

Zeitschrift: Medienwissenschaft Schweiz = Science des mass média Suisse
Herausgeber: Schweizerische Gesellschaft für Kommunikations- und Medienwissenschaft
Band: - (1999)
Heft: 2

Artikel: Klammerfunktion versus market share : how do senior managers at the Swiss Broadcasting Company (SRG) reconcile conflicting strategic goals?
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DOI: <https://doi.org/10.5169/seals-790749>

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***Klammerfunktion* versus market share. How do senior managers at the Swiss Broadcasting Company (SRG) reconcile conflicting strategic goals?**

Senior managers at SRG, the Swiss public service broadcasting organisation, are confronted by two conflicting strategic requirements. The first, driven by environmental necessity, is to achieve market leadership in their language region. The second, driven by political imperative, is to act as a force for national unity, or in German, fulfil a 'Klammerfunktion'. These opposing obligations represent a classic strategic dilemma, that is the tension created when two contrasting propositions, both of which have a claim on the organisation, converge on it simultaneously (Hampden-Turner, 1990). The need to 'manage' such paradoxes has been identified as a defining characteristics of dealing with complex environments (Handy, 1994; Gomez, 1995) such as that that has emerged in the media sector as the result of increased competition and convergence.

Introduction

This paper presents the findings of management research conducted in 1995/96 into how senior managers at the Swiss Broadcasting Company¹ (SRG) reconcile these conflicting demands. It also seeks to illuminate both some of the unique characteristics of the Swiss media market, and also the common challenges facing public service broadcasters as they approach an increasingly competitive and fragmented media market. The paper falls into four parts. The first comprises a brief description of the research, the second presents the research findings, the third analyses the research findings and the fourth contains the conclusions drawn from the study.

Research goals and methodology

The research had two goals:

- To investigate senior managers' attitudes to Art. 55bis constitution;
- To explore how senior managers reconcile at an individual level the conflicting goals of acting as a force for national integration *and* achieving market leadership in their particular language region.

The research fell into two stages. The first comprised desk research into the organisation and its environmental and business context. This was used to develop a conceptual framework and identify interview themes. The second stage involved primary research in the form of issue-focused long interviews with senior managers². All interviews were recorded and transcribed and data was then coded and analysed.

The various interview themes proved to be highly inter-related. Thus comments about one particular issue (say, strategy), would frequently lead naturally into related topics (market share or *Klammerfunktion*, for example). As a result data analysis, which involved separating out, comparing and analysing comments relating to specific issues, involved imposed a somewhat artificial structure on it. It was however necessary to create a coherent basis for comparison and analysis.

Findings

This section presents highlights of the research findings broken down first according to SRG's various regional entities (Zurich, Geneva, Lugano, Bern) and then according to a number of key issues (market share, *Klammerfunktion*, competition etc. Where possible participants have been 'allowed' to express their views in their own words by means of direct quotes³.

Schweizer Fernsehen DRS (SF/DRS)

Mission

The topic of mission surfaced early in all discussions at SF/DRS. Attitudes here were characterised by a dual perspective which synthesised philanthropic and business concerns. Thus mission was invariably described in traditional public service terms:

"The central mission is still to inform people from an independent point of view ... in the national interest ... about what's going on in this country, what's going on in the world from a Swiss point of view".

But also in terms of business objectives.

What is the mission of SF/DRS?

"To make good programmes. Success."

What is 'success'?

"Success means ratings ... means quality, in terms of reputation, and efficiency, cost effective production."

This duality of outlook, this blending of public service and business perspectives that typified senior management attitudes at SF/DRS is encapsulated in the following description of their mission:

What is television's role in society as whole?

"It's a kind of good, a consumer good ... television has a responsibility, it has to be a mirror of society, of what's happening in the world But the reality is people switch on because they want information, they want a good discussion or whatever, but they want to gain something".

Market share

Of all SRG's units, SF/DRS managers were the most enthusiastic market disciples. Interviewees were categorical about their duty to respond to market forces and there was wide endorsement of market share as the pre-eminent business goal:

"The concept here is to make television for people. Our aim is to have the highest audiences possible. Before ... in the cultural field, a large audience meant the programme is bad. With our concept you try to make a schedule that is as easy to understand as possible and prime-time programmes that people want to see".

"On one hand, our viewers are members of Swiss society, or Western society, and would like to keep our standards in terms of democracy, in terms of values. On the other hand they are of course a market, which we have to take into account, because we are living in a market society, we can't ignore the market, we also have to act according to the ... rules of the market."

SF/DRS managers could perhaps embrace a market philosophy so wholeheartedly because they perceived no conflict between this and public service status. On the contrary, it was frequently suggested that licence fee funding actually compelled this approach:

"[Our market focus] has an essentially democratic component – of course not enough for those who want us to do more cultural or dry or analytical broadcasts. We say that the market share legitimises the fee, and therefore if the majority thinks ... we are not broadcasting for their interests and they go elsewhere, then they will say why should we pay for Swiss television".

"Without success we won't survive. If there's no success, one day the licence fees will dry up ... Our viewers are our customers, they pay for us, they have a right that their wishes are satisfied".

Associated with this was somewhat unromantic view of television's wider role, and of the medium's inherent restrictions:

"we are a trivial medium.... [we must] be realistic about the medium, don't try to do something we can't do".

"... Take a public service, electricity for example, their job is to deliver electricity, that's what people need. They can't start sending bunches of flowers. Customers would say 'I'm paying for electricity, not bunches of flowers'. Our customers have a need that must be met. ... This intellectual arrogance, if it's allowed to continue as it is, will destroy public service broadcasting. ... I am pleased when our viewing figures are high, because I think we are giving them something – not the truth or great messages, we give them entertainment".

Competition

Managers at SF/DRS were clear, too, about the extent of the threat posed by competition. This was one of the factors mobilising it to undertake radical change.

"We are in one of the most difficult markets in Europe. A small market with powerful competition from Germany which means that we must be clear about what we do."

However different levels of management perceived different threats. At the very top of the organisation, international competition was viewed as the greatest challenge:

"[local competition is] not such a problem. ... The real worry is the billionaires from Germany. The risk is that we become a Bundesland of Germany. From a media perspective we are the same size as the Saarland".

Is that really a risk?

Yes, I think so. ... the Swiss-German market is interesting for them. Its small but affluent.... it can be integrated into the German market as is happening with the 'advertising window'".

Others were more concerned about local news competitors:

Could a German competitor cover Swiss news?

"I'm not afraid of German competitors, the Swiss market is rather small. I'm more worried about the local stations. TeleZüri will become stronger and a second German-Swiss private station could develop. Then there will be real competition ... they won't care about the Klammerfunktion, they will be a private company...".

An emphasis on Swiss German identity was central to SF/DRS' competitive strategy:

"... our unique selling point [is that] we produce our own programmes, as many of them as possible, instead of just buying canned stuff. And we don't just use high German but we also use Swiss German wherever possible ... and that helps us against RTL, Sat 1 and Pro 7".

Klammerfunktion

Dual attitudes were apparent in this area also. All managers supported the concept in principle and understood why it was a political priority:

"Of course SRG is a national broadcaster which is independent, which stands for the good values of Switzerland, for a multi-cultural society ... , for democracy, for the benefit as a whole of people living here. ... that is what SRG has to stand for".

But they also questioned the underlying logic:

"That's a political concept. The problem is that there is no Swiss culture. ... It's an illusion to believe you can artificially create a non-existent national culture with television. It's not possible. ... It's very important that every region or country has its own electronic medium, because they shape identity, they preserve identity, in the mass sense ... these three television organisations cannot create a single organisation. It's not possible, since the approach, the mentality, the cultural identities, are completely different. ... they try to create the 'Klammer' intellectually, that won't work. If it is to work at all, and TV can play only a small role, then it needs to be done with the heart ... Where politics fails, the mass media should take over".

Resolving the dilemma

For SF/DRS the competing strategic claims presented a conflict rather than an insoluble contradiction:

"we all have two souls – everyone of us – I know that the Klammerfunktion is a goal, albeit a bit abstract, and on the other hand the Director General knows that programmes have to be lively television, acceptable to the public – so it's not such a clearly defined Auseinandersetzung ... a backward and forward type of thing – it's a bit fuzzy at the margins".

So what is the spectrum here?

"I would say it's an ongoing conflict within limits".

Managers appeared to have found an internally-acceptable means of reconciling these competing claims:

"For me there is no contradiction. Holding market share does not mean that we just show what people want to see. [If we went only for market share] we would do market research, identify four or five topics, and produce a tabloid magazine programme. But that's not what we do ... There are many things happening in Switzerland which are of genuine interest to Swiss people, what's happening in the economy, the referendums, what's happening in society. We have to show it. People may say it's a bit boring, but they have to know it. They are going to vote. It's important they know what's going on in terms of decision making ... for national and also for international issues".

So you can cover this material and hold market share?

"Yes. People want to see it. It is like a healthy diet. There are things you have to eat. If you don't eat your vegetables and a little meat you can't survive ... you have to balance it. Of course there are people who would prefer just ice-cream and a piece of cake. But our job is to prepare the meal and the main course in a way that people like to eat it".

Culture

SF/DRS managers believed they have changed their organisation's culture:

"[We have experienced] a change in the corporate culture. The critical issue is that we want to be successful. For 40 years we didn't want success ... We had ... for years, even on the screen, an absolutely arrogant attitude: 'We know exactly what will do the viewers good. They can watch our programmes or not, as they wish'. We have turned that around. Our viewers are our customers, customers, they pay for us, they have a right that their wishes are satisfied'. That is the most important aspect of the change in the corporate culture".

"A few years ago SRG was ... part of the government administration, they behaved a bit like government officers, very open, but it functioned like a bureaucratic machine. People got jobs ... if you lost one position you got another, you were safe. Things are changing now ... SRG is really an Unternehmen and not an Anstalt ... thanks to Schellenberg [DRS is] one of few SRG units which is really changing and has a very clear concept about the market and how to react to the market".

Organisational challenges

SF/DRS managers were interested in business issues and confident they could surmount the organisational challenges that face them. The tone for this was set by the head of the organisation:

"It is possible to make public service organisations responsible and efficient but no one outside DRS seems to believe it".

Additional impetus came from changes in the world outside, in particular the increase in competition:

"we have to make a lot of changes, we have to be quicker, faster ... the time of the Dinosaur is over, such big creatures will not survive"

Télévision Suisse Romande (TSR)

Mission

Managers at TSR also described their basic remit in terms of traditional public service values. They saw their most important role as fostering a uniquely Swiss identity:

"The function of every public service television station is to maintain a social link in its market... the function of TSR is to provide the viewers with the information they need, to entertain them with entertainment that reflects their culture ... to provide a mirror of the society in which they live ... fundamentally for me the true mission is to represent an identity, to present an identity to the viewers".

But they also felt a strong need to promote a Suisse Romande identity, rather than a pan-Swiss one:

"beside the global market there is a local market ... we need to be as local as humanly possible".

"Is this your goal?

"Absolutely, the more stations you have in a global world, the more people will feel the need to have something very close to them speaking to them personally".

"If we weren't here people wouldn't really belong ... there would be local newspapers but they wouldn't know anything about where they live. So they need us very much, and I think they appreciate us very much ... they appreciate that somebody speaks about them, and that is a privilege ... we can't compete with global television channels, our purpose is to speak to people about things that concern them".

Market share

TSR managers perceived little conflict between the goal of maximising market share and organisation's public service status. Like their peers in Zurich, they believed that a high market share is essential for a public service broadcaster:

What are your strategic goals?

"The most important strategic goal is to be No. 1 in our market. ... It would be a catastrophe if we were not, if information about this region or the world were presented to viewers from this region by a foreign entity".

What does 'public service' mean to you?

"That indeed you are somewhat isolated from commercial pressures because you are taxpayer funded ... it creates an obligation and responsibility that is unknown to commercial broadcasters. On a concrete basis ... it means ... ensuring that the programmes are accessible to the largest audience, that programmes are made, written and conceived so as to reach the biggest largest possible audience. Public service is not for me the idea that we must do a programme that we know will get 2% market share and defend it strongly saying we have an obligation".

Competition

TSR managers' clear commitment to market share was a logical response to competitive pressure. Unlike SF/DRS, TSR does not have the advantage of a regional dialect to 'anchor' viewers and differentiate programmes:

"... competition is now so strong. My friend Schellenberg, at least he has Swiss-German to rely on. ... we have a mean of fifteen French channels per household ... Viewers know that they can find each series, each film, anything that is internationally successful, on three, four or five channels ... and they find it immediately now they've learnt to use the remote control".

TSR managers were long-term thinkers, well-informed about wider industry developments and their potential implications for the organisation:

"Competition is our biggest problem today. ... [not] the threat from foreign broadcasters [but] the segmentation of the market, the worldwide revolution in communications systems, the changing role of television. the very essence of television, where a limited number of people design and make programmes for a larger audience will be fundamentally changed by the network society, where global conversation can mean many people talking to many people ... competition is an environment, we are competing against change, against what seems to be a true revolution, the digital revolution".

"It used to be that you didn't need to innovate ... but we have entered an era where in TV you need to be much more flexible, innovative, creative, ... this changes the way we do business, challenges assumptions. It used to be that when we did a show if it worked for one year it would work for five, it's not the case any more, brand loyalty doesn't matter as much. It matters in terms of credibility ... People are much more selective than they used to be, they have a choice, the multiplication of channels has given people a choice".

Klammerfunktion

TSR managers were sympathetic but sceptical about the *Klammerfunktion*. Like their peers at SF/DRS, they felt that television was being ascribed a greater ability to shape attitudes than was actually the case:

"... a little bit of a wrong idea. Today there are growing differences between the regions ... people are immersed in their own-language media, and television has contributed vastly to that ... they live in an environment where the foreign own-language region is much closer to their daily life than it was previously it is not possible for us".

The challenge posed by the *Klammerfunktion* requirement' coupled with strong competition gave rise to strong feelings:

"I do not think that television, the TRS or SRG, can weave ties that have been undone by other forces. I believe it is the role of SRG and TSR to accurately represent the state of things as they are, at all times ... it should present the society in which we live but we are not a Band-Aid, it won't do, it just won't do. ... if today in Switzerland we are witnessing major differences on major issues between the French-speaking Switzerland and German-speaking Switzerland, our role is to express them, to debate them, in the context of our programmes. ... We are not in the business of mending, of solving ... we are in the business of reporting. But reporting ... means we have to report about Zurich and about Lugano, and we have to show that Switzerland is not only the Suisse Romande".

Resolving the dilemma

TRS managers, while committed to their *Klammerfunktion* obligations, were pessimistic about their impact:

"We are trying, we have made a big effort in local news ... it's not bad, it can't do any harm, but you can't really change things that are so basic".

Culture

TSR managers were categorical that they needed to effect a shift in the organisation's culture, but somewhat defeated by the challenge this represented:

"We need to change the culture".

How are you going about that?

"I don't know. I don't know really. Communication. I tried enormously, I spoke to an enormous number of people, every Goddam person here. In groups of twelve, I tried to explain to them. Now I think communication is not enough. I don't know exactly how they will understand it".
"we have been sheltered by tradition, by the culture of the company, by the environment. Suddenly just saying 'the world is changing' does not mean much. In times of diminishing means, people tend to focus on threats to their well-being. They are worried about their jobs when they should be worried about the [Inter] net and the segmentation of the market. Because their jobs are secure, and their jobs will be secure if they understand that the Net is here and the segmentation is here and so they have to adjust to those changes. ... the pace of change in this company is so slow that you have fight against a tradition, but that is Switzerland ... and you can't start from scratch, you have to adjust, compromise, slow down".

Organisational challenges

TSR were keen to improve efficiency, performance and output, but frustrated by their restricted scope for manoeuvre and difficulties in mobilising the workforce:

"The very difficult thing for organisations like ours is that we do not fire people unless they do something very, very bad. The new Director General started off by saying that no-one would be fired. If you start by saying that you already have created a situation in which people feel that they don't really have to change".

As a result managers were gloomy about the prospects for their organisation, and for public service broadcasting generally:

What are the biggest challenges facing the organisation?

"It's very clear. Being able to do more and more and more with the same money, and accepting it as a challenge, that will not stop you being creative and allows you to keep on providing a service to the community. And the challenge is that people have to understand that. That it's possible, that it's worth the effort, and understanding that we are as we are now and extraordinary luxury, and we have to pay for it, we have to give something back".

"For us the only way to survive is to make more and more original programmes. We have to produce more cheaply so that we can produce more".

"My doomsday scenario, which will be a brilliant success for someone else, means technological changes will allow someone else to provide TV on the cheap, good TV on the cheap, meaningful TV, so people will be wary about paying the licence fee, politically it will be difficult because local TV, maybe even neighbourhood TV will be able to get share of market, there goes the licence fee, it will become un-pc [politically correct] and the funding will dry up".

Televisione svizzera di lingua italiana (TSI)

Mission

Of all the SRG regional units, managers at TSI held the most traditional views on the role and responsibilities of a public service broadcaster. They were idealistic about their organisation's societal function and unanimously gave the *Klammerfunktion* precedence over all other strategic goals. Noticeable during these discussions was the serious and solemn vocabulary used:

"Of course [we should] defend the minorities – keep them together – and in the meantime ... offer a mixture of information and culture, and, all right, even entertainment, but especially in Switzerland we have the mission... of bringing, of keeping together the four ethnic-cultural entities".

"The role of Swiss television is to promote mutual understanding [between the different regions], which indirectly means to promote national cohesion".

"The main task or duty of the SRG is to provide national information and cohesion. TSI has the same duty, but for this language region".

Is the public service concept motivating to you?

"Yes ...if you are working here you feel that it's necessary for Switzerland".

Market share

This part of SRG exhibited the strongest tension between public service status and a market orientation:

"... if you only want market share you can't be a public service broadcaster. You have to lose some points, you can't go under 25% in prime time, but some evenings, two to three evenings in the week, you have to know that you are losing against your competitors compromise ... that's the reason you have the licence fee, some things you have to sacrifice".

"Unfortunately market leadership has priority in the mission. But I also believe that if we lose market leadership completely then it is impossible to accomplish our mission of public service".

Indeed, TSI managers felt that market demands must sometimes be over-ridden in the interests of the 'greater good':

What is 'quality' for you?

"Quality for me, brutally-speaking, is that sometimes we have to curb our public, telling them 'This is quality, I know you don't like it so much but we want to give you this' ... it doesn't have 45% market share, maybe only 28%, never mind ... Sometimes quality means 'I give you something that you don't like. I give you something that you don't find on other TV stations'".

Unsurprisingly, when discussing the dilemma posed by market dominance versus promoting national unity, TSI managers' priorities were clear:

"I have a strong personal feeling about it. I am ... convinced that because we have a public service function we should act differently to private television. ... we are a 'mixed service', required to be a television of public utility and at the same time to consider the market. I see that many of my colleagues in Geneva and especially in Zurich, but also here in Tessin, just want to increase their market shares. Market share is also one of my aims, but certainly not the most important one. In addition there is another [discrepancy] between the instinctive desires of the viewers and the education function of television. Not everything the public wants to see is worthy of broadcasting".

TSI managers felt that as public service broadcasters have societal responsibilities and should consciously help to shape public opinion, and interpret events, rather than simply offer a 'window on the world':

"Key performance indicators are 'echo' and the ability to influence aspects of civic and social life. Our programmes have echo if they have a big audience, but also if they affect ... society. ... Television should not just influence public opinion, but also create new opinion about events".

Competition

TSI managers mentioned competition less frequently than their peers, appearing to view it as a more distant threat to SRG's overall financial health of organisation rather as a direct challenge to their own activities:

"[the problem is] the globalisation of the television market, the overspill. Switzerland is in the middle of Europe and a lot of foreign stations are available, and that makes for lots of foreign competition, and in the next few years it will be harder and much more difficult ... it means globalisation of advertising ... for example in all the German-speaking markets the leading broadcasters will collar all the advertising ... that creates a difficult situation, because we will have to run our programmes with less money".

Klammerfunktion

At TSI, support for the *klammerfunktion* was strong:

"We are in competition not with one Swiss competitor, but with different foreign competitors ... and that splits our audience up into three different markets, and we have to try and rise above this and keep the three markets together, so that's a very heavy mission. ... We can only help, we can play the game, stay with the task, but we can't do it alone, I think we can help it ... even if you lose some shares you have to do it ... I believe if you only want market share you can't be a public service broadcaster".

And there was widespread preoccupation with the conflict between this and a focus on market share:

"The twin goals of market share and public service are a major contradiction for the mentality of people here".

"The biggest challenge for public service television is to reconcile these opposing tendencies. If I favour the market, I win the market share battle but I forget my mission. If I pursue my mission without considering the public, I will be less competitive and my mission will be weaker. You have to find the right balance".

Unlike their peers in other regions, TSI managers were ambivalent about the benefits of making their programming increasingly local in orientation:

"There is a tension between local profile and our survival in the future. If we are local television we give ourselves a local profile, and we will be a very nice little television station with a few local programmes and news programmes at night. If we want to keep our national framework, national picture, national image, we should be very careful with this balance. I think we have this problem now, because we win very clearly and strongly when we include local stories ... but we lose our national framework, national identity, the trap is that if people think about us as a local television ... this would be the end of us, we have no future".

"We need a national presence, a window on international problems ... if we have viewers in Italy it's not just because we make national programmes, it's because Italian TV does not show what's happening in the Middle East ... If you go to our front line in Italy, in Lombardy, if people are following our news, it's because they are receiving something they can't get in Italy. [commercial Italian stations] usually don't care about the international situation. So we have our chance, and we have to keep it and we have to improve".

Although the need to stay 'local' was also acknowledged:

"More autonomy in programme affairs [is] very useful because your own view and mentality can develop through dialogue with the audience, it couldn't be managed by Bern, because Bern is very far from the local, regional mentality. You have to know what's going on locally, what the competitors are broadcasting, what the audience want to see, and this you have to provide".

Culture

Yet again, TSI managers' views on their organisation's culture differed to those of their peers. Managers commented on culture, but on cultural differences between the regions; they were not concerned about the organisation's culture in general:

"[SRG has] four different cultures but we can live together. The German culture is a ... typical theatrical and movie structure, Zurich television is influenced by the cinema and the Schauspielhaus. ... the influence is very strong even today ... The Swiss French is a journalistic television culture because in the beginning it was founded by journalists, and then in a second moment by the Groupe de cinq – young, new filmmakers ... and that still has a life. In Lugano we are a typical television company that grew out of radio ... most of the leading people had their first experience in radio. The programmes are a little bit different, and the style of management is different. In Zurich they have middle and long-term planning, because that's influenced by theatre and movie, in TSR you have a background TV, excellent background features, Temps Present, and then you have Lugano, which has as a radio mentality, which is very flexible, we often change our programming from one day to the next ... you can't do that in Zurich. In Zurich you have meetings and meetings to make a decision. Here you have a phone call and it's decided. ... Bern doesn't really figure because they don't make programming, they are only political administration, they are very far away".

Organisational challenges

In terms of organisational issues, TSI managers were most concerned about financial pressures:

"Something will create problems in the future, is that ... people have until now paid gladly a forced subscription for a national television ... and all [our money] comes from the Swiss-German part. [Schellenberg] always says 'I have enough money'. He is financing the whole organisation. This was never questioned in the past, but once we started to talk about management, business or whatever, then you start noticing these things".

"As of 1.1. 98 licence fee will be paid separate to the telephone bill. That's a big challenge ... we are expecting that many will object because they watch foreign channels. Then the task is to make it clear that you have a national function, a national political function, to inform about public affairs, to sponsor the arts".

Generaldirektion, Bern

Mission

Managers in Bern saw SRG's essential task as promoting a sense of national identity but described this in business-like terms, which appeared to reflect broader attempts to redefine public service broadcasting for a new media era:

"Public service cannot mean copying those broadcasters which are economically successful. Where we can find our consumers is by a policy of niche. You have to see the Swiss market as a niche in a global market ... to broad-

cast programmes that cover what happens in this country".

Market share

However managers at SRG's headquarters were unequivocal in seeing market leadership as the organisations first-ranking priority:

"It's not formulated like this in our strategy paper, but I would say, we must stay as public service as market leader for all categories of the public".

They did, however, hesitate to define organisation as entirely market focused:

"Near the market – an interesting position, half on the market, half outside it".

Competition

The impact of growing competition was keenly felt:

"Now we have a new situation, we have a lot of competition, the finances are not as good as they were, and we have to develop a new strategy ... we must ensure we maintain the position we said we will maintain, market leader".

Klammerfunktion

Bern managers were categorical about their responsibilities in this respect:

"[SRG] must provide fair information, considering all the necessary elements, and not reporting just what's in front, but looking over this Röstigraben and so on. Not every time, but in the very sensitive issues ... it is very important. Because Switzerland does not have national newspapers, and I think SRG can play in some important areas the role of a national medium".

"we are responsible for building bridges over rivers, Röstigraben".

Resolving the dilemma

Policies for dealing with tension between promoting national unity and maximising local market share were changing. Rather than manage the issue from the centre, Bern was seeking to make the various regional units clear about their responsibilities and give them autonomy in terms of how they meet them:

"five years ago there was a huge budget from Bern for co-ordination projects ... for joint programmes. Nobody liked these programmes and nobody liked to produce them. So the approach we have now is the 'Idée Suisse' ... it's just a start ... difficult because the traditional culture is not only here, it is also in the head of the main people in Geneva and Zurich and Lugano".

The policy therefore is 'think national, act (or present) local:

"We should try to keep Switzerland together, not with unified messages but with differentiated messages, a puzzle with a kind of picture you can read".

"What is important from the programming point of view ... is that we have had to come away from a conception of programmes where everybody in Zurich, Geneva and Lugano were doing the same programmes, and this was meant to be unifying. This is the wrong approach. The approach we have now, and I think it's right, is that in

every region we have to speak about what's happening in Switzerland ... but in the own specific language of each region. Because the language is not the same. ... Humour or irony is completely different in the three regions. It's a question of language and of form, it's not a question of content. We must speak in our programmes about what's happening all over Switzerland, but we must do it in the specific language of the different region and the different culture."

Managers at Bern appeared to believe that the opposing demands of market share and *Klammerfunktion* could be reconciled and that multiple stakeholder groups could be satisfied. The key was that senior managers accept these dual goals, and that programme-makers respond to them creatively:

"One could imagine that if we do programmes that are liked by the politicians they are not liked by the public. This is not so. We can make programmes that fulfil the public service mission and are liked by the public".

"heads of units have two hats – as a head of a unit, and as a member of SRG. With the first they are very egoistic. With the second they have to be responsible at a national level, taking responsibility also for the sorrows of colleagues in other regions".

Culture

Managers at the corporate centre were deeply aware of the need to change the organisation's culture:

"What we are trying to do is change the mentality and organisational behaviour ... the challenge is not widely perceived – that we must change our organisation and not the programmes".

"The traditional culture of SRG which is still 90% here... would be 'we must make programmes which are inter-regional, on a high cultural level, which allow us to be legitimate towards the politicians, towards the government, etc. etc. ... [with] this specific question about what should be done with the second channel, we decided ... to re-interpret the traditional culture and say we are competing in a market and this is one of our strategic aims".

Organisational challenges

Senior managers in Bern communicated a sense of urgency about the need to change the organisation and were particularly concerned about financial pressures:

"SRG is a difficult organisation ... the problem is going to be money ... the licence fee won't be raised ... the problem is that the highest cost is people ... when they have less money then they need to let go of people, otherwise they can't get their costs down ... I hope that with the new channel we can correct the loss in advertising income. The programmes must be good but the advertising industry will support it".

Analysis

This section of the paper analyses the research findings, first according to the three regional units involved in programme production – Zürich, Geneva and Lugano – and then according to the key interview themes:

SF/DRS – 'pragmatic and focused'

The most striking aspect of SF/DRS interviewees was their clarity and sense of shared vision. To use an Americanism, they did not appear to be 'conflicted' about their task, having developed a philosophy of broadcasting that reconciled public service aims with the need to function as a business. The mantra at the heart of this philosophy appeared to be 'we are an organisation in the marketplace (*Unternehmen*) not an institution (*Anstalt*).

The result was a sense of confidence unusual (in this writer's experience) for a public service broadcaster. SF/DRS managers did not doubt that they face serious challenges but felt these were surmountable. Of course, it must be remembered that SF/DRS is also the only part of SRG that could function more or less financially independently.

SF/DRS managers had synthesised the conflicts inherent in public service into a clear set of business-orientated goals and objectives which appeared to have found wide acceptance:

"We expect a contribution. We must clearly demand that. And we expect responsibility. It is most important in a public service organisation that competence and responsibility go together, that you push responsibility as far down as you can, but you must carry that through".

Supporting SF/DRS' business focus was a clear sense of the potential of television:

"We don't do everything, we do what television does best"
And what works best?

"News, current affairs, moving pictures basically – the basis is moving pictures".

TSR – 'concerned and frustrated'

TSR managers, operating without SF/DRS' buoyant advertising revenues, faced a more challenging task than their colleagues in Zurich. They were exceptionally clear about the challenges they faced and wider environmental developments:

"change is the major issue, if we don't change we won't survive. I'm convinced of that. I'm extremely pessimistic about the outlook because I see a shrinking market, a television company of this size in such a small market is an aberration, a luxury, so we have to be extremely careful ... if we do not adjust we will be swept away".

They were also open to new approaches in dealing with these (for example inviting leading management consultants' views on their situation). However at the same time they were pessimistic about the ability to change, first because their limited scope of action:

"[In other organisations you can] say 'We can save the organisation by making profits, so it's worthwhile tightening the belt'. Here it is very difficult to say that because we depend on the goodwill of society. It is not possible to finance the organisation we have now from the resources of the Suisse Romande. We could possibly

operate a television service for this region providing a similar services, but not offering the same salaries, with the same number of people. We'd have to start from scratch, and most of the people working here would not be happy in an organisation like the one we would have to build. We need to change very fast, and we do change very fast, but at the same time they realise that their survival does not depend on their own efforts ... Long before the rest of the organisation we said that we cannot expect growing revenues every year. We have to bring in more programmes ... with the same or less money and people, so we need to change standards of working, organisation systems, and so on. People have to live with this and they find it hard because they don't know where it will".

And second because of the difficulties they encountered in communicating these challenges to the rest of the organisation:

"[I recently read in a magazine] if your people are directly in contact with the market they will have no difficulty understanding why change is necessary, if they are not they will continue to ask why are the patients running the asylum. That's exactly the problem we have. People think the management is crazy. 'Why do they keep changing?' Even top people in this company sometimes ask 'Why do we keep changing, why do we need to change?' They don't see that in fact the world is changing around them".

TSI – 'idealism and emotional commitment'

Of all SRG's various operating units, TSI's culture stood out as the most individual, characterised by an uncynical emotional commitment to the traditional ideals of public service broadcasting and a preparedness to defend these against the encroachment of market forces. Thus while their peers in other regions spoke with passion about market challenges and organisational complexities, TSI managers reserved their strongest expressions for issues such as maintaining television standards, protecting journalistic integrity and ensuring that television acts as a positive force in society. This strong culture is rooted in a strong sense of its historical past:

"We have some roots ...created in a strange period when Italy was very blocked in terms of media ... TV was very boring and political ... when Italy was in a bad situation we were the first with colour, the first to broadcast live sport, we arrived in Rome, in Naples, and millions of Italians followed our programmes. And this gave us a conscience and pride. We have a tradition, something that is ours".

TSI managers' ranking of stakeholder pressures also differed strongly to that of their peers. Whereas in Zurich and Geneva the prime stakeholder group was the audience, TSI managers had a more internal focus:

"Producers and journalists exert the most influence on day-to-day decisions ... Another important stakeholder group inside the organisation is the bureaucracy or admi-

nistration. Outside, the very important groups are the political parties and the unions".

The prime threat was not competition (although this poses a serious threat to revenues) but the continuing encroachment of market forces:

"Right now there is a sort of competition and market share obsession".

Which in turn could lead to a lowering of standards:

"I think that the idea of competition is ill now. ... in prime time we can win largely without any problem ... it's not necessary to put on bad shows, it's not necessary, we will win in other ways".

Mission

All interviewees regardless of working location described the organisation's mission in traditional public service terms: SRG was a cultural enterprise, responsible for reflecting and fostering Switzerland's unique culture. There was consensus too that the organisation should be an omnibus service-provider, its programming should be pluralistic, and that it should remain politically neutral and non-partisan.

However common understanding of SRG's core mission was tempered to varying extents by free market thinking. Commitment to market imperatives was strongest at SF/DRS, where interviewees were particularly clear about the need to be a market leader, and also a well-run business.

Klammerfunktion

This issue generated strong comments whenever it was raised. All managers understood and accepted the need to act as a force for national unity but underlying attitudes towards it diverged strongly, ranging from the idealistic ('it is our duty') to the pragmatic ('obviously we must try but our chances of really influencing the situation are limited'). While no interviewee doubted the importance of the issue for Switzerland, both its feasibility ('can this be done?') and its appropriateness ('is this television's role anyway?') were frequently questioned.

Market share

Market awareness had penetrated deep into senior management ranks. All interviewees except those at TSI saw the need to be market leader in their respective region as their pre-eminent strategic goal. Unsurprisingly there was a correlation between commitment to market share as the super-ordinate goal and the strength of competition in the local market. Managers in Zurich and Geneva, battling for viewers against international competitors, and in Bern, confronting the threat of advertising revenue migrating to Germany, were clear that competition is the biggest threat facing the organisation.

One factor governing commitment to the market share imperative was the extent to which this was perceived as compatible with public service status. Those who had embraced market share most evangelically could do so because they saw no conflict, a high market share being

proof that the needs of licence fee payers were being met. Those with doubts appeared to suspect that a high market share implied that public service values were being compromised and licence fee payers betrayed. The intriguing aspect of this is that both of these points of view share a common source: an emotional commitment to serve the needs of licence fee payers.

Competition

The issue of market share was closely entwined with that of competition. All interviewees were aware of increasing pressure from competitors and of the threat this posed to viewership and advertising revenue. But while this risk was apparent to all interviewees, perceptions of the closeness of the threat differed. In Geneva and Zurich managers saw competition as a direct threat to audiences, advertising revenue and support for the licence fee. In Lugano, competition was a serious but indirect threat to the organisation's overall financial health.

A sense of crisis?

There was widespread agreement that SRG faced many challenges. Two aspects of the organisation in particular gave cause for concern. The first was financial pressure and the attendant concern that unique aspects of SRG's funding – specifically the licence fee and elaborate internal cross-subsidisation – will become increasingly hard to sustain. Second was the organisation's corporate culture. For the majority of interviewees this posed a barrier to the organisation surmounting its difficulties. Levels of optimism about the organisation's ability to change its culture varied. With the exception of TSI, all parts of the organisation were preoccupied with both the necessity and the complexity of this task.

Conclusions

Market share versus Klammerfunktion

SRG's strategic dilemma is characteristic of public service broadcasters the world over: how to sustain market share and protect their national role without resorting to the 'lowest common denominator' mass programming that might guarantee market position but seldom caters for the diverse (minority) audience groups.

SRG cannot escape market pressures. Environmental developments such as fragmentation, convergence and conglomeration mean that like all broadcasters they have little choice but to make market share a strategic priority. The balance of power is shifting from the supplier to the consumer – the era of homogeneous passive audiences choosing from a limited set of domestic television options is long gone. As TSR managers point out, the growth in the commercial sector, in cross-frontier broadcasting and in the range of alternative options for home entertainment mean that if viewers do not like what is shown by one channel they can zap to a more appealing alternative, surf the Internet or turn to any of the ever-proliferating alternatives offering entertainment, information and education.

Thus fragmentation is accelerating and intensifying the pressure on public service broadcasters which has been growing since the commercial sector began. When spectrum capacity was limited, it could be argued that there should be one broadcaster, fulfilling a mandate of diversity and choice and financed by a universal licence fee. As new broadcasting technologies multiply broadcasting options and as per channel audiences shrink public service broadcasters come under additional threat since the higher viewers' expenditure on alternatives to public service broadcasting, the lower the willingness of those viewers to fund public service broadcasters. This threat was apparent to senior managers at all SRG locations.

An increasing emphasis on market share is the obvious response, since the more public service broadcasting meets the needs of its viewers, the greater the acceptance of the licence fee. This virtuous circle can be expanded further to form a larger positive business cycle: the higher the market share, the higher the acceptance of the licence fee and the greater the advertising income, therefore the greater the resources available to devote to programme-making, the better the programmes, and the higher the market share and so on.

Equipping SRG to face the future

Although this research is intended to be descriptive rather than prescriptive, it nonetheless raises the question, how might SRG resolve its central dilemma of needing to maintain a dominant market share while catering for diverse minority interests? The research suggests two possible avenues.

Increasing environmental awareness

Open-mindedness to change at SRG appeared to be related to the extent of exposure to environmental forces. The greater the awareness of competition and of the other threats the organisations faces, the more ready individuals appeared to be challenge long-established practices and assumptions. Many of the senior managers interviewed felt their awareness of environmental developments was not shared by colleagues or subordinates, leading to a lack of urgency about the need to change. This suggests that a starting point for some of the changes outlined here would be to increase exposure to and understanding of environmental changes at all levels of the organisation.

Emphasis on programming creativity and cost effectiveness

For any broadcasting organisation seeking to adapt to an era of convergence, quality of programming output is critical. For SRG this is especially important, since programming creativity can enable the organisation to meet both of its strategic goals (being at once the best means of fulfilling the *Klammerfunktion* and the strongest weapon against increasing competition). An emphasis on broadcast creativity therefore is a clear organisational priority. But SRG also shares the dilemma common to many long-established media organisations that at time when technology permits leaner, cheaper and more flexible struc-

tures and processes, meaning that a far greater proportion of resources can be devoted to programme-making, the cultures of those organisations, in spite of their dedication to product excellence, often prevent these opportunities from being grasped. The majority of managers interviewed for this research were anxious to improve flexibility and cost efficiency, thereby freeing up scarce resources which can be devoted to programme-making. However they were constrained by difficulties in changing the culture, by the unwillingness to re-examine long-held assumptions about structures, styles and processes, and to accept a more overt business orientation (if not full-blown business priorities). The increase in environmental awareness discussed above could act as the catalyst in achieving such a change in culture.

Towards a new model of public service broadcasting

Public service broadcasters everywhere must change dramatically or face the threat of marginalisation, of relegation to the sidelines of the media world. Like its peers, SRG must redefine the concept of public service broadcasting for a new media era. This does not mean throwing away the important values intrinsic to this concept, but recognising that in a new environment they must be realised in different ways, that public service values must henceforth coexist with a market focus. The SRG senior managers interviewed for this study displayed a strong shared conviction that their organisation must move forward. Their challenge was to communicate this to the rest of their organisation, and to use this conviction to create a new organisational template appropriate to a new era of public service broadcasting.

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¹ The research concentrated on the organisation's television activities.

² Ten senior managers were interviewed. Seven interviewees were conducted in English, one in German and two in Italian.

³ All quotes are direct quotes drawn from interviews, in cases lightly edited for syntax, idiom or grammar.