and control. We respect them for this, but are hardly ready to take over this mechanism ourselves, because each publishing enterprise, as it develops and attains certain success, will have its own school of thought and ideas concerning management mechanisms, rather than apply existing ones.

So, there exists a multitude of problems that, in aggregate, I would call one big problem – the problem of the interrelations between different structures and links on the route between the publishing house that produces the newspaper and the outlet where it reaches the consumer. For example, at one time I worked as editor-in-chief for a newspaper, but left because of the constant trivial and incompetent interference in my affairs by the founder/general director – a man with only a secondary education and a certain knowledge of business, with money to buy paper and film and rent a printing works, but understanding nothing about journalism. Two years later, the newspaper simply “collapsed”, unable to compete on the market. And I drew the conclusion for myself that a publishing house cannot be headed by a person, however well he/she might understand financial and business matters, if he/she has little comprehension of journalistic affairs.

After this, for several years I was editor-in-chief of another newspaper. There the owner was a good, competent journalist, but then the problem of the so-called balance of interests arose between us. I began to insist that “an editor must be free and independent”, while he would reply “Fine, take as much freedom as you want, but remember that, if in the past the last word belonged to the Communist Party Central Committee, today the Central Committee is Me”. You must agree, this is a sort of censorship of the “owner is boss” type.

Many would find a talk about journalistic ethics, about freedom and independence of the editor and the journalist, closer to their hearts. Yet this freedom and independence simply cannot exist in isolation from responsibility not only for complying with the laws and rules of ethics, but also for the financial result, for sales of copies, for commercial matter. Ultimately, after instances of irresponsibility, loss of freedom, staff cuts and newspaper closures are, as a rule, inevitable.

Is it ethical to behave like this with people who work for you honestly and conscientiously?!

I believe that, in such cases, the manager is not obliged to abide by existing solutions and principles; he/she must take the initiative and be able to improvise, without violating either legislative or ethical norms. This means the manager must be able to “come out clean” in the good sense of the term. Otherwise, effective laws do not always allow and sometimes even prevent advancement in the newspaper business.

When, in 1991, back in Soviet times, the law on the press was drafted, many people still did not understand that the media are, above all, a business. Back then there was a single objective – to maintain freedom of speech, so the focus was on the rights and obligations of the editors and journalists. Times have now changed and the old law is outdated. It contravenes, for example, the law on advertising, the law on consumer rights, the law on joint-stock companies, the civil, administrative and labour codes; it fails to regulate relations between the owner/publisher, editor, advertiser and distributor and totally ignores the problem of monopolisation. Take the subscription sphere – as you know, subscription is a subtle matter. At the tax office, a member of our staff was told that they would accept our report if we subscribed to their newspaper...

Then again, during judicial examination of a case relating to Vecherny Dushanbe, at several hearings I tried to explain to the judge that I did not have a round seal, I was not the main person in the editorial office and that I was not responsible for financial matters. Yet the judge insisted that as an editor-in-chief, I was, under the law, the main person and no one else.

For this reason, there is no sense in rewriting the old law by adding amendments and corrections to it, as has happened in Tajikistan. There is

no doubt that a new law needs to be passed to take into account a whole series of new phenomena and market trends.

I believe that the new law could, in many ways, follow the European model, that is, the law could be purely licensing in character. Even Karl Marx wrote in his famous article “Debates on Freedom of the Press” that the very existence of a law on the press testified to freedom of speech in a country, since such a law is licensing and not prohibitive. “It is the law on censorship that prohibits”, he writes. “A law on the press only licenses”.

In drafting the new law on the press, the focus must be on self-regulation, when state-run and public organisations and media structures regulate relations on the market and with one another by themselves.

We in Tajikistan have a vested interest in lifting of the restrictions, above all tax ones, that prevent us from advancing to the European model, for instance, in price formation and distribution of the press at fixed retail prices, when the entire distribution system works on the basis of discounts from the final publication price. The entire current price anarchy would disappear as a result and this would only be to the benefit of the publisher, the distributor and the consumer. In order for this to happen, however, the VAT allowances operating under sales contracts would have to apply to contracts that were concluded in the sphere of distribution. Let me give you an example from our own practice: one wholesaler said he wanted to take a large part of our print-run for sale on the condition that we granted him a discount on the wholesale price. The discount was negligible, so I agreed and was satisfied. But our accountant was not: how was he going to do the booking and what about taxes, he asked. A contract was needed. Then I went to the Chief Post Office, where this wholesaler worked, and concluded a contract with the management. The next day I realised that the wholesaler was unhappy and not so keen to work with us.



Take another, equally important issue. Assume you are trading in milk and, if it goes sour, you write it off at the set rates, which are very high in this case. This is important for the enterprise, since write-offs are a production cost. Newspapers are equally perishable goods, but the officials do not realise this. For some reason, it is not permitted to write off newspapers at the rates of mass consumption goods with a limited sales life. As a result, the publisher's costs rise and this inevitably has an effect on the final price of the newspaper and its print-run.

All these contradictions must be regulated as soon as possible. If all this is done by means of amendments, there will be so many of them that it would be "cheaper" to pass a totally new law.



## Challenges for media development in transition countries – case study Bulgaria

Ognian Zlatev

### General Context

The stable development of the market economy in Bulgaria, the increased foreign investments and the growing stable trend in advertising budgets have led to a relatively well developed media market in the country. According to financial analysts, the Bulgarian media market is quite dynamic and risky involving a number of stakeholders and serious competition.

Media consumption researches show that TV, radio and magazines are most preferred. Newspapers come fourth in the rank, but the use of Internet newspapers editions is growing. Print media followed the trend of transformation of the readership and moved from “serious” towards “yellow” press. In the last years political party-related press gradually disappeared (at this moment there are only two clear party-affiliated publications ATAKA daily and Demokratsia weekly) and the market was taken by tabloids and sensationalistic publications with a small segment of serious newspapers (there are only two newspapers funded directly by the State – Bulgarska Armia (Bulgarian Army) and Durzhaven Vestnik (Official Gazette)). In an attempt to boost circulation a significant number of newspaper publishers started offering book collections or DVDs as supplements to the publications.

Booming advancement of light, entertaining, sensational and celebrity-oriented press coincided with similar programs on TV thus creating

grounds for debates among media experts and society at large. A popular public figure from the show business even launched a legal campaign against the “yellow press” and took a number of publishers of such papers to court.

The annual circulation of newspapers in 2005 has decreased compared to 2004. The number of newspapers in 2005 has been 423, of which 60 are dailies and 183 weeklies. Their combined annual circulation is 310 million BGN according from official data of the National Statistical Institute (approx. 160 mln Euro).

However, in 2005 a significant number of new newspapers and especially magazines have entered the market. Most of them are licensed versions of international brands (e.g. ELLE, Maxim, Brava Casa, etc.)

A total of 346 programs operated on the Bulgarian media market in 2005. 144 of these are radio and 202 are TV. Three radios have national coverage – both stations of the Bulgarian National Radio (Horizont and Hristo Botev) and private Darik Radio. Three TV stations also have a license to broadcast nationally – Channel 1 (Bulgarian National Television) and private bTV and Nova.

There is a clear growing trend of using Internet media – media consumption of newspapers and radio in Internet has doubled in the last year. There is a growth in the consumer-generated-media especially in the capital and in the largest regional towns in the country. Blogs have multiplied and more and more of them address social and political issues. The media ownership in most cases is transparent; however, current legislation does not guarantee full access to shareholder information. Almost all media in the country are funded on commercial basis with the exception of the state television, two state radio stations and the Bulgarian News Agency.

The relationship between editorial and business departments in media generally depends on the financial results: the more profitable a media is, the greater the separation is.

### **Media Ownership**

Media ownership still continues to be a debatable issue in Bulgaria. Bulgaria's print media market is dominated by foreign ownership – the German WAZ group which accounts for approximately 70% of the market share, including the highest circulated dailies TRUD and 24 Hours, other weekly and daily publications and the largest distribution companies in Sofia and Varna.

However, 2005 was the year of the major (after WAZ in mid-90ies) influx of foreign investments in print media: Georg von Holtzbrink of Germany (publisher of Handelsblatt) set up a 50:50 joint venture with the publishers of Dnevnik daily and Capital weekly; Scandinavian Bonnier Group took over financial daily Pari; Bulgarian editions of Foreign Policy, Business Week, National Geographic, Maxim, Elle, Brava Casa, Grazia, Don Balon also appeared on the market.

Zemja daily, Vestnik za doma weekly and 7 Dni TV united in the first of its kind media consortia of print and electronic media in Bulgaria.

In early 2006 APACE Media finalised the acquisition of 66% of Diema Vision, which owns the cable TVs Diema +, Diema 2 and Diema Extra. The Scandinavian media company SBS Broadcasting Group bought radio and TV Vesselina as well as other radio stations.

The foreign investments in the Bulgarian media market sharpened the attention of the Council of Electronic Media (the Bulgarian regulatory body)

and they announced that the Council will implement a special monitoring procedure on the acquisition of shares from media.

Another major expansion was noticed with bTV – the leading satellite station – which is held by News Bulgaria Inc, USA. The company has launched two new television channels – GTV and Fox Life and acquired N-JOY radio. The owners of bTV deposited a request for acquiring another two radio stations and if this is allowed by the broadcast regulator, it will be the first case of major broadcast concentration in Bulgaria.

### **Media – a profit-oriented business with responsibility to the public**

Most Bulgarians – journalists, media owners and the general public – are aware of the need for ethics in journalism. This does not mean that everyone in the media community is ethical. In the case of egregious violations, however, everyone seems to know that rules have been broken.

Few question the relationship between high professional standards and the business success of the media. Generally, successful Bulgarian media respect the professional ethics and the independence of their journalists. The owners of these media, in fact, cite this respect as one of the reasons for their success.

Their not-so-successful colleagues see a different picture: the financially stable media can afford ethical standards. The Bulgarian media reality offers even more extreme variants.

Finally, it can be summarized that the successful media model in Bulgaria has most of the following characteristics:

- A transparent ownership
- Editorial independence
- Separation between the editorial and the business departments of the media
- Clear editorial policies
- Explicit rules that guarantee the independence of the journalists at different levels in the newsroom
- Ethical standards, recognized by everybody
- Separation of advertising from editorial content
- Decent remuneration for journalists

Thus, it can be concluded that there is a mix of good and bad practices in the Bulgarian media market. It offers several examples of how adherence to generally accepted ethical standards leads to success. The media with the highest ratings and advertising revenues have clear ethical standards, which are obligatory. On the other hand, examples of unethical behaviour are plentiful. In almost all cases, the ethically questionable media have been unsuccessful in business. Attempting to survive, they make greater and greater compromises, and consequently lose audience.

## Conclusions

The intensive competition on the Bulgarian media market has created an environment in which the success of the media business is linked to ethical practices. Newspapers, TV and radio stations attracting the biggest advertising revenues are the ones with clear professional rules, which they actually implement. The main reason for this situation is competition.

Yet there are no active unions for journalists in Bulgaria. Driving the competition that promotes ethical behaviour is a general public desire for unbiased and trustworthy information, useful analyses and commentary. During the last few years the main threats to media independence came mostly from three directions. In the beginning of the social transition after 1989, the most serious pressure came from politicians. The new social and political conditions, the creation of new parties, and the lack of journalistic experience, gave rise to several serious and credibility-threatening scandals.

Lessons were learned, however, and after the initial chaos, the media found ways to report politics in a more balanced way.

The political transition was followed by an economical one. In this period the independence and objectivity of the Bulgarian media were threatened once again by powerful economic interests. Sometimes media owners or their editors-in-chief skewed reporting in order to help one business or another. The lessons from this period were also learned, and this stage is currently passing away.

However, another challenge to the independence and objectivity of the media currently comes from commercial enterprises seeking free or positive publicity for their products and services – and to avoid negative reporting about them. More and more companies try to plug their products and services without explicitly stating that they are being advertised. This is leading to an increase in corruption practices among journalists, and such corruption is not always financial.

Very often, reporters are offered free journeys abroad, free stays at nice hotels, free lunches and dinners. This leads to publication of stories, which otherwise wouldn't have been published or aired. Obvious ethical compromises decrease trust in the media.



At the same time, the commercialization of the Bulgarian society is prompting more “consumer” reporting, often viewed as thinly disguised advertising. Potential advertisers have yet to accept that media may fairly comment on their products, positively or negatively. Big advertisers also use their budgets to influence media coverage.

The new challenge facing all media that insist on maintaining their integrity will be finding ways to give readers and viewers trustworthy information and objective comments about the quality of products and services. And this, in all cases, will be a process in which journalists, owners and advertisers will all play important roles.



## People wait for the newspaper to come out

### Dulat Abish

The newspaper Aigak was launched on 28 September 1996, initially coming out in 3,000 copies distributed only in the South Kazakhstan Region. Gradually, our newspaper, which was dubbed the first swallow of democracy in the South, began to gain popularity and its distribution spread to other southern parts of Kazakhstan – the Jambyl and Kyzylorda regions, as well as that of South Kazakhstan. Since 1998, the newspaper has had its own two-storey office in downtown Shymkent, and there is a Press Club operating at the editorial office.

The paper's print run is now 33,000 copies, distributed throughout the Republic of Kazakhstan. Since 2003, the editorial board has had its own print shop to put out its own publications (the newspapers Aigak, Aigak TV, Davr, Aigak-Makhabbat, Lenger Janalyktary and Jetysai Janalyktary), and render printing services to over 15 publishers in the region. We have won a tender for a TV frequency and work is now under way to install equipment for an Aigak television channel. Recruitment has been carried out for TV presenters, cameramen and editors.

### Personnel

For staff training purposes, we use all non-governmental institutions that hold seminars and training sessions on all topical issues. The editorial board also allocates funds for training specialists.

For the newspaper's staff, land plots have been allocated and apartments purchased, and free catering is provided. The company pays for staff treatment in sanatoria and private clinics. The newspaper has its own agricultural allotment and a rest area for journalists.

Even though the newspaper publishes scandalous, disputable materials, it never uses them for dirty political games and, with the help of experienced lawyers, defends its own point of view. The newspaper has advertising and editorial departments that often compete for newspaper space. Profits and revenues have gone up, as has the number of PR articles.

The newspaper Aigak has been awarded the Altyn Juldyz top prize of the Academy of Journalists of Kazakhstan and several prizes of the Union of Journalists of Kazakhstan named after Sattar Yerubayev and Turar Ryskulov. Aigak has its own distribution and subscription service and also works on a contractual basis with other, alternative distribution services. We carry out market research and, on the basis of the results, identify shortcomings in the relevant services. The staff includes a marketing expert. From 2007, we plan to engage a psychologist.





## Freedom of speech and specifics of mass media management in the south of Kyrgyzstan

**Khailjan Khudaiberdiyev**

One of the main challenges encountered by the media management is to ensure effective work of the mass media under the conditions of society's Oriental mentality prevalent in the south of Kyrgyzstan.

While a television and radio-broadcasting company constitutes, in essence, an information segment of society, while fulfilling a social role, it is, at the same time, a business structure.

Speaking of the media management peculiarities in the south of Kyrgyzstan the following should be specifically identified:

– Information management involves pursuit of one's own information policy, programming, interaction with the company's creative personnel, and catering to the population's information demands. Sometimes journalists, when speaking of particular problems, criticise officials of various rank. Then those who come in for the criticism "take offence" and call up the media management. In a small town, where everyone knows everyone else, the next day the director goes round and calls on all those who are "offended", trying to explain the essence of a journalist's job under the conditions of freedom of speech and asking the "offended" not to take criticism as a personal offence. Similar things have happened with the mayor, his deputies, the heads of the police, public utilities and so on. Since the door of a media head's office is always open, TV viewers

just walk in with their problems and complaints about the work of the broadcasting company, this sometimes turns into heated debate about our work – the coverage or non-coverage of certain issues, whether certain news topics are liked or disliked. And we accept this as we should, as complaints from a friend, a family member – even though this sometimes degenerates into a bawling match. Yet in this case, too, we believe we have become members of the audience’s family and that this has a positive impact on the television company’s image.

– Structural management means continuous work to optimise the structure of the broadcasting company in accordance with the customers’ requests and the company’s resources (material and financial). Here, again, we follow generally accepted standards, but abide by our own mentality.

– Personnel management involves recruiting personnel, setting the level of wages and salaries, and offering incentives to achieve leading positions in the competitive environment. At the stage of establishment, almost all the key positions in the broadcasting companies are usually held by family members of the founders – sons, daughters, wives, nephews and, right at the beginning, when strict one-man management is necessary, this has a positive effect on the company’s operations. This applies to OshTV, Keremet, DDD and other broadcasting companies in the south of Kyrgyzstan. Once every two years, we hold competitions for journalist positions, in which some 200-300 applicants participate. We select 5-10 persons, and after the probation period, usually only 1 or 2 remain. We normally turn this event into a TV show and this helps raise the company’s ratings.

– Financial management means effective management of finances, use of advanced financial accounting methods, forecasting of income and expense, payment of taxes, knowledge of the fiscal legislation and so on. Since abiding by one’s promise is specific to Oriental mentality, a



paperless form of agreement is frequently used here and we can often rely on a telephone call, with defaults occurring very infrequently.–  
Technical management. Since equipment is the greatest cost item for our broadcasting companies, it is important to choose the correct technological strategy, select equipment with the optimal (price-quality) parameters, set TV formats, relevant standards and so on. It should be noted that during the establishment period, when the broadcasting companies were unable to purchase cameras, they would solve the problem by hiring cameramen who had their own (home) cameras and video recorders. Now we have switched to digital format and nonlinear stations.

We strive to use advertising time efficiently, pursue a reasonable pricing policy, carry out outreach work and PR campaigns. In the town of Osh, it has become a tradition to hold a big annual event, marking the OshTV broadcasting company's anniversary. Every year, on 5 May, a celebration event is held on the square in front of the Babur Academic Theatre, in which the city mayor and the regional governor participate, and local and guest artists perform. According to the Ministry of the Interior, 20,000 to 30,000 people took part in this year's celebration of the company's 15th anniversary.

This also shows how the people in south Kyrgyzstan perceive television. As you can see, this only makes up part of the effort the company's leaders have to take.

The above functions are fulfilled by specific departments and specific people and the success of the station depends on the efficient work of each of them, as well as on the close interaction between them. It is the qualifications of the personnel and of department heads, as well as the way their interaction is organised, that are important.

In this connection, the growing brain drain must be mentioned, with regional stations acting as a source of recruits for central channels and foreign broadcasting companies.

However, there are no higher educational institutions in Kyrgyzstan that might train journalists, technicians or managers capable of working for the mass media in the market environment.

Note should be made of the steadily deteriorating level of training in schools and universities. We have to train our own staff, and international organisations and foundations (Internews, mass media resource centres, the Soros Foundation Kyrgyzstan and so on) give us a hand in this.

As you can see, the mass media face a multitude of problems in the management sphere and we are striving hard to resolve them.



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