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System Clustering of Media Space in Ukraine: Economic and Social Analysis

INTRODUCTION

The rapid development of clusters theory started in the late 1980-ies – early 1990-ies. It was at the time, when the fundamental works by B. Harrison (1992) and C. Sabel (1992) saw the world and started being implemented by businesses. The scientific papers of these authors significantly changed the perception of industrial districts and business activities, which were then offered a new form of cooperation. Clusters which emerged in 1990s actively used the benefits of manufacturing, and eventually agricultural specialization of regions in which they were based, as well as the advantages of production localization, technological linkages optimization and related infrastructure. Due respect was also granted to the public-private partnerships, that is cooperation with the university laboratories, local authorities and business.

Somewhat later, M. Porter's caveats on the need for competition inside the cluster, as well as its external competitiveness were added to the existing new models of cooperation (Porter, 1998). At the same time, a significant increase in the types of clusters and a number of new units with large creative potential took place. From this it appeared that the role of services in the global economy increased significantly, and this was an important argument for the creation of new clusters. R. Florida's research on New York as a creative region provide a sufficient basis to ensure that the production of information services is an important element in this type of business and requires a thorough feasibility study (Florida, 2003). Somewhat earlier, M. Castells (2010) and E. Rogers (2003) expressed the idea of partnership diffusion in high-tech sectors.

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The emergence of new global networks resulted in the focusing of many researchers in the field of organization of clusters and cluster systems on communications, which play a fundamental role [Porter, Onella, Mucha, 2009].

Currently, media-clusters are among the 38 commercial sectors which are the object of European Cluster Observatory's studies. And the scientific interest to them increases every year. At the same time, a number of complex problems of identifying the media-systems' spatial component, whose internationalization processes are dominant, arise. So, the detection of the social component of media-clusters, as well as its economic role is an important condition for improving the efficiency of regional efficiency [Felgenhauer, 2013], wherein an important role is played by TV [Hickman & Wells, 2013].

MEDIA CLUSTERS IN THE GLOBALIZATION ERA

The development of cinema-industry in the leading countries at the dawn of the 20th century very soon ceased to be limited by the national borders and turned into the important direction of commercial, political and social impact on the population. Movies and radiocasts produced were being actively exported to other countries. With the advent of television volumes of information flows increased exponentially. At the same there emerged some creative leaders – the exporting countries and countries importing different media products. New ICT of the late 1990-ies enhanced significantly the international transfer of media business produce, because of several reasons, that are summarized by R. Picard into the following four positions:

– the increase of the contribution of the media and related industries to the national economic development;
– the increase of production of TV programs, for which demand has increased significantly;
– the creation of new kinds of media due to accelerated technological process;
– the emergence of information society policy [Picard, 2008, p. 8].

It is obvious that the rating of stimuli proposed by R. Picard requires a certain extension and refinement, as an important supplement to the model of the information society is made by its network model, through which a great volume of commercial, intellectual and social information is constantly flowing, and the value of it is constantly growing. This leads to the fact that media business market-makers usually employ two strategies: the improvement of their own competitiveness and the use of collaboration to organize production and, more importantly, to market their products. The second important component, in our view, is the localization, which has clearly defined territorial limits and is identified on a regional basis. The author cites numerous examples of such clusters:

Bollywood (Bangalore Media Clusters), Dubai Media City, Cologne Media Clusters, Los Angeles Media Clusters, Media Clusters London, Media Park at Hilversum (The Netherlands) and others.

Quite revealing in this regard is media cluster in London, which has always been considered one of the largest media centers in the world. According to L. Nachum and D. Keeble [2000, p. 12] by the end of the 1990-ies London accounted for 90% of all employees in the UK music industry, and Londoners' employment in the television and film industry accounted for 70% of the national total. It also should be noted that all the activities were concentrated in a tiny area of London – the Soho. It was the place that combined cinema and post-production, film distribution, advertising business, music, design, photography and other modern creative spheres within a small area, which was equal to one square mile, as determined by the abovementioned authors. It is obvious, that the component composition of media-clusters proposed by the authors should be significantly extended. To this strand a number of other industries can be attributed, which according to R. Picard are indirectly related to the creative sector, e.g. radio, recordings, newspapers, magazines , books, games, music, theater, museums, festivals, and even, according to the researcher, hardware vendors [Picard, 2008, p. 4].

Cluster species stratification, in our view, should be the most important element of the modern cluster research. Of course, all now existing media-clusters are different in their size, capital, investments, number of employees and other economic indicators that can serve as a sufficient basis for ranking. At the same time, there is an organizational model of clusters classification, developed by R. Picard, who decided to split them into the spontaneous ones (those, which have arisen by chance and are managed on the basis of the existing certain interests of people) and the planned ones (in which some relevant institutions, agencies, and local authorities were invited to participate). Besides those, the author identifies the managed clusters, cooperative clusters, and unmanaged clusters [Picard, 2008, p. 6].

Thus, a modern media-cluster is a set of interrelated and technologically integrated media companies, which are concentrated in a certain locality and build their competitive advantage due to minimizing expenses, making effective use of equipment, a large amount of mutual orders, transfer of technology and high localization of production. Media-clusters may be specialized (TV, radio, film, publishing etc.) or universal. They involve a large number of companies able to provide both a significant increase in production and the significant risks, that are associated with the complexity of cluster management.

It should be noted, that on a par with media-cluster's essence clarification the definition of the essence of cluster policy, pursued by the state in relation to different creative businesses is of paramount importance. Basing on the fact, that policy is a set of mechanisms and tools, which are consistent with government objectives, it is possible to imagine the process of cluster development regulation. Most likely, it will be represented by a series of successive steps to obtain positive effect, which, by the way, is not easy to identify, as it may be either an increase in the number of employees, a reduction of unemployment, rising incomes or, ultimately, the increase of national competitiveness. Unfortunately, even in the European Union, not all member-states share the idea of forming a common cluster policy. This primarily refers to the states with federal structure [Cluster policy in Europe, 2008].

However, the role of the state, especially in such a commercial sphere as media industry, should not be reduced to a partial sponsorship, as resources invested by the government in the creation of better infrastructure are not always highly efficient [Siebert, 2006]. At the same time media business itself is prone to self-regulation, which is reflected in the transformation of chains of in-sourcing and out-sourcing functions, structural shifts in the organization of media groups, due to their mergers and acquisitions, fluctuations in the price characteristics of products produced [Karlsson & Picard, 2011].

EMMERGENCE OF MEDIA SPACE IN UKRAINE

Immediately after the collapse of the USSR, Ukraine began the processes of formation of its independent media space, which carried at its core a lot of contradictory and paradoxical elements, including new models of cognitive effects on the TV and radio audience, a fundamental change in broadcasting formats and active commercialization of the imported Western and Russian media products. The main reasons for a fundamental change in the broadcasting market in the 1990-ies were the following:

- rejection of the state monopoly on broadcasting and emergence of the first private channels;
- westernization of TV and radio-space in Ukraine, whereby western TV products have been actively bought abroad and quickly adapted to the needs of the local market;
- structural segmentation of the domestic market, which resulted in the formation of both dedicated channels, newspapers, magazines, and universal ones, whose circulation and air time were much larger. At the same time, there was a risk of lack of demand for the media products, produced by the channels;
- actively shaping media holdings in the late 1990-ies – early 2000-s, which brought together a number of TV channels, newspapers, magazines and creative centers within large financial-and-industrial groups;
- technological modernization of media-process, which led to a significant increase in the quality of products produced (primarily television) and the transformation

of the youth audience culture, which since 2010 prefers watching television on the Internet, while the older and middle generation continues to watch TV;

– increased competition between channels and holdings for the viewer and the struggle for the advertising market share, which, unlike the EU is regulated in Ukraine neither in terms of its length nor as to its quality and the impact on the audience;
– revitalization of foreign channels, especially in the cable broadcasting. Strategy of these companies were significantly different. If the channels like “BBC”, “Euronews”, “4chanel” and several others focused mainly on educational and recreational interests of the public, the Russian TV channels have been active in the “news” expansion into the Ukrainian market, resulting in the information war in the end of 2013 – at the beginning of 2014. This led to the situation when the events occurring in Ukraine were highlighted in different ways.

Modern Ukrainian market is a mosaic structure of companies, which nevertheless have clearly defined their priorities, sectoral proportions and leaders. Such asymmetries are most clearly visible on the TV market, where five leading channels “Inter”, “1+1”, “Ukraine”, “ICTV”, “STB” account for 55 % of the audience of Ukraine (2012), which is the average between the indicator of the Russian Federation, where the similar “top five” controls 53.7 % of the market, and Poland – 59.7% [Eurodate TV worldwide, 2013].

Clustering of media space in Ukraine

Despite the apparent advantages of the existing corporate structure of the media market of Ukraine, it is nevertheless exposed to a number of risks, which do not allow considering it to be a stable market. The main reasons for this are:

– frequent changes of channel owners and holdings due to the unstable economic and political situation in the country;
– constant correction of editorial policy, based both on the interests of parties and individuals and real economic competition in the market of the media industry;
– global and mega-regional challenges from the international media companies, which react more quickly to the changes in the world market conditions;
– the need to reduce non-productive costs, which do not directly influence the entertainment and commercial effects demonstrated on the TV show.

At the present stage the owners of media holdings in Ukraine still poorly perceive the benefits of the possible collaborationist relations in the domestic market. However, they start to understand, that clustering of the domestic media space would be the only adequate response of these forms of business organization to the penetration and consolidation of the more technologically and economically active competitors to their domestic market, whose activities are based on the expansionist strategies and cognitive impact on people (Figure 1).

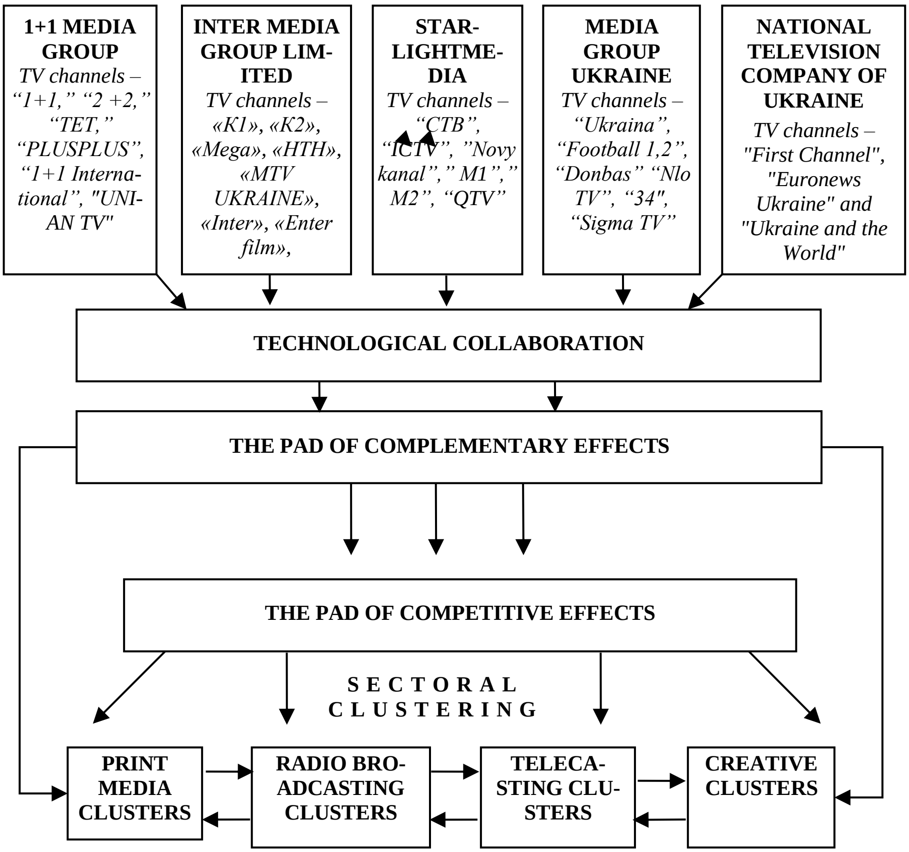

Figure 1. Media-space clustering in Ukraine

In Ukraine, the economic effects of clustering of media space include the following: the increasing of media holdings' competitiveness; the growing influence of the state television company, which will provide a relatively neutrality of political interests; technological optimization of the equipment operation and renting, as well as the use of common depreciation funds, which will strengthen the media-processes' innovative component; transition from the imports-driven model of the use of TV products to the export-oriented one; reduction of total costs due to the localized activity of media-clusters.

At the same time, clustering will provide a range of social effects, the most important of which are: employment growth, establishing stable partnerships between holdings, expanding of creative services sector, increasing the profitability of enterprises and as a result, growth of the staff salaries.

Conclusions

The reduction of non-production costs while creating new media products, with maintaining their entertainment quality, and hence competitiveness, became an important task of media holdings development under conditions of globalization. The best way to improve their profitability is to create the so-called creative media-clusters, which allow costs reduction, increase profits, keep the benefits of collaboration, while maintaining competition between the players in media business. First systemic media-clusters have clearly demonstrated their advantages, including those of the localization nature (London, Dubai, Los Angeles etc.). Over time they grow into the powerful international centers of creative production in the global media market.

Stabilization of the domestic media space is an important task for Ukraine, which went through a quite rapid evolution from the state-controlled model of broadcasting system to the media business structure dominated by private media-holdings. The acting model of TV-space development, however, has a number of drawbacks that keep channels from conducting their independent editorial policy, developing their creative potential and improving the creation of TV products, most of which are adapted versions of famous western TV shows, and therefore are the re-commercialized TV products.

The events, which took place in Ukraine in 2013-2014 significantly polarized domestic TV channels and put them in front of the editorial model selection dilemma: either an objective or engaged way of highlighting the current events. However, the presence of foreign companies in the domestic market significantly increased the public perception of asymmetry of the airtime broadcasted and paved the way for the information war between the East and the West.

The proposed clustering of the leading media-holdings in Ukraine will lead to the fundamental change of TV and radio channels' competitive positions and move to a systemic model of increasing the exports of Ukrainian TV produce, reducing of non-production costs, increasing projects profitability, as well as increasing employment in the creative sector.

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Summary

Intensive modernization of the global economy leads to the emergence of fundamentally new forms of economic growth. Clusters whose evolution over the past twenty years has been quite rapid are a conclusive evidence of this. At the beginning of the 21st century clusters evolved from the predominantly localized innovative industrial complexes to the global services systems, core product of which very often is information. Media-clusters are a typical example of the new functions performed by clusters in the European economy, and their role can hardly be overestimated under the conditions of the third industrial revolution. The identification of media-clusters' essence is an important task of the modern economic research, as it suggests the need to utilize classification and hierarchical approaches, as well as the estimation of the respective localization effectiveness.

The essential moment for the understanding of global clustering processes is the provision of competitive framework for the cooperation of media holdings, which together can form a cluster while maintaining the principles of collaboration and ensuring the minimization of production, commercialization and distribution of information product, the most important of which is the TV product, the total expenditure for its production is quite high. In the context of Ukraine clustering of the television space carries both numerous benefits (increasing competitive status, reduction of non-productive costs, optimization of the pavilion activity, increasing the level of depreciation for the operation of expensive equipment etc.) and risks (cognitive control over public opinion, the monopolization of the airtime, the elimination of small companies, whose share in the national broadcasting time does not exceed 1 %).

Keywords: media-cluster, global networks, television of Ukraine

Система кластеризации медиапространства в Украине: экономический и социальный анализ

Резюме

Интенсивная модернизация мировой экономики приводит к появлению принципиально новых форм экономического роста. Неоспоримым доказательством этого является эволюция кластеров, которая наиболее значительной стала на протяжении двадцати последних лет. Уже к началу XXI века кластеры эволюционировали от преимущественно локализованных инновационных промышленных комплексов до глобальных систем услуг, основным продуктом которых очень часто являлась информация. Типичным примером новых функций в европейской экономике являются медиа-кластеры, роль которх в условиях третьей промышленной революции, трудно переоценить. Выявление сущности медиа-кластеров является важной задачей современных экономических исследований, т.е. ее решение предполагает необходимость использования классификации, иерархических подходов, а также оценку соответствующей эффективности локализации.

Существенным моментом для понимания глобальных процессов кластеризации является формирование конкурентной основы для сотрудничества медиа-холдингов, которые вместе могут образовывать кластер, сохраняя при этом принципы сотрудничества и обеспечения минимизации производства, коммерциализации и распространения информационного продукта, наиболее важным из которых является телевизионный продукт. Совокупные расходы на его производство является довольно значительными. В контексте Украины кластеризация телевизионного пространства несет как многочисленные выгоды (повышение конкурентного статуса, сокращение непроизводительных расходов, оптимизацию характера деятельности, повышение амортизационных начислений для работы дорогостоящего оборудования и прочего), так и риски (когнитивной контроль над общественным мнением, монополизация эфирного времени, устранение мелких компаний, удельный вес которых в национальном вещании не превышает 1%).

Ключевые слова: средства массовой информации, кластер, глобальные сети, телевидение Украины

Klastry medialne w Ukrainie: analiza ekonomiczna i społeczna

Streszczenie

Intensywna modernizacja gospodarki światowej prowadzi do powstania całkowicie nowych źródeł wzrostu gospodarczego i form produkcji. Przekonującym dowodem na to jest między innymi rosnące, w ciągu ostatnich dwudziestu lat, znaczenie klastrów. U progu XXI w. klastry ewoluowały od innowacyjnych dystryktów przemysłowych do globalnych systemów usługowych, których głównym produktem jest bardzo często informacja. Typowym przykładem w gospodarce europejskiej są klastry medialne, które odgrywają znaczącą rolę w warunkach trzeciej rewolucji przemysłowej. Ukazanie istoty ich działalności wymaga wykorzystania m.in. metod klasyfikacji hierarchicznej czy też oceny efektywności określonej lokalizacji.

Zasadniczą kwestią dla zrozumienia procesów tworzenia klastrów o charakterze globalnym jest stworzenie konkurencyjnych ram dla współdziałania holdingów medialnych mogących tworzyć klaster, przy jednoczesnym zachowaniu zasad współpracy oraz zapewnieniu minimalizacji kosztów produkcji, obrotu i dystrybucji produktami informacyjnymi, wśród których najważniejsza jest telewizja (jej łączne koszty produkcji są bardzo wysokie). Tworzenie klastrów medialnych w obszarze działalności telewizyjnej na Ukrainie przynosi zarówno wiele korzyści (zwiększenie konkurencyjności, redukcja kosztów, optymalizacja charakteru działalności), jak i zagrożeń (kontrolowanie opinii publicznej, monopolizacja czasu antenowego, eliminowanie małych firmy, których udział w krajowym rynku telewizyjnym nie przekracza 1%).

Słowa kluczowe: klastry medialne, sieci globalne, telewizja w Ukrainie

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