

# **The Business of Ethics, the Ethics of Business**

Slovenia

**Gašper Lubej**

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## I. Executive summary

Generally speaking, the Slovenian media landscape is highly regulated in terms of the competition framework, ownership and legislation in general, but there are some problems in practice concerning the implementation of legislation and efficiency of regulatory bodies. Some managers and owners would prefer fewer limitations on concentration of media, a fairer fight in the market and more restrictions on public service media in the advertising field.

There is less regulation in the funding of the media business but the government is announcing new legislation in this field, which could raise the issue of political influence. Usually, Slovenian print media are financed by advertising revenue, which represents from 35 to 50 percent of income.

Slovenian managers in the media mostly respect the principle of the separation of editorial content and advertising, while some principles of respecting the individual rights of the journalists and editorial independence have also been “translated” into media legislation.

Editors-in-chief have relative autonomy when it comes to the newsroom budget. They also have the last word when they discuss the placement of advertising with the advertising department, but are accountable for breaking the law in the advertising field.

There is a general belief among management that a journalist must be protected in terms of legal help when he finds himself in court because of his work. Some media outlets have funds for law suits.

Less understanding between managers and editors/journalists can be seen when it comes to money. There is a big pressure from the managers to reduce media “production” costs. One of the “victims” of this logic is the poor state of investigative journalism in Slovenia.

Another critical issue is the weakness of the unions in some, mostly smaller, media, a problem which does not seem to worry managers.

Much more will have to be done in the field of the education of journalists, where the prevailing model is to educate them only through mentorship.

Managers interviewed for this research agreed, at least verbally, that the quality of journalism is important and that in the long run supporting such journalism is a good policy. The future will show if this remains an important aspect of running the media business.

The alternative is that strictly profit-orientated business with more popular content – and larger Slovenian media are quite profitable companies – will prevail and follow the new phenomenon in the Slovenian media sphere, the daily *Direkt*, a classical “hard core” tabloid which was launched in September 2005 with the slogan “No mercy”. Because of the time limitations this study does not include the new player in the field.

## II. Context

With a population of two million and per capita GDP of \$16,112 in 2004, Slovenia joined the EU and NATO in 2004, following a relatively successful transition to a market economy with no big social shocks. The country experienced a long period of economic growth from 1993 (on average 3.8 percent over the last six years), while inflation has fallen (3.2 percent in 2004) in the effort to meet one of the problematic criteria for Slovenia to accept the Euro

as a currency at the beginning of 2007. The average salary is €700.<sup>1</sup>

Public debate about the Slovenian media is at the centre of political and public life, especially since the change of government after the October 2004 Parliamentary election, which brought the first big political change since 1992. The leading political force, the Liberal Democracy of Slovenia (LDS), did not form the government with coalition partners from other parties for the first time since 1992 and Slovenia got its first conservative government, led by the Slovene Democratic Party (SDS). The SDS has severely criticised the media in the past ten years, claiming bias in favour of the left-wing parties.

The political change made public debate over media developments even more interesting as the media situation in Slovenia is unusual. After almost 15 years of a market economy and with a completed privatisation process, many media companies are still directly or indirectly owned by the state. Media legislation is thorough and restrictive, but media concentration is high and regulatory bodies do not have the political support or the necessary autonomy to implement it. Data on ownership are easily accessible but change rapidly, making the media landscape difficult to map and interpret.<sup>2</sup>

According to the data in the media registry there are 37 electronic (web) media sources in Slovenia, 96 radio broadcasters, 60 television broadcasters (including local and cable operators) and 739 print media outlets, including seven dailies, 38 weeklies, 17 biweeklies and 170 monthly newspapers.<sup>3</sup>

There are three serious-journalism orientated dailies in Slovenia, which were established after the Second World War: *Delo*, *Dnevnik* and *Večer*. The highest circulation daily is the tabloid *Slovenske novice* which is published by the same company as *Delo*. *Delo* is regarded as the most important daily as it is the only one with a truly national character (it is evenly sold throughout the country), while *Večer* and *Dnevnik* focus more on local issues and have more readers in the Southeast (*Večer*) and Ljubljana regions (*Dnevnik*). Other influential publications include a business newspaper, *Finance*, majority-owned by a Swedish media group (Bonier) and three weeklies, *Mladina*, *Mag* and *Žurnal*. The latter is distributed free and is the first weekly fully financed by a foreign owner, the Austrian publisher Styria Verlag, which also has a share in *Dnevnik* (25 percent).

In the nineties there were three initiatives to establish a quality daily which would compete with the existing ones, but they failed, mostly because they were considered to favour either right or left wing political options. The right-wing government supported the setting up of *Slovenec* daily in March 1991 with donations from the state budget, but the newspaper survived only until the end of 1997 because of financial problems. *Republika*, a left-wing daily, was established at the end of 1992 as a response to the setting up of *Slovenec*, but it also failed. One last attempt to establish a daily with political orientation, *Jutranjik*, emerged in June 1998 and collapsed in the same month. There were two main logical explanations for those papers' failure: on one hand, they faced serious barriers to entering the market because readers are quite traditional in terms of their reading habits; on the other hand, and significantly, their political orientation made them unwelcome in a highly-competitive, profit-driven market, based on the commercial model of the media business.

The television landscape can be mapped as follows: the public television service *TV*

<sup>1</sup> Statistical Office of the Republic of Slovenia, <[http://www.stat.si/eng/tema\\_ekonomsko.asp](http://www.stat.si/eng/tema_ekonomsko.asp) (accessed 6 September 2005).

<sup>2</sup> S. Basič and L. Kučič, "Slovenia" in B. Petković (ed.) *Media Ownership and Its Impact on Media Independence and Pluralism*, Ljubljana: Peace Institute, 2004, p. 50.

<sup>3</sup> Telephone interview with Skender Adem from the Ministry of Culture, Ljubljana, 12 September 2005.

*Slovenia* holds the most significant audience share. *POP TV* leads among the commercial stations in terms of audience. It and another commercial television channel, *Kanal A*, are part of the production house Pro Plus, a local branch of the American group Central Media Enterprises (CME), which has a 97 percent share in Pro Plus.

The radio landscape follows the television trend closely. The Slovenian public radio service, with four stations, has an even better audience share in its market, than *TV Slovenia*. The national radio stations also include *Radio Ognjišče*, owned by the Catholic church, and *RGL*. However, on a local level, the radio market in Slovenia is highly fragmented, though there are some efforts to set up networks (e.g. radio network Infonet).

The single news agency with national coverage is owned by the state (STA), and the Slovenian market lacks any important private player in the field. There are several Internet media outlets but they are mostly “derivatives” of the wider media that they gather their information from. Usually they do not have their own sources of information and take a lot of news from STA (e.g. *24ur.com* of *POP TV* or *www.rtv.slo.si* from *Radio-Television Slovenia*)<sup>4</sup>. There are no exclusively on-line media outlets with significant influence.

Four dailies were selected for the purpose of this study: *Delo*, *Večer*, *Dnevnik* and *Finance*. All are quality journalism orientated and were selected because of their wide circulation and influence. The study does not analyse *Slovenske novice*, a tabloid newspaper with the highest circulation, but which has little political coverage, containing mainly crime stories and entertainment. National commercial TV station POP TV is also a subject of this research as the television station with the highest ratings and the main competitor of the influential public *TV Slovenia*. *Mladina* was chosen because it is the most influential weekly with political coverage based on highly-profiled readers and investigative stories which sometimes set the political agenda. The radio network Infonet was selected to explore a network of 15 commercial radio stations which provide mostly music and entertainment, but also a short/flash news programme every hour, broadcast over the whole network. The local daily covering mostly Western Slovenia, *Primorske novice*, was selected because it is the only local daily in Slovenia and the news leader in the Primorska region. The main local radio station in the Northeast of Slovenia, *Murski val*, is also a subject of this research because of the quality of its news and its high information content. The same applies to the regional *TV Vaša Televizija* from Velenje, which covers the area Northeast of Ljubljana.

### III. Competition framework

The print media are fully privatised, along with the support system – the distribution and printing houses. In the radio-television field a dual nation-wide system exists: apart from the strong public RTVS there are numerous private commercial media outlets. A distinctive category of media is composed of radio and television stations, that have obtained the status of so called “special importance” (later in the study the nature of these stations will be explained in detail). Most of them were privatised in the nineties (before that they were owned by the municipalities).

Rules and regulations for the entire media sphere are regulated under the Mass Media Act, adopted in June 2001.<sup>5</sup> The Ministry of Culture prepared draft amendments to the law in mid July 2005, on the basis of which the government intends to set up a special fund to promote media pluralism and create more mechanisms of control over media concentration.

<sup>4</sup> Radio-Television Slovenia (RTVS) is the company under which both public broadcasters, Radio of Slovenia and TV Slovenia, operates.

<sup>5</sup> Mass Media Act, *Official Journal* 35/ 2001.

Under the current law anyone who wants to acquire more than a 20 percent share in one radio station, one television station or one daily newspaper has to obtain approval from the Ministry of Culture. The Ministry will reject the request if it would lead to one owner gaining a monopoly over the advertising market. A monopoly is defined as control over more than 30 percent of radio or television advertising time, or coverage that exceeds 40 percent of the national total. For daily newspapers, this means 40 percent of the total copies sold in Slovenia.

Interviews with managers of the selected media outlets revealed that most think that the business environment is very competitive. However, the main competition is in the advertising market. Rajko Djordjevič, director of regional *VTV*, believes that the “fight for the advertising market is very cruel”.<sup>6</sup> Local media outlets have problems because the national media, especially *POP TV* and *Kanal A*, have offered dumping prices for advertising in the last few years, Djordjevič says.

The problems of the local media with less income from advertising were aggravated by the cut in public subsidies after the Constitutional Court deleted the second paragraph of article 82 of the Mass Media Act.<sup>7</sup> This had stated that three percent of public *RTV Slovenia*’s licence fee should be used to support various local, regional and student broadcasters for “programmes of special importance”, as defined by law. Broadcasters had to fulfil certain criteria to receive such status and obtain the money – such as having a high proportion of in-house produced programmes, as well as providing objective and unbiased information along with a balanced presentation of different opinions and views on political, cultural, religious, economic and other issues.

The Constitutional Court’s decision meant that the government had to find other resources and ways to finance these stations and consequently the Ministry of Culture announced that it would solve the problem through proposed amendments to the Mass Media Act.

For instance, the regional TV station *VTV* and *Murski val* radio have secured the status of broadcasting “programmes of special importance”, for which the media law requires regional in-house productions of at least 30 percent of its broadcast time between 8 AM and midnight.

This legal requirement has become increasingly difficult to meet, as it is quite hard to produce such a high quantity of in-house programming with limited funds, states Irma Benko, director of *Murski val* radio.<sup>8</sup>

Another important debate focuses on the authorities’ capability to ensure a climate of fair competition. Different views exist over the implementation of the anticoncentration provisions by the responsible bodies. Jurij Giacomelli, the general director of daily *Finance*, does not trust the strength of the regulatory bodies. He points to the weakness of many institutions, specifically the Ministry of Culture, Competition Office and the media inspectors – believing that controlling mechanisms over media concentration are not reliable enough. There is no real competition on the distribution market and the state should do something about that, Giacomelli adds. He believes that “tax incentives and better regulation in the field of distribution will increase and support media pluralism”.<sup>9</sup>

On the other hand, Leopold Oblak, the president of the management board of the Infonet radio network, criticises the subjectivism of the legal provisions.<sup>10</sup> He says that “the

<sup>6</sup> Interviews with Rajko Djordjevič, director of *VTV*, Velenje 6 July 2005.

<sup>7</sup> Mass Media Act, as cited, article 82, paragraph 2.

<sup>8</sup> Interview with Irma Benko, director of *Murski val*, *Murska Sobota*, 30 June 2005.

<sup>9</sup> Interview with Jurij Giacomelli, director of *Finance*, Ljubljana, 1 July 2005.

<sup>10</sup> Interview with Leopold Oblak, president of the management board of Infonet, Ljubljana, 5 July 2005.

competition on the market is not fair”, because state officials interpret the legislation in different ways. Oblak says that his radio network had difficulties when trying to buy some other radio stations, while his competitors did not have the same problems because of a subjective interpretation of the law. As a result, Oblak also filed a civil suit against Sandra Bašić Hrvatina, the president of the Broadcasting Council and a professor at the University of Ljubljana. The Council has a role in the decision making process as regards concentration. It gives its opinion, while the final decision is taken by the Ministry of Culture.

Like most publishers, Barbara Verdnik, the director of the local daily *Primorske novice*, says that the cost of labour in Slovenia is very high,<sup>11</sup> while Marijan Jurenc, the general director of Pro Plus, argues that the main problem for his TV station, *POP TV*, is unfair competition from the public television service, which is financed both through the licence fee and by income obtained from the advertising market.<sup>12</sup> Jurenc suggested that RTVS should be restricted even more than it is now in the amount of advertising it can broadcast during its prime-time programmes.

Under article 98 of the Mass Media Act, the total duration of advertisements and other commercial material on RTVS may not exceed 15 percent of daily transmission time, while the total amount of advertising, excluding other commercial material, may not exceed 10 percent of the daily transmission time. The duration of advertisements and other commercial material transmitted in a single hour may not exceed 12 minutes, and may not exceed 9 minutes per hour between 6 PM and 11 PM. Telesales and radiosales are prohibited between 6 PM and 11 PM<sup>13</sup>.

The total amount of advertising, telesales/radiosales and other commercial material on a radio or television station such as POP TV may neither exceed 20 percent of the daily transmission time nor 20 percent in a single hour.<sup>14</sup> The total amount of advertising excluding telesales and other commercial material on a television station may not exceed 15 percent of the daily transmission time.

The maximum permitted number of telesales slots per day is eight. The total duration therefore may not exceed three hours per day. They must be clearly designated as telesales slots, using visual and acoustic symbols. RTVS must also respect these limitations on telesales, remembering the total prohibition of telesales and radiosales at prime-time.

Tomaž Perovič, the president of the management board of *Delo*,<sup>15</sup> and Aleksander Bratina, the research and development director of *Dnevnik*,<sup>16</sup> share the opinion that the rules for concentration are too strict. Bratina argues that in a small market the costs of producing quality media are very high, so there is a tendency for media outlets to merge to be able to challenge the competition.

#### IV. Ownership and its impact on media professionalism and independence

As stated above, the Mass Media Act sets out restrictions on media ownership. The law also regulates cross-ownership: a publisher of a daily newspaper with more than a 20 percent stake in the capital or assets of that publisher, or more than 20 percent of management

<sup>11</sup> Interview with Barbara Verdnik, director of *Primorske novice*, Koper, 8 July 2005.

<sup>12</sup> Interview with Marijan Jurenc, general director of Pro Plus, Ljubljana, 11 July 2005.

<sup>13</sup> Mass Media Act, as cited, article 98.

<sup>14</sup> Mass Media Act, as cited, article 97.

<sup>15</sup> Interview with Tomaž Perovič, president of the management board of *Delo*, Ljubljana, 11 July 2005.

<sup>16</sup> Interview with Aleksander Bratina, the research and development director of *Dnevnik*, Ljubljana, 7 July 2005.

or voting rights, may not be an owner or co-founder of a radio or television broadcaster, and may not engage in radio and television activities.<sup>17</sup> The same restriction (20 percent) applies to a radio or television magnate, who under this law is not allowed to publish a daily newspaper.<sup>18</sup>

Article 58 of this law stipulates that someone who would like to acquire an ownership stake, or a share of the voting rights in the assets of a broadcaster of 20 percent or more, should request the approval of the Ministry of Culture, which shall issue such a document after consultation with the Agency for Telecommunications, Broadcasting and Postal Services.<sup>19</sup>

Moreover according to Article 100 of the cited law, it is the Broadcasting Council that makes the preliminary decision in cases of concentration. In other words, the Broadcasting Council decides whether a specific case represents concentration, and that decision is then adopted as a preliminary opinion of the agency, on the basis of which the Ministry of Culture issues its approval.<sup>20</sup>

The Ministry can refuse to issue an approval of concentration if any of the following conditions apply:

- If by acquiring that stake the broadcaster would obtain a dominant position on the advertising market in such a way that its sale of advertising time on a particular radio or television programme would exceed 30 percent of the total sales of radio or television advertising time in Slovenia;

- If by acquiring that stake the broadcaster would obtain a dominant position on the market in such a way that either alone or with its subsidiaries its station signal would control more than 40 percent of the overall coverage of Slovenian territory by all radio and television stations;

- If by acquiring that stake the publisher of one or more daily newspapers would have a dominant position on the market, alone or via one or more subsidiaries, such that the number of copies sold would exceed 40 percent of the total number of dailies sold in Slovenia.

Implementing these provisions does not seem an easy task. Although it is entitled to take decisions on concentration, the Broadcasting Council explicitly stated in its 2001-2002 report, that the law is not clear enough and that a methodology for establishing media concentration had not yet been drawn up. It also pointed out that the provisions in the law were incompatible with legislation on the protection of competition. Thus the Council concluded that this issue should be adequately resolved within the shortest possible time<sup>21</sup>.

As regards transparency of ownership, the Mass Media Act requires all media houses to publish the following information by the end of February each year in the Official Journal of the Republic of Slovenia: the full name and address of permanent residence of any individual and/or the business name and head office address of any company which holds a stake of five percent or more of the capital in the publisher's assets or a share of five percent or more of the management or voting rights, and the full names of the members of the publisher's board of directors or management body and supervisory board.<sup>22</sup>

The publisher has to report any changes to the Official Journal within thirty days of their

<sup>17</sup> Mass Media Act, as cited, article 56.

<sup>18</sup> Mass Media Act, as cited, article 56.

<sup>19</sup> Mass Media Act, as cited, article 58.

<sup>20</sup> S. Basič and L. Kučič, "Slovenia" in B. Petković (ed.) *Media Ownership and Its Impact on Media Independence and Pluralism*, as cited, p. 57.

<sup>21</sup> *Ibid.*, p.58.

<sup>22</sup> Mass Media Act, as cited, article 64.



occurrence and the Official Journal must publish the changes within fifteen days of receiving the order to publish.

The media law also requires the formalisation of relations between the editorial side of the media and the management. The purpose of publication and the basic substantive guidelines for the operation of a media outlet should be set out by a publisher through the editorial policy. A publisher must obtain the opinion of the journalists prior to a fundamental change or significant addition to the editorial policy. The policy is the constituent part of employment contracts between the publisher and editorial personnel and between the publisher and journalists.<sup>23</sup>

Before appointing or dismissing the editor-in-chief the law requires the publisher to obtain the opinion of journalists (which is not binding for the management's final decision), unless stronger powers for journalists are stipulated in the respective media outlet's basic legal documents. All ten media outlets analysed in this research have such internal regulations and secret voting is ensured. The exception is *Dnevnik*, where the opinion of journalists is binding – if a candidate for the editor-in-chief does not have the majority support of the journalists, he can not be appointed. *Delo*'s practices are also interesting because the managing board has to obtain not only the opinion of journalists, but also needs the consent of the supervisory board when appointing the editor-in-chief.

Legal relations between the publisher and journalists and the basic mutual relations within the editorial department are set out in the publisher's basic legal documents, which define the editorial department's degree of autonomy, the rules of appointing the editor-in-chief, etc. as stated above. Such documents usually contain the legal definition which rules that editors and journalists are independent in their work within the framework of the editorial policy and in accordance with the publisher's basic legal document. *Delo* for example also has a provision that no one can require a journalist to write or change a piece to contain content with which he or she does not agree.

The law also states that journalists may not have their employment terminated, a contract signed with them cancelled, their pay reduced, their status in the editorial board changed or their position worsened in any other manner by reason of the expression of opinions and standpoints in accordance with the editorial policy and the rules, criteria and standards of the profession.<sup>24</sup>

There are generally no special codes of conduct in Slovenia that relate to media owners or publishers. The exception is *Pro Plus*, which is part of CME, and has a document which touches on some ethical issues for CME managers. The document states that the management should run the business with respect for "the highest values" and in compliance with the law. The managers of CME companies should also react to the demands of the environment where they run businesses and should be honest with their clients.

#### **Case study: *Delo*'s editor-in-chief lost internal "elections"**

As stated above, the Mass Media Act has quite good provisions on the formalisation of the relationship between the editorial side of media outlets and management. The law's intention is that the opinion of journalists when appointing an editor-in-chief should be respected, but it also gives the management the right to the final decision. The problem occurs when there is no clear majority, as in the case of *Delo*. The management wanted to sack the editor-in-chief, in this case Darijan Košir, because they said he was not successful in his job. The opinion of journalists, who voted in favour of Košir by a slight majority, was not taken into account, and the situation was complicated by the fact that journalists

<sup>23</sup> Mass Media Act, as cited, article 17.

<sup>24</sup> Mass Media Act, as cited, article 21.

were divided over the issue. Košir argued that he was sacked because of political reasons, because the government disapproved of *Delo*'s reporting. The state has a significant share in the newspaper.

The managing board then proposed a new editor-in-chief, Jani Virk, who lost the "elections" among the *Delo* journalists by a slight majority. Before the voting, he also presented his platform to the journalists. Despite the result of the voting, the managing board secured the consent of the supervisory board and appointed Virk as the new editor-in-chief. But a couple of days later, Virk decided to step down before he started work as the new editor, without explaining in detail why. He only said in a written statement to the managing board and journalists that circumstances had changed so significantly in the period since he had explained his candidacy to the journalists, that he could not take the responsibility of the new job.

The case of *Delo* shows that the law works and gives the opportunity for journalists to speak out and make their voice heard in appointing the editor-in-chief, but they cannot be certain of getting their way. It also shows that such a process of recruitment of the editor-in-chief can bring a lot of turbulence inside the outlet – conflict between management and the newsroom and between journalists themselves, which can have bad consequences over the functioning of the outlet, if the conflict lasts too long.

However, most of the effects are positive – it forces the management and the owners of the media to choose professional editors who are connected to the media or individuals outside the media who must make an effort to persuade journalists that they have the ability to do the job. The practice of consulting journalists before the management takes the decision about the editor-in-chief also pushes the management to communicate with journalists.

## V. The funding of the media business

Media managers interviewed for this research agree that competition on the Slovenian advertising market is strong. Managers of print media outlets for example say that the same amount of the money for advertising must be shared between more and more media outlets. Marko Tišma, director of *Večer*, says that new players are coming onto the media market all the time, and so it is hard to maintain the same circulation.<sup>25</sup>

The state is not a big player in the media market for funding, but this could change if amendments to the Mass Media Act are approved by Parliament. The government has announced the establishment of a special fund aimed at promoting media pluralism with a yearly budget of €4.17 million. The money would come from the state budget, and the Ministry of Culture would be responsible for its distribution. The ministry would set up an expert commission which would decide the allocation. There would be a public tender once a year and a commission would select the beneficiaries on the basis of applications submitted by the interested media. The proposal was criticised by the president of the Association of Journalists of Slovenia because the criteria under which the money would be distributed were not clearly defined.

The legislation obliges media companies – like all other companies in Slovenia – to publish a yearly financial report.<sup>26</sup>

Interviews with directors and editors indicated that there is high degree of awareness that advertising must be clearly separated from editorial content. Advertising is also regulated by the Mass Media Act which states that commercial advertising must be clearly recognisable and clearly separated from the medium's other material. The law also states that hidden advertising – intended to convince the reader, listener or viewer that a particular advertisement is in fact editorial – is prohibited. The person who commissioned the publication and the

<sup>25</sup> Interview with Marko Tišma, president of the management board of *Večer*, as cited.

<sup>26</sup> Companies Act, official journal 30/ 1993, article 50, See <[http://www.dz-rs.si/si/aktualno/spremljanje\\_zakonodaje/sprejeti\\_zakoni/sprejeti\\_zakoni.html](http://www.dz-rs.si/si/aktualno/spremljanje_zakonodaje/sprejeti_zakoni/sprejeti_zakoni.html)>.

responsible editor are accountable for hidden advertising. In the event of hidden advertising being run the assumption is made that it was done intentionally. It is illegal in advertising to employ techniques that prevent readers, listeners and viewers from consciously recognising advertising as such.<sup>27</sup>

Advertising is the main source of financing for the selected media outlets. *Večer* gets 40 percent of its income from advertising and 60 percent from newspaper sales, especially from subscription fees which represent 85 percent of sold copies. *Dnevnik* has a similar structure of revenues, with advertising sales representing one third of income, while in the case of *Primorske novice* income is equally split between advertising and copy sales. The revenues of *Delo* are 45 percent supplied by advertising sales. *POP TV* is financed only through advertising, while *Murski val* last year obtained 10.7 percent of its income from the licence fee of *RTVS* and 5.9 percent from state subsidies (on the basis of the third paragraph of article 82 of the Mass Media Act by which media of special importance can get money from the state budget for the construction, maintenance and operation of the broadcast and transmission network).<sup>28</sup> The rest comes from advertising. The share of advertising money in the weekly *Mladina*'s income is 35 percent.

#### **Case study: *Primorske novice* has adopted its own Code of Advertising**

Although all of the selected media have the policy of separating advertising from editorial content, the local daily covering mostly Western Slovenia, *Primorske novice*, has established the best practice in this regard by adopting a code of advertising. Slobodan Valentinčič, editor of the central desk at *Primorske novice*, explains that there was a lot of pressure from journalists for advertising to be clearly identified in the newspaper in a way that the reader can recognise easily.<sup>29</sup> Conflicts with the advertising department ended after an agreement to adopt the code of advertising, says Valentinčič. The code gives the definitions of an ad, which must be separate from editorial content. It also puts some limitations on the advertising in *Primorske novice*, such as a requirement to respect human dignity in the advertising. Discrimination on the basis of class, sex, nationality, religion and political orientation is forbidden. The code has a lot of detailed rules about sponsorship and hidden advertising, and suggests what terms to use when identifying advertising etc.

## **VI. Separation of editorial and business departments**

Representatives of all of the selected media outlets said that editorial policy is in the hands of the editorial division. Formally, the newsroom is not involved in the decisions of the managing board, but the editor-in-chief has some autonomy concerning the budget for his or her team. Usually, the editor-in-chief prepares the annual budget for the newsroom and then negotiates it with the managing board. Once it is approved, the editor-in-chief has the autonomy to spend the allocated money.

The editors-in-chief of the majority of the selected media have regular contact with the management – either on a weekly basis in the form of meetings, or through informal communication.

Most interviewees agree with the view that managers normally think that the editorial division of the media spends too much, while journalists usually argue that they do not have enough staff and money to produce high quality reporting. “The management thinks that we spend too much, we say that there is not enough money,” Miran Lesjak, editor-in-chief

<sup>27</sup> Mass Media Act, as cited, article 46 and 47.

<sup>28</sup> Mass Media Act, as cited, article 82.

<sup>29</sup> Interview with Slobodan Valentinčič, editor of the central desk of *Primorske novice*, Koper, July 8, 2005.

of *Dnevnik*, says. He describes the relationship with the management as full of “tension”<sup>30</sup> when they talk about money.

“Editors say that they do not have enough journalists and there is tension when we discuss employment issues,” says Marko Tisma, president of the management board of *Večer*.<sup>31</sup>

Newly adopted legislation has increased the costs of freelance work and limited conditions under which employees can work as freelancers. As a result, the number of freelancers in the media business has been decreasing and many have obtained full-time employment. Exact figures are not available, but the trend was confirmed by Grega Repovž, the president of the Association of Slovene Journalists, at a press conference at the beginning of October 2005.

As already stated, the law protects the freedom and independence of journalists from the management. The interviewed editors agree that this is mostly respected. Damjan Košec, one of the editors of 24 hours, *POP TV*'s main news programme, says that “there is no pressure from the management because of the news ratings”.<sup>32</sup> He explains that there are stories that demand more from the viewers, but he thinks that they must be covered to add credibility to the news programming of this commercial TV station. Košec says that there are no telephone calls from the management and that he would encourage coverage of any scandal involving one of *POP TV*'s major advertisers.

Andrej Klemenc, the director of *Mladina* weekly, thinks that media companies cannot be run like other companies, because they have their own specific characteristics. “I do not interfere in the work of the editor-in-chief,” Klemenc said.<sup>33</sup>

However, the interviews revealed that management in general does not make any special effort to improve professionalism or professional standards, especially in the field of education. Miran Lesjak, editor-in-chief of *Dnevnik*, said that he had wanted to establish an internal journalistic school, “but there was no time for that”.<sup>34</sup> But *Dnevnik* does encourage the formal education of journalists who want to pursue postgraduate studies or language courses. In all of the selected media, journalistic skills are usually developed through informal educational processes, such as mentorship. The exception is *Delo*, which has an internal journalism school. It is predominantly for the young journalists at the paper, who receive lessons in writing, law, and practical examples. Senior *Delo* journalists give lectures in the school to their younger colleagues.

In general, unions are respected as dialogue partners, although they are not present in all media outlets selected for this research. This is the case at *Mladina*, *Finance*, *Infonet*, *POP TV* and *VTV*. In general, unions are strong in big media houses, such as *Delo*, *Dnevnik* and *Večer*. Some managers have argued that unions are not needed in their case as their media outlets are not large enough to require such an organisation and that communication is good when it comes to questions of labour rights. Leopold Oblak of *Infonet* said that he would not allow journalists to set up a union because in small companies unions “are dangerous”. If the rules are clear, unions in small companies are not needed, he says.<sup>35</sup>

Journalists have the right to turn down any job that contravenes their code of ethics or their convictions, under clause 24 of the Code of Ethics of Slovene journalists<sup>36</sup>. Clause 25

<sup>30</sup> Interview with Miran Lesjak, editor-in-chief of *Dnevnik*, Ljubljana, 11 July 2005.

<sup>31</sup> Interview with Marko Tišma, president of the management board of *Večer*, Maribor, 12 July 2005.

<sup>32</sup> Interview with Damjan Košec, editor of 24 hours, Ljubljana, 7 July 2005.

<sup>33</sup> Interview with Andrej Klemenc, director of *Mladina* Ljubljana, 1 July 2005.

<sup>34</sup> Interview with Miran Lesjak, editor-in-chief of *Dnevnik*, as cited.

<sup>35</sup> Interview with Leopold Oblak, president of the management board of *Infonet*, as cited.

<sup>36</sup> The code was adopted in October 2002 as a replacement of the old one in the assembly of Association of Slovenian Journalists, which has 1,500 members from all media. This clause is also part of the collective agreement

states that no one is allowed to alter or revise the content of a journalist's report or any other piece of work without his or her consent.

The editor-in-chief is the key person for communication between the editorial and advertising departments. He or she has the last word on where and in what context advertising should be placed. Most editors and managers agree that there is mutual understanding of the interdependence of the advertising and the editorial departments. They cannot live without each other: advertising brings income, but without good editorial content to attract audience, advertising sales would not be successful. Journalists are not asked in any way to sell advertising, all of the interviewees confirmed.

#### **Case study: *Mladina*, one influential outlet owned by journalists**

The political weekly *Mladina* has a unique situation on the Slovenian media landscape because it is the only influential national media outlet where employees have a significant role in the running of the company, because some of the journalists are also owners – employees and former employees own more than 50 percent of *Mladina*. In addition, individual shareholders can not have more than 15 percent of voting rights. That gives employees different perspectives on the functioning of the company and creates a “family” atmosphere, Jani Sever, editor-in-chief of *Mladina*, explains.<sup>37</sup> Relations with the management are more relaxed and informal also because *Mladina* is a smaller media organisation with 100 journalists (a lot of them work on a part-time basis and, 20 are employed full-time). Journalists play a significant role in the Supervisory Board – half its members are journalists.

### **VII. Individual rights and editorial freedom**

The mass media art states that the editor-in-chief is accountable for any information published in the media, including advertising. Editors of the selected media outlets say that there are pressures on journalists and mostly there is agreement that attempts to influence a journalist (i.e. telephone calls) should be directed to the editor-in-chief. “The editor-in-chief is responsible for telephone calls. If journalists are harassed, they are instructed to say that the complaint should be directed to the editor-in-chief,” Damjan Košec explained.<sup>38</sup>

Jani Sever of *Mladina* says that political pressure is mostly directed at journalists, not at editors. Journalists are in everyday contact with their sources, who want to influence their writing. “The pressures today are more refined and mostly directed at journalists,” Miran Lesjak of *Dnevnik* thinks.<sup>39</sup>

In the event of a law suit, the media company should offer a journalist a legal adviser and pay the damages if the case is lost.

Generally speaking, editors are in favour of hard news journalism and would like to encourage investigative reporting. In practice, they face two problems: lack of money to train the investigative team and the lack of staff – without a special team doing only investigative reporting, the journalists are occupied with their daily activities and lack time for in-depth reporting.

In-house training is mostly informal and is given by senior journalists. *Delo* is the exception because it has its own journalism school, as indicated above. The three main newspapers also have a system of recruitment of journalists during the summer when students come to work for the newspaper and in most cases they continue to work there afterwards.

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for the journalists.

<sup>37</sup> Interview with Jani Sever, editor-in-chief of *Mladina*, Ljubljana, 12 July 2005.

<sup>38</sup> Interview with Damjan Košec, editor of 24 hours, as cited.

<sup>39</sup> Interview with Miran Lesjak, editor-in-chief of *Dnevnik*, Ljubljana, as cited.

### **Case study: *Delo* sent its journalists before the Court of Honour**

*Delo* is preparing some changes to internal rules so that the legal protection of journalists will be explicitly provided for, the president of the managing board of *Delo* Tomaž Perovič says.<sup>40</sup> There is one exception to this policy of protecting its journalists: *Delo* would not pay the damages of a lost law suit if a journalist broke the Code of Ethics of Slovene journalists. In other words - damages would not be paid for a journalist convicted in the Court of Honour for an offence also brought to the regular court. *Delo* has a special fund for court cases.

## **VIII. Conclusions: Media – a profit-oriented business with a responsibility to the public**

The managers of the selected media agree that quality journalism is important. Media outlets must be also profit oriented, but managers do not see a discrepancy between that and the quality content of their media.

There are fears because tabloid content is more common in the media and attracts the highest circulation. Nevertheless, the interviewed managers do believe that good editorial content is valuable as it increases credibility and raises the reputation of a media outlet.

*Dnevnik*'s concept is based on the principle of dependence on quality news, Aleksander Bratina says.<sup>41</sup> "But we are trying to make the newspaper more popular through format and layout, with fewer articles," he adds.

Barbara Verdnik of *Primorske novice* agrees that a newspaper should follow the needs of the contemporary reader – who demands shorter and more understandable texts, which will also attract advertisers. But at the same time *Primorske novice* wants to remain a quality newspaper, without tabloid content.

Marijan Jurenc, general director of Pro Plus, thinks that in the long run quality journalism pays off, so the "accuracy and credibility" of news is very important.<sup>42</sup> This does not mean that television should not present its news attractively.

The president of the management board of *Delo*, Tomaž Perovič, thinks that its readers expect good analysis and commentary besides news.<sup>43</sup> With investigative journalism such content can distinguish *Delo* from its competitors.

The responsibility of private media to a public mission might be at risk following the drafting of the new law on Radio-Television Slovenia, by the new government, which has been criticised for bringing political influence to bear on *RTVS*. This can also affect the broader relationship between the government and media, as we saw in the case of *Delo*.

The opposition organised a referendum in this respect on 25 September. The government won by a slight majority and both sides claimed success. The opposition said that the government does not have a clear mandate to "occupy" *RTVS*, while coalition parties argued that *RTVS* can now finally be transformed into a public radio and television service.

The main issue in the public and political debate about the new law was the question of *RTVS*'s Managing Council whose members will be appointed by Parliamentary majority, even though every citizen can propose a candidate with the competence to do the job. Up to now, members of the council have been appointed by civil society institutions.

<sup>40</sup> Interview with Tomaž Perovič, president of the management board of *Delo*, as cited.

<sup>41</sup> Interview with Aleksander Bratina, research and development director of *Dnevnik*, as cited.

<sup>42</sup> Interview with Marijan Jurenc, general director of Pro Plus, Ljubljana, as cited.

<sup>43</sup> Interview with Tomaž Perovič, president of the management board of *Delo*, as cited.

## IX. Recommendations

The regulatory bodies in the media field should enforce the existing legislation; they should improve their cooperation with other public bodies such as the Ministry of Culture, media inspector, agency for post and electronic communication, competition office and broadcasting council, which should cooperate more in creating and implementing media policy. Eventually establishing one media regulator for the whole industry should be considered.

The supervising of media legislation, especially in the field of advertising quotas (and hidden advertising), ought to be improved; it can be done eventually by increasing the staff at the media inspectorate; in addition to better supervision additional efforts must be made by supervisory bodies to regularly publish their findings and thus raise public awareness, of how much media organisations respect the legislation. It can serve as a “pressure” tool to expand the media business culture.

More media outlets should adopt internal codes of conduct which regulate both professional ethics, autonomy and internal relations (such as relations between editorial and advertising departments). These codes of conduct of media outlets need to be made public, especially the rules on professional ethics and autonomy. In addition, media organisations should provide mechanisms for readers/viewers/listeners to complain and interact with them; solutions such as a readers’ editor, ombudsman or similar could be considered.

Mechanisms provided in the media legislation and in their media organisations’ internal documents which provide for journalists’ opportunity to give their opinion on appointments and dismissals of editors-in-chief should be kept and further developed. One option would be to regulate at least in internal documents the duty of the candidates for the editor-in-chief position to present his/her programme before the journalists and editorial board and answer their questions. Furthermore, internal acts should regulate the duty of the president of the media organisation to give the journalists and editorial board the reasons for the appointment or dismissal of the editor-in-chief and give them the opportunity to ask questions (such practice exists now in one of the daily newspapers without being regulated, and is proven as good practice).

Better regulations and an improved business culture should be established in the field of freelance journalism. A collective contract for professional journalists ought to include also detailed provisions which regulate the rights of freelance journalists; media and labour regulation and its implementation should provide better professional and social protection for freelance journalists, which would reduce the phenomenon of freelance journalists being forced into conduct against their will.

Further efforts to improve the status, professional and social rights of freelance journalists should be made by both the Association of Journalists and Trade Union of Journalists, and their work in this field should be more coordinated and integrated.

The existing system of state subsidies to the media industry should be further developed to provide better transparency, efficiency and evaluation of distributed funds. The new system of state subsidies to the media industry announced in the draft amendments to the media law – which establish a media fund – needs to provide very clear criteria and decision making procedures, including an independent decision-making body for the distribution of state funding to the media.

Further initiatives would be useful in establishing more professional business associations in the media field to further develop and promote a media business culture and ethics and

provide a representative voice in the formulation of media policy, expression of professional and business interests and promote a more coherent participation in public debate on media issues.

Training programmes and capacities for media professions should be more developed, especially for mid-career journalists and media managers. Such programmes and capacities should be developed both within individual media organisations and media training institutions on a regional and national level. Tutorship within the media organisations provided from senior to junior journalists should be developed on a formal level rather than informal as is the case now.



## Appendix: List of sources

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