

Footprint of Financial Crisis in the Media

MONTENEGRO country report

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Introduction

Montenegro secured internationally recognised statehood in 2006, and the post-independence period saw dynamic rates of economic growth accompanied by a surge of investments, turning the economy into the most dynamic in Europe. The World Bank report *Beyond the Peak: Growth Policies and Fiscal Constraints—Public Expenditure and Institutional Review* stated that Montenegro was one of the world's fastest growing non-oil economies in 2007. This period was characterised by a great dynamic in the capital and property markets, as well as a significant increase in public revenues, accompanied by a rise in surplus and state deposits. The side-effects of this economic growth were overheating of the economy, inflation and high balance-of-payments deficit. Such trends were unsustainable in the long run. From the last quarter of 2008, negative trends became more visible, resulting in the downfall of the capital market and problems in the construction and banking industries. Domestic banks were unable to lend to the private sector, which left one-quarter of companies struggling with liquidity problems.

General state of the media sector

Not even the period of the most dynamic economic growth made the media business profitable in Montenegro. In 2006/7 only a handful of media companies, including Vijesti, Dan, TV Pink and TV IN, which was then taken over by a Slovenian investment group, showed market vitality. A certain number of private media were surviving thanks to the help of foreign donors, but this income did not cover all costs and started becoming less available. The advertising market, worth some \$13.5 million annually, according to estimates, is too small for the number of existing companies to cover their operating costs and become profitable.

The media industry employs about 3,500 people and poor financing means that an average journalist's salary amounts to € 500 per month, and very often employees are not offered insurance coverage.

The period of the global financial crisis brought to centre stage problems such as illiquidity, poor management, poor human resources, shortage of investment and limited marketing possibilities. The already limited advertising market shrunk by 30 per cent, forcing commercial media to rely on the financial support of their owners. Foreign donations either dried up or amounted to merely symbolic figures.

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The crises saw the bankruptcy of one of the national daily papers, *Republika*, and the second attempt to privatise *Pobjeda*, the oldest Montenegrin daily, which is burdened by debts and an excessive number of employees, also failed. Nonetheless, despite difficult circumstances, the expansion of the television market continued. The television station Vijesti and another station owned by foreign interests, PRO TV, were launched. However, changes of legislation and bureaucratic barriers have prevented the new television station Vijesti from expanding and broadcasting nationally. And Fox TV has left Montenegro altogether, despite the fact that it had already obtained an operational licence.

Advertising revenue data for selected print media were unavailable for this analysis. In the case of selected television stations the average decrease in revenues compared with 2006 was 30 per cent. The total amount of advertising investment, amounting to € 5.5 million, is mainly distributed among the three largest television companies in the following proportions: TV Pink M € 2 million, TV Atlas € 1.2 million and TV IN € 1 million. These TV stations, according to the latest poll,¹ have the biggest audiences, in the following order: TV IN, Pink, Atlas TV and PBS Television of Montenegro.

According to same poll, 28.3 per cent of viewers believe that TV IN has the best current affairs programs, 23.5 per cent think the best is PBS. The quantity of programmes produced by the media themselves has generally decreased in the past three years.

Legislation

In 2009, new legislation abolished the subscription fee paid by all citizens that was a significant source of revenues for electronic media in Montenegro. Previously, the income from the fee was distributed in accordance with the following criteria: 75 per cent to the public broadcaster, RTCG, 10 per cent to local public service broadcasting (radio and television), 10 per cent to private broadcasting media and 5 percent to the Broadcasting Agency. Now, the new law assigns 1.2 per cent of the state budget to financing PBS, while the private media are left without any public money.

Labour

Financial problems influenced employment as well. The number of journalists employed in media is down by more than 400 from the year before. Media companies are constantly being forced to reduce costs, and the journalists' salaries remain low, averaging around € 500, which often results in biased reporting.

¹ Defacto Consultancy, December 2009.

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Media content

The general opinion of the focus group participants was that the instability of Montenegrin media is reflected in the quality of editorial policies and professional standards. However, the biggest overall change media consumers have noticed in past years is the increase in news sources due to the growth of the Montenegrin media market.

Furthermore, programmes from foreign television companies became available to a wider range of Montenegrin citizens. There has been a fast development of different platforms of distribution of television programmes in the past two years. Today there are ten cable and satellite programme providers, which at the end of second quarter of 2009 had 101,308 users, over 15 per cent more than a year before.

Commenting on their media habits, all of the participants stated that they regularly watched news programmes from at least two foreign television stations, mainly Serbian and Croatian. This development potentially has an important influence on public demands about the quality of national media.

Although satisfied with the pluralism of Montenegrin media, participants unanimously criticised the quality of the information provided and the low level of professionalism. The picture of Montenegrin reality seen through national media is polarised, and none of the media offers an objective one. Most of the media, as one of the participants noticed, “give only one side of the story and you get objective information after you listen the same news in at least two media”. The media landscape has obviously become diversified by the political favouring of certain parties and interest lobbies connected to the owners.

The media are not objective and independent because the law does not adequately protect journalists (an example mentioned high fines for disputable cases of libel and defamation). Also, the sources of media financing are not sufficiently diverse, and independence is impaired also because of the lack of educated professionals and of civil courage.

What is missing in the media content are investigative stories on corruption, important social topics and more expert views.

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Conclusions

According to media consumers, the media in Montenegro have gained more influence in society and on people's opinions and attitudes because of the increased plurality of sources offered through newly founded media. However, this is not accompanied by a higher level of professionalism and the general quality of journalism.

The objectivity of the media is threatened by the financial dependence of media on various power structures. In the case of public broadcasters which are financed from the state budget, it is the influence of the ruling party, while private media suffer from being dependent on interest lobbies connected to their owners. Independence is additionally jeopardised by the withdrawal of the majority of foreign donors who used to support Montenegrin media.

Advertising revenues in the media market suffered a 30 per cent drop because of the overall economic crisis, which raises the question whether the survival of some, especially smaller, media is possible

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ANNEX: TABLES

Table 1. Main economic indicators

Population, total	639,700
Working population	266,700

	2006	2007	2008	2009*
GDP per head (\$)	3,443	4,484	4,908	n.a.
GDP growth (%)	8.6	10.7	6.9	-4%
Unemployment (%)	14.7	11.9	10.7	11
Average wage (\$)	246	338	416	463
Internet users (per 100 people)	7.9	n.a.	n.a.	43.7
Broadband availability (% of total)	n.a.	n.a.	15.4	22.6
Mobile telephones (per 100 people)	103.8	168	185	206
Households with at least one TV set (%)	97.8	n.a.	n.a.	n.a.

*Here and henceforth year-on-year (yoy) using the latest available data.

Sources: National Statistics Office Monstat, Institute for Strategic Studies and Prognoses Montenegro, Montenegrin Agency for Electronic Communications, Montenegrin Ministry for Information Society

Table 2. Main economic indicators of the media sector

	2006	2007	2008	2009
Dailies	4	4	4	3
Weeklies	14	6	19	n.a.
No. public TV channels	5	5	5	5
No. public radio channels	14	14	14	14

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Commercial TV stations	12	14	14	18
Commercial radio stations	39	43	42	44

Sources: National Statistics Office Monstat, Montenegrin Agency for electronic communications, Montenegrin Broadcasting Agency.

Author

Daniela Seferovic is a media consultant, journalist and editor with several years of experience in broadcasting and news agency journalism. She is also an author of a number of publications on the media development in Montenegro, including A Report From Montenegro, published in 2008 by the Macedonian Institute for Media. Daniela Seferovic has worked for the Montenegro Media Institute as a program director and is currently an independent consultant for KRUG Communications & Media.