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Power and culture in media internationalization:
the unusual case of a minority media conglomerate

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Abstract

Similar to the general trend, Spain and its minority nation, Catalonia, increasingly rely on indigenous acquisition as a growth strategy for the internationalization of its communication industries (de Moragas, Garitaonandia, & Lopez, 1999; de Mateo, 2000; Folch-Serra, & Nogue-Font, 2001). Due to the affect of media on cultures (Schramm, 1964; Rogers, 1988), media internationalization and convergence often result in direct influence on national cultures. Through content creation and distribution, large media conglomerates tend to transform local cultural traditions as consumers tend to mimic transmitted media content (Boyd-Barrett, 2003). The case might be somewhat different in minority-owned media companies.This leads to the main question of this research: does a minority-owned host firm interfere with the culture of its foreign audience through the content creation and distribution of its subsidies?

This interdisciplinary critical case study chose to explore the aspect of globalization in the FDI practices of Grupo Planeta, a Catalan minority media conglomerate. As both functionalist (e.g. Hofstede, 1981) and interpretivist (Bormann, 1983; Glaser, Zamanou, & Hacker 1987; Keyton, 2005) researchers agree that organizational structure and culture are strongly influenced by the owner's identity and tied to their values, norms, and ethics. Thus, this research concentrates on the effect of the multicultural identity of Grupo Planeta's owner, Lara, on the FDI and post-merger practices of his organization. While trying to reveal emerging forms of power and culture aspects of globalization, the overarching goal for this research is the advancement of equity and justice in media communication practices globally.

Key Words

FDI; International mergers and acquisitions; Managerial decision-making and identity; Identity and culture; global media convergence; Minority media; Catalan Mediascape; Globalization; Cross-cultural communication; Culture and power; Globalization dialectics; Critical theories; International communication; Catalonia;

Introduction

In the past decades, media observers witnessed (Chan-Olmsted, 2006) the internationalization and convergence of media industries. Based on global expansion, commercial media compete in enlarged and highly competitive world markets. Chan-Olmstead (2006) points out three new trends in the emerging global media landscape: convergence, consolidation of ownership, and conglomerates. In particular, mergers and acquisitions are widely adopted strategies that lead to global communication conglomerates.

In general, the growth process of media firms is also tied to economies of scale. With the fall of cost per unit, companies can reduce the price of content creation and distribution, thus, gain in market share. Particularly, communication companies can use multiple platforms and various mediated communication forms in their content creation and distribution (Dennis, 2003). While relying on convergence, content distribution is directly tied to the national culture of ownership. As business strategies are mostly based on market power position, the national or local culture of consumers becomes nearly irrelevant for companies, unless the recognition of such cultural differences would benefit to their profit-making process. As a result, one of the most salient aspects of this globalizing mediascape is its effect on national sovereignty.

As Boyd-Barrett states, global media should be understood as "predominantly national media that had achieved significant penetration of world markets" (2006b, p. 34). As such, large media corporations promote globally induced but culture specific content (Boyd-Barrett, 2006a). This process of cultural change is defined by globally uneven power differences. Research finds (Boyd-Barrett, 1977, 2003; 2006a, 2006b; Chan, 2004; McPhail, 1987, 2002) that large media conglomerates tend to disseminate images and elements of their national culture and value system through their programming, which can alter recipient cultures.

According to Chan, "the global is always becoming" as cultural globalization is "not a completed process…Given the uneven resistance of the local, however, cultural globalization does not take place at a uniform speed. The global is thus embodied in the commonality of cultures on the one hand and in the diversity of hybridized cultures on the other." (Chan, 2004, p. 24)

In this process – "negation of the negation" (Hegel, 1812) –, the tension between tradition and new elements result in change of culture. Thus, media globalization should be conceptualized dialectically (Folch-Serra, & Nogue-Font, 2001). This dialectic process of cultural change is defined by uneven power forces worldwide. Along with the growth of international media, the local media content becomes heavily contested in the process of media convergence. As a result, communities

and countries are becoming homogenized by sophisticated techniques of cultural imperialism (Boyd-Barrett, 1977; Galtung, 1979; Link, 1984; Mohammadi, 1995; Hamelink, 1983; McPhail, 1987; Sui-Nam Lee, 1988; Mattleart, 1994) supported by forms of technological advancement. With such processes, the internationalization of the media industry raises serious concerns about strengthening media imperialism (Boyd-Barrett, 1977) that is tied to the culture influence of dominant nations over other societies and cultures.

This paper argues that local cultures can gain space not only in the nation states of the Third World but also within the minority or ethnic communities of developed nations. I contend that through alternative forms of growth strategy, the context of ownership-specific convergence of media companies becomes highly relevant in content creation and promotion. The unintended contra-flow by minority-owned commercial media companies can result in new ways of profit maximization that are less harmful to local cultures (Szalvai, 2008, 2009b). The progress of a European minority media, the Catalan mass media communication, offers an interesting example of minority participation in the global arena.

After reviewing the theoretical background of media convergence, and put in context the Catalan mediascape I will describe the qualitative methodology approach applied in this case study. Then, I will proceed with my interpretation of the internationalization of Grupo Planeta [Planeta Group]. In order to give cultural context to my interpretation, I will give a short overview of the branches and activities of Grupo Planeta. The identity-based characteristics of Catalan entrepreneurship will be further examined through the organizational model of Grupo Planeta, followed by its international competitive strategies in mergers and acquisitions. I will conclude my paper with the summary of my project indicating areas for future research such as comparison to my newly suggested dimensions of "interlocalization" method (Szalvai, 2008).

1. Convergence, diversification and media ownership

The new trends in the media landscape, described by Chan-Olmstead (2006), include convergence, consolidation of ownership, and conglomerates. Convergence is understood as the merger of three distinct industries such as media, telecommunications and information technology (Chan-Olmstead, 2006). Consolidation of ownership results in market concentration and market expansion through economies of scale and scope. It also acts as a catalyst for globalization. The resulting media conglomerates diversify media services with increasing market share and power. To achieve and maintain higher market share, media conglomerates can choose among different growth strategies.

In order to create and sustain competitive advantages (Chan-Olmsted, 2006), growth strategy of this media expansion is often based on Porter's (1980) strategy typology of Cost, Differentiation, and Focus. While trying to maximize the value and minimize the cost, private media expansion often happens through diversification and convergence (Chan-Olmsted, 2006). According to Dennis, convergence is "the distribution of the same content across different channels" (2003, p. 458). The most common way to media growth is through three facets of convergence: 1. the integration of different communication and telecommunication technologies; 2. mergers and acquisitions of media companies; 3. convergence through content distribution.

Wirth claims that media convergence, influenced by merger and acquisition strategies –including "forced" marriages – transforms media and telecom industries from vertical businesses to horizontal segments (2005, p. 451). This research focuses on the relationship between convergence and media structure with focus on cross-media ownership. Examining Grupo Planeta, I explored the horizontal and vertical integrations with a focus on the impact of convergence on culture and power relations.

2. The Catalan Nation and Its Media industry

Western Europe is deeply involved in globalizing the reach of its telecommunications (McPhail, 2002; Chan, 2004; Ha, & Ganahl III, 2006; Khiabany, 2006). Among other countries, Spain is engaged in the socio-economic process of active internationalization. Relying on language and culture commonality, the slowly unfolding Spanish globalization is strongly tied to Central and South-America. One of the Spanish autonomic communities, Catalonia, is the most active participant in this economic and media globalization (Folch-Serra, & Nogue-Font, **2001)**. The rise and increasing influence of Catalan media suggest that local ethnic communities might play a more relevant role in media globalization than that portrayed in current scholarly research.

Spain is a multicultural society. Since 1979, the second article of the Spanish Constitution recognizes and guarantees the right of autonomy to the nationalities and regions that form Spain. Since 1983, the autonomic and local governments represent this Spanish culture variety: all the territory under Spanish sovereignty (except Ceuta and Melilla) is organized into 17 autonomous communities (Barton, 2004). On December 18 1979, King Juan Carlos I approved, as an Act of Parliament, the Statute of Autonomy of Catalonia (Generalitat de Catalunya, 2006). This law established a framework for political and economic decentralization characterized by flexibility, heterogeneity, and progressiveness (Lopez, Risquete, & Castello, 1999).

Today, Catalonia is highly industrialized with the highest GDP per capita within the Spanish economy—contributing to it by more than 22 percent (Generalitat de Catalunya, 2006). Moreover, "there has been a substantial growth in the number of Catalan manufacturing enterprises that have established production subsidiaries abroad" over the last couple of decades (Alvarez, 2003). Hence, the Catalan became one of the leading community in the Spanish globalization.

The Catalan media growth is parallel to the Spanish globalization process. Catalan culture preservation became an important focal point of such media development (Balcells, & Walker, 1996; Crusafon, 2000; Folch-Serra, & Nogue-Font, **2001**). This media growth is seen not only within Catalan public media, but also within Catalan commercial media convergence. Studying these emerging Catalan media conglomerates gives insight into the ways Catalan media growth affects local communication and minority/ethnic culture identities in the international arena.

The development of this ethnic minority-based commercial media indicates that social responsibility toward local cultures might create a significant return on investment for media firms. Through decades of power struggle with the dominant Spanish leadership, these communication companies have obtained a unique perspective on the creation and operation of successful local media. Therefore, the Catalan media convergence and internationalization also indicate several new emerging factors in the understanding of globalization dialectics.

The advancement of Catalan media conglomerates offers a case study on the process through which minority commercial media companies become internationalized and on the way to globalization. It facilitates an understanding on how new forms of globalization emerge through the international growth of ethnic-based media conglomerates. The research also indicates that grass-roots media (Rodriguez, 2001) can achieve both a commercial and public role.

3. Critical Analysis as Methodology for Investigating a Media Conglomerate

This study is an in-depth critical case study on a leading Catalan media conglomerate, Grupo Planeta. Thus, the unit of analysis is tied to a bilingual (Catalan/Castilian) minority community. As this research is related to social transformation, I chose an inductive approach to inquiry (Lindloff, 1995) and used the method of critical analysis relying on Geertz's notion of thick description (Geertz, 1973) in an attempt to break down the subject-object duality within culture and inquiry.

This paper analyzes the growth process of a large Catalan media group, Grupo Planeta, through the change in ownership (consolidations and acquisitions) that resulted in both technical and structural convergence. This critical case study

was guided by general questions that include the following. Due to power differences, can globalization result in differential advantage and disadvantage for the involved cultures. In what ways does the multicultural identity of the owner influence organizational culture and growth strategy in media globalization? Based on competitive advantage and profit maximization, can we observe any evidence for a differentiation in the internationalization process of Grupo Planeta?

The findings are originated from two major sources: secondary data analysis and quasi-ethnographical interviews. As secondary data, I largely relied on internal company sources such as the writings of Jose Manuel Lara Bosch, the President of Grupo Planeta, or digital information (company websites and publications), and external sources such as news coverage on the Catalan mediascape and of Grupo Planeta (mostly *La Vanguardia Digital* and *El Pais*, digital version), Web-sites of the Generalitat [Catalan Government], La Oficina de Estadisticas [Office of Statistics] in Spain, and media research publications in English, Spanish and Catalan.

On the other hand, I conducted interviews with several media and telecommunication experts located in Barcelona. As my research subject is a large conglomerate, I decided to interview not only executives from Grupo Planeta, but also outsider media professionals and expertsin order to increase data reliability. They provided me with valuable information on the perception of the company and information of the Catalan identity and media. My interview subjects were: *Executives A, B, C,* employed by Grupo Planeta (due to confidentiality, their identities must remain undisclosed); Dr. Pere *Masip* (Catalan), communication professor at the Universitat Ramon Llull, Barcelona; Jesus *Conte* (Catalan), journalist, Director of ConteBCN Comunica, and former Communication Director of Jordi Pujol, President of the Generalitat of Catalonia; and Peter *Simmons* (Dutch nationality), a telecommunication professional with executive experience in both multinational and Catalan telecommunication companies. I also used background information on Catalan identity and Catalan mediascape obtained from participants in different conferences (e.g. from the 6th Annual Conference on Catalan Entrepreneurship in Perelada, Spain: Anton Castells, Minister of Economics, Generalitat of Catalonia, and Mariano Fernandez Enquita, Professor at IESE in Barcelona), and meetings with professionals through my Catalan business network. My findings are described in the following chapters.

4. Family ownership and Convergence: the Catalan Media Development and Grupo Planeta

During the forty years of Franco's dictatorship (1936-1975) the Spanish media landscape was highly concentrated and controlled by the Franco regime (de Mateo, 2000). After Franco's death in 1975, the Spanish communication industry went

through major transformations. This major political change –from dictatorship to a democratic monarchy – provided the green light to deregulation and decentralization during the late 1970s-80s. The sharing of economics and languages with political border after the entrance to the European Union in 1986, different cultural communities resulted in the "proliferation, superimposition and hybridization of communication spaces (de Moragas, Garitaonandia, & Lopez, 1999, p. 4). In 2008, people could read books or newspapers in Catalan, Galician, or Basque language (de Mateo, 2000). On the other hand, the growing media groups (e.g., Grupo PRISA, Telefonica, Vocento, Grupo Planeta) started to account for a larger share not only in the Spanish but also in the South-American media industry and market.

Unlike in the Madrid province, a greater percentage of communication compa-nies are family-owned in Catalonia (Alvarez, 2003). Through multi-firm consolida-tions and single-firm acquisitions, larger holding claim the control of the Catalan and Spanish market. The Catalan media convergence follows the general patterns of the evolution of mergers and acquisitions of other Catalan industries, starting with the intermarriage and/or purchase of competing family-owned companies. Nowadays, we can also observe a tendency to form modest conglomerates.

Grupo Planeta is one of the largest Spanish media conglomerates originated from Catalonia. It has over fifty years of media experience emerging from Editorial Planeta, a book publishing company from Barcelona. Jose Manuel Lara Fernandez founded Editorial Planeta in 1952 (Grupo Planeta, 2007). Today, it is the seventh largest editorial group in the world with over 12.000 direct employees, and one of the top Spanish content production companies. With revenues of over $3.2 billion in 2008, Grupo Planeta is ranked number 7 (competing for the 6th position with Hachette Livre) in the global publishing industry (Cassacus, 06.05.2008). Apart from publishing in Catalan, it is the largest Spanish language publishinghouse in Spain, Portugal, Latin America (Argentina, Chile, Uruguay, Colombia, Venezuela, Ecuador, México), and in the U.S. Hispanic market, counting on over 20 publishing companies worldwide (Grupo Planeta, 2007).

By 2008, the Planeta Group was not only present in print content creation and distribution, but it had become one of the Spanish leaders in the production and distribution of audiovisual content (filmmaking, documentaries, and children programs) under the brand name "DePlaneta" (Grupo Planeta, 2008). Through vertical integration with content producers and distributors of different media forms, they gained worldwide attention in the Spanish speaking market. In recent years Grupo Planeta formed a joint venture, Planeta Junior, with the Munich-based cartoon giant EM.TV AG, to produce and distribute content based on a multi-channel concept (Grupo Planeta, 2008).

Soon after the new regulation, Grupo Planeta became one of the leading shareholders in the Antena 3 Group, that includes Antena 3 TV, one of the two leading free-to-air private television networks in Spain – on the Spanish stock market, since October 2003 – , and Onda Cero, the second highest rating Spanish radio station (Grupo Planeta, 2008). Furthermore, Grupo Planeta maintained its interest in the local Catalan market: they own several local radio stations with larger audience such as Rac 1 or Cadena Ser that broadcast in Catalan. They also assumed the ownership of Catalan TV stations such as 8tw in Barcelona that exclusively uses Catalan language. Their effort in using Catalan language within Catalonia and Castilian language with local specificities (e.g. dialect) in Spanish territories proves that the cultural and linguistic dimension gain relevance in the global scene. In a context where homogenization occurs, it produces the parallel phenomena of national cultural revitalization. It is the audiovisual media that holds a key role as cultural vehicle and manifestation (Crusafon, December 2000).

Moreover, the Group diversifies its business outside of the media industry with its newest investment in the airlines industry, the acquisition of Vueling Airlines that offers cheap flights throughout Europe (Grupo Planeta, 2008). With the merger, Vueling became the first Catalan-owned airline. This conglomerate merger opened a new pass to the Group in its internationalization process.

As mentioned earlier, globalization can ultimately lead to homogenization of cultures through the domination of a particular national culture represented by global media (Boyd-Barrett, 2006b). Relying on vertical communication, the dynamics of local-global discourse can change. I contend that recognizing the cultural variety represented by its subsidies has lead Grupo Planeta to the use of horizontal globalization. In the following section I analyze the role of intercepting identities of the Catalan minority in the organizational culture of the Group.

5. Horizontal Globalization Based on Intercepting Identities of a Minority Nation

In family-owned companies, organizational culture is significantly shaped by the cultural identity of its owners (Fukanawa, 1997; Paul, 2000). Paul defines the corporate mindset as "how the company sees the world and how this affects its action" (2000, p.188). Furthermore, an "organizational mindset can simply be defined as the aggregate mindset of all its members" weighted by the position they occupy within management (Paul, 2000, p. 198). Consequently, the identity perception and evolution of the president or CEO (chief executive officer) is strongly tied to the company's culture.

Culture is a context that is "formed by an interworked systems of constructable signs" (Geertz, 1973, p.10). It is both the "ideology of a society and the actual, concrete practices that occur in that society" (Wood, 1997, p. 375). Spain is a multicultural society that consists of several minorities and ethnic groups. Moreover, ethnicity and ethnic identity are tied to the underlying power system (Werbner & Modood, 1997)**.**

Identity involves recognition, categorization, self-identification, and dimension relating to associated behaviors, values and traditions (Phinney, 1992). Identity is not other than the shaped meaning of social membership and it emerges from the dialectics between individual and society (Berger & Luckmann, 1966, p. 174). In particular, Stuart Hall's critical work on ethnic identity (1980) is based on dual social power hierarchy, both from class and culture standpoint. Ethnic identities often result in the relation of hybrid identity, while minority nations tend to preserve their national – although "stateless" – identity (Althusser, 1969). Companies owned by members of social minorities such as the Catalan nation, tend to be bound to minority cultures and identities.

The founder of Grupo Planeta, Jose Manuel Lara Hernandez (1914-2003), was an Andaluz immigrant in Barcelona. His son, José Manuel Lara Bosch (Lara), the current President and CEO of the company, was born in Catalonia. His cultural heritage was influenced by his Andaluz father (Lara) and his Catalan mother (Bosch). Thus, his identity is influenced by various ethnic and national cultures. In fact, Grupo Planeta changed its culture profile when J. M. Lara Bosch took the presidency. With Lara Bosch as President and CEO, the Catalan aspects of the company got reinforced through participation in several Catalan communication companies that use Catalan language exclusively, such as Group 62 – including Columna Ediciones – in publishing, *Avui* in press, the Catalan producer, MediaPro, or radio channels Rac1, Cadena Ser (Grupo Planeta, 2008).

In Catalonia, both individuals and companies show layers of *Catalan, Spanish, and European identity.* This quite typical phrase came from a Catalan executive, Mr. J. Argelaguet (personal communication, 2002): "I am Catalan by birth, European by convictions, and Spanish by law." It clearly describes how the majority of Catalans recognize the multiplicity of their cultural ties. These layers of cultural identities directly relate to Heidegger's concept of multiple identities. In his hermeneutic phenomenology, Heidegger described that identities are multiple facets of a universal self expressed through symbolic interactions (Heidegger, 1962).

Based on his heritage, Jose Manuel Lara Bosch carries multiple national identity layers. While his father was a follower of Franco and the Castilian majority power, J.M. Lara Bosch has Catalan identity: he speaks fluent Catalan, and he is actively

involved in the Catalan social life (Executive A, personal communication, July 19. 2007). In particular Lara successfully relies on such advantages while negotiating his way and his company growth in the complexity of the Spanish social reality. The multiplicity of Lara's identities becomes a fundamental issue in the creation of company culture in Catalonia (Executive A, personal communication, July 19. 2007). Due to this bourgeois past and the dominating family ownership, Catalan entrepreneurs hold distinct characteristics compared to Spanish entrepreneurs. Representing majority power, Spanish entrepreneurs belong to an ideology through political affiliation and party (J. Conte, personal communication, July 03, 2007). On the other hand, minority Catalans are first of all *nationalist* and therefore belong to a particular ideology (P. Masip, personal communication, July 02, 1007)*.* Just as Anton Castells, the Catalan Minister of Economics, reassured (exposé during the 6th Annual Conference on Catalan Entrepreneurship, July 2007) that the Catalan Government has a firm attitude in negotiating Catalonia's role in Spain, his references were mostly lacking political or ideological affiliation. Catalan risk diversification does not carry ideological ties to political parties for a Catalan entrepreneur (J. Conte, personal communication, July 03, 2007). Catalan entrepreneurs are generational, and gain professional betterment through family experience. Their loyalty is to the head of the family, to the "Padron" [father-owner]. According to my research, this tendency is clearly manifested in the leadership of Grupo Planeta.

As a distinct feature in entrepreneurship, Catalan firms are traditionally family owned. Strict cost-management and strong reliance on negotiations typically characterize this family ownership in Catalonia (Generalitat de Catalunya, 2006). On one hand, tight cost management leads to the Catalan practice of re-investment (J. Conte, personal communication, July 2007). On the other hand, Catalans tend to "lobby" – although the term is not used in Madrid. It is well-known in Spain that Catalans count on well-developed and competent negotiation skills, always "making the deal". This negotiating skill is very useful in their struggle with the majority power. In fact, Grupo Planeta can count on two centers: one in Barcelona where the President lives, and another in Madrid where they can directly negotiate with the national government (Executive A, personal communication, July 19, 2007).

Due to the Catalan business mentality, profit often originates from market segmentation rather than power differences. As the Catalan attitude towards people and business is based on negotiations, Catalans do not carry colonialist attitudes towards other cultures. In fact, historically there has never been a Catalan colonization (Balcells, & Walker, 1996), and we hardly could talk about Catalan cultural imperialism (J. Conte, personal communication, July 03, 2007).

Since a Catalan company does not follow colonization patterns, or 'Global programming library' to impose on the acquired company, there are social and cultural benefits as a bi-product of the mergers. The promoted content can still be locally determined. So for example, if the Catalan company buys a company in Wales, it does not look like "A Spanish company bought a British company", but rather like "Catalan company merged forces with a Welsh company." As discussed later, the Catalan model allows the sub-culture to continue to survive rather than being subsumed into the national and global media homogenization process.

According to the trend observed in my research, Grupo Planeta has shown a new way of expansion by acquiring other sub-national, or regionally-minded media. Its practices show uneven patterns of global processes that "are enacted through cultural practices produced by the transnational flows of images and capital" (Shome, & Hedge, 2002, p. 172). This approach seems to be successful because it allows the acquired company to retain its culturally idiosyncratic character. Thus, the acquisition of a sub-national firm by the Catalan minority-owned company can result in smoother post-merger transition. Moreover, Catalan media companies – following Catalan tradition – tend to lock in local government subsidies for the cultural content in public interest.

Overall, family ownership, relative freedom from ideological ties, tight cost-management, and negotiation-centeredness can serve as a base for internationalization without significant measure of cultural imperialism. Such is the case of Grupo Planeta. They are profit-driven, but with special focus on cultural entrepreneurship. Lara often points out that his company deals with culture products. Thus, Grupo Planeta must recognize and get familiar with the traditions and customs of the inhabitants of its regional markets. Talking about his industry, Lara expressed, "La industria cultural …Corresponde a parámetros y hábitos muy ligados a las tradiciones mas propias de cada uno de los países" [The culture industry …Responds to parameters and customs that are strongly tied to country-specific traditions.] (Lara Bosch, 2002, p. 5). Such recognition of the importance of local tradition paired with matching corporate structure and culture can lead to horizontal globalization. The next section examines the organizational model and culture of the Group.

6. Strategic Change in Grupo Planeta: Guided Missile Organizational Model as Context for Globalization

According to Trompenaars and Wooliams (2003), there are four stereotypes of corporate culture: The Incubator, The Guided Missile, The Family Culture, and The Eiffel Tower Culture. Grupo Planeta is a family-owned company. Therefore, it would

seem rather natural if its organizational model corresponded to the Family Culture model. Trompenaars and Woolliams, (2003) employs, that the Family Culture model "is characterized by a high degree of centralization and a low degree of formalization. It generally reflects a highly personalized organization and is predominantly power oriented" (p. 366). Surprisingly, this research – both the interviews and the researched material – indicates that the organization model used in Grupo Planeta is closer to the Guided Missile model. I observed that with the last two decades' fast growth and convergence process, the company chose this organizational model.

The Guided Missile model describes the company as a "loose structure of interrelated departments: a large number of interacting task and project oriented small units" (Trompenaars, & Woolliams, 2003, p. 365). There is still a central power but the independence of the units is large, and the communication among units and departments is not only to or through the center but among each other as well. As Trompenaars and Woolliams indicates, the main characteristics of such organizations are task orientation strongly relying on personal power such as power of knowledge/expertise, commitment to tasks, management by objectives, and pay for performance, where the "manager is a team leader… in whose hands lie absolute authority" (2003, p. 365).

The aforementioned ideas are clearly expressed in Planeta's company culture that strongly indicates the presence of the model. On the company web-site, Grupo Planeta discloses its goals and objectives. They claim that their organization is a "complex action-oriented group based on participatory management and provided with clear firm structures and procedures" (Grupo Planeta, 2007). As my executive interviewees explained, achievement and effectiveness are weighted above the demands of authority, procedures, or people (Personal communication, July 19, 2007). The company allows the units and departments to concentrate on their tasks and actions and enables them to communicate both vertically and horizontally. The vertical communication includes bottom-up communication, while the horizontal information flow among departments and business units is not ruled by strict and centralized power structure (Executive A, personal communication, July 19, 2007). Further reference to their task-orientated structure is provided by their image: "Our products establish us a group which offers prestigious brands. As a leader in content, our philosophy is based on respecting the character and development of each brand" (Grupo Planeta, 2007).

Moreover, the well-known slogan of the founder Lara "We should not mix up the catalogue for the library," is a good indicator of the company philosophy (Executive A, personal communication, July 19, 2007). This leading philosophy of the company corresponds with Laras' multicultural identity. According to the

meaning of the slogan, the company offers a context and managerial space for different ideas in order to develop profitable businesses (Executive A, personal communication, July 19, 2007). The independence of units provided by the task-orientated structure of the Guided Missile model enables such a business mentality. Thus, it is within reason to consider that the company culture of Grupo Planeta is a task and project-oriented rational culture.

Another factor that shapes the organization model of Grupo Planeta is its relation to ideology. As stated earlier, Grupo Planeta as a conglomerate does not rely on or promote a particular ideology or a defined national culture. Rather, it aims to offer varied and diversified content for diverse taste and culture (Executive A, personal communication, July 19, 2007). Such an approach allows cross-cultural mediation and participatory decision-making process within the Group. The merger of the Group with a Colombian communication company in 2007 is a good representation of Lara's philosophy and his company's culture.

> In the interview regarding to the acquisition of the Colombian Publishing House "*El Tiempo*" (CEET) by Grupo Planeta Lara pointed out that his group will not change anything in "El Tiempo", and he intends to leave decisions "about Colombians in Colombia". If something needs to be changed it should be decided by the corresponding managers of CEET [translated by the author] ("El Grupo Planeta," 09. 17. 2007)

Obviously, Lara put emphasis on his intention to leave any future decisions in the hands of local managers at CEET. In accordance with his managerial philosophy about local expertise, Lara believes that all the decisions should be made on the local level (Executive A, personal communication, July 19, 2007) – "Getting the job done" with "The right man in the right place" as Trompenaars & Woolliams would state regarding the Guided Missile model (2003,p. 365). With this strategy, the Group does not force the use of Spanish or Catalan content on foreign – in this case, Colombian – audience. Providing authority to each unit and allowing them to develop their own market indicates the autonomy of the subsidies in the Group. This type of cultural relationship within the company might allow the use of some type of horizontal globalization method.

This merger with *El Tiempo* also indicates that their globalization approach differs from other models commonly used in large media conglomerates. Neither in national nor in foreign mergers, does the acquired company lose its autonomy and ideology. The newly joined company continues creating content for its previous markets in accordance with the culture-specific needs of its market. Culture and power relations are not vertical in such a case. As Grupo Planeta

targets special segments of the market with sub-optimization based on a narrow scope of activities, their strategy better describes the Focus Strategy. Therefore, it is reasonable to say that Grupo Planeta uses Focus Strategy (Porter, 1980) enabled by the Guided Missile Model.

7. Merger and Acquisition Practices in Grupo Planeta

Grupo Planeta, under the leadership of Lara Bosch, shifted focus in the late 1990's. Lara decided to become a mediator between the creative media world and the public using different communication forms (Executive A, personal communication, July 19, 2007). Using convergence, they started to expand their reach from publishing to the different forms of media communications. Originally, the delivering form was the published book. Since 1995, Lara proposed to engage with all the distinct delivering forms of media communication such as films, press, radio, and electronic forms, including e-commerce (Grupo Planeta, 2007). As a quite typical Catalan managerial approach, the company growth of Grupo Planeta is based on reinvestment strategy. For cost efficiency, the company heavily relies on convergence with media producers and distributors. In its merger strategy, Grupo Planeta mostly opts for acquisition based on the slogan is "Work for Win-to-Win Situation" (Grupo Planeta, 2007). Lara clearly expressed his view on such types of mergers when stating that a "merger is not a personal battle" (Lara Bosch, 2002).

As it is expressed in the Annual report, 2006, "After over half a century always close to our public, the business success of Grupo Planeta is due to its proximity to people" (p. 6). The company pays special attention to culture elements of the new markets when choosing its mergers. The reasoning behind is clearly indicated by Lara when he compares culture with professional learning in his analysis of the internationalization of his publishing sector:

> The internationalization of a culture product is very difficult...It is very, very difficult that a Spanish publishing professional learn to be a good Polish editor within a reasonable time period. In particular, the difficulty lies in figuring out what Polish people want, and in finding the suitable books for them. Learning about the publishing processes of a book is not the problem.
>
> On the other hand, learning in reasonable time period how to manage a Czech sales network is a very complicated task for a Spanish commercial director. Language barriers and idiosyncratic differences make the management of Czech salesman far more complicated than learn commercial sales force management. [Translated by the author] (Lara Bosch, 2002, pp. 4-5)

Lara's discourse indicates that he acknowledges national culture differences, and is ready to cope with such differences. Instead of changing other cultures by distributing the products of his own cultures, he wants to learn about these cultures so he can offer products from within the culture. Doing so, most of Grupo Planeta's international acquisitions are based on market diversification and not on economics of scale of its content distribution. When Grupo Planeta uses Focus Strategy (Porter, 1980) and enters into local media markets, it encounters far less competition. Relying on large market share locally, it may influence prices, costs, and investment. This approach reflects the twin themes – key elements – in Lara's philosophy: *profitability and cultural entrepreneurship* (Lara Bosch, 2002). Both elements are present when undertaking mergers with foreign companies.

When internationalizing, the company must define the geographic focus of its acquisitions. Grupo Planeta is also faced with the twin questions of the Spanish media internationalization: What is the scale and weight of the outer markets, and whether Spain is interested in this external promotion. It translates to geographical focus and investment capacity. As P. Masip (Personal communication, July 2007) explained, language and socio-cultural proximity combined with issues of economics of scale – how much capital the company should invest – causes significant changes in the Spanish and Catalan local-global model. Due to language and culture proximity, the preferred location of investment from Spain is in South America.

Galan, Gonzalez-Benito, & Zuñiga-Vincente (2008) examined the factors that determine the location decisions of foreign direct investment (FDI) in Spanish multinational enterprises (MNE-s). In general, their "results suggest that, apart from infrastructure and technological factors in EU countries and social and cultural factors and cost factors in Latin American countries, there is no other group of factors with such a highly significant influence on the FDI location decisions of Spanish MNE managers" (Galan, Gonzalez-Benito, & Zuñiga-Vincente, 2008, p. 990). Interestingly though, there is plenty of room for private investment in the Hispanic media industry as the Spanish mass media is still mostly public with not much interest in going international (Masip, personal communication, July 2007). Thus, it is not surprising that Grupo Planeta decided to undertake its first media acquisition in Colombia when merging with the group "El Tiempo" ("El Grupo Planeta," 09. 17. 2007).

Although Grupo Planeta established its publishing subsidies in several South-American markets such as Argentina, Brazil, Chile, Colombia, or Ecuador, they do not anticipate significant growth on these markets due to the slow growth of readership (Executive B, personal communication, July 13, 2008). According to J. Conte, the written media such as publishing, or the press, still are luxury products

in most South-American countries (Personal communication, July 2007). In addition to the emerging nature of the Hispanic media market, South America deals with a large number of analphabetism. Similarly to other developing regions, this significant analphabetism causes the press to fall far behind the importance of television or radio. These factors, added to technological concerns, greatly influenced Lara's decision regarding the international growth process of his company. In his work on the internationalization of the publishing sector, Lara explains that technological learning is not a viable option for mass media communication (Lara Bosch, 2002). The media communication technology used by his companies is more advanced than in most Latin-American countries, reinforcing the competitive advantage (Porter, 1980) of Grupo Planeta. On the other hand, the technology used in the Group often falls behind their West-European (English, French, Italian, or German) competitors (Lara Bosch, 2002). Thus, it diminishes the obtainable competitive advantage in the European markets.

Although the high level of competition in West Europe results in low profit margins and higher risk (Lara Bosch, 2002), Grupo Planeta confirmed (Grupo Planeta, 2008) its interest in buying Editis, France's second largest publishing group in April 2008. Planeta explained in an interview "that it would preserve the integrity of Editis and would keep its current management, led by Alain Kouck" (Tedesco, 4. 21. 2008). Lara (2002) also maintained some interest in the emerging markets of South-America, Central-East Europe or Asia as there seems to bear little interest from large media conglomerates. Particularly, the regional and local South-American companies could offer an excellent opportunity for content form diversification and for engagement with the Hispanic audiovisual market. Grupo Planeta can rely on significant expertise and leadership of specialized local/regional media. Due to the lack of cultural proximity and cross-cultural understanding, there is less probability for new competitor entry in these local markets. Moreover, their expertise in local interest and need, reduces the possibility for substitution.

Although they mostly focus on diversification, part of these acquisitions also provided Grupo Planeta with a good use of economics of scale (Green, 1990) in distribution. An example is the Spanish Civil War videogame sales during Christmas, 2007. The game was offered as an additional product with the sales of book collections in Spain, Portugal, France, or Russia (Barnet, 10. 30. 2007). Nevertheless, most of Planeta's mergers with local communication companies are based on geographical and product market diversification (Green, 1990) and result in large number of brands.

> Our position of leadership has become consolidated not only as a
> business corporation but also in each of the sectors in which over

sixty brands that represent the different businesses run within the Group operate. (Annual Report, 2006, p. 1)

Such content diversification is not typical in large media conglomerates that mostly rely on economies of scale in media content distribution. Such market diversification distinguishes Grupo Planeta from other communication conglomerates. It also indicates the Group's distinct view on growth and globalization.

Based on low cost and risk adverse mergers, their diversification strategy successfully serves the company's growth. As Lara clearly explains, the basics of their internationalization process consist of six managerial and organizational rules (Lara Bosch, 2002, p. 7.) such as

• Larger profit margins

• Creation of local communication centers

• Train and strengthen local management

• Creation of flexible structures to induce market flexibility considering internal consumption and product cycles

• Monetary balance of foreign currency in order to reduce risk of exchange

These factors underline the Group's emphasis on local media development and flexible reaction to market changes. It indicates that culture proximity and not power-based culture hegemony lies in the center of the company's growth. Understanding the importance of culture in content creation, Lara claims that the "culture industry is very national, and even regional... (Thus), it is very difficult to internationalize a culture product [translated by the author] (Lara Bosch, 2002, p. 5.).

Recognizing the cultural factor, Grupo Planeta is not ready to interfere with local culture interest through forced distribution of any content created or owned by the Group. They do not advocate for global content, or content distribution through economies of scale so typical in large media conglomerates. Learned through minority struggle, the group intends to honor cultural differences of its audience and its subsidies. By using conglomerate channels, the created diverse content can be shared by anyone (consumers or subsidies) who wishes to obtain it. Such non-discriminatory practices avoid hegemony in the Group's internationalization.

On the other hand, creation of niche market subsidies is profitable from the cost perspectives as well. Acquiring smaller companies in developing countries does not interest large media conglomerates from the US, UK, France, or Germany. There is thin competition in these markets. Planeta's size, good reputation, and business success enables the Group to merge with these local and regional companies at a low cost. This lower cost also

strengthens their Focus Strategy approach in the international media market and leads to higher profitability.

Furthermore, the Catalan minority media groups have learned how to lock into local government subsidizes for the "cultural" content in the public interest (Folch-Serra, & Nogue-Font, 2001). In its niche marketing and Focus Strategy approach (Porter, 1980), Grupo Planeta can tap into financial aid and grants from local governments. The historical ties of Catalan entrepreneurs to the local authorities provided Planeta with suitable know-how method for acquiring aid from local governments. The ruling philosophy of profitability and cultural entrepreneurship promoted by Lara facilitates his company's ties to public service, and the cultural sensitivity of the Group.

Cultural sensitivity (Earley, & Peterson, 2004) plays an important role in business communication across cultural boundaries. It interfaces with the creation of trust among interacting business partners. The culture sensitivity of Grupo Planeta originates from its roots as a publishing company. Lara's statement explains how this publishing background shaped the cultural view of his company:

> I believe that all of this {the low grade of internationalization of the European publishing companies} is due to the fact that books and their environment form a very intimate and personal part of consumption specifically characterized by the inhabitants of each country. Consumer choices are deeply embedded in traditions and customs, as each culture creates a field of interest, a type of literature or non-fiction, and it deals with subjects and themes that are particular to that culture. Thus, they are very difficult to design or create from another country. [translated by the author] (Lara Bosch, 2002, p. 5.)

This recognition and acceptance of cultural values in consumer choice facilitated Grupo Planeta's adaptation to the cultural diversity of its audience. In addition, experience in minority struggle and the reinforced Catalan identity of Lara Bosch induced his culturally sensitive view on media convergence. Consequently, the mergers and acquisition in the last decade allowed Grupo Planeta to rely on horizontal cultural relations among its companies. Overall, Lara recognizes that cultural sensitivity should be present both in business to business relations and with customers.

Fit with the Guided Missile organization model, Grupo Planeta can be described as an "Orchestra of cultures" where "each culture plays a distinct note in the chorus of the collective social existence and where people's individual voices can be found and heard" (Lum, 1996, p. 113). In order to maintain such diversity of

cultures and ideologies, Grupo Planeta must control all its subsidies and alliances. Lara has learned from his past mistakes and follows a key motto: "Being the owner of the highway not just the vehicles" (Executive A, Personal communication, July 18, 2007). A good example is the case of Tele5 and Antenna 3, the two major commercial television channels in Spain, targeting a generalist audience. In the late 1990, Grupo Planeta purchased only 10 per cent of the shares. Consequently, they had to share control with other shareholder organizations. In such circumstances the decision making process was very slow and often resulted in unsustainable solutions (Garcia de la Granja, 2005). Later, selling his part in Tele5 and obtaining majority control in Antenna 3, Lara decided firmly for future merger strategies. His company would not participate in any form of merger unless they can purchase the controlling majority of shares (Executive A, personal communication, July 18, 2007). His managers need to take the lead and be in control of their units. This leads to the question of managerial approach in Grupo Planeta.

8. Diversification and Culture in Grupo Planeta's Managerial Approach

> "Today Grupo Planeta projects itself in culture, information, audio-visual entertainment and training, with products and services that satisfy new needs and exigent demands. The desire for success in our close relationship with people is what best defines us and unites us today as Grupo Planeta."(Annual Report, 2006, p. 1)

Grupo Planeta recognizes the importance of their employees. Bottom-up and participatory communication (Melkote & Steeves, 2001) is an integral part of their corporate culture. As it is pointed out on the Web-site:

> "Grupo Planeta's strength lies in its people. Therefore we are committed to their continuous personal and professional development. We also recognize and value their contribution to the company and encourage their input in decision making processes." (Grupo Planeta, 2007)

This people-orientated approach is also reflected in their merger choices. As indicated on the web-site, Grupo Planeta (2007) establishes "the best strategic alliances for the development of new business," and often opts for joint ventures. According to Kogut & Singh, "Joint ventures are vehicles by which to share complementary but distinct knowledge which could not otherwise be shared or to coordinate a limited set of activities to influence the competitive positioning of the firm" (1988, p. 412). In international mergers of media companies this distinct knowledge also contains important cultural information that the newly joined

subsidy can offer to the corporation. Moreover, local groups might represent ethnic and minority cultures that should be considered by a multinational media group. Dealing with culturally relevant products and services, this intra-national diversity should be also included in the management practices of multinational media conglomerates. They should deal with ethnic communities and minority nations as well.

Today, Grupo Planeta is owned by a minority background multicultural individual, Jose Manuel Lara Bosch. Thus, the company has strong ties to minority or ethnic cultures. While analyzing the publishing industry, Lara wrote:

> In our industry, the central figure of success is the publisher, the product creator and designer. It must be a person who has enough management capacity, and possesses the vision of how a book, the product should be; it is difficult to obtain all that knowledge without emerging in the local culture of that country, the customs and traditions of the local readers.[translated by the author] (Lara Bosch, 2002, p. 5.)

Lara not only recognizes the vital importance of culture in consumer taste but also learned how to capitalize on cultural knowledge within the communication industry. In his view, the focus is not on distributing products of a certain culture but on satisfying local consumer needs and taste. As suggested by previous Catalan research such as Crusafon (December, 2000) and Folch-Serra, & Nogue-Font (2001), some minority-owned media conglomerates can become experts of how to manage minority and local media. Local cultural knowledge-based niche media became a profitable business for Grupo Planeta. Grupo Planeta also learned that this *experience-based know-how* can be transferred to different culture environments (Lara Bosch, 2002). Lara's philosophy strengthens the transfer of managerial knowledge in order to increase profitability.

Management practices of Grupo Planeta show the element of crossvergence (Ralston, Gustafson, Cheung, & Terpstra, 1993) that is particularly useful in the internationalization of minority-owned corporations. International management facesfour categories of macro-level influences: sociocultural, economic, political and technological. According to researchers Ralston et al (1993) the "combination of sociocultural influences and business ideology influences is the driving force that precipitates the development of new and unique values systems among individuals in a society owing to the dynamic interaction of these influences" (Witt, 2008, p. 47).

While he recognizes such influences, Lara advocates the need for culturally skilled employees. These managers and employees are considered as key components

in Grupo Planeta's participation in the international business arena (Lara, 2002). No culture or ideology is in a privileged position in this company. Such balance and recognition of the importance of cross-cultural differences is a clue factor in Grupo Planeta's success. This lack of power hierarchy of cultures can provide a platform for horizontal globalization.

In practice, Lara (2002) puts emphasis on the importance of training of young managers from the country of origin. He considers that professional know-how should be paired up with local knowledge. He aims to merge his company's professional experience-based know-how with local managerial and culture knowledge of product selection and distribution. For example, the publishing mother company (e.g. Planeta Agostini) can provide publishing process know-how through training. But there is a need for local managers well versed in the local culture, so they would understand local language, and local consumer taste while choosing the right product and form for their audience (Lara Bosch, 2002). Therefore, the media content is not globalized, but it is directly adjusted to local needs. It is only the basic managerial techniques and tools that are shared within the corporation.

Lara's managerial approach can certainly be successful. According to research conducted by Carol Kovich on group effectiveness, cross-cultural teams can be highly efficient. Grupo Planeta's business success seems to indicate that they rely on a highly efficient cross-cultural management and diverse approach to audience culture. Based on the company research, I argue that through its subsidies' media content Grupo Planeta does not directly influence its audience local cultures.

Conclusion

As a result of a fairer internationalization process, participants "*navigate* the turbulence of cross-cultural dynamics in order to co-create a constructive future together with cultural others." (LeBaron, & Pillay, 2007, p. 58). By influencing organizational structure and culture, family ownership and layered cultural identity of its owner, Jose Manuel Lara Bosch, plays a crucial role in the strategic choices of the Group. In particular, his Catalan minority culture elements in his identity significantly shape the conglomerate's practices in its mergers and acquisitions. Based on Catalan entrepreneurship and relying on the Guided Missile model (Trompenaars & Woolliams, 2003), Focus Strategy and diversification, Grupo Planeta seems to leave content creation and promotion practices to the subsidies. According to my findings, Grupo Planeta desires to maintain diversity of its cross-cultural platform. Thus, Grupo Planeta opts for accepting ideological and culture diversity within its organization. With such recognition and acceptance of

cultural differences, Grupo Planeta claims not to promote any particular national or minority culture worldwide. Instead, they offer to enhance the success of its subsidies on their own local and regional markets. This attitude differs from the growth method used by large American (e.g. Walt Disney, Time Warner, CBS, NBC, News Corp.), French (Vivendi), or German (Bertelsmann) media conglomerates that strongly rely on economies of scale in content creation and distribution that results in cultural influence of its recipients.

One of the limitations of this study is that it does not address possible post-merger content changes nor does it identify audience reactions to such changes. I can identify two directions that would require further studies: on one hand, the way technological advancement in the communication industry affects the international growth of Grupo Planeta and on the other hand, the audience perception of content change resulted by mergers and acquisitions of the Group.

In the 21st century, international diversification cannot be separated from technological advancement. From the failure with Tele5 Lara learned that his company should turn towards the electronic forms of content delivery (e.g., electronic books, 29.com), and TDT (Executive A, personal communication, July 19, 2007). After taking hold in the different forms of media communication, the future challenge of the company lies in the internationalization of diversification (Executive A, personal communication, July 19, 2007). Studying the use of new communication technologies on content creation and distribution and its effect on audience culture of subsidies would support further understanding regarding the internationalization of minority media conglomerates.

On the other hand, it is important to analyze post-merger product changes and consumer reactions to culture elements conveyed by the subsidies. As its merger with El Tiempo Group happened relatively recently in 2007, more time is necessary in order to measure content change and its effect on the audience. I plan to conduct further studies in the upcoming year that would measure consumer opinions and the ways in which local cultures are affected by the merger. Based on audience perception, I intend to conduct a qualitative study possibly media ethnography in order to determine the amount of content change initiated by the merger and its possible effects on local culture.

Lara claims that the two pillars of his executive philosophy are profitability and cultural entrepreneurship (Lara Bosch, 2002). As my future research plans to concentrate on the Colombian audience response to the merger of Grupo Planeta with the media group "El Tiempo", the findings will shed further light on the possibilities of a horizontal approach to globalization.

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