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Recapitalising the Mass Media Industry in Nigeria: The Implication for National Development

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Abstract

The media in Nigeria operate in a very unfriendly economic clime that heightens the cost of production yet reducing the people's purchasing power. Most newspaper owners sustain the outfits by relying on personal resources and proceeds from sales and advertisement which often times were limited by a variety of factors. These usually leave many publications struggling for survival and in chronic situation premature death becomes inevitable. An industry that experiences such high mortality rate as Nigeria media is most unlikely to contribute to national development. This paper therefore theoretically identified the causes of high mortality rate; examined the challenges underfunding pose to media growth and ways of safeguarding the future of Nigerian media. The paper concluded by emphasising the fact that, if Nigeria media must continue to contribute to national development, their sustenance must be encouraged.

KEY WORDS: Recapitalisation, Mass Media, National Development

Introduction

Mass media, according to Igben (20006:46) are believed to be central to the over-all development of the society. This perception which has become accepted by different authorities of mass communication is derived from the age-long traditional roles of the media as agent of change. Without the media which, according to Okunna (2000:32),maintain constant flow of vital information for economic progress, national development is bound to be stagnated or at best be retarded. Owolabi (2008:287) also corroborated this position, adding that decisions are made on the basis of the quality of available information at ones disposal. To policy makers and entrepreneurs, information and knowledge are the basic ingredients they need to respond to opportunities and challenges in their economic domain. For example, the mass media, particularly radio can be used to propagate the government's poverty alleviation program at the grassroots level. A classic example was the Action Group led government in the old Western Region. The late Premier,ObafemiAwolowo initiated a number of poverty alleviation program such as free primary education, rural agricultural development program, basic health delivery scheme , Medium, small and micro investment projects. The Western Nigeria Broadcasting Corporation which he established in 1958 became the arrowhead of the media techniques used not only to propagate these programs but also to mobilise support for them. The unprecedented success that greeted these programs made Olorode, (1998:12) to wrap up everything and said there has not been any political leader in Nigeria, dead or alive, whose contributions to socio-economic and political development of the state has equalled Awolowo's.

Evolution and Development of the Mass Media in Nigeria

The Nigerian mass media have been described as a product of nationalist struggle (Oso, et al 2011:2). While this is believed to certain extent, Omu, (1978:6) on the other hand, opined that the missionary activities in West African coast, beginning from Freetown was actually the bedrock of media evolution in Nigeria. Tador (1996:40) however classifies the development of the Nigerian media into three phases as follows: The early press (1800-1920); Nationalist press (1929-1960); and contemporary press (1960-till date).In the opinion of Ogunsiji (1989), the history of the Nigerian media can be classified into four eras. These are the era of Missionary journalism (1846-1863), the era of alien-dominated press (1863-1914), the emergence of indigenous press (1914-1960) and the new era (1960-till date.

The concern is not as much with the classification as it is with identifying the significant landmark, the implications to the media history as well as the different personalities whose contributions, good or bad have shaped the future of the press in Nigeria. A deeper look at what happened towards the latter part of the 19th century reveals that the missionaries actually played significant roles in the evolution of the media, particularly in Nigeria.

The way for the emergence of newspapers in Nigeria was paved by an Anglican Missionary, Rev. Henry Townsend who established the first newspaper***, Iwe Irohin***in 1859 at Abeokuta. His motives were a combination of religion, education, economic, social and cultural with a view to penetrate and influence the Yoruba speaking community of Nigeria with Christian religion. Other factors that later contributed to the evolution and growth of the press in Nigeria include the increased literacy level and the later consciousness of some African intellectuals whose awakened interests in social, political and economic matters fuelled a renewed zeal to contribute to national discourse through the mass media (Sobowale,1985:30).

The post-world war era between 1940 and 1960 was particularly significant in the history of the Nigerian press. Apart from the greater popularisation of newspaper industry, as well as the take-off of stronger and more vibrant media with increased nationalists' consciousness, the period also signified the advent of broadcast media in Nigeria. Specifically, by 1957, the Nigerian Broadcasting Corporation was initially established to serve the interest of the British Colonial government. However, its monopoly was broken in 1959 when the Western Nigeria Broadcasting Corporation commenced its commercial television and radio broadcasts in Ibadan (Akinfeleye, 2011:56).The other two regions, North and South East also followed by establishing their broadcast media in the early 1960s. With the creation of 12 states out of the three post-independent regions, licences were issued to the new states to establish radio and television stations. The government monopoly of broadcasting was however, broken in 1992 when the National Broadcasting Commission was established under the military administration of Gen. Ibrahim Babangida. Licences were issued to private individuals to own and run broadcast media.

The Nigerian press is 55years older than the amalgamated Nigeria (1914) and it is 101years older than the independent Nigeria (1960). It has been there at every milestone in Nigeria's march towards independence; during the post-independent era, especially at the critical time of unification and sustenance of the nation during and after the civil war, (July1967- January, 1970); and during the different transitional periods from military rule to civilian (1966-1999) (Akinfeleye 2011:10).

Over the years, the media industry has witnessed tremendous progress in terms of expansion, coverage, technology, personnel and managerial capability. According to Ukonu(2006), the electronic press era is witnessing breath-taking improvements in the mode of message gathering, storage, retrieval, packaging and dissemination. The print media are also circulating at electronic speed through the satellite and computer-aided technologies thus making the entire world a global village. The usual pattern of small scale sole proprietorship where the editor alone determines the outlook and editorial focus of the paper has given way for partnership in the running and management of the media (Azegbeni 2006:41). It is also worthy of note the spread of media houses due to improved literacy level, political awareness and perceived economic advantage of the media business which gave birth to more outfits across the six geo-political zones of Nigeria. Nigeria presently has a total number of 152 radio stations, 116television stations, 40cable stations, 143newspapers and 25magazines (Wogu 2006:6; Odeh2007:8).

Tracing back the history of printing and printing technology and especially, the pioneer newspapers in various parts of the world, one can equivocally say that the mass media have come of age. However, the survey of the mass media in general and the prints in particular revealed that what the media have accomplished politically bore no relationship with their present precarious economic status. The present economic state of the traditional media industry in the world is appalling. According to Usher, (2010) the new media news environment and harsh economic realities are predicting grim future of the industry. The State of the News Media (2009) reports indicates the consistent drop in newspaper circulation as a result of year 2008 economic meltdown that affected most developed economy of the world. Available statistics from the United States shows that over 15,000 jobs have been erased out of 56,000 employed in 2008 (Paper Cuts, 2009; The State of the News Media, 2009). The *Detroit Free Press* and *New York Times*, two foremost news media in the USA have been badly affected by the harsh economic reality of the time to the point of limiting home delivery service to thrice a week, and closing down some of their key subsidiaries respectively (Lendon, 2008; Pena, 2009; Sanders-Ware, 2009).

In the Europe, the situation is not any better. In France, the situation is so bad that the government of Nicholas Sarkozy decided to channel financial aids to some affected newspapers (Chrisafis, 2009). Also, there is no dissimilarity in the United Kingdom where many newspapers including the *Guardian* were reported to have lost about 5 percent of their circulation and *The Times*, 1.57 percent drop within one year (World press Trend, 2008).

Looking at the general outlook of newspapers industry in the United States and Europe is all one needs to have an understanding of what the picture will look like in other parts of the world. In Africa and in particular Nigeria, the harsh reality of economic meltdown has changed the outlook of the media industry dramatically sign posting high debt profile, downsizing, retrenchment, drop in circulation and extreme cases, closing operations.

The Challenge of Underfunding in Nigerian Mediaindustry

The early Nigerian newspapers and their modern successors have been operating under severe economic limitations most vividly illustrated by high mortality rate. In spite of the unhealthy circumstance under which they operate, the modern media parade an array of sophisticated information and telecommunication technologies that facilitate quick information gathering, processing and dissemination. Therefore, to establish and run a medium sized press today is a capital project which requires staggering sum.

According to Okoro, (2006:7) the latest equipment in newspaper technology include colour print rotary machine for printing newspaper, colour print Heidelberg machine for printing magazines, McCain automatic saddle stitchers for trimming, counting, binding and wrapping of copies. Other equipment required for pre-press section include the traditional and modern vertical camera, film processors, plate makers, colour separation equipment, optrionics colour setter, scanner, photocopier, colour printers and a network of computers that are configured into Local Area Network (LAN) ,comp graphic equipment and computerised guillotines, among others. Nigeria is a place where you cannot run a business by depending solely on public electricity supplies. One needs two 500KVA standby generators and borehole. This is apart from office accommodations and delivery vehicles.

To put in place all these, only a few people can unilaterally raise the required fund. This is where recapitalisation comes in. There are various ways to it. Would-be investor may approach bank, turn to capital market, buying into existing press or seek joint venture with other interested investors. In view of the volatility of the banking industry in Nigeria, the bank option is the least to be considered. This is because banks are not always willing to advance credit to a business such as the media that takes long period of sound management to breakeven and most importantly, with risks attached. Banks would rather stay away from such risk. The most feasible option as far as Nigeria is concerned is the capital market.

The pertinent question is how will the media survive under such condition and still be socially responsible to the public. While answering this question, Robert Estabrook cited by Hulteng, (1979:2) says “to get a chance to perform whatever functions they want to perform in the society, mass media enterprises must first establish itself as viable ventures, able to stay afloat economically. They must somehow generate from various sources sufficient income so that the publishers, station managers and reporters can do their work, whatever it may be.”Omu (1976:16) also observed that for media industry to carry out its expected roles of informing, educating, entertaining, surveillance and contributing to the general socio-economic development of a nation, it must first build strong resistance to economic adversity.

Giving the above backgrounds therefore, this paper attempts to achieve the following objectives:

- Identifying various instances of premature closure of media outfits and the cause
- Evaluating the effects of mortality rate on stakeholders and national development;
- Identifying the way out of the problem.

Conceptual Clarifications

Recapitalisation: According to the Central Bank annual report (2006: 19), recapitalisation is the changing of the capital structure of a company to make it financially viable. This may involve injecting fund into an organisation's financial system through issuance of new security, merger and acquisition of two related ones to form bigger partnership. The CBN evolved this policy between 2004 when the then 89 banks operating in Nigeria were plagued by low capital base and were becoming a threat to the economy. Each bank was to shore-up its capital base to N25billion. When the exercise was concluded on December 31, 2005 only 25banks emerged out of 89 that existed before the exercise. The success of this policy did not go unnoticed nationally and internationally as evidenced by the improved rating of Nigerian banks. For example, 20 of the 25 banks were in the top 100 banks in Africa while 17 0f the 25 were in the top 1000 in the world. The new rating of the banks led to the application of this reform policy in the Insurance and micro-finance sub-sectors of the economy.

Recapitalisation of companies through the stock market has been internationally recognised as very efficient and most viable instrument to shore-up an organisational capital base. Early in 2011, the Central Bank of Greek also adopted the policy when the Athens General Economic Index shed more than 50percent in four months to hit an all-time low. Since January 2012, about a year after the exercise, the Greek Banks capital base has soared by almost 35% while that of Coca Cola Bottling Company also rose by 12% (Reuter, February 20).

In Ghana, 36 banks out of the country's 50 licensed banks have completed their recapitalisation exercise through the stock market. As at the close of transactions in December 2011, the outcome has been highly applauded by the nation's Central Bank Governor as the affected banks almost quadrupled their capital base from GH445.8million Cedes to GH1.65billion within 3years.

The Media Works (NZ) Limited, a New Zealand Television broadcast group is another organisation that once had serious financial crises. In 1990 the company was placed on receivership and in 1991, it was delisted. In 2004, a Canadian broadcast group through the capital market, acquired 100% shares of the radio and television business, changed its name to Can West Media Work (NZ) Plc and later sold 30% of its interest to the public. The same experience was replicated in the case of PBL Media, an Australia media group that owns stakes in nine broadcast networks and ACP Magazines. The organisation bailed itself out of financial crises through the stock market. These media outfits have been able to source sufficient cash flow to trade through the adverse economic situation and placed them in vantage positions to withstand recession without compromising their social responsibilities to the society. Besides, the death of the original founder could no longer bring an end to the business because they have become publicly quoted.

Going by the outcome of the recapitalisation processes identified above, recapitalisation can lead to the stabilisation of an organisation resulting from larger capital base, increase in the number of shareholders, stimulating employment generation, job security and staff commitment to duties, financial capacity to meet the demands of new business and general contributions to the economic growth and social development of the affected nation.

National Development: The concept of development has been described with indices like Gross Domestic Product (GDP) and Per-Capital Income. This assumption has been faulted on ground of simplicity (Habte1983; Hamelink 1983; Mabogunje 2006). The underlying point here is that national and economic growth does not often translate to the well-being of the citizens. Against this background, Onimode (2005:13) cited by Salawu (2006:5) viewed development as:

> *"Human Development Index as popularised by the UNDP, its Sustainable Human Development (SHI); people-centred development through people's empowerment; popular participation and putting the people first, bottom-up development from the grassroots and environmental accounting".*

This paper however, sees national development as economic situation where the basic necessities of life such as food, housing, education, good income and health care are met at affordable cost and where the society is worth living.

Theoretical Framework

This paper will be housed under the normative press theories enunciated by Sierbert et al (1963) and McQuail (1987). However, since the objective of this paper is to examine what role a financially independent media could play in national development, emphasis will be placed on Social responsibility and development theories. Basically, these theories assume that a free media must be socially responsible by participating actively in development activities of the state.

Methodology and Design of Study

To generate data for the study, publications (Official bulletins, house journals, newsletters, annual reports and brochures) of four non- governmental organisations were purposively selected for content analysis because of their track records of media coverage of events in the media industry since 1960. They include:

1. Journalism for Democratic Right
2. Media Right Agenda
3. International Journalism Centre
4. International Press Centre

Findings

A total of 51 newspapers were established between 1880 and 1937, a period of 57years. This consisted of 11dailies, 33weeklies, 3forthnightlies and 4monthlies. Except 15provincial weeklies, all these newspapers were established in Lagos. Of all the 51 newspapers, only one (1), **Daily Times** survives till date, all others, except **West African Pilot** and the **Daily Service** that survived till early 1960s were rested.

Also, between 1937 and 1960, a period of 23years, 39 newspapers were established, only **Tribune** (1.5%) survives till today. Others were defunct

Between 1960 and 2008, a period of 38 years, 168newspapers and 48magazines were established. Only 43 newspapers (28.5%) and 15magazines (31%) are still operating.

Out of the existing 43newspapers and 15magazines only 13 (30%) and 4 (26.6%) respectively could be regarded as having national outlook. Others are just circulating on regional or state basis. Out of the 13 newspapers and four magazines with national outlook, only 6 (46%) and 2 (20%) are self-sustaining, others are struggling to stay afloat.

Going by the above statistics, it is an incontestable fact that the media industry in Nigeria is being plagued by high mortality rate as most of the defunct newspapers and magazines died between ages two and nine.

Discussion

Findings revealed that the life span of most newspapers is between two and nine years, indicating there is high mortality rate in the industry. Besides, that only 6newspapers and

3magazines are classified as viable and self-sustaining in a nation of about 150 million people and with 56percent literacy rate is not good for development. The reasons advanced for this include underfunding, ownership pattern and control, unfavourable economic condition, government interference, high cost of production materials (Azegbeni (2006:10).

It has been observed that when a medium becomes defunct, not only will it rub the public their rights to information and idea, but may also run the owner into serious indebtedness especially, if he took loan from the bank, he stands the risk of forfeiting whatever is used to secure the loan. Apart from loss of investment on the part of the owners, there are always human casualties resulting from any failed media. For example, an estimated 5000 jobs resulted from the defunct of 43 titles between 1987 and 2000. Concord Group of Newspapers alone accounted for about 2000(Media Right Monitor 2004:4).

According to Owolabi (2008:72), an unstable media constitute a serious threat not only to journalists whose wages will not be paid, but also to national growth and development because it will neither be able to stand on the side of objectivity nor defend the truth. The sacred watchdog role, for which the media is highly respected, can easily be compromised.

To save the media industry from collapsing, financial experts have identified recapitalisation as a way out of underfunding. The media can raise fund from the bank or turn to the capital market to raise fund from prospective investors. Granting loan to media project is not popular in Nigeria as most Banks consider it as a risky business. As such, the second option is most feasible.

The Federal government in 1992 rescued Daily Times of Nigeria when it became distressed. It ceded out 40% of its shareholding in the conglomerate to the public through the stock market and injected the fund realised into it. The African Newspaper Limited (ANL), publisher of Tribune titles, the oldest privately owned newspaper in Nigeria also toed the same line in 1998 to salvage the publication. The success story of ANL perhaps, was all that Daar Communication, the owner of African Independent Television and Radio needs to shore-up the company's capital base through stock market. Since then, the fortunes of those media are now looking up.

Other means have also been identified whereby beleaguered industry like the media could be funded. For example, two or three media houses with similar editorial focus and management culture can merge to form a bigger and more viable group. A medium-sized press can also acquire smaller ones while foreign technical partners can also be sought.

Recommendations

- The Nigerian Guild of Editors, Newspaper Proprietors Associations of Nigeria and the Nigerian Union of Journalists must urgently make a move to raise the standard for would- be investors in the media business as well as those who are already in it.
- The government must provide an enabling environment for businesses including media to thrive. For example, the problem of moribund infrastructural facilities especially electricity, road and rail network and telecommunication must be urgently addressed.
- The government must relax it policies on multiple taxation for the media industry while it also exempts them from paying import duties on production equipment, spare parts and raw materials.

Conclusion: The media profession in Nigeria as in most other nations has lost most of its dedicated and talented hands to other professions such as Public relation, Advertising and Marketing Communication. The reason for this can be explained within the context of job insecurity and unattractive welfare package due to economic problem. This reason is also responsible for why most newspapers have remained state papers for long or at best regional medium .This is not a good credential for an institution expected to contribute to national development.

If the mass media will live up to its traditional responsibility as agent of change and development, it must be able to recruit and retain seasoned professionals who will be able to dig beyond the surface to ferret out the secret deals among the political and business class, set developmental agenda for the government, reconstruct the mind of the people against deep seated anti-development culture and mobilise them to participate in the development process of their communities.

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