



The Economy of Public Interest Journalism

*Muninggar Sri Saraswati¹, Namira Fathya Murti²

¹Swiss German University, Tangerang, Indonesia

²Independent researcher

muninggar.saraswati@sgu.ac.id

Abstract. Public interest journalism is considered a pillar of democratic societies, yet the landscape for online news media exercising it is fraught with significant challenges. This study aims to examine the economic realities confronting these ventures, drawing insights from global experiences. Adopting an economic perspective of Mosco, Wasko, and Picard, the research maps the financing and economic challenges encountered by public interest journalism. By conducting a narrative review, this paper found that the economic sustainability of public interest journalism faces significant challenges due to the dominance of large media businesses, the prioritization of profit over substance, and the need for innovative funding mechanisms that emphasize journalism's social value as a public good.

Keywords: *public interest journalism, political economy, business, online media, revenue.*

¹ *Corresponding Author : Muninggar Sri Saraswati

1. Introduction

Public interest journalism plays a crucial role in a democratic society by providing citizens with vital information, facilitating public discourse, and holding those in power accountable. However, the traditional business models that have historically supported public interest journalism are facing significant challenges in the digital era [1].

With the rise of online news media, there is potential for new and innovative models to sustain public interest journalism. These organizations leverage technology and digital platforms to reach a wider audience and engage with readers in new ways, contributing to the diversity and plurality of voices in the media landscape, which is essential for a healthy democracy.

Nevertheless, the sustainability of online news companies remains a critical concern [2]. Traditional business models for journalism have been disrupted by digital media, leading to a decline in advertising revenue and the need to explore new revenue streams. Without a stable source of revenue, these news organizations may struggle to continue their operations [3]. Online news media, particularly startups, often operate with limited resources and face significant challenges in generating revenue [4].

Moreover, the digital news landscape is marked by intense competition and limited funding opportunities, which intensifies the economic vulnerabilities of public interest journalism. According to Murschetz [5], the unique socio-political environment further complicates the situation, as media outlets must navigate government regulations and market pressures.

Some scholars argue that the rise of online media companies has led to a decline in the quality and integrity of journalism [3], [6], [7]. The expansion of the news industry and the proliferation of both small and large news media organizations have created unhealthy competition driven by profit rather than public interest. This has led to sensationalized content, clickbait headlines, and a focus on attracting viewers rather than delivering high-quality, informative journalism [8]. This trend is evident in the rise of online news platforms that prioritize viral content over investigative reporting, often at the expense of journalistic integrity. Consequently, funding mechanisms are crucial for the sustainability of news startups practicing public interest journalism in the digital era [9].

This paper examines the economy of public interest journalism, exploring the challenges these media face in generating revenue and sustaining their operations [5]. The conceptual framework for this study involves a political economy perspective, which will help map the complex interactions between economic pressures and journalistic practices.

The structure of this paper includes a brief conceptual framework, a detailed explanation of the methodology, the results, and a discussion leading to the conclusion. By examining the specific economic challenges for online news media practicing public interest journalism, this paper aims to contribute to the broader discourse on public interest journalism in the digital age.

1.1 Understanding the Economy of Media

The political economy of communication, as articulated by Mosco [10] and further explored by Mosco and Nagy [11], emphasizes the critical role of political and economic forces in shaping media production and distribution [12]. It is particularly relevant to understanding the economic challenges faced by online news organizations engaged in public interest journalism.

Mosco's analysis of media focuses on a number of key points, such as ownership patterns, government policies and market forces, providing a foundational lens through which to examine the economic structures affecting media ventures.

Building on this, Wasko's [13] exploration of media democratization and the commons offers a complementary perspective. She argues for viewing media resources as a common good, accessible to all, and highlights the potential of non-profit models and grassroots media practices to support public interest journalism. Her emphasis on decentralized ownership and diverse representation aligns with the need for sustainable and equitable media practices.

The sustainability of media companies is supported by production forces, technological forces, managerial forces, social forces and market forces as seen in Fig. 1.

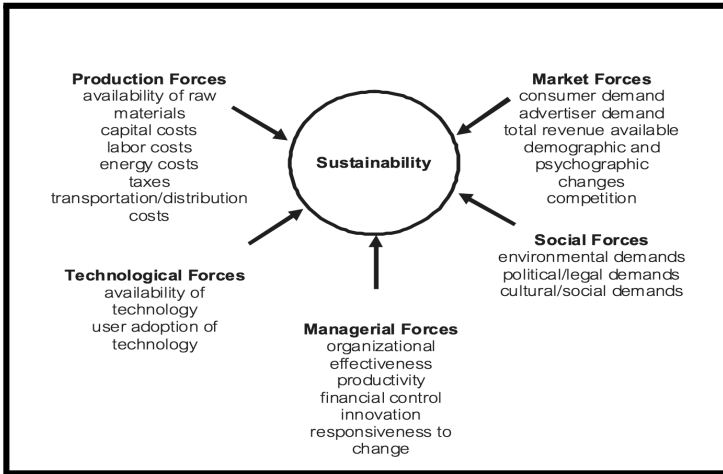


Fig. 1. Source: Picard [14] (2022).

Picard [14] specifically highlights the importance of profitability for the sustainability of media companies, both commercial and non-profit media. Media firms that cannot maintain profitability enter a decline, reducing their ability to produce quality content, invest in personnel, upgrade equipment, or engage in marketing.

According to Picard, “Even noncommercial and not-for-profit media need to produce profit that can then be used to develop their content and organizations. Media firms that are not able to operate profitability fall into a spiral of decline that makes it difficult to sustain their operations and to offer quality content” [14].

Their views provide insights to delve into the economic challenges faced by news media companies engaged in public interest journalism. Their research offers valuable considerations for addressing, in particular, the revenue sources of news media organizations and how it challenges the exercise of public interest journalism.

2. Methodology

This research employs a narrative review approach, chosen for its ability to synthesize a broad range of literature into a coherent analysis [15]. Unlike systematic reviews that focus on specific research questions and empirical case studies, a narrative review is suited to exploring the complex and multifaceted nature of news media economics.

This narrative review approach interprets the existing literature within the unique context of public interest journalism and the economy of media. This method allows for an in-depth understanding of the diverse economic challenges and funding models experienced by online news startups.

This study uses 20 journal articles that are relevant to the topic of the economy of public interest journalism.

3. Findings

3.1 Public Interest Journalism

Public interest journalism refers to journalism that is dedicated to serving the public interest and providing citizens with the information they need to make informed decisions [1]. It is characterized by its commitment to holding power accountable and facilitating public debate. This involves thorough research and detailed reporting, requiring substantial resources. Editorial independence and high ethical standards guide public service journalists, emphasizing impartial reporting, accuracy, fairness, and accountability. It highlights the production and dissemination of news and information with the public interest in mind, rather than for commercial gain [1], [16].

Public interest journalism is crucial for democracy, serving by producing serious journalism that holds powerful figures and institutions accountable, exposing injustice and flaws in the system, providing independently validated information to the public, and acting as a deterrent for those who might break ethical and legal standards [17]. It also highlights issues affecting marginalized communities, advocating for social change. Investigative stories, although costly, can deliver significant social and policy impacts through policy changes and social returns [18].

Certain conditions are essential for public interest journalism to thrive. These include a strong legal framework protecting press freedom and independence, pluralistic media ownership, sustainable funding models such as public subsidies or donations, and a political and cultural environment that values journalism's role in democracy [19].

Despite its importance, public interest journalism faces a myriad of challenges in today's media landscape, including economic pressures, misinformation, threats to press freedom, audience engagement issues, and ethical dilemmas. Traditional revenue models have declined, leading to financial instability, staff cuts, and reduced coverage, particularly for local news outlets. The concentration of media ownership often shifts emphasis toward profit maximization, undermining comprehensive public service journalism. Social media and digital platforms pose both challenges and opportunities, allowing for broader dissemination of information but also prioritizing engagement over accuracy [20].

The relationship between news media companies and their funding sources is crucial for understanding industry dynamics, as each funding source carries implications for editorial independence and business decisions [14]. The evolving financing landscape poses challenges in maintaining sustainability and independence.

3.2 Revenue Sources and Challenges for Public Interest Journalism

The financing of news media companies, particularly those engaged in public interest journalism, is multifaceted and evolving. Depending on their size and stage of development, these companies utilize various revenue sources, such as advertising revenue, subscription fees, government funding, and investments from venture capitalists or private equity firms.

Large news media organizations benefit from a broader array of revenue sources, generating substantial revenue from both print and digital advertising, subscription fees, and government funding through subsidies or grants. They often diversify their revenue streams by expanding into non-news businesses such as event hosting, content licensing, or merchandise sales, increasing their competitiveness and achieving integrated synergy [21].

Medium-sized news media organizations attract investment from venture capitalists, secure bank loans, or engage with angel investors, enabling them to sustain operations and pursue expansion more effectively. Startups, however, often rely on personal savings, loans from family and friends, or crowdfunding platforms to kickstart their operations [22].

Historically, news media business models have relied on advertising revenue, subscriptions, and partnerships [14]. However, the advertising-based model has struggled due to declining circulation, competition from digital platforms, and economic downturns [22]. The business challenges confronting news providers are exacerbated by factors such as mature and saturated markets, loss of audiences, diminishing effectiveness of mass media business models, lingering effects of economic crises, and the growth of digital competitors.

Innovation and adaptation are more pressing than ever. The digital shift offers opportunities for leveraging data analytics and audience insights to tailor content to readers' preferences. This personalized approach can enhance audience engagement and loyalty, driving digital subscriptions and event revenues. For news organizations, particularly those exercising public interest journalism, the subscription model has become a prominent funding mechanism for news businesses, especially in the context of digital media [23], [24]. This model provides a direct revenue stream, reducing reliance on advertising and enabling a focus on quality journalism over sensationalism. However, it also presents challenges, such as creating barriers for low-income individuals and marginalized communities and contributing to "subscription fatigue" among consumers.

Government funding for public interest journalism supports independent and investigative journalism, especially where market forces fail to sustain quality reporting [25]. It can help cover topics of public interest that may not be commercially viable. However, safeguarding editorial independence from government influence and ensuring transparent fund allocation are critical challenges [26].

Philanthropic funding and nonprofit models can provide a pathway to financial sustainability for public interest journalism. Foundations and philanthropic organizations recognizing the vital role of journalism in fostering transparent and accountable societies can be sources of support for news organizations working in the public interest realm. Collaboration and partnerships with other organizations, both within the media industry and across different sectors, can open up opportunities for diversified revenue streams, including sponsored content, events, and educational initiatives aligned with the mission of public interest journalism [20].

However, funding from philanthropic and non-profit organizations may face sustainability challenges in the long term due to potential fluctuations in donations, shifting funding priorities, and economic downturns, which can affect the consistency and reliability of financial support. Similar to government funding, philanthropic funding may compromise journalism independence [16]. Maintaining a balance between financial support and editorial independence is crucial for publicly funded news organizations.

Investments from venture capitalists and private equity firms provide essential capital for innovation and expansion but also bring pressures for rapid growth and profitability, which may conflict with journalism's long-term public interest mission [1]. The development of innovative technologies such as blockchain and digital micropayments have the potential to revolutionize the revenue models for online news startups, offering a more direct and sustainable source of revenue through decentralized and transparent transactions [27].

Traditional advertising models have been upended as advertisers increasingly allocate their budgets to online platforms, where they can target specific audiences with precision and efficiency. This migration from traditional media outlets has had a devastating impact on news startups, depriving them of a vital revenue stream and hindering their ability to sustain operations [28]. The dominance of tech giants like Google and Facebook in the online advertising market intensifies these economic challenges, capturing a significant share of digital ad revenue and exerting control over the distribution of news content. This leaves smaller news organizations, particularly startups, at a distinct disadvantage, struggling to compete and secure funding, revenue, and long-term sustainability [29].

4. Discussion

The analysis of the economy of public interest journalism revealed several critical insights, grounded in the conceptual frameworks of Mosco [10], Wasko [13], and Picard [14]. These scholars provided a comprehensive lens through which to understand the economic barriers and dynamics shaping the landscape of public interest journalism.

The shift from traditional revenue sources to digital revenue streams has fundamentally changed the landscape for public interest journalism. Mosco's analysis highlighted the consolidation of media ownership and control, which has intensified in the digital advertising realm.

This consolidation limited the revenue available to smaller or independent news organizations and influenced the type of content produced. Click-driven and sensational content has been prioritized over in-depth, investigative journalism, which is more resource-intensive and less immediately profitable. This shift undermined the ability of public interest journalism to thrive, as its mission often required substantial financial and human resources to investigate and report on complex issues comprehensively.

The economic challenges for news media companies exercising public interest journalism are significant, especially for startup news media. High entry costs and the need for substantial initial investment create a high-risk environment that deters many potential news ventures. This situation is worsened by competition with established media entities that have the advantage of scale, brand recognition, and existing revenue streams. Established media companies can leverage their extensive resources to dominate the market, leaving little room for new entrants dedicated to public interest journalism.

The limited access to capital for public interest journalism media, as noted in both Mosco's [10] and Wasko's [13] analyses, reflected broader trends in digital capitalism, where financial resources are directed toward ventures with clear profit potential.

Public interest journalism, with its focus on serving democratic needs rather than generating high financial returns, often falls outside the interest of traditional investors. Investors typically seek quick and substantial returns on their investments, which is challenging to achieve in the realm of public interest journalism. This results in a significant funding gap for startups trying to make a meaningful impact through investigative and in-depth reporting.

Wasko's [13] exploration of media democratization and the commons offered a complementary perspective, emphasizing the importance of viewing media resources as a common good accessible to all. She advocated for non-profit models and grassroots media practices as means to support public interest journalism while promoting decentralized ownership and diverse representation.

Her insights aligned well with the imperative for sustainable and equitable media practices, underscoring the potential of alternative funding mechanisms to mitigate economic barriers. By framing media as a public good, Wasko's perspective [13] encouraged innovative revenue sources that prioritize the social value of journalism over its commercial profitability.

Picard's [14] perspective captured the economic challenges faced by public interest journalism primarily because it does not attract advertisers and/or investors. This is compounded by the fact that it often challenges those in power, making it less appealing to potential advertisers and/or investors. Advertisers and investors tend to favor content that aligns with their brand image and appeals to broad audiences, which often excludes the hard-hitting, investigative work that characterizes public interest journalism. As a result, public interest journalism struggles to secure the financial support needed to sustain its operations, thereby intensifying its economic difficulties.

The evolving digital landscape has introduced additional challenges and opportunities for public interest journalism. While digital platforms offer broader dissemination of content, they also favor engagement metrics that prioritize sensationalism over substance.

This shift in content prioritization has had significant implications for public interest journalism, which often focuses on complex, less immediately engaging issues. The dominance of tech giants like Google and Facebook in the online advertising market further compounded these challenges, as they captured a significant share of digital ad revenue, leaving fewer resources for smaller news organizations.

The economic challenges faced by news media companies engaged in public interest journalism are multifaceted and deeply rooted in the broader economy of media. The insights provided by Mosco, Wasko, and Picard highlighted the structural challenges and potential avenues for innovation and sustainability.

5. Conclusion

This study explored the economic landscape of public interest journalism, focusing on revenue sources and the challenges faced by news media companies. Using the theories of Mosco [10], Wasko [13], and Picard [14], several key insights were identified.

First and foremost, media carry both social and commercial values. The shift from traditional to digital revenue streams has transformed journalism's financial foundation. Large media conglomerates and digital advertising giants now dominate the market, marginalizing smaller, independent news organizations. This shift favors sensational, click-driven content over the in-depth investigative journalism crucial for democracy.

The media ownership consolidation limits revenue opportunities for public interest journalism and skews content production toward profit over substance. The focus on immediate profitability undermines the essence of public interest journalism, which requires significant investment to explore and report on complex issues comprehensively.

News media, particularly startups, face particularly tough economic barriers, such as high entry costs and competition from established players with strong financial and brand advantages. Traditional investors, seeking clear profit paths, often overlook public interest journalism. This trend reflects broader patterns in digital capitalism.

Picard's insights further illuminated the economic struggles of public interest journalism, especially its difficulty in attracting advertisers and investors. Investigative journalism's confrontational nature often makes it less appealing to those controlling significant advertising and investment capital.

The digital era brought both opportunities and challenges. While digital platforms enhanced content dissemination, they also prioritized engagement metrics favoring sensationalism, worsening financial challenges. Ultimately, rethinking funding mechanisms and embracing media as a public good are essential for overcoming economic barriers and ensuring the sustainability of public interest journalism.

6. References

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