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# Symbiosis and Exploitation in Sports-Media Interrelations: The Israeli Case of Maccabi Tel-Aviv Basketball Club and the Public Channel

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## 1. Introduction

Studies of organizational interdependence distinguish between two contrasting phenomena: symbiosis and exploitation. These are often discussed separately, as if they were isolated patterns. Such dichotomy is clearly evident in the sports field, where scholars often emphasize either cooperation and symbiosis or competition and exploitation when studying the relationships of sports organizations with their environment. I argue here that this binary misses the delicate intricacy of organizational interdependencies. While most organizational relations exhibit forms of symbiosis and exploitation, these are not exclusive patterns. Rather, symbiotic cooperation and opportunistic exploitation exist side by side in organizational alliances. Furthermore, these are dynamic patterns, sensitive to changes in the organization's environmental context. This proposition is demonstrated through a case study of the long-lasting alliance between Maccabi Tel-Aviv basketball club and the Israeli Public Channel. This alliance has been characterized by ongoing cooperation and symbiotic rent, but also by altering exploitive behaviors. At different times both organizations used their structural advantages to attain exploitive rents at the expense of the other side.

The literature on organizational interdependence has a long tradition, going back to the early 1950s (e.g. Hawley 1950; Katz & Kahn 1966; Aiken & Hage 1968; Pfeffer 1972; Hannan & Freeman 1988; Gulati & Singh 1998). Scholars of organizational relations often distinguish between two prominent and contrasting phenomena: Symbiosis (e.g. Pfeffer & Nowak 1976; Hannan & Freeman 1977; Deutsch 1980; Koka & Prescott 2000) and exploitation (e.g. Burt 1992; Larson et al. 1998; Sorenson 2000; Das et al. 2003). Dyadic symbiotic interdependence occurs when two individuals or organizations cooperate in order to achieve desired goals. This symbiosis leads to what Marshall (1949 [1920]) had termed *composite rent*—the gains resulting from cooperation in excess to the returns in a non-cooperative situation. In exploitive relations actors take advantage of their structural social position to maximize returns at the expense of another party. I will refer to such gains here as *exploitive rent*.

The current paper wishes to break a common dichotomy in organizational literature between cooperation and exploitation. Building on the ideas of Barnett and Carroll (1987) I argue that these two practices are rarely (if ever) exclusive. Rather, they tend to exist side by side in organizational interrelations. Cooperation, trust, and the perception of mutual gains

are necessary components of organizational interdependencies. Indeed, as myriad studies have shown, without these elements strategic alliances fall apart quite abruptly (e.g. Gulati 1995; Uzzi 1997; Nahapiet & Ghoshal 1998; Zaheer et al. 1998; Putnam 2000; Whipple & Frankel 2000). However, alongside cooperation and trust, most dyadic alliances are also characterized by elements of opportunistic exploitation. Since alliances are rarely egalitarian, there is an imbalance of power, where one side holds greater power than the other. This power position will most likely be used to acquire excess returns at the expense of the other side. Nevertheless, an alliance may still be preserved as long as the exploited organization perceives the returns it derives from it as exceeding the returns it would have achieved without it.

Furthermore, I suggest that the nexus of exploitation and cooperation is mostly fluid, volatile and dynamic, rather than stable or fixed. There is a delicate balance between enjoying synergetic symbiosis and taking advantage of the other side. This balance quite often changes over different settings and time periods, depending on the environmental context. Changes in the organizational environment can take the form of a cut off in governmental support, the establishment or elimination of a monopolistic status, the introduction of new competing organizations into the market, changes in the availability of raw materials, changes in market demand, and more. Such turnabouts may lead to a change in the balance of powers between interdependent organizations. While at times such changes lead to the disintegration of the alliance, the alliance may also be preserved, but with the formerly exploited side now becoming the exploiter. Such changes illustrate that Power is not a fixed part of the social structure, but rather a volatile ongoing social relationship, which is sensitive to transformations in the environmental context.

The divide between symbiosis and exploitation is clearly evident in research on organizational interdependence in the field of sports. Most studies of the field emphasize the symbiosis and composite rents derived from cooperation between sports organizations, sponsors, the media, and other social actors (e.g. McChesney 1989; Koppett 1994; Williams 1994). Others stress mainly the exploitation involved in these relationships (e.g. Hargreaves 1986; Quirk & Rodney 1999). The current study, however, demonstrates that in the sports arena, much like in other environments, dyadic organizational interdependencies often incorporate elements of symbiosis and exploitation.

This contention is illustrated by an Israeli case study of interdependence between a basketball club and a television channel. For almost forty years Maccabi Tel-Aviv basketball club and the Public Israeli Channel (Channel 1) maintained an alliance, in which the latter held the franchise for the broadcasting of the teams' matches in the European arena. Throughout this period both sides enjoyed an evident composite rent. For the team the broadcastings served at first as leverage for exposure, which promoted the acquisition of national audience support. Later on, the broadcastings also became a major source of income, as broadcasting franchise royalties increased dramatically. For the public television channel the matches served as a primal source of ratings and as a tool to retain legitimacy in an expanding television market.

Yet, throughout the years, dimensions of exploitation were also clearly present in the alliance. First, until the early 1990s, it was the Public Channel which used its monopoly in the Israeli television market to avoid almost completely any financial compensation for the

broadcastings franchise. Following the ingress of other television channels into the market, at the beginning of the 1990s, the tables have turned. Maccabi Tel-Aviv began to employ its rising market power and the Public Channel's growing dependence to demand and receive massive financial royalties from the channel, regardless of the latter's increasing financial stringency.

The current chapter begins with a theoretical analysis of organizational dependence and interdependence, concentrating on patterns of symbiosis and trust on the one hand, and power and exploitation on the other. This is followed by a short review of these contrasting patterns in the interdependent relations between sports and media organizations. Next, I introduce briefly the historical setting of the two organizations that stand in the focus of the paper – Maccabi Tel-Aviv Basketball Club and the Israeli Public Channel. The long-lasting alliance between these two organizations and their changing interdependence comprise the core part of the paper. Finally, I situate the Israeli case in the wider context of interdependence in the sports field and examine other examples for the interlocking of symbiosis and exploitation patterns.

## 2. Organizational interdependence: Symbiosis and exploitation

The term organizational dependence is often used to describe the gap between the vital resources a given organization has and the vital resources it needs (Samuel 2002). Hence, the term draws our attention to the limitations of organizations: their necessity to consider the demands of other organizations in their environment and to adjust some of their operations accordingly. According to the ecological school in organizations studies, organizational dependence is better described and understood as interdependence. Organizations, while being influenced by their environments, also influence and shape these environments (Hannan & Freeman 1977).

When examining these interrelations many have stressed the positive consequences for those involved (Barnett and Carroll 1987; Hannan & Freeman 1988; Pfeffer & Nowak 1976). These scholars term the beneficial cooperation between organizations *Symbiotic Organizational Interdependence*: interdependence which emerges when organizations perceive their own goals as positively correlated with the goals of other organizations. This perception yields reciprocity and further cooperation. Each side sees the other's success as facilitating its own success, and therefore is tuned towards an auxiliary orientation (Deutsch 1980). In the ideal type symbiotic interdependence each side brings its advantages to the alliance and complements the other.

Symbiotic interdependence facilitates the emergence of mutual *trust*: an expectation that others will help you when in need and that they can be counted on, because helping you will eventually serve their own interests, as well as your own (Coleman 1988; Deutsch 1980; Putnam 2000). In other words, trust is the belief that neither side is going to take advantage of the other; that cooperation and partnership precede individual and personal interests (Uzzi 1997). The development of mutual trust in a dyadic relationship allows both sides to take a risk and share valuable resources. Such sharing is based on the assumption that the other means well, which in turn facilitates further cooperation (Nahapiet & Ghoshal 1998). When trust develops, relations often exceed the professional level and reach a more personal and emotional level (Tjosvold 1986, 1990; Uzzi 1997).

As organizational cooperation and trust build up, symbiosis is fortified. It provides both sides with a synergetic advantage: an advantage which neither of them would have acquired separately. Following Marshall (1949 [1920]), Sorensen (2000) uses the term *Composite Rent* to characterize the difference between the returns of cooperative organizations and the returns they would have obtained in a non-cooperative situation. Marshall gives the example of a mill which is built on a water stream. Both the owner of the mill and the owner of the stream share a rent which otherwise (assuming there is no alternative location for the mill) would not have existed for either of them.

Of course, not all interrelations are strictly symbiotic. Burt (1992) examines unequal structural opportunities (an asymmetric exchange market). He claims that, when given a chance, rational players (or organizations) use their structural social advantages to maximize their returns, even when this means taking advantage of others. Therefore, Burt sees rents as a 'zero sum game', an individual asset derived from the exploitation of others, i.e. an *exploitive rent*. Others agree that often (though not always) rents are the outcome of unequal structural opportunities and exploitation (Sorensen 2000).

In this chapter I argue that when speaking of organizational interdependencies most relationships are neither utterly symbiotic nor purely exploitive. Rather, it is more useful to look at symbiosis and exploitation as the two ends of a continuum, Weberian ideal types rather than actual descriptions of social realities. Furthermore, the two are not binary and exclusive phenomena. Rarely is it possible to find sheer ongoing exploitation in inter-organizational relations, and immaculate cooperation, it seems, is even scarcer. Following Barnett and Carroll (1987) I contend that elements of symbiosis and exploitation, of cooperation and utilization are usually found side by side in organizational interdependencies. Symbiosis and exploitation share an inherent tension. Interdependent organizations often share a composite rent, but at the same time they are likely to use structural advantages to acquire an exploitive rent. As social conditions change, these structural advantages may also disappear, and sometimes even switch sides. The once exploiting organization will then find itself exploited.

### **3. Interdependence between sports and media organizations**

The intricate relations between sports organizations and media organizations produce an ideal field for the study of cooperative and exploitive rents. Current research focuses mainly on the cooperative and symbiotic dimensions of this relationship (e.g. Greendorfer 1983; Wenner 1989; Lever & Wheeler 1993; Coakley 1999; Weingerten 2003). Accordingly, media industries and sports teams are connected by mutual interest, convenience and need. For the media sport is a source of successful television programs and sales-promoting newspaper sections. Sports broadcasts provide television with high ratings and increased revenues from advertisers and pay-per-view audiences. Sports organizations on their part win essential exposure and royalties, and media coverage helps to increase their popularity (Williams 1994). Both sides depend on one another to maintain their commercial success and their prominent place in popular culture. Koppett (1994) describes this symbiotic interdependence as circular: exposure to sports events increases public interest in these events, which in turn increases the demand for more exposure, and so on.

The interdependence between sports and the media is reciprocal, but it is by no means symmetrical. The dependence of sports organizations on the media is usually higher.

Newspapers and television can exist without the broadcasting of sports events, but sports in their current commercial form cannot survive without media financing and exposure (Bellamy 1999). Since the beginning of the 1970s, sports organizations in the West have substantially increased their revenues from selling broadcasting franchises and from sponsorships, while the weight of traditional revenue sources such as ticket selling and public financing gradually decreases (Eastman & Meyer 1989). This increased dependency on the media reduces sports organizations' control over the broadcasting and coverage of the events they "produce" (Goldlust 1987). Sports organizations must adapt to changes in game schedules, the number of games, timeouts and sometimes even in the rules of the game (Coakley 1999). Sports leagues also attempt to promote teams that represent large cities with major television markets, in an attempt to increase broadcasting revenues (Bellamy 1989).

While most studies emphasize media's influence over sports, the inverse dependence is greater than as first meets the eye. The daily press and television owe much of their commercial successes to professional sports. The press has been increasingly covering sports events since the beginning of the twentieth century, and today most worldwide daily newspapers dedicate large sections to sports. In many countries the sports section is the most well read section of the newspapers, and studies estimate that it increases the press' revenues by about 30% (Greendorfer 1983; Lever & Wheeler 1993).

Television is the media organization most dependent on sports. Sports events comprise a major part of the broadcasting schedules of national and cable networks, and many of these networks have established television channels that broadcast sports exclusively. Television networks and media corporations often use sports as a broadcasting anchor; a starting point in their competition with other networks. They see sport broadcasts as a resource for attracting new viewers and retaining old ones. The high ratings of large sport events also make them a major source of revenues from commercial advertisement. Sports fans are mostly men, and advertisers wish to market commodities such as life insurance, cars, computers, financial institutions, credit cards, alcohol and tobacco to this audience (Coakley 1999; Whannel 1992). The universality of sport makes it especially effective in global marketing. Sport talks an international language, which can be understood without the need for interpretations (Zuckerman 1999).

In conclusion, there is a clear symbiotic interdependence between sport and media organizations. Both sides realize that the success of the other leads to their own success and both acquire what Sorensen (2000) calls a composite rent from the relationship. Yet, while most of the literature focuses on the cooperative and symbiotic dimensions of the sports and media nexus, the current study examines the interplay between the exploitive and the cooperative sides of this relationship. I will next show how these two forms of rent invariably coexist in relationships, and also how they may alter over time, as the context of cooperation changes.

#### **4. The case of Maccabi Tel-Aviv and the Israeli Public Channel**

As my case study I look at a long lasting alliance between Maccabi Tel-Aviv Basketball Club and the Israeli Public Channel (Channel 1). Since the beginning of the 1970s and up to 2007, the team's European matches have been almost invariably broadcast by Channel 1. Over the

years, both sides shared a clear interest in the alliance, and their mutual choice served them both well. Yet, this long lasting relationship has been also characterized by varying patterns of exploitation. At different periods, both sides took advantage of their relative position in the television/sports market. They forced the other side to accept their terms, and maximized their rent on the other's expense. To study the historical evolution of this interdependence I rely mainly on the archives of the three major daily Israeli newspapers: *Yediot Ahronot*, *Maariv*, and *Haaretz*, and their respective websites: *ynet.co.il*, *nrg.co.il*, and *Haaretz.co.il*.

#### **4.1 Maccabi Tel-Aviv basketball club**

Maccabi Tel-Aviv, the first Israeli basketball club, was formed in 1932. In 1954, when the Israeli basketball league was founded, Maccabi Tel-Aviv became the league's first champion. Since then the team has won 48 additional championships, a degree of dominance that is quite rare in professional sports. The team is also very successful in the European arena. Since the beginning of the seventies, it has played regularly in the major European basketball league, and won the European championship a few times.

Over the years, Maccabi evolved from an amateur to a professional organization. During the last two decades, the team's yearly budget grew from about a million dollars at the beginning of the nineties to 10 million ten years later and about 20 million today. The organizational and managerial domains have also gone through significant changes. The team broke off its public and municipal support and became a private association, controlled by private businessmen (Haaretz, June 5, 2003). However, as is often the case with sports organizations that become commercialized (e.g. Enjolras 2002), the team's public support remained strong.

#### **4.2 The Israeli Public Channel**

The Israeli television broadcasting service was established in 1963, following years of political opposition to its formation, and took its first broadcasting steps in 1968. It was formed under strict regulations concerning the broadcasts' contents and the channel's financing and political independence (Weimann 1996; Zuckerman 1999). The development of the Israeli television market resembles that of European television markets rather than that of the American one. In the United States television adopted a commercial, multi-channel model right from the start. While the United States has a public channel, its standing, influence and ratings are quite marginal. In contrast, broadcastings in many European countries began with a monopolistic public channel. In this model the broadcasts are publicly funded and are motivated mainly by content demands (in most countries public television was defined primarily as an educating and informative tool), rather than by profit maximization (Zuckerman 1999).

The British Broadcasting Corporation (BBC) is the classic model of public television, later emulated by many countries, including Israel. The BBC was established in 1922 as a monopolistic television and radio broadcasting channel. It retained its monopoly until 1954, when an additional television channel, ITV, was formed (Whannel 1992). The BBC is mostly financed by public toll payments. It is compelled by the law to provide information, education and entertainment services, and to make sure that the programs maintain high

standards, diversity and balance. In addition, the channel must certify a representation of different views of debatable political issues, and it is relatively free of direct governmental interference in broadcasting contents (Zuckerman 1999). The Israeli Public Channel is characterized by similar constraints and features.

#### **4.3 1970-1990: Interdependence during the monopolistic era**

During the 1970s and 1980s Channel 1 took full advantage of its monopoly in the Israeli television market to avoid paying for sports' broadcasting franchises almost completely. Until 1976 the channel did not compensate Maccabi Tel-Aviv at all for the broadcasting of the team's European matches. Between 1977 and 1985 the payment was fixed at \$7000 a year, although Maccabi won two European titles during that period. Only in 1985 did the payment rise to \$35,000 a year, and to about \$100,000 two years later (Maariv, July 27, 2001). Seemingly, under such minimal compensations the team should have preferred to prevent the broadcastings altogether. A large portion of the team's yearly budget was then based on revenues from selling tickets, and the broadcasts could have jeopardized this source of income. Why then did Maccabi choose to allow the broadcasts?

The answer lies mainly in the reputational realm. The main advantage of the exclusive television broadcastings was in building Maccabi's local name and providing it with an aura of a national team. This happened similarly to what Whannel (1992) describes in the British case. During its monopoly years, until the 1950s, the BBC broadcast various "national" events, which were connected to the state and to royal institutions. Among these were the soccer Cup Finals, the Derby horse race and the Wimbledon tennis tournament. Interestingly, some of these events received their national labeling only *following* their BBC broadcasting. In other words, the placement of these specific sports events in the channel's broadcasting schedule conferred upon them with a special meaning for the British public. It reconstructed them as events of emotional and national significance.

A similar process took place in Israel. The broadcasting of Maccabi Tel-Aviv's basketball matches on the Public Channel began in an age when statehood was still a primary principal of Israeli society (Horvitz & Lisak 1990). It therefore provided the games and the team with an aura of statehood. The games were promoted as national events, and Maccabi became "the national team". This positioning provided the team with wide public support and a relative advantage in its competition with the other Israeli basketball teams. Unlike the major sports events in Britain, which are guaranteed to take place every year, regardless of the participants' identity, the European league games became a national event only when Maccabi Tel-Aviv participated in them. This led many to believe that there is a public interest in Maccabi winning the local league (a pre-condition for participation in the major European league at the time). And so, as Nevo (2000) notices, following the demise of the Israeli labor party, in the late seventies, Maccabi became the representative of the new Israeli center-bourgeois statehood.

Channel 1 on its part also had a clear interest in the games becoming a national event. The construction of a sport match as a national event defines this match as a central and important event, which must be watched. The process is two-way: while fortifying the sport event's status, it also reinforces the television channel's position, as the authority with the power to distinguish between the "national" events and the "regular", less important ones



(Whannel 1992). This reciprocity was articulated by Yoash Alroii, the manager of Channel 1's sports department between 1980 and 2002: "We helped in turning Maccabi into the national team, and they turned us into the people's television." (Maariv, April 28, 2004) Miki Berkovitz, Maccabi's most famous player at the time, agrees: "Chanel 1 built itself through Maccabi, and the reputation of Maccabi was built in Chanel 1. . . . The games turned into no less than the national anthem." (Ynet, April 13, 2007). This is a classic example of symbiotic interdependence, where both sides enjoy the alliance and profit from it.

As discussed earlier, symbiotic interdependence often leads to the creation of trust and introduces an emotional dimension into the relationship. This pattern is illustrated by a dramatic incident, described in 'Haaretz' newspaper (July 22, 2003). In December 1982, prior to one of Maccabi's matches in the European league, the team released a press announcement stating that Olsy Perry, one of the team's American players, had the flu and would not be able to attend the game. Nevertheless, a reporter from Channel 1 took a television crew with him to Perry's home. They were surprised to find the player in bed after an apparent drug overdose. However, Channel 1 managers decided to conceal the exclusive scoop. Instead of revealing the true occurrences of that evening the channel preferred to cooperate with the team's cover-up story.

The Perry incident was not exclusive. Dan Shilon, who was the first broadcaster of Maccabi's European matches, described in an interview how Channel 1 played a role in the team's success on the court. Shilon recalls the first broadcast of a game between Maccabi and the Belgian team Liege on November 24, 1970:

Liege had a player named Steven Hirst, who shot remarkably from a certain spot on the court. At the day of the game Tal Brody [Maccabi's former superstar] came to us and asked that we put a spot directly above this point. We agreed, and even changed the spot's position during half time. Poor Hirst could barely score. (Maariv, April 28, 2004)

In conclusion, during the 1970s and 1980s both Channel 1 and Maccabi Tel-Aviv enjoyed cooperation, which issued them both with a substantial composite rent. However, the interdependence in those years was by no means symmetric. During its monopolistic years Channel 1 enjoyed considerable structural advantages, allowing it to hold the upper hand in the alliance. The channel used its monopoly to almost completely avoid payments for broadcasting franchise. The matches received very high ratings (they were often the most highly watched program in the channel's weekly schedule) and helped the Channel to acquire legitimacy. Still, the Channel did not feel committed to compensate the team financially (as was already customary in other countries). Maccabi on its part realized that there were no alternatives. In the absence of a real competitive leverage it had no choice but to allow the broadcastings free of charge. And so, during the years of its monopoly, Channel 1 obtained an exploitive rent side by side with the composite rent it shared with the team.

#### **4.4 After 1990: Interdependence in the multi-channel period**

At the beginning of the 1990s the global communication revolution reached Israel, and the long lasting monopoly of the Public Channel was finally broken. The change began with the successful ingress of cable television in 1990. Most Israeli television viewers were for the first time given a chance to choose between various channels. The revolution continued in 1993, when, for the first time, a general commercial channel, Channel 2, joined the television

market. Within a short time, the ratings of the new lively Channel 2 far surpassed those of the old and jaded Channel 1 (Zuckerman 1999). During the following years, the Israeli television market continued to widen. Many additional cable channels, satellite broadcasts and a new general commercial channel (Channel 10) joined the competition.

The communication revolution has marked a new era in the broadcasting of sports events in Israel. In 1990 Channel 1 was the sole customer for the product of sports competitions in a market of many suppliers. With the launching of cable television, the television market opened to competition. One of the cables' pivotal channels was the Sports Channel, which soon demanded quality sports material. The launching of the Sports Channel brought both a quantitative (much more sport was now broadcast) and a qualitative (the broadcastings became much more professional) revolution to Israeli televised sports. Channel 1 found itself competing for contents that up to now had been free or almost free of charge, if only it chose to broadcast them. One by one it lost the broadcasting franchises of the central sports events: the Major soccer and basketball leagues, European soccer leagues, and the America basketball league (the NBA). One of the main assets to which Channel 1 chose to cling at all costs was the European matches of Maccabi Tel-Aviv's Basketball Club.

A number of factors drove the continuance of the relationship between the two sides. Maccabi Tel-Aviv on its part saw Channel 1 as a home. The team's managers viewed the alliance between the "national team" and the "national channel" as natural. Moreover, the team has always won great respect from Channel 1. The broadcasters and commentators of the games identified with the team, supported it avowedly, and refrained almost completely from criticism. The channel also considered the team's scheduling preferences, and the games were mostly scheduled for prime time broadcast slots. Furthermore, the long years of symbiotic interdependence between the two organizations facilitated the evolution of emotional relations. Still, the main consideration behind the team's decision to maintain the relation was by now a financial one. In an interview with the Israeli journal 'Status', in 1992, Shimon Mizrahi, Maccabi's chairman, stated that the team had agreed to grant Channel 1 a broadcasting franchise for one year only, in order to retain a maneuvering potential when additional channels were launched (this was just before Channel 2 was launched). In an increasingly competitive television market Channel 1 was forced to substantially raise its compensations in order to retain the broadcasting franchise.

Despite its growing financial stringency Channel 1 was willing to increase the payments in order to maintain an asset that it viewed as a national symbol. With the emergence of the new commercial channels, Channel 1 faced growing difficulties in determining its place and duties in a multi-channel environment (Zuckerman 1999). Its managers saw the broadcasting of Maccabi Tel-Aviv's European matches as a symbol for the duties the channel should now fulfill. This perception is well articulated in the response of Channel 1's speaker, Yuval Ganur, to criticisms over the channel's massive payments to the team:

Maccabi Tel-Aviv is Israel's most successful team. Therefore, its natural home is Channel 1. There is nothing we can do about the insane sums we have to pay for the broadcastings. (Ynet, July 10, 2001; emphasis mine)

The criticism over the large payments Channel 1 transferred to Maccabi grew stronger at the beginning of the new millennium. Following a decade during which Maccabi Tel-Aviv did not enjoy a remarkable success in the premier European league, the team improved and

regained its position among the European elite. Since 2000 it reached the final stages of the European league (the final four) eight times, and won the European cup three times. Following this success Maccabi demanded a substantial increase in the payments for its broadcasting franchise. Channel 1 complied, and in 2001 the channel and the team reached an agreement promising the team 14 million dollars for two years (Ynet, July 3, 2001). It should be noted that only three years earlier Channel 1 had paid only half a million dollars for the same yearly franchise (Maariv, May 25, 2001). The agreement received intense public criticism. Critics claimed that “these payments are far too large for a public sponsored channel” (Ynet, July 10, 2001). When the criticism grew stronger and reached the parliament, Channel 1 withdrew from the original contract and limited the new one to only one year, in which it paid the team 6.75 million dollars.

Maccabi’s chairmen, Shimon Mizrahi, quickly responded: “I’m glad. Next year a third commercial channel is entering the competition [Channel 10], and it will probably wish to acquire some high potential assets. Who knows what I will ask for then” (Maariv, July 27, 2001). In a later interview Mizrahi added: “What are the ratings of Channel 1 anyway? What do they have except for Maccabi Tel-Aviv’s broadcasts? After 32 years during which Maccabi marched hand in hand with Channel 1, there should be other ways of doing things” (Ynet, February 13, 2002). Mizrahi’s words shed light on the way in which he was the interdependence between the team and Channel 1 in the beginning of the new millennium. In light of the television market’s expansion and the team’s European success, tradition and reputation, Mizrahi now saw the team’s dependence on Channel 1 as quite minor, while the channel’s dependence on the team was perceived to be very high. This perceived power of the team vis-à-vis Channel 1 has turned the tables. Instead of Channel 1 enjoying an exploitive rent together with the composite rent it was now the team that enjoys both worlds.

In 2002 another new player entered the picture, the commercial Channel 10. Following a slow start, the channel looked for ways to break into the Israeli television market and bought the franchise for Maccabi’s European matches for 4.5 million dollars. Channel 1, suffering from financial difficulties and heavily criticized for its moves, could not compete with the offer, and so, for only the second time in almost 40 years, Maccabi Tel-Aviv’s European games were broadcast on another channel. But the broadcasts on Channel 10 were unsuccessful. The ratings were relatively low and Channel 10 did not manage to use the broadcasts as leverage to reach wider audiences (Yediot Ahronot, July 14, 2003). The combination between a less attractive Maccabi team in the 2002-2003 Season and a new and unfamiliar channel in a saturated television market drove the new alliance to failure.

This failure crystallizes the fragile nature of inter-organizational symbiosis. Once the delicate relationship that was built up for decades had been shattered, both sides suffered. Romo and Schwartz (1995) report a very similar chain of events in their study on the migration of manufacturing plants in Long Island, New York. The authors found that core industries, which had the upper hand in the local economy and moved to another place with a better cost structure, discovered following the move that the symbiosis (which in that case took the form of an innovative dynamic) was gone. Even though the new deals significantly reduced supplier costs, they came with a substantial price—the loss of symbiotic rent. Hence, the symbiotic benefits of an alliance coexist with the exploitive practices described above. This complex relationship can not be simplistically characterized as either just symbiosis or only exploitation.

Recognizing the failure of the alliance, Channel 10 and Maccabi untied the pact after only one year. Channel 1 was delighted to jump on the wagon, and in July 2003 it regained the yearly broadcasting franchise for Maccabi's European matches, this time for only three million dollars. This lower payment (less than half of what the channel had paid only two years earlier) was largely driven by the deep economic recession of those years. However, the new agreement still drew wide public criticism. To put things in perspective, the channel's entire budget for dramas and documentaries during that year was less than two million dollars. The critics claimed that a bankrupting public channel should not fund a professional team, and that the money could have been better spent (Haaretz, July 31, 2003). Josef Bar'el, Channel 1's general manager, replied to the critics:

There are only two worthy sports events: The Israeli premier soccer league and Maccabi Tel-Aviv in Europe. Every Israeli household is entitled to watch these events free of charge. It was a fatal mistake on the part of Channel 1 to give up these broadcasts. . . . Beyond the public importance of Maccabi's games, I personally have a nostalgic relation to the team. I played there in my youth and the team for me is *a symbol of Zionism; a national symbol*. This is why I think the acquisition is necessary. (Haaretz, July 28, 2003; emphasis mine)

Bar'el's statement was later echoed by other members of Channel 1's board of directors (many of whom were political nominations and avowed Maccabi's fans). The words visualize the channel's perception of the team's matches as an event of special importance. In these games lies the nation's spirit; broadcasting them on the national channel is the way to sustain this spirit and the channel's national relevance. The team itself is of course more than happy to play along with the national terminology. Maccabi's managers often present its success as a national mission, which must be supported by the public. In reply to the growing criticism over the Public Channel's high payments they stated that "agreements must be met. No one forced Channel 1, or anyone else for that matter, to sign these agreements." (Haaretz, September 28, 2005)

At least on face value the team was right, and the payments for the franchise were all a matter of supply and demand. However, one must remember that both Israeli commercial channels gave up the franchise for the games only one year after they acquired it. This fact raises questions regarding the amount of competition for the broadcasting franchise. Why was Channel 1 willing to still pay such high amounts (about 4 million dollars in 2007)? Part of the answer lied in the channel's perception that in its hectic state of affairs Maccabi's matches were among the few broadcasts that still justify its existence and provide it with legitimacy. This approach was expressed in the words of the channel's temporary chairwoman, Gabriela Shalev: "This is one of the things that may allow us to sustain the public broadcasting; it attracts viewers." (Haaretz, May 9, 2006) Alex Giladi, the vice president of NBC, a leading figure in Israeli sport, and one of the initiators of the relationship between the Public Channel and Maccabi Tel-Aviv agrees. Following the decision of Channel 1 to stop broadcasting the team's European matches in 2007 he claimed that "Maccabi will survive the break, but this may be the beginning of the end for Channel 1." (Ynet, April 13, 2007)

In conclusion, the end of Channel 1's monopoly in the Israeli television market brought a dramatic change to the interdependence between the channel and Maccabi Tel-Aviv.

Whereas during the monopolistic era the team depended on the channel completely and was forced to give up any demand for significant compensations, the tables have now turned. In the post-monopolistic era Channel 1's dependence on the team became immense. As a result, the team could demand that the channel compensate it generously, regardless of the channel's grave economic condition and the mild market demand for the games.

## 5. Summary and discussion

This paper explored the interdependence between sports and media organizations by looking at the long lasting interdependence between Maccabi Tel-Aviv Basketball Club and the Israeli Public Channel. Benassi (1995), who examined organizational strategic alliances, criticizes the common view of these alliances as a provisional phenomenon, motivated primarily by financial considerations. He believes that strategic alliances are quite often a long-lasting phenomenon, used for various reasons other than financial ones. The interdependence between Maccabi Tel-Aviv and Channel 1 demonstrates this contention. The two organizations have been cooperating closely for almost 40 years, in a relationship which has been supplying both sides with various advantages in their respective markets. Hence, the alliance carried a strong symbiotic dimension, providing both sides with significant composite rent.

However, this symbiotic interdependence has often been accompanied by exploitive elements and behaviors. These exploitive elements have altered throughout the years, as the Public Channel lost its advantageous structural position and power relations shifted. In the monopolistic television era Maccabi Tel-Aviv used the broadcasts to attain higher revenues (mostly indirect ones) and establish its position as the "national" team, while for Channel 1 the broadcasts were a source of high ratings and national legitimacy. Nevertheless, Channel 1 clearly possessed more power in the relations, a fact that allowed it to avoid franchise royalties almost completely and achieve an exploitive rent.

In 1990 the tables have turned and Maccabi Tel-Aviv took the upper hand in the relationship. With the ingress of other players into the Israeli television market, the team's dependence on Channel 1 dropped dramatically, while the channel's dependence increased. Maccabi used this change to demand (and receive) extremely high royalties from Channel 1, which had lost all leverage for negotiation. The team's managers saw this as a fair and reasonable compensation for the many years in which the games were broadcast free of charge. In other words, the exploitation of the 1970s and 1980s was now rewarded by counter-exploitation, as the team rather than the channel began to enjoy exploitive rent.

The Israeli case serves as a classic example of the complex relations between sports organizations and media organizations. These relations are largely ones of symbiotic interdependence and composite rent. Media and Sports organizations often have mutual dependency in their efforts to maintain their status and power in popular Western culture. But alongside the composite rent earned from this cooperation, there are also power relations involved. When one organization is highly dependent on the other, it gives the latter a superior position, which will most likely be used to acquire exploitive rent.

This pattern is also well demonstrated in American sports. James Quirk and Rodney Fort (1999) examine the relations between the large professional sports leagues (the, NFL, MLB,

NBA, and NHL) and American media. Similarly to previous research (e.g. Wenner 1989; Lever & Wheeler 1993; Koppett 1994; Williams 1994; Weingerten 2003) they talk about the symbiotic dimensions of this relationship and the mutual gains for both sports and media organizations in terms of revenues, popularity, and legitimacy. Yet, Quirk and Fort also notice the changing nature of power relations and exploitation, which have characterized the sports-media relationship along the years.

One prominent example comes from American Football. Until 1962, the National Football League (NFL) was operating under a court injunction, forbidding it from signing a league-wide national TV contract. The fourteen teams had to separately negotiate and sign their TV contracts, and the TV networks used this to avoid high payments. When a new bill exempting league-wide television contracts from antitrust prosecution passed in 1962, the NFL became the sole negotiator of TV broadcasting rights. Consequently, the total TV income of all NFL teams rose sharply, from \$3.5 million in 1961 to \$16.2 million in 1964. While this initial increase may be explained with the underpayments by TV networks prior to the 1962 bill, broadcasting rights contracts have continued to increase dramatically ever since. By the end of the 1990s, the NFL, a monopoly in its field, has demanded (and received) TV contracts in the sum of more than two billion dollars per year. The national TV networks (CBS, NBC, ABC, Fox), however, all suffer from this monopolistic market. They all report enormous losses on their NFL contracts. The highly competitive environment and the fact that there is only one product to fight for, lead, according to Quirk and Fort, to excessive biddings, which are exploited by the NFL to acquire what I termed here an exploitive rent.

Quirk and Fort further examine the relationships between the major leagues and other prominent actors in their environment: fans, unions, players and cities. Once again, they show how these relationships provide the parties involved with a synergetic composite rent. For example, cities which host a successful professional sport franchise acquire reputation and publicity, while also providing their residents with a source of entertainment and local identification. Franchises, on their part, enjoy financial support, devoted fans, and new expensive sports stadiums, established and funded by taxpayers.

However, Quirk and Fort also demonstrate the exploitative dimension of this relationship. They contend that during the years, with ample support from the US government, the major leagues gradually turned into monopolies in their respective fields. With monopoly came enormous power, which the leagues now use to exploit and manipulate smaller cities. These smaller cities often see the sport team as a necessary resource for maintaining local reputation, and are therefore willing to do almost anything to retain the franchise. Under the threat of uprooting to another city and market, the franchises use their monopolistic power to demand conditions that would promise increased revenues, while imposing crushing financial hardships on cities that are already strapped with debt. Most notably, team owners demand that the cities provide publicly financed stadiums and arenas, or else the team would move to another city.

I argue that this combination of symbiosis/exploitation is not unique to the media and sports nexus or to the sports field in general. Rather, it is a common part of organizational interdependencies, which are seldom simplex. Organizational interrelations are often characterized by symbiotic interdependence, where cooperation and trust exist, and both sides share a composite rent. This pattern, however, exists side by side with some degree of

exploitive relations, where one of the sides, or both, attempt to maximize their returns by taking advantage of the other side's structural dependency. It seems that the simultaneous existence of both symbiosis and exploitation is the rule rather than the exception of organizational interdependence. Moreover, organizational interdependence is volatile and dynamic. Changes in the organizational environment and context often alter organizational relations, leading to changes in the balance between symbiosis and exploitation. Thus, the side which gained an exploitive rent at one point in time could very well be the exploited one later on. Once again, power is not a fixed part of the social structure. Rather, power relations are volatile, and are highly sensitive to transformations in the environmental context.

Finally, it seems that one of the main dilemmas organizations face is the need to settle the constant inherent tension between the stated cooperative and symbiotic relationship, and the often unequal and exploitive distribution of returns de facto. If one side perceives the other as exploitative and abusing, it may lose the trust which is so crucial to the preservation of cooperation. Therefore, in order to maintain the cooperative relationship both sides must perceive their composite rent as more substantial than the other's exploitive rent, or at least as substantial enough. Such a perception is often achieved through camouflaging the exploitive dimension of the relationship by creating narratives that emphasize coexistence and mutual gains (White 1992). Through these narratives both sides may preserve the perception of their interdependence as mutually beneficial and contributory. This narrative solution emphasizes the strength of the composite rent idea. As Burt (1992) argues, organizational relations are characterized by constant exploitation. But as long as both sides maintain revenues that exceed what they would have made acting separately, the cooperation remains expedient, and is likely to be justified by both.

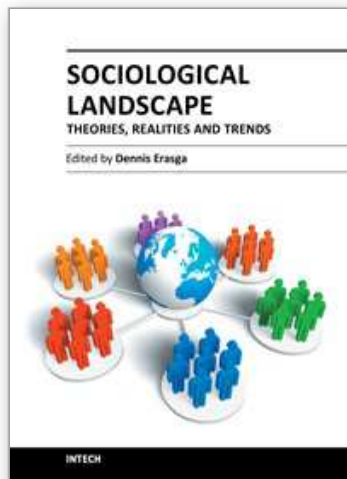
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