

2012  
Vol. 5 Nº 1



**UNIVERSIDAD**  
**EAFIT**<sup>®</sup>  
Abierta al mundo  
ISSN: 2027-2340

# Revista de Negocios Internacionales

DEPARTAMENTO DE Negocios Internacionales

Adriana Quiceno Aguirre · Juan Fernando Vélez Ocampo

The consistent social behavior in the media conglomerate: The Cases of Walt Disney Company, Time Warner,  
News Corporation, Viacom and Prisa Group

Revista de Negocios Internacionales. Vol. 5 Nº 1 - Enero - Junio de 2012 - Pp. 71 - 82

# The consistent social behavior in the media conglomerate:

## The Cases of Walt Disney Company, Time Warner, News Corporation, Viacom and Prisa Group

ADRIANA QUICENO AGUIRRE <sup>1</sup>

JUAN FERNANDO VÉLEZ OCAMPO<sup>2</sup>

FECHA DE RECIBIDO: 30/11/2011

FECHA DE ACEPTADO: 20/01/2012

### Abstract

Nowadays, several authors question the increasing importance and influence of media conglomerates on society, especially because of the proximity between the media and Multinational Corporations (MNC). Globalization has set the ground for the media industry to become more influential than ever, however, as its power increases, stakeholders became more aware of the social responsibility that these companies are supposed to evidence. Corporate Social Responsibility (CSR) within the media conglomerates has not been strongly developed in order to encourage policies that regulate their role in the fields of education, environment, politics and their own accountability. This paper presents the CSR actions that the most influential media companies have carried out, as well as the main scandals they have faced. Walt Disney Company, Time Warner, News Corporation, Viacom and Prisa Group are the companies that due to their influence and revenues were included in this study.

---

1 Adriana QUICENO AGUIRRE (aquicen2@eafit.edu.co) obtained her Bachelor's degree in economy in 2009 from Universidad de Antioquia in Medellin, Colombia. She is candidate of the International Business Master Program in Universidad EAFIT in Medellin, Colombia. She works in an advisory firm in the areas of cost, auditory, control, and management.

2 Juan Fernando VÉLEZ OCAMPO (jvelezo@eafit.edu.co) received his Bachelor's degree in International Business at Institución Universitaria Esumer in Medellin, Colombia in 2008. He is also a candidate of the International Business Master Program at Universidad EAFIT, Medellin, Colombia. He is currently working as an assistant professor within the International Business Department at Institución Universitaria Salazar y Herrera.

## Resumen

Actualmente, algunos autores cuestionan la creciente importancia e influencia de los conglomerados de medios de comunicación en la sociedad, especialmente por la proximidad que tienen con las Corporaciones Multinacionales. La Globalización ha establecido la base que le ha permitido a la industria de los medios de comunicación convertirse en un agente de influencia cada vez mayor. Sin embargo, a medida que su poder crece, los accionistas están más interesados en la responsabilidad social que este tipo de compañías debería ofrecer. La Responsabilidad Social Empresarial (CSR, por sus siglas en inglés) presente en estos conglomerados no ha sido fuertemente desarrollada en el incentivo de políticas de regulación en áreas como la educación, el medio ambiente, la política e incluso el manejo de su contabilidad. Este artículo presenta las acciones de CSR que las compañías más importantes de esta naturaleza han llevado a cabo y, del mismo modo, los escándalos que han enfrentado. Walt Disney Company, Time Warner, News Corporation, Viacom and Prisa Group son empresas que gracias a su influencia e ingresos fueron incluidas en este estudio.

## Key words

Media conglomerate, social behavior, media power, Corporate Social Responsibility programs.

## Palabras clave

Conglomerados, medios de comunicación, responsabilidad social empresarial, comportamiento social, poder de los medios de comunicación

## Introduction

The mediaconglomerate is a set of companies which join different business: newspapers, magazines, TV channels, radio stations and so on; these kinds of enterprises have reached worldwide presence in a globalized sector, where physical and distance boundaries are not obstacles anymore. For this study, a sample of five companies that belong to the conglomerate media were taken into account, the criterion for selecting them was their revenues, that is why Walt Disney Company, Time Warner, News Corporation and Viacom were included in the analysis, besides, the study took into account the case of the biggest Spanish-speaking company that belongs to this area: Prisa Group.

As these companies are Transnational Corporations (TNC), they have a social compromise beyond providing information to the community. Then, it is important to clarify: first, what kind of Corporate Social Responsibility programs they have

developed; second, find out whether or not the initiatives they have carried out actually compensate the damage that these companies cause to stakeholders, and, finally, understand if their social behavior reflects their Corporate Social Responsibility programs. This paper presents diverse literature which exposes the theories, researches and results regarding the role of media in the society and its responsibility in education, trust, transparency and social criteria. Then, the methodology shows why the information was selected and how it will be presented, later, the finding section mentions the media conglomerates CSR programs and it reveals some important scandals of each company.

The discussion was elaborated with the reviewed literature and the findings; its aim is to make a critical review of the social behavior of the companies. Finally, the conclusion seeks to open up a perspective in order to generate discussion and deeper researches about the social behavior in the Media Conglomerate.

## Literature review

McGuire (1963) argued that enterprises should be focused on not only the legal and economic purposes, but also on their social responsibility. This argument is linked to the idea that corporations also contribute to damage society, hence, they should behave taking into account its own economic purposes, the law and the moral, that way, corporations act as good corporate citizens in the communities where they operate (Carroll, 1991).

Within the existent literature about media conglomerates, many scholars have suggested that the evolution of this industry has been driven by the advancement in the new technologies, the increasing similarities among life styles worldwide, the deregulation of the media ownership, and the privatization of television (Chan-Olmsted & Albarran, 1998, McChesney, 1999, Hollifield, 2001). Regarding corporate social responsibility within the media industry, there is a tendency to point out the corporate social irresponsibility of companies in a given community (Tench et al., 2007), besides, the media assumes one of the following roles in order to report CSR's agenda of a particular enterprise: Conformist, Cynic, Realist, Optimist and Strategic Idealist (Tench et al., 2007). Furthermore, other authors have argued the role of the media itself in the global scrutiny, and they assumed that nowadays the media and telecommunications industry encourages selective scrutiny of companies with global operations; however they seem lenient regarding their own CSR accountability (Newell, 2005).

Hou and Reber (2011) showed that "given the special status of media companies in a society, it is important to know whether media companies have integrated CSR strategies into their strategic public relations management".

Wherever the media companies have several tasks, not only in the self-audit but in the all sector behavior, in order to identify when CSR is hiding marketing; it means the company's image is more important than the real purpose in social areas (Viñaras, 2009). Besides, the factors that matter the most when consumers form an opinion of a company have changed, nowadays, treatment to employees, community involvement, ethical and environmental issues are taken into consideration more than even before, and this change was triggered by the media industry; that have traditionally point out others industries but is currently being forced to implement accounting for its own CSR programs (Dawkins, J. & Lewis, S. 2003)

In spite of the abundant research that has been carried out about corporate social responsibility, there is a lack of research within the media industry linked to CSR (Rozanova, 2006). Han et al. (2008) relied on the stakeholder's classification proposed by Dowling (2001), who argues that stakeholders could be separated into four groups: (i) normative group, like authorities and policy makers that provide rules and restrictions; (ii) functional group, for instance the employees; (iii) diffused group, which strives to protect other's people rights, especially those regarding minority groups, freedom of information, privacy and so on; finally the last (iv) group of shareholders are the costumers, who are classified by Dowling as the most important stakeholders, because of their power to create troubles and decrease any company's profits. Although journalists belong to the diffused group, both newspapers and the press belong to the extensive group because they deal with the economic and social performance of corporations, so these industries play an indirect but important role in the social responsibility (Han et al., 2008).

There have been efforts to develop a Newspaper Corporate Social Responsibility Index (NCSRI), which includes: first, the newspaper's essential social responsibility activity; second, corporate social responsibility activity; and third, social responsibility negotiation activity (Han et al, 2008). This research by Han, Khang and Lee (2008) leads to three influential conclusions regarding corporate social responsibility in newspapers and the press: there is a need to include essential social responsibility activity to the newspapers, besides, there is a lack of cultural social responsibility activity and finally, these kinds of corporations have a role of arbitration actors. Corporate social responsibility within the newspaper and the press industry is highly influenced by the perspectives of enterprises, states and the civil society; this conclusion was reached after Rozanova's comparative research about the role and influence of three key stakeholders: business, civil society and the state on CSR programs specifically in Russia and Canada. For

instance, the Russian state is the actor that influences the most the CSR within this industry in this Eastern European country, meanwhile, in Canada the most influential participant is the civil society (Rozanova, 2006),

## Methodology

The criterion to select the companies that were included in this study was based on the world's biggest revenue within the media industry: Walt Disney Company, Time Warner, News Corporation and Viacom (Chan-Olmsted & Chang, 2003). In addition, in order to integrate Spanish – speaking companies, Prisa Group was selected due to it is considered “one of the strongest and soundest media companies in Europe and America” (Arango-Forero & Arango, 2010). The purpose of this paper is to identify CSR practices in both English and Spanish speaking media companies based not only on web pages and secondary data but also on academic sources. This paper provides an overview of the Corporate Social Responsibility and relevant scandals in each media conglomerate, highlighting the main issues in order to find the consistency between their programs and their social behavior based on literature review.

The role of stakeholders in the design and benefit of the programs are taken into account as a measure of the real impact. Government and interest groups have a huge capacity to manipulate the destination of money. Then, it is necessary to analyze if the main actors of the media industry are able to cover the particular necessities or if the companies make decisions according to their monetary benefit, image or power. In other way, alliances and international memberships are studied in order to recognize the diversity and the relevance in the media sector.

## Findings

### CSR programs from the companies' perspectives

**Prisa Group.** Their CSR program is based on responsibility training, education, entertainment, management, and environment. Its stakeholders are employees, stockholders, clients, suppliers, environment and society. Company applies the United Nations Global Compact and it belongs to FTSE4GOOD<sup>3</sup> since 2008 (GrupoPrisa, 2011).

---

3 “The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognized corporate responsibility standards. Transparent management and criteria make FTSE4Good a valuable tool for consultants, asset owners, fund managers, investment banks, stock exchanges and brokers when assessing or creating responsible investment products”. ([http://www.ftse.com/Indices/FTSE4Good\\_Index\\_Series/index.jsp](http://www.ftse.com/Indices/FTSE4Good_Index_Series/index.jsp))

**Walt Disney Company.** Walt Disney has reached international recognition because of its Corporate Social Responsibility program. They have got several certifications and awards such as: the bronze class (Dow Jones Sustainability Indexes: STOXX Limited and SAM Group)<sup>4</sup>; FTSE4Good, KLD Indexes (Domini 400 Social Index (DS400), Broad Market Social Index (BMSI), Large Cap Social Index (LCSI), Large-Mid Cap Social Index (LMSI) and the Catholic Values 400 (CV400))<sup>5</sup>. Their main initiatives are: corporate citizenships, environment and conservation, community and labor standard (Walt Disney Company, 2011).

**News Corporation.** Their main initiatives are: Carbon Disclosure Project, FOX's Annual Fall Eco-Casino, Charities Win Big, News Corp. GEI Summit; the development of New Environmental Strategies to Meet 2015 Targets, News International Environment Group, Princeton Staff Recycle eWaste to Protect Environment, Positive Energy At Dow Jones Solar Event, and Operational Strategy (News Corporation, 2011).

**Viacom.** The Viacom Corporate Responsibility Council seeks to provide company-wide guidance and support to pro-social programs governed by their brands. While nurturing each business unit's distinctive identity, the Council collaborates on Company-wide pro-social efforts, as well as, projects at the business unit level. Their Council educates employees and audiences about key pro-social issues to inspire, enlighten and ignite action in both the public arena and within their firm. (Viacom, 2011).

**Time Warners.** CSR program is based on: employees, freedom of expression, ethics, green procurement, supplier diversity and environment (Time Warners, 2011)

## Relevant issues in social behavior

According to Segovia & Quiros (2006), corporative elites dominate the media conglomerates. They take decisions in order to reach self-benefits, although the sector is damaged and fair competence is replaced by oligopolies. They show the relationships that media conglomerates have with several sectors which have power in terms of policymaking, politics, technology and so on, in way to obtain extra benefits.

---

4 The Dow Jones Sustainability Indexes recognize the top companies in terms of economic, environmental and social criteria and provide solid benchmarks for sustainability-driven portfolios. (<http://corporate.disney.go.com/citizenship/awards.html>).

3 KLD Indexes are accepted as the standard for defining strategies and benchmarking investments that integrate environmental, social and governance factors. KLD Indexes define and communicate the standards of social investors to corporations, investment managers and the general public. (<http://corporate.disney.go.com/citizenship/awards.html>)

### Some of the partnerships that the observed companies have signed are:

Walt Disney Company: Boeing, City National Bank, Columbia/HCA Healthcare, FedEx, Jenny CraigLM, Institutional Fund Advisors, Lozano Communications, Shamrock Holdings, Sotheby's N.America, Staples, Starwood Hotels & Resorts, Sun Microsystems, SunAmerica, Trefoil Investors, and Xerox.

Viacom: Amazon.com, American Express, American Home ProductsCorp, Atlas Air, Bank One, CardinalHealth, Chase Manhattan, Credit Suisse FirstBoston Corp., Downeast Food Distributors, Morgan Chase & Co., MaerskGroup, MovieTickets.com, New York Stock Exchange, and Pfizer.

Time Warner: American Express, Chevron, Citigroup, Colgate-Palmolive, Dell Computers, Eagle River, FedEx, Forstmann Little & Co., Hilton Hotels, Morgan Stanley Dean Witter, New York Stock Exchange, NextelCommunications, Park Place Entertainment, PepsiCo, Pfizer, Pharmacyclics, Sears, and Sun Microsystems.

News Corporation: Allen & Company, BeijingPDNXiren Info. Tech. Co., BritishAirways, Commonwealth Bank of Australia,Compaq, Gateway, New York Stock Exchange, One.Tel, Phillip Morris, PMP Communications, ValenceTechnology, Western Multiplex Corp, andWorldcom.

About political influence, the Center for Responsive Politics has analyzed the influence and the lobby made by media companies. Data allow recognizing that Time Warner, News Corporation, Viacom, and Walt Disney Company have made lobby in order to press the legislation in media. In 2011 they had spent resources in political influences, which have been calculated by the Center for Responsive Politics (2011) in:

COMPANY	TOTAL AMOUNT (IN US\$ MILLION)
Time Warner	450.131
Walt Disney Company	286.315
News Corporation	279.602

Source: Center for Responsive Politics, 2011.

Diverse scandals have been part of Media Conglomerate history. In 2011, Rupert Murdoch's empire (News Corp.) was blown up, because families of troops killed in combat and political people discovered that the company phone hacked them. Reuters released: "The victims of alleged phone-hacking, some of whom have accepted compensation from News International, include celebrities, politicians, the families of dead troops and people caught up in terrorist attacks and murders"



(Sandle, 2011). In other hand, in 2002 a Time Warner' scandal highlighted the manipulating of its advertising costs in order to alter the final balance sheet in US\$270 millions (El Universo, 2002). Viacom was sanctioned by Federal Communications Commission in US\$550.000 due to an exhibitionist show in the Super Bowl 2004 which was televised to 90 million people.

## Discussion

There are some common programs carried out within the CSR agenda of the selected companies:

CRS INITIATIVES	PRISA GROUP	WALT DISNEY COMPANY	NEWS CORPORATION	VIACOM	TIME WARNERS
Corporate citizenship		X			
Economic		X			
Education	X			X	
Entertainment	X				
Environment	X	X	X		X
Ethics					X
Freedom of expression					X
Labor standard		X			X
Responsibility	X				
Social		X		X	

Source: own table based on Grupo Prisa, News Corporation, Time Warner, Viacom and Walt Disney Company data (2011).

A Corporate Social Responsibility program has to be designated in order to cover the damage that the core business can make to the society in several areas. However, the media conglomerate has developed initiatives without reflection of their possible real impact. In the last table, it is possible to infer the little interest of the company in investing time and money in strong programs which protect each kind of customers: children, teenagers, adults, illiterate people and so on. Copyrights and protection to the sources, which support the information quality, are forgotten. The corporate strategy in Social Responsibility does not apply any rule about transparency and impartiality. Instead, the alliances between policy officers and journalist have resulted in hacking-phones without liability on part of the media conglomerates.

Although the media conglomerate is supposed to behave in accordance with the diffused group proposed by Dowling (2001), which strives to protect other's people rights; one may infer from the studied that these companies' strategy is either weak or even nonexistent. Furthermore, these companies have characteristics of the extensive group because they influence the economic and social performance of other corporations, which confirms the argument stated by (Han et al., 2008). On the other hand, the CSR agenda of the media conglomerate is attached to the conformist approach proposed by Hou and Reber (2011), mainly, because these corporations have not played a confrontational role in terms of pointing out other's companies' irresponsibility in terms of CSR. The fact that just one company (Time Warners) out of five, has programs to promote the freedom of speech, is a token that their CSR agenda is not straightforward enough and acts as hidden marketing, just as Viñaras (2009) argues.

## Conclusions

There is not a clear and visible relation between the media conglomerate companies' core business and their CSR agenda, so they are not trying to reduce directly the harm they cause in society not only directly (TV shows, goods, etc.) but indirectly (formation of critical thinking, education, tec,); in fact their CSR programs seem to have marketing and economical drivers instead of social intentions and sanctions are imposed by public control institutions through money but not really compensation through strong information and educational issues. About private sector, media conglomerates' alliances with private companies, might lead them to reduce their neutral position towards one of their partner's social irresponsibility, so they could become even more biased and lose in terms of social legitimacy. In international arena, the recognition has been reached specifically through financial indexes, which leads little room for the analysis of the social impact that their CSR agendas have in their stakeholders. Politically speaking, lobby and political influence have serious consequences in the role of media in society, due to biased information prevents the companies from critical thinking and the arguments are imposed without discussions, and the risk of manipulation and clients segmentation are increasing without a possible solution. In brief, further research is required in order to identify clearly the unseen purposes of these companies when developing a CSR agenda, because of corporate data and reports are showing strong results, but reality are the opposite side with manipulation and corruption; and a possible cause is the lack of analysis regarding social impact, the real purpose of biggest companies in social behavior and their role in the personal judgment about social issues.

## References

- Arango-Forero, G., Arango, M. F., Llaña, L., & Serrano, M. C. (2012). Los medios de comunicación colombianos en el siglo XXI: La reconquista por la inversión extranjera. *Palabra clave*, 59-76.
- Bowen, H.R., 1953. *Social Responsibility of the Businessman*. New York: Harper.
- Carroll, A. B., 1991. Corporate Social Responsibility. *Business and Society*. 38(2), 268 – 295.
- Chan-Olmsted, S. & Albarran, A., 1998. The global media economic patterns and issues. In Albarran & Chan-Olmsted (Eds.), *A framework for the study of global media economics*. Pp 3-16. Ames: Iowa State University Press.
- Chan-Olmsted, S. M., & Chang, B.-H. (2003). Diversification Strategy of Global Media Conglomerates: Examining Its Patterns and Determinants. *Journal of Media Economics*, 213-233.
- Center for Responsive Politics, 2011. *Communications*.  
<http://www.opensecrets.org/industries/indus.php>. Accessed on 31/10/2011.
- Dawkins, J. & Lewis, S. 2003 CSR in Stakeholder Expectations: And Their Implication for the Company Strategy. *Journal of Business Ethics*. 44(2/3): 185-193.
- Dowling, G., 2001. *Creating Corporate Reputation-Identity Image, Performance*, United States. New York: Oxford University Press.
- El Universo. 2002. Internacionales.  
<http://www.eluniverso.com/2002/07/19/0001/14/42A72DC1EE6444DAA7983B3C752514F8.html>. Accessed 11/03/12.
- Grupo Prisa, 2011. *Responsabilidad social*. <http://www.prisa.com/responsabilidad-social/>. Accessed 30/10/11.
- Han, Eun-Kyoung, Khang, Hyoungkoo & Lee, Dong-Han, 2008. Influential factors of the Social Responsibility of Newspaper Corporations in South Korea. *Journal of Business Ethics*. 82: 667 – 680.

Hollifield, C.A., 2001. Crossing Borders:media management research in the transnational market environment. *Journal of Media Economics*. 14: 133-146.

Hou, Jiran&Reber, 2011. Bryan. Dimensions of disclosures: Corporate social responsibility (CSR) reporting by media companies. *Public Relation Review*. 37: 166-168.

McChesney, R. W., 1999. The new global media.*The Nation*.11-15.

McGuire, J. W., 1963. *Business and Society*. New York: McGraw-Hill.

Newell, P. 2005. Citizenship, Accountability and Community: The Limits of the CSR Agenda. *International Affairs*. 81(3):541-557.

News Corporation, 2011. Initiatives.<http://gei.newscorp.com/what/>. Accessed on 29/10/11.

Pérez Carrillo, E. (2007). Corporate Governance: Shareholders' Interest and Other Stakeholders' Interest. *Corporate Ownership & Control*, 96-102.

Rozanova, Julia, 2006. Portrayals of corporate social responsibility: A comparative analysis of a Russian and a Canadian newspaper. *Journal of East European Management Studies*. 11 (1): 48 – 71.

Sandle, Paul, 2011. Quick guide to the News Corp hacking scandal. Thomson Reuters. New York. <http://www.reuters.com/article/2011/07/18/us-newscorp-quickguide-idUSTRE76H5SA20110718> Accessed on 01/11/11.

Segovia, Ana & Quirós, Fernando, 2006. Plutocracia y corporaciones de medios en los Estados Unidos. *CIC Cuadernos de Información y Comunicación*, 179-205.

Tench, Ralph, Bowd, Ryan & Jones, Ryan, 2007. Perceptions and perspectives: corporate social responsibility and the media. *Journal of Communications Management*. 11(4): 348-370.

Time Warner, 2011. Corporate Responsibility. <http://www.timewarner.com/our-company/corporate-responsibility/>. Accessed on 28/10/11.

Universidad Complutense de Madrid, 2011. El discurso de la RSC en los medios de comunicación social 2009. [http://www.ucm.es/info/vivataca/inicio\\_va.htm](http://www.ucm.es/info/vivataca/inicio_va.htm). Accessed on 31/10/11

Viacom, 2011. Corporate Responsibility. <http://www.viacom.com/corresponsibility/Pages/default.aspx>. Accessed 28/10/11.

Viñarás A, Mónica, 2009. El discurso de la rsc en los medios de comunicación social. Revista de Comunicación Vivat Academia. [http://www.ucm.es/info/vivataca/inicio\\_va.htm](http://www.ucm.es/info/vivataca/inicio_va.htm). Accessed on 31/10/11.

Walt Disney Company, 2011. Citizenship <http://corporate.disney.go.com/citizenship/awards.html> Accessed on 29/10/11.