

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

**The Public Value Notion in UK Public Service
Broadcasting**

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An Analysis of the Ideological Justification of Public
Service Broadcasting in the Context of Evolving Media
Policy Paradigms

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Abstract

The thesis investigates the application of the public value notion in UK public service broadcasting (PSB). In the context of technological change from analogue to digital broadcasting and the reduction of applicable market failures, the notion has been used to describe the remit and assess the performance of PSB, thus providing sustained justification of PSB in the digital age.

The overall research interest is to investigate the public value notion in the context of evolving media policy paradigms to examine whether its institutionalisation represents a paradigm shift in the ideological justification of PSB. The ideological justification is investigated in the form of economic and non-economic regulatory rationales as different academic approaches to market intervention and public service provision.

As a fundamental type of policy change, the paradigm shift concept is operationalised by devising an analytical framework that consists of two analytical strands; an ideological shift and a policy process analysis.

Based on a case study approach of the notion's application at the BBC and Channel 4, the research design employs interpretative textual analysis of documents and expert interviews to investigate the ideological composition of the public value notion and its wider policy process.

The research finds that no paradigm shift has taken place in the justification of PSB as the public value notion continues the overall more economic than non-economic focus of the incumbent media policy paradigm.

These findings contribute to media and public policy studies with regard to the understanding and classification of (media policy) paradigm shifts as a fundamental type of policy change and the use of economic and non-economic rationales as different ideologies in informing policy ideas and decisions-making in media policy.

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List of Acronyms and Abbreviations

BBC	British Broadcasting Corporation
CBA	Cost-benefit analysis
CPUH	Cost Per User Hour
C4	Channel 4
DCMS	Department for Culture, Media and Sport
DNH	Department for National Heritage
DTI	Department of Trade and Industry
DTT	Digital Terrestrial Television
GDS	Gaelic Digital Service
HDTV	High Definition Television
HH	Households
IBA	Independent Broadcasting Authority
ITA	Independent Television Authority
ITC	Independent Television Commission
ITV	Independent Television
LV	Local Video
MIA	Market Impact Assessment
NPM	New Public Management
OD	On-Demand
OPA	Old Public Administration
PSB	Public Service Broadcasting
PIA	Public Impact Assessment
PVA	Public Value Assessment
PVM	Public Value Management
PVT	Public Value Test
TWF	The Work Foundation
UK	United Kingdom
VfM	Value for money
WTP	Willingness to pay

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1. INTRODUCTION

1.1 The Public Value Notion and the Justification of Public Service Broadcasting: A Fundamental Shift in Ideology?

Shortly after the commencement of the BBC's Charter review in 2004, the corporation published a strategic document (BBC, 2004a) that set out its role for the digital age. The title 'Building Public Value: Renewing the BBC for a digital world' expressed the BBC's future vision and declared objective of 'public value creation'. The document further stated that the "BBC exists solely to create public value" (ibid., p. 28) and that "public value should be the goal for everything the BBC does" (ibid., p. 10). The public value notion therewith entered PSB policy discourse and the BBC's Charter review, during which it was used heavily.

While the notion – at first sight – does not appear to be very different from the familiar concept of the public interest, it however seems to have another dimension to it, which is that of justifying public service broadcasting (PSB) provision. The concept was not only used discursively, it was also presented as a performance assessment and accountability tool that would inform decisions on the provision of new and significantly changed services. This tool, called the public value test (PVT), proposed to compare the public value a BBC service creates with the negative impact it has on the market. Only when the positive public value created outweighed the negative impact on the market should the service be provided. The test thus proposed the rationale of net public value to justify PSB service provision, which due to the corporation's public funding represents an intervention into broadcasting markets.

The BBC's application of the notion during Charter Review was clearly of instrumental nature, as pointed out by several critics. Oakley et al. concur with Crabtree (2004) that the BBC used public value as "a soft soap rationale with little explanatory power" (Oakley et al., 2006, p. 7). Public value is viewed as a flawed concept which is used as a rhetorical device, an "overarching narrative", rather than as a genuinely new way of recasting BBC operations and audience relationships. Elstein concluded that "[f]or all its high-flown language, pledges of reformation and

lofty ambition, “Building Public Value” is at best a detour and at worst an obstacle on the journey to understanding how PSB might make sense in the digital age” (2004, p. 15).

Others, such as Collins, focus less on the notion’s instrumental use and more on its origin in public management theory (Moore, 1995). He states that even though the BBC’s application represents the first explicit UK engagement of public value doctrine, the concept is applied as a ‘quasi-regulatory’ principle while the term is used in its loose and literal sense of something valued by the public, rather than according to its public management origins (2006a, pp. 13, 56, 2007a, pp. 171-184, 2007b, p. 67).

The thesis builds on these considerations of the notion’s instrumental use and its public value management origin but goes beyond them by focussing on its role in regulation and the ideological justification of PSB.

The public value development seems to indicate that the concept’s application was more than a mere discursive public relations strategy devised for Charter review. Rather, it seems to be a deliberately and strategically crafted guiding or legitimising rationale for PSB provision that was intended to inform the justification of PSB in the new Charter – as it eventually did. The concept entered the regulatory practice of PSB provision with the inclusion in the BBC’s Royal Charter (DCMS, 2006b) and Framework Agreement (DCMS, 2006). Subsequently, it spread more widely in the PSB context. Channel 4 (C4) used it in its strategy review ‘Next on 4’ (2008b) and in the following years applied it as a public impact assessment (PIA) (C4, 2009a, 2010a) which had originally been called public value assessment.

Further, the notion spread outside of the UK to the European Commission. A so-called ex-ante test, which is based on the BBC’s PVT, was included in the revised Communication on State Aid for PSB (European Commission, 2009). Something similar to the PVT now has to be applied by all European member states for certain decisions on PSB service provision. While it is important to point to this wider diffusion of the notion, the study however only concerns the notion’s introduction and institutionalisation in the UK, thus excluding the later adoption of the concept in the EU.

This wider diffusion shows that the public value notion was a successful Charter review strategy for the BBC. The notion’s wider adoption and most

importantly its inclusion in the Royal Charter indicate that some type or form of policy change has taken place. The interesting question which arises from this is why this change has taken place and what kind of change it was. Was the change fundamental or was it in the end only a well crafted publicity strategy that seemed to change much but in the end did not provide anything new?

The research assumption is that some kind of change took place that goes beyond a mere PR strategy. This view is based not only on the notion becoming a statutory concept through its inclusion in the BBC's Royal Charter. Most importantly, the relevance of this development becomes evident when the concept is considered in the context of regulatory PSB justification and the use of different economic and non-economic ideological rationales.

The term ideology¹ is here used to refer to different academic disciplines such as economic and non-economic approaches that provide rationales to justify regulatory intervention. Regulation², as a type of public policy, here concerns the intervention into markets by providing the provision of public services in the form of PSB. Different academic disciplines and corresponding rationales provide different approaches to regulation that justify public service provision and market intervention.

The concept of market failure is for example an economic rationale that applied widely for analogue PSB provision (see chapter 2 for a detailed analysis). In the switch from analogue to digital service provision, changes however occurred to the applicability of market failure rationales, which were reduced considerably (see chapter 2). These technologically induced changes to market failure justification of PSB can be seen as a threat to the scale and scope of traditional PSB, as the justification derived from the remaining market failures can be used to argue for a reduced scope of PSB. The few remaining applicable market failures made it difficult to justify not only the sustained provision of the traditional scale of PSB but also the expansion of PSB provision into new digital services.

When the emergence of the public value notion is considered in this light, it seems as if the concept functioned as a policy idea and rationale to respond to

¹ See Thomson, 1990; van Dijk, 1998 on a history of ideology and its diverse uses and understandings from Carson et al., 2009, p. 15.

² For definitions on regulation see Baldwin & Cave, 1999, p. 2; Selznick, 1985, p. 363 cited from Ogus, 2004, p. 1; Black, 2002, p. 26; Mitnick, 1980, p. 2.

market failure turning from a legitimising to a de-legitimising rationale in the technological shift from analogue to digital broadcasting. This development resembles an externally induced crisis which created the need and the opportunity to devise a new, alternative rationale.

A central question which arises from this is whether the concept was indeed devised and introduced as a strategic policy idea to challenge market failure as the dominant ideology in PSB justification. This consequentially raises a further question of how exactly the concepts of market failure and public value differ from each other.

Central to these questions is the dichotomy of economic and non-economic ideologies as two key theoretical and empirical concepts that run through this study and define its research interest. Here, academic disciplines are grouped into these two categories of economic and non-economic approaches, with the latter comprising disciplines such as politics, sociology, cultural studies, and law. This binary grouping is done deliberately to reflect commonalities and differences between these disciplines.

In general and from a theoretical idealised point of view, it can be said that economic regulatory rationales, such as market failure, focus on markets and individuals as consumers while non-economic regulatory rationales, such as public value, focus on benefits to society and individuals as citizens. Similarly, these two approaches differ regarding the scale and scope of PSB intervention they justify. As rationales, they serve as normative and ideological frameworks or frames politicians, public officials, and institutions adopt to inform decision-making, perceive of policy problems, and devise solutions (Radaelli, 1995, p. 168; Surel, 2009, pp. 30, 33, 39).

This rather clear cut, simplistic and idealised distinction between economic and non-economic ideologies is made here to introduce them as two opposing ends on a spectrum of theoretical approaches to regulation and as the central research perspective from which the public value notion is approached. A more critical and nuanced perspective is given in chapters 2 and 3, which qualifies this simplistic view by showing that bridging concepts exist between these two approaches and that they are used much more loosely and incoherently in policy practice than in theory.

Still, it is important to show that economic and non-economic rationales differ fundamentally in terms of their theoretical origins and objectives, tools as well

as understandings of individuals as consumers and citizens in theory and applied regulation. Market failure, as a theoretical concept from economic regulatory theory, focuses on the efficiency of markets and consumer benefits, while non-economic rationales, such a public value or public interest, focus on the wider benefit to society and citizens.

The central research interest of the thesis concerns the investigation of the public value development in this wider context of ideological PSB justification.

This is of particular interest as the notion was introduced at a time when (media) policy-making and regulation tended to be ideologically more favourable of or biased towards economic neo-liberal rationales than non-economic approaches (Born, 2008, 2004; Freedman, 2005, 2008a; Leys, 2001). While non-economic considerations have always had a prominent standing in PSB policy, in the 1980s and 1990s they seem to come secondary to economic considerations in informing regulation. This raises the question why and how the policy idea of the public value notion found wider acceptance in PSB policy.

In this context, the emergence of the public value notion is an interesting ideological development that raises the question whether it represents a change in the dominant ideology that informs PSB policy, from a more economic, market- and consumer-focused perspective of the 1990s towards wider societal and citizen considerations in the early 2000s.

In order to better understand the ideological background of the public value notion, the next section briefly reviews the notion's origin in public management theory before a more direct connection is established between ideological shifts in media policy³ and policy paradigms.

1.2 Public Value Management in Public Administration Theory

Public value management (PVM) was introduced by US scholar Moore in his seminal book 'Creating Public Value - Strategic Management in Government' (1995). The approach postulates that public value creation should be the main objective of public managers, analogue to shareholder value maximization in the

³ For a definition of media policy see Freedman, 2008b, pp. 1, 11.

private sector (Moore, 1995, p. 28). PVM was developed as a critique of and reaction to the previous public service approach New Public Management (NPM), which dominated since the 1980s and had in turn emerged as a response to shortcomings of its predecessor Old Public Administration (OPA).

OPA was characterised through a bureaucratic and paternalistic model of top-down service provision in the form of command and control (Stoker, 2006, pp. 43-45), executed by public officials supposed to act in the public interest. In reality, public organisations however tended to be dominated by the interests of public servants and providers (Stoker, 2006, p. 45).

As a post-bureaucratic approach, NPM critiqued the inefficiencies of OPA by taking a market-orientated approach that argued for increased consumer choice and the application of private sector management to operational targets like efficiency and cost reduction (Stocker, 2006, pp. 42, 45; Denhardt & Denhardt, 2000, pp. 549-551; O'Flynn, 2007, pp. 354-356; Talbot, 2009, p. 168; Bozeman, 2007, p. 69; Alford & Hughes, 2008, p. 134).

This in turn led to NPM being criticized for pursuing economic targets at the expense of democratic processes and broader notions of public value with adverse effects on increased bureaucracy, accountability, and institutional complexity (Blaug et al., 2006a, pp. 6, 16; O'Flynn, 2007, pp. 358, 363; Stewart, 2004, p. 16). Viewing individuals as customers rather than citizens raised concerns that market transaction-like conditions imposed on this relationship could cause depolitisation and consumerisation (Needham, 2003; Dunleavy et al., 2006, p. 467).

PVM therefore emerged as an alternative to incumbent NPM approaches. PVM focuses on public value creation for and together with the public through processes of deliberation and co-production. The determination, authorization, and evaluation of collective or public values through public deliberation and co-production creates accountability and legitimacy which is responsive to social changes and reduces hierarchical top down decision-making of previous approaches (Stoker, 2006, pp. 41, 47; O'Flynn, 2007, p. 361; Hills & Sullivan, 2006, pp. 9, 11, 21; Davis & West, 2009, p. 604 and van der Wal & van Hout, 2009 on public values).

As PVM is developed in and relative to the circumstance of its task environment (Alford & O'Flynn, 2009, p. 176), it is a contested concept (Benington,

2009, pp. 235, 238-240) for which the public values defined through deliberation and co-production differ according to policy and industry. Deliberative processes also function as means of judging outcome-based performance, which represents a shift away from input and output measures, processes and aggregation scores that were typical of NPM regimes (Stoker, 2006, pp. 47, 52; Needham, 2003, pp. 36, 38, 39; Hills & Sullivan, 2006, pp. 13, 11).

These operational elements are summarised in a “strategic triangle” which includes 1) public value as the overall mission, 2) support and legitimacy, and 3) operational capabilities (Moore, 1995, pp. 70-71; Moore & Khagram, 2004, pp. 2-3; Alford & O’Flynn, 2009, p. 173).

While not dismissing either but rather integrating both, a central characteristic of PVM is the re-emphasis of citizen representation over consumer and NPM objectives. This stands in contrast to the strong consumer focus of the previous NPM approach. Based on the pursuit of the twin goals of democracy and efficiency, Collins states that “a hard characterization of public value theory might describe it as NPM plus co-production” (2007b, pp. 7-8).

As a post-bureaucratic and post-competitive approach, PVM critiques the narrow utilitarian microeconomic assumptions of NPM and its lack of adequately addressing collective preferences (Stoker, 2006, p. 42; O’Flynn, 2007, p. 360). In contrast to its predecessors OPA and NPM, PVM provides a more holistic way of addressing public service goals as well as qualitative and quantitative performance.

PVM can be understood as a hybrid approach that transcends normative concepts such as the public interest by addressing both the normative and the operational levels of defining, implementing, and assessing economic and non-economic objectives, the latter through means of deliberative democracy (Knoll, 2008). While the public interest concept can be understood as an ideal or starting point for deliberation, the public value approach facilitates the move from deliberation to action (Bozeman, 2007, pp. 14, 132; Alford & O’Flynn, 2009, pp. 175-176). Public value creation takes place not only through the achievement of outcome but also through participatory, deliberative processes which address the definition, provision, and evaluation of public services. Based on this understanding, public service provision is not purely a reaction to market failure but much more a proactive search for and creation of public value.

Table 1.1: Comparison of Public Management Approaches⁴

Features	OPA	NPM	PVM
<i>Characterisation</i>	Bureaucratic	Post-bureaucratic, competitive	Post-competitive
<i>Dominant focus</i>	Rules	Results	Relationships
<i>Managerial goals</i>	Respond to direction from politicians and follow rules and procedures	Achieve agreed performance targets	Multiple goals: responding to citizen/user preference, renew mandate and trust
<i>Public interest definition</i>	Paternalistic (politicians, experts)	Aggregation of individual preferences (consumer choice)	Individual and public preferences (public deliberation)
<i>Performance objectives</i>	Politically provided inputs, services monitored through bureaucratic oversight	Management of inputs and outputs to ensure economy and responsiveness to consumer	Multiple objectives: service outputs, satisfaction, outcomes, trust, legitimacy
<i>Dominant model of accountability</i>	Upward accountability (departments to politicians to parliament)	Upward accountability via performance contracts; outward to customer via market mechanism	Multiple accountability systems: citizens as government overseers, customers as users, taxpayers as funders
<i>Public participation</i>	Limited to voting in elections and pressure on elected representatives	Limited – apart from use of customer satisfaction surveys	Crucial – multi-faceted (customer, citizen, key stakeholders)
<i>Preferred delivery system</i>	Hierarchical department or self-regulating profession	Private sector or tightly defined arms-length public agency	Alternatives selected: public sector agencies, private companies, JVs, community interest companies

Regarding the research interest of the thesis, the notion's original conceptualisation in public management theory indicates that the application of the public value concept in PSB policy – while representing both economic and non-economic rationales – puts more emphasis on citizen objectives, setting them above (or at par with) consumer representations.

This focus on non-economic rationales would stand in contrast to previous economic consumer- and market-focused approaches of the 1980s/90s. This raises the research question of whether the public value development represents a shift in the dominance from economic to non-economic rationales in PSB justification.

⁴ Adapted from Kelly et al., 2002; O'Flynn, 2007; Stocker, 2006, 2003.

The policy change that has taken place with the institutionalisation of the public value notion in the BBC's Charter and wider PSB practice therefore needs to be investigated with regard to the use of different economic and non-economic rationales in the justification of PSB provision. Broadly, this change can be described as a shift from correcting market failures to providing public value as an alternative rationale for PSB intervention.

In investigations of policy change, processes of ideological shifts are addressed by concepts such as policy paradigms and paradigm shifts. The next section therefore takes a closer look at studies of paradigm shifts in media (1.3) and public policy (1.4).

1.3 Ideological Shifts and Media Policy Paradigms

In policy studies, fundamental shifts in ideologies that inform policy-making are addressed through the concept of a paradigm shift. As the review in the next section shows, a paradigm shift is defined as a specific type of policy change that concerns the ideological level of policy-making – or more precisely, the underlying ideologies that inform policy-making in the form of policy goals, the perceived policy problems, and corresponding solutions.

As addressed before, the term ideology is defined and used to represent different academic disciplines which are grouped into two categories of economic and non-economic approaches. The analysis focuses on the different regulatory rationales of these disciplines that are used to justify regulatory intervention. Generally, it can be said that market failure represents an economic rationale, while public value is seen as a non-economic rationale for intervention.

The concepts of policy paradigms and paradigm shifts have also been used in studies of ideological changes in media policy by Van Cuilenburg and McQuail (2003), Jakubowicz (2011), and Pickard (2010).

In a recent article, Jakubowicz (2011) addresses the interrelationship between ideologies, public policy and PSB by referring, amongst others, to the Parliamentary Assembly of the Council of Europe. The following quote reflects the theoretical and practical relevance of media policy paradigms: “As indicated by the

Parliamentary Assembly of the Council of Europe: A debate about public service broadcasting (PSB) is in reality a debate about the philosophical, ideological and cultural underpinnings of society and about the role of the State and the public sector in meeting the needs of individuals and society as a whole (Parliamentary Assembly 2004: 10)⁵. This is well illustrated by the evolution of media policy paradigms (from the phase of emerging communication industry policy, to that of public service media policy, and, finally, to a new communication policy approach), prompted by shifts in the balance of component political, social, and economic values that shape the definition of the public interest that the media are normatively expected to serve (van Cuilenburg and McQuail 2003)” (Jakubowicz, 2011, p. 210).

Similarly, Pickard (2010) investigates the origins, ideological shifts and implications of media policy paradigms in the post war period in the United States by focussing on paradigmatic clashes and struggles between “social-democratic” and “libertarian” approaches to media regulation (pp. 174, 177). This ideological distinction corresponds to the one made here between economic and non-economic ideologies.

Of most interest and relevance for this study is the work of van Cuilenburg and McQuail (2003), who investigate different media policy paradigms of the 20th century for Western Europe and the US. They distinguish between three phases of media policy paradigms according to the importance ascribed to different ideologies in informing policy-making. With regard to ideologies, they develop a tripartite division of the public interest into political, social, and economic welfare (ibid., p. 184). These underlying ideologies are represented as component values that inform policy paradigms (ibid., p. 201). Those values which are more dominant in informing policy making (than other values) inform the overall paradigm.

Van Cuilenburg and McQuail’s (2003) first identified paradigm of an emerging communications industry lasted until 1945 and was informed through national strategic and technological interests. It was succeeded by the post-war paradigm of public service media policy which lasted until the 1970s and was ideologically informed by socio-political objectives, with PSB being at its height. The third and emerging paradigm commenced in the 1980s and is characterised

⁵ Parliamentary Assembly (2004). Public Service Broadcasting, Doc. 10029. Strasbourg: Council of Europe, <http://assembly.coe.int/Documents/WorkingDocs/doc04/EDOC10029.htm>.

through the primacy of economic and technological rationales, supplemented by socio-cultural and communications values.

While van Cuilenburg and McQuail defined these three phases to reflect wider meta-developments in the EU, this succession of phases is also evident in UK media policy (see chapter 5). In the UK, the rather protective approach of the dual public-private broadcasting model that dominated until the late 1970s has in the 1980s been succeeded by a neo-liberal focus on market competition and deregulation under the Thatcher government, which continued throughout the 1990s. The deregulatory approach under Thatcher coincided with new technologies such as cable and satellite distribution that allowed increased channels and consumer choice. With this service proliferation, the consumer and market perspective was favoured over more traditional socio-political and societal objectives that had dominated until the end of the 1970s. This change in dominant ideology from the 1960s/70s to the 1980s/90s resembles the change from the second to the third phase described by van Cuilenburg and McQuail.

In this context of the third, predominantly economic paradigm informed by consumer objectives, market failure rationales and NPM approaches, the emergence of the public value notion seems to indicate a shift to non-economic citizen and wider societal objectives. The question then arises, whether the policy change that has take place with the institutionalisation of the public value notion, represents a fundamental paradigmatic shift in ideology.

As paradigm shifts indicate a fundamental or high degree of policy change, it is of general and specific interest for the policy area concerned to investigate such processes in detail. The central objective of such studies is to better understand these processes and in particular the distinction between policy changes and paradigm shifts, as the higher degree of change of the latter has a fundamental impact on policy outcomes and thus overall society.

The concept of a paradigm shift describes these changes in the relative importance of different ideologies in policy-making, i.e. economic, political, social, cultural approaches. In the context of media policy, these phases represent media policy paradigms.

It is important to emphasise that policy paradigms consist of a range of *different* types of component values. No such thing as a *pure* ideological paradigm

exists. Rather, the classification given to a paradigm describes the type of values which are dominant in the overall hierarchy of values that inform policy-making over a certain period of time. Based on this understanding, paradigm shifts are consequentially shifts in the hierarchy of component values. As will be shown in the next section 1.4, this is also the general understanding of paradigms and paradigm shifts in public policy studies.

Another aspect which should briefly be addressed is that the understanding of paradigms represents policy practice or more precisely policy decision-making which has a direct impact on policy outcomes. Purely discursive changes in policy debate that do not translate into policy outcomes are not defined as paradigm shifts.

It can be summarised that the concept of media policy paradigms is a particularly suitable analytical framework to investigate the apparent ideological shift associated with the public value notion in UK PSB policy. Before taking a closer look at studies of paradigm shifts in policy analysis, some limitations of existing media policy paradigm studies should be addressed briefly.

While the three studies reviewed above consistently define media policy paradigms as being composed of different ideologies in the form of ideological component values, they do provide only little clarification on when exactly a paradigm shift has taken place. No definition is given of how a paradigm shift can be identified aside from the rather general statement that paradigm shifts are shifts in ideology. Van Cuilenburg and McQuail provide some further information as they address changes in the hierarchy of component values.

Beyond these views, the development of media policy paradigms as an analytical concept however remains rather limited. These shortcomings provide the opportunity to develop a clearer understanding of paradigms and paradigm shifts, their composition and how they come about for the specific context of media policy. These are central objectives of this research.

While pointing to these shortcomings, it also needs to be acknowledged that such a lack of detail may be related to the complexity of policy changes and paradigm shifts. As multidimensional processes they need to be abstracted to some degree when studied to deal with large amounts of data. Finding the right balance between abstraction and complexity while avoiding the risk of reductionism

represents a central challenge of such investigations (Capano & Howlett, 2009, p. 4; Capano, 2009, p. 14).

In van Cuilenburg and McQuail's (2003) case, another point of critique and also possible reason for a high degree of abstraction is their rather broad approach to study paradigm shifts for both Western Europe and the US. As media systems, they are considerably different which raises further questions about whether the three phases are indeed accurate and applicable across different countries and media types. Care therefore needs to be taken when the classification is applied to a specific media context. For the UK, these three phases do generally reflect the overall developments in PSB and media policy (see chapter 5). In addition, the previous review of public administration approaches also supports the ideological phases outlined by van Cuilenburg and McQuail. In this context, the application of the public value notion in contemporary PSB policy – given its origin as a successor of NPM approaches in public administration theory – supports the indication of an ideological shift. The evolution of media policy paradigms is addressed in more detail in chapter 5.

Despite these shortcomings, it can be summarised that the paradigm notion as well as van Cuilenburg and McQuail's (2003) phases of media policy paradigms provide useful conceptual tools to study the policy change process associated with the public value notion in UK PSB. A central objective of this study is to address existing shortcoming by improving the understanding and analysis of media policy paradigms.

The next section reviews paradigm shift studies in public policy analysis to gain insights on the use of the paradigm concept as an analytical framework. The thesis is theoretically positioned in the context of both media policy and policy analysis, thus taking an industry-focused approach to policy and paradigm shift analysis.

1.4 Paradigm Shifts as Fundamental Changes in Policy

The research interest concerns the emergence and institutionalisation of the public value notion in the context of contemporary PSB policy. As such, the study

addresses the wider field of policy process analysis. Here, it concentrates on the use of policy ideas and ideologies in policy change and paradigm shift process, in particular how they take place and how they can be classified or identified.

The latter aspect of classifying policy change addresses paradigm shifts as a specific type of fundamental policy change. The public value notion is viewed as a policy idea that was introduced to facilitate such a policy change. The interest of the study focuses in particular on the use of different economic and non-economic ideologies in policy change and paradigm shift processes to investigate whether a paradigm shift has taken place.

The focus of the thesis and the review below are limited to the use of the paradigm notion in policy-making and in investigations of paradigm shifts as a specific type of fundamental policy change. Kuhn's seminal work on paradigm shifts in the history of science (1962, 1970) is thus addressed only indirectly regarding its influence on policy studies.

To date, the central work is that of Hall (1993) who devised a three-tiered classification framework of policy change and paradigm shifts. As later shown in section 1.5, Hall's classification provides the core of the analytical framework developed for this study.

Central studies on policy paradigm shifts, which are reviewed below, include those of Jenson (1989), Hall (1993), Coleman et al. (1996) and Carson (2008, et al. 2009). While focussing on slightly different aspects of the change process, it can generally be said that all studies share the view of paradigm shifts being defined as fundamental changes in the overarching ideology that informs policy-making. The studies differ however regarding the attention they devote to the classification of paradigm shifts.

As one of the earlier studies of policy paradigms, Jenson (1989) investigates state policies regulating women's behaviour in France and the US before 1914 and how particular identities were embedded in societal paradigms that followed from the institutionalisation of new social relations.

A societal paradigm is here viewed as a "meaning system as well as a set of practices" which, if shared widely, is described as a hegemonic paradigm (Jenson, 1989, p. 239). As long as a hegemonic societal paradigm exists, competing identities make little headway. If contradictions however intensify in the context of new

emerging conditions and a period of crisis, competing identities, which make better sense of the new situation, may be adopted as a new paradigm (ibid.). Central to this view is that paradigms, as meaning systems around which actors constitute collective identities, are “a crucial analytic focus for understanding stability and change” (ibid., p. 237) in policy processes.

Jenson thus addresses change and stability between paradigms; why hegemonic paradigms may not offer guidance anymore in periods of crises and may consequentially be replaced by emerging new paradigms. One aspect the study does however not clarify is how a paradigm shift can be identified in the context of policy change, i.e. at what point exactly policy change represents a paradigm shift.

As this question of the *fundamentality of policy change* is central to this research, the seminal study of Hall (1993) is of particular interest for understanding and classifying processes of policy change and paradigm shifts.

Hall investigates social learning and the role of policy ideas in policy change on the empirical setting of the ideological shift in British macroeconomic policy-making from Keynesianism to Monetarism between 1970 and 1989. With regard to investigating and understanding different degrees of policy change, he develops a *tripartite classification* of *first*, *second* and *third* order change as “three distinct kinds of change” to distinguish between normal processes of policy change and paradigm shifts (ibid., p. 278).

Hall views policy-making as a process which involves three central variables – *instrument settings*, *instruments themselves* and *overarching ideas/ideologies/goals* (ibid., p. 278). First order change in the levels or settings of instruments and second order change in the instruments themselves are described as “normal policymaking” or processes that adjusts policy without challenging the overall hierarchy of goals behind a given policy paradigm. Third order change in the form of a radical or wholesale change in overarching ideology and hierarchy of goals is classified as a paradigm shift (ibid., pp. 278, 281-283). Third order change, which occurs relatively rarely, entails simultaneous change in all three components (ibid., p. 279).

Hall uses the notion of a policy paradigm as a conceptual framework to understand *degrees* of policy change. Keynesianism and Monetarism were two economic ideologies and distinct paradigms (at that historical point) with different

policy prescriptions based on fundamentally different conceptions of how the economy worked. When one replaced the other, Hall found, there was a radical shift in the hierarchy of goals guiding policy, the instruments relied on to effect policy, and the settings of those instruments. This was accompanied by substantial changes in the discourse and analysis employed by policy-makers (ibid., pp. 284, 279).

Without denying the impact of material interests in the policy process (ibid., p. 292), Hall emphasises the role of ideas in policy-making, stating that policy-makers customarily work within a framework of ideas that specifies the nature of the problem, the policy goals, instruments and terminology. He calls this interpretive framework a policy paradigm (ibid., p. 279).

Regarding the *movement or process* between the different orders of change, Hall describes first order change as incremental and second order change as strategic action (ibid., pp. 279-280). These do however not automatically lead to third order change in form of a paradigm shift, which is much more political and complex in nature (ibid.).

According to Hall, a third order *policy change process* leading to a paradigm shift is initiated by a series of new economic developments that proved anomalous with the terms of the prevailing paradigm. These anomalies threaten and discredit the existing paradigm which neither fully anticipates nor explains them. This leads to policy failures and incoherencies which prompts a search for alternatives along with experimentation and modification of policy. Such conditions create the opportunity for an alternative paradigm to be introduced and supported in the policy arena to become the new paradigm once it is institutionalised (ibid., pp. 284-287, 291).

By disaggregating the process of policy change into three sub-types and invoking the concept of policy paradigms, Hall has shown that then dominant state-centric theories that associated social learning with the autonomy of the state needed to be extended to reflect that policy changed not only as a result of autonomous action by the state and civil servants or policy experts but also through politicians, the media and wider societal public debate (ibid., pp. 287-288).

The principal contribution of a social learning perspective is to draw attention to the role of ideas in politics as pressures or material interests are not sufficient to describe such processes alone (ibid., p. 289). Hall's article contributes "a

specific argument about *the way in which ideas condition policymaking* and how they change, organized around the concept of "policy paradigms" (ibid., p. 290).

The paradigm shift process described by Hall is similar to that of Jenson, regarding the occurrence of anomalies that challenge and eventually lead to the replacement of the existing paradigm. With its three orders of change, Hall however provides a more sophisticated classification that can be applied as an analytical framework to investigate the fundamentality of policy change processes.

Most of the studies published after Hall have applied or built on his approach by modifying, adding to or criticising it. None of these studies has however provided a more useful approach than Hall's three orders of change to classify paradigm shifts. Carson et al. (2009, p. 18) for example state that relatively little has been done to elaborate the paradigm concept beyond Hall's adaptation. In general it can be said that most studies analyse the complex policy change processes, often focussing on different variables, while not paying much attention to the question of when exactly a policy change process becomes a paradigm shift. Hall's three-partite classification has persisted over the years as the dominant framework, or "the current orthodoxy", as Howlett and Cashore (2009, p. 36) put it.

More recent studies, like those of Oliver and Pemberton (2004) and Coleman et al. (1996) for example, address the temporal nature of the policy change process. They question whether paradigm shifts are revolutionary, as described by Hall and Kuhn, or rather evolutionary and incremental in nature (also Schmidt, 2011, p. 108). Oliver and Pemberton (2004) find that Hall's case study is more evolutionary than its revolutionary typology of change allows (p. 435).

Coleman et al. (1996) also conclude that the nature of paradigm shifts does not have to be revolutionary, as proposed by Kuhn and Hall, but that it can also take an evolutionary pattern (p. 273). Investigated on the cases of agricultural policy change in three countries, Coleman et al. see change leading up to paradigm shifts as being negotiated between state actors and group representatives. As the debate is largely confined to sectoral policy or corporatist networks as relatively closed policy communities, the results is a more managed series of policy changes that culminates in a paradigm shift in an evolutionary fashion. Similar to the previous studies, a change in the policy paradigm is defined as "a fundamental shift in the basic principles governing public policies" (ibid., p. 297).

While Coleman et al. assume a similar accumulation of first and second order change as Hall, they view the transition as much more gradual and without the requirement that significant institutional change precedes policy change (ibid., p. 274). They conclude that the pattern of change, revolutionary/radical or evolutionary/incremental, depends on the type of policy and whether it is dominated by a pressure pluralist, state-directed (Hall) or corporatist policy network (ibid., p. 288).

In another study, Lida (2004) proposes paradigm theory as a think tool for policy-making (p., 17). A policy paradigm is referred to as the paradigm prevailing in the policy space in which policy-makers contemplate choices of policy instruments required to achieve certain policy objectives (ibid., p. 18).

Lida distinguishes between major and minor paradigm change. A major change is a shift from one paradigm to another that takes place through change in the determinants of the paradigm, such as values, market forces, political events, technological innovations (ibid., p. 20). In contrast, a minor paradigm only changes with the passage of time. It is a historic stage of the paradigm change in the form of a transformation of important content of the major paradigm (ibid., p. 21).

Further relevant studies are those of Carson (2008) and Carson et al. (2009). Carson (2008) defines a policy paradigm as „a cognitive-normative concept that permits the analysis of distinctly different, sometimes incommensurable ways of conceptualising the issues, problems, interests, goals, and remedies involved in policymaking” (p. 171).

As a conceptual model shared by a particular community of actors, Carson views a policy paradigm as a socially constructed, idealized, relatively coherent complex of assumptions and principles upon which (institutional) rules are built, while the institutional rule system represents a compromised and often not fully implemented version of the idealized paradigm (ibid., pp. 173, 176).

In his understanding of paradigms, he stresses the social context in which policy-making is embedded and in turn influenced by. The important point here is that cognitive-ideational factors such as those embodied in policy paradigms are a type of cultural phenomena (ibid., pp. 172, 180).

Carson further distinguishes between discourse and institutionalisation of policy paradigms. As socio-cognitive models and shared cognitive-normative spaces

(ibid., pp. 176, 179-180), policy paradigms are expressed in discourses “that rely on conceptual categories such as ‘public problems’, distribution of ‘expert authority’, distribution of ‘policy authority and responsibility’, and ‘appropriate solutions’. Taken as a whole, they constitute the conceptual framework of a given policy paradigm. When institutionalized, the discourses translate into laws and written rules and other materials that define the location and other aspects of formal rule making authority, and set(s) of institutional practice or strategies for dealing with specific types of problems” (ibid., p. 178).

Regarding the emergence of a new policy paradigm, Carson identifies three types of processes that often combined contribute to paradigm shifts: (1) crisis and reaction, where problems develop into crisis; (2) conversion and consolidation, where policy-making elites bring about incremental conversion of guiding principles and assumptions over time; and (3) persuasion, where a new paradigm is established through lobbying and framing issues in normative terms and as relevant and important (ibid., pp. 184-185). Replacement of an old with a new paradigm may also come as governing elites embrace a new paradigm or elites and paradigms are replaced at the same time (ibid., p. 186 refers to Burns & Carson, 2002).

He concludes that, as a complex process, paradigm change is the result of an “untold number of incremental decisions” of which some are clearly path breaking and may have large consequences (ibid., p. 186). This “frequently-incremental nature of paradigm shifts contributes to the difficulty of assessing just when it is possible to determine that an established paradigm has been replaced by its challenger“ (ibid.).

In a later study, Carson et al. (2009) investigate public policy paradigms, within which policy ideas are embedded and on the basis of which policies are framed, articulated, and implemented. They view ideology as a very general level of a belief system while policy paradigms are the analytical level of policy-making (ibid., pp. 15-16).

By investigating changes in EU policy, they aim to provide a comprehensive theoretical and empirical treatment of policy paradigms by considering their architecture, their role in framing and organizing action, and their transformation (ibid., p. 5). They focus in particular on the role of ideas (ibid., pp. 19-20) formulated by actors to influence policy-making and the conditions under

which actors manage or fail to exercise their influence. The “policy paradigm concept has emerged over the past decade and a half as a useful tool for analyzing and comprehending the interactions between ideas, institutions, and organized actors engaged in political and administrative processes” (ibid., pp. 11-12).

Carson et al. view policy paradigms as conceptual structures which frame and constrain public issues and problems that policy-makers are likely to consider and select (ibid., p. 6). As paradigms are idealized rule systems, models or blueprints for institutional design as well as compromised operative paradigms of these idealized models when they are translated into practice, Carson et al. suggest that paradigms should be investigated as ideas and as concrete practices (ibid., pp. 380-381, 142). Shifts in the paradigm blueprint and the operational paradigm are seen to be analytically and sometime also empirically distinct as they can happen at separate points in time (ibid., p. 401).

The paradigm shift itself is defined in the reconfiguration of core constitutional principles that guide policy, such as goals (problems, solutions), organisational arrangements, actors, or values (ibid., pp. 148, 167-168, 25, 378). In their study of EU food, chemicals, asbestos, and gender equality policy they found a reprioritisation from economic to social values in the form of a shift from an economic free market to a social, health, and environmental paradigm (ibid., pp. 359, 375). According to their view, a reordering of core dimensions defines a paradigm shift, while changes in the periphery do not (ibid., p. 142). Paradigm shifts are described as new hierarchical rankings of already existing elements rather than the replacement of one paradigm by another. “Neither does a dominant paradigm destroy previously legitimate frames, rather it comes to constitute the reference point in relation to which these older structures must adapt” (Surel, 2009/ibid., pp. 42, 359).

With regard to the question if a paradigm shift occurred, they investigate whether significant changes have taken place in one or more dimensions that make up a policy paradigm, while conclusions are more secure when several or significant changes have occurred (ibid., pp. 170, 379).

Problems with this approach are that changes in a paradigm may be small and incremental but over time add up to a major change or that there may be momentary success in establishing a paradigm but no long-term endurance (ibid., p.

170). Incremental change makes it difficult to assess when exactly an established paradigm has been replaced (ibid., p. 400).

Analytically, Carson et al. trace the process of fundamental policy change as it evolves from ideas and through action to become institutionalised (ibid., p. 21). In their study of EU policy, they operationalise the paradigm by analysing the key elements that constitute the paradigm which was done by “identifying how the different paradigms assign priority to market versus social goals, how they define who should participate in the processes related to policymaking, and how they define where, or at what level of governance the issues associated with competing goals should be decided” (p. 129). In a second step, they outline the “process of paradigm construction with consideration for the categories of actors involved, the kinds of problem solutions that are conceivable, and the concrete goals that are developed from those” (ibid.).

They state that multiple methods are essential for analyzing paradigms and paradigm shifts, such as analysing discourse or statements in documents to investigate the architecture of paradigms as well as analysing the political process in which paradigm transformation takes place (ibid., p. 155).

In comparison to the previously reviewed studies, Carson et. al’s approach takes a more comprehensive perspective on public policy paradigms. Studies have become more nuanced over the years, they generally take a more contextual view and agree that both radical revolutionary or incremental evolutionary change can lead to paradigm shifts and that a change in ideology lies at the core of a paradigm shift.

While all studies consider different variables beyond ideology, more recent investigations are more exhaustive. Aside from ideology, institutions, and the speed of change (incremental vs. evolutionary) – which are typical variables considered in paradigm shift analyses – Carlson et. al (2009) for example consider actors, strategic/instrumental behaviour and the duration of change in their discussion. This more contextual perspective is reflected in their theory, which draws heavily on sociological neo-institutionalism (ibid., p. 21; chapter 4) and combines cognitive-normative models, institutional analysis, and strategic interactions to reflect organized actors seeking both to realize their ideals and pursue their interests (ibid., pp. 6, 24).

While the different studies discuss variables in their analyses of paradigm shifts, they however do not directly link them to the *classification* of paradigm shifts. Those studies which address the classification of paradigm shifts refer to Hall's approach, as do Howlett and Cashore (2009), who extend Hall's classification by distinguishing between six instead of Hall's three orders of policy change. Their six orders do however not include new variables, rather they take a more detailed look at Hall's three orders of instrument settings, instruments, and goals/ideologies by distinguishing them into six (goals, objectives, settings, instrument logic, mechanisms, and calibrations) (ibid., pp. 38-39). While this study modifies Hall's approach, it does not take a broader range of variables into account.

Regarding the review of paradigm shift studies and the thesis' focus on the classification of paradigm shifts, it can be summarised that while the analysis of paradigm shifts has continuously developed by adopting more nuanced and contextual perspectives, little progress has been made on adapting Hall's classification. As addressed by different authors, it remains unclear when exactly the "tipping" (Carson et al., 2009, p. 407) or "switching points" (Schmidt, 2011, p. 110) are reached. This means that more work needs to be done on paradigm shift classification, which remains underdeveloped.

This study certainly does not attempt to devise such a one-size-fits-all framework. It does however try to provide a step in this direction by extending Hall's framework through including further variables as paradigm shift indicators. As such, the devised framework represents one possible approach to further the development of the classification of paradigm shifts.

It is desirable to extend Hall's classification as it seems insufficient to solely base the decision of whether a paradigm shift has taken place on the single variable of an ideological shift. While this remains the primary indicator, more recent studies have increasingly analysed paradigms in their wider policy change context. For example, it is questionable whether a fundamental change in ideology indicates a paradigm shift if however that shift does not last very long. In addition, the primary classification of an ideological shift remains subjective, as no commonly accepted understanding exists of which degree of change constitutes such a fundamental shift other than the generally shared view that it is a reprioritisation of core components of the paradigm.

It is therefore desirable to adapt Hall's classification framework by introducing further secondary variables into the classification that can be used to support or undermine findings of an ideological shift. This is particularly useful where findings are ambiguous. A broader evidence base reduces subjectivity and improves the overall assessment.

A central objective of the thesis is therefore to develop an analytical framework that extends Hall's classification in order to analyse the policy change process associated with the public value development in UK PSB to see whether it represents a paradigm shift. In the framework, the central or primary indicator of a paradigm shift remains that of a fundamental change in ideology in the form of a change in the hierarchy of component values. This finding is however qualified by secondary evidence or indicators in the form of typical paradigm shift characteristics and factors that influenced the policy change process.

In the next section, key terminologies are defined before the analytical classification framework is developed and the research questions are introduced.

1.5 Definition of Key Concepts, the Analytical Framework and the Research Questions

As Stuart states, "Understanding why, when, and how policy does (or does not) change is one of the key problems of the policy sciences" (2006, p. 184). The public value development in UK PSB is such an instance of policy change and it is the objective of this study to describe, analyse and explain this policy change process to understand its meaning and significance of change.

As addressed in the introductory section, the particular interest lies on investigating whether an ideological shift has taken place with the public value notion that puts more emphasis on non-economic as opposed to economic objectives. The analysis is approached from the perspective that the public value notion represents a strategic and instrumental policy idea that was introduced as a new rationale for public service provision. As the notion was included in the BBC's Royal Charter and implemented into practice, it can be said that a policy change has taken place. The thesis sets out to investigate whether this policy change is a

fundamental change in ideology for PSB justification that would represent a paradigm shift.

This is of relevance as the public value development represents a very interesting contemporary development in PSB justification in the shift from analogue to digital service provision that is embedded in a wider historical context of evolving media policy paradigms. As the ideological justification is directly related to the scope and type of PSB provision, the study is – beyond its theoretical interest – of wider societal and empirical relevance.

This section briefly defines the key concepts of this study, which guide the analysis. These terminologies are *policy idea*, *policy change*, *policy paradigm* and *paradigm shift*. The concepts link the empirical object of study with the theoretical context of policy change analysis. The public value notion is viewed as a policy idea that was introduced to achieve policy change by informing policy statutes and practices. The investigation concerns the question of whether the policy change has taken the form of a paradigm shift with the public value notion representing a new paradigm for PSB justification.

The literature review has shown that policy ideas and ideologies are central to the processes of policy change and paradigm shifts. The term *policy idea* is here used as an umbrella term to describe policy concepts or instruments which are introduced in policy debates but have not been institutionalised or implemented. Policy ideas can carry different ideologies (such as economic and non-economic rationales) that represent the interests and objectives of the party who introduced the idea. The term further suggests that the concepts proposed are not identical to those currently used in policy and thus have some degree of novelty. The public value notion is viewed as such a policy idea that was devised and introduced to convey certain ideological and strategic interests of the BBC as a corporate policy actor. The role of a policy idea as an influence factor in policy-making is addressed in more detail in chapter 4.

Once a policy idea has been adopted in legislation and implemented into practice, one can speak of a *policy change*. It is important to emphasise that a mere discursive use of a policy idea does not count as a policy change. Policy change is here defined as the institutionalisation of a policy idea into policy statutes and practices, thus impacting policy outcomes. Policy change can be of any shape or

form – strictly speaking any form of policy-making can be described as policy change. Based on this view, the inclusion of the public value notion into the BBC's Charter, subsequent to its discursive introduction as a policy idea by the BBC, represents a policy change. Due to its institutionalisation it became a rationale authorised by government to make decisions on the scope of PSB provision and thus justification.

In contrast to policy change, which describes an act of modification, a *policy paradigm* describes a much more static, overarching or underlying approach to policy-making. A policy paradigm is defined as the dominant ideology adopted to inform policy decision-making. More precisely, policy paradigms consist of different component values representing different ideologies. These component values are subject to an interchangeable, hierarchical order, of which those values that are dominant inform the paradigm's overall ideological classification.

In the empirical context of the public value development, the policy paradigm refers to the dominant ideology that informs the justification of PSB regarding different economic or non-economic rationales. It is investigated whether PSB justification based on the public value notion prioritises non-economic over economic rationales. In the wider context of media policy paradigms such a development could represent a paradigm shift from a primarily economic to a primarily non-economic paradigm. This is the central research interest of this study.

Corresponding to this definition of a policy paradigm, a *paradigm shift* is defined as a fundamental change in the underlying ideology that informs policy-making. This fundamental policy change is further defined as a reordering of the hierarchy of component values of a policy paradigm. This definition represents the generally shared definition of a paradigm shift in public policy studies, as reviewed above. This understanding also forms the core of the analytical framework which is devised for this study to classify a paradigm shift.

The *analytical framework* consists of primary and secondary indicators for a paradigm shift classification.

The *primary* indicator of a fundamental policy change or paradigm shift is a change in the underlying ideology in the form of a reordering of component values of a paradigm. This primary indicator reflects Hall's classification framework where a third order change in the goals/underlying ideology is classified as a paradigm

shift. According to the previous definition of policy change taking place in the form of the institutionalisation and implementation of policy ideas, the investigation of whether a policy change represents a paradigm shift has to be conducted by analysing applied policy concepts in practice such as the implemented public value notion at the BBC and C4. This provides insights on the concept's actual operationalisation and impact on policy outcomes.

These findings can then be compared with the discursive definition of such a concept to see whether discrepancies exist between the discursive and the implemented form of a policy idea. This is of interest as internal contradictions or disconnects between words and actions (Schmidt & Radaelli, 2004, p. 202) can negatively impact the credibility, validity, and thus wider acceptance of a policy idea. This is again relevant in the investigation of paradigm shifts.

As paradigm shifts are however complicated, multilevel processes that can hardly be explained or classified by just drawing on one variable such as ideology, the analytical framework is extended to include *secondary indicators* in the form of paradigm shift process characteristics and influence factors. This wider contextual and procedural perspective reflects the ontological view that ideas and ideologies are a central but only one factor in policy change processes that should not be considered in isolation (see chapter 4; Schmidt & Radaelli, 2004, p. 206).

The here adopted analytical framework therefore extends Hall's approach by integrating secondary indicators to reduce subjectivity and broaden the evidence base for a paradigm shift classification. Secondary indicators serve to refine the findings of the ideological analysis.

The secondary indicators concerns the policy change process in that they are typical characteristics of paradigm shift processes or influence factors that provide insights on explaining why this development has taken place.

The first type of secondary indicator addresses *typical paradigm shift characteristics*. These concerns steps in paradigm shift processes, as described in the previous review of paradigm shift studies. Typical stages are for example a crisis of the existing paradigm, followed by policy failure, the introduction, debate and institutionalisation of a new policy idea (see Carson et al., 2009, pp. 25, 386-387 on paradigm shifts mechanism). Further aspects concern the tempo of such process, i.e. evolutionary/incremental or revolutionary/radical/novel, whereby paradigm shifts are

by some seen to take both forms (see Schmidt, 2011, p. 10; Capano, 2009, pp. 14-15). Other characteristics are the duration of change, i.e. the longevity or perseverance after a policy change has taken place.

As it is impossible to deductively define an exhaustive list of possible paradigm shift characteristics, the approach is taken to analyse the empirical policy process with regard to both deductive and inductive characteristics that arise out of the data.

The second type of secondary indicators concerns *influence factors*. These are generally all possible factors that influence the development of the policy change process. As it is again impossible to define a deductive set of influence factors, the same combined deductive and inductive approach is adopted as before. Influence factors in policy-making are reviewed in detail in chapter 4. At this point they can roughly be distinguished into two categories; interest factors concerning the motivation of policy actors, and contextual factors which are wider institutional, cultural, and political factors that inform or constrain the interests of policy actors.

By investigating the change process with regard to its procedural characteristics and influence factors, it is possible to develop a better understanding and explanation of the overall development. These findings are used to supplement the primary ideological analysis of the paradigm shift classification.

The consideration of the historical context (Rayner, 2009, pp. 86-87), both short- and long-term, is of particular relevance in policy studies. The long-term historical context is considered by positioning the study in the wider context of media policy paradigms, while the short-term context is represented by this secondary policy process analysis.

For analytical purposes, the process analysis is structured into three phases of *before*, *at*, and *after* the institutionalisation of the public value notion at the BBC, which represents the point of policy change. This segmentation is important as it provides a clearer structure of the policy process. It further allows to compare findings of the first ideological and second contextual analysis. For example, findings from the ideological analysis can be compared to findings of the first process phase, which addresses triggers of the development as well as the incumbent paradigm prior to the public value notion. These findings can function as an empirical reference point for the ideological shift analysis. The third process phase

addresses the post-implementation phase, which is for example of interest with regard to the longevity of change. The analytical framework and the corresponding theory are developed in more detail throughout the thesis (see chapter outline 1.6).

It can be summarised that the analytical framework represents a more nuanced approach to paradigm shift classification which integrates primary ideological and secondary contextual process indicators. The framework directly informs the research questions for the investigation of whether the public value development represents a paradigm shift in UK PSB policy:

Overall Research Question:

Does the public value development in UK PSB policy represent a paradigm shift?

Sub-questions:

- 1. Ideological shift analysis: Does the ideological composition of the public value notion represent a shift in the hierarchy of component values from economic to non-economic rationales?*
- 2. Policy Process Analysis: Are the procedural characteristics and influence factors of the wider public value process indicative of a paradigm shift?*

The first research question is investigated through a detailed analysis of the ideological composition of the public value notion as applied at the BBC and C4. These findings are then discussed in the light of theoretical, primary and secondary evidence on the dominant paradigm in the ideological justification of PSB in the 1990s, which functions as a reference point for the analysis of a change in the hierarchy of component values. This evidence is collected at various points in the thesis, in particular in chapters 2-3, 5, 9.

The second research question investigates the wider policy change process to identify procedural characteristics and factors that influenced the overall

development to analyse why and how this process has taken place and whether it represents a typical paradigm shift process according to its characteristics.

By integrating the findings of the first substantive-ideological and second procedural-contextual analyses in the concluding chapter 10, the overall research question can be answered as to whether the public value development represents a paradigm shift in the justification of UK PSB.

Due to the qualitative and interpretative nature of the study and the rather contested fields of paradigm shift analysis and ideological PSB justification, the findings will remain to some degree subjective. A central attempt to increase intersubjectivity is to adopt a very transparent and detailed approach to the analysis that shows how research decisions were made and findings reached. The core of this process is the extended analytical framework, as it provides a broadened evidence base to inform paradigm shift classifications.

The classification framework represents a contribution to the study of paradigm shifts in both media and policy studies. The study further investigates the role of policy ideas in facilitating policy change and paradigm shifts. It is of relevance to investigate such processes as they are central to stability and change in policy-making (Carson et al., 2009, p. 5; Coleman et al., 1996, p. 298).

The primary focus and contribution of the thesis lies however in the field of media policy studies as the central interest is to improve the understanding of media policy paradigms and economic and non-economic rationales as different ideological justifications for regulatory intervention. This is of relevance as these concepts are frequently used in media policy and inform actual policy outcomes such as the scale and scope of PSB. As PSB is a central component of democratic societies it is of general relevance to understand how decisions about PSB service provision are reached.

This is reflected in the central research interest to investigate whether the public value concept represents a fundamental paradigm shift or rather a temporary, instrumental policy change that did not have any significant impact on UK PSB justification and service provision.

Finally, it is important to briefly point to the limitations of the study. While this rather specific public value development is more widely related to public value management studies, UK policy-making or other empirical contexts like the

concept's application in European PSB regulation, the study is limited to the UK PSB context. Adjacent areas are only addressed where they are directly relevant to the investigation. It is further important to emphasise that the study focuses on the role of ideologies and ideas in policy-making. Here it is again the case that other policy factors are only included in the investigation where they are directly relevant to the analysis.

The next section provides a chapter outline of the thesis.

1.6 Chapter Outline

The thesis consists of 10 chapters of which chapters 2-4 review theory, chapter 5 addresses the empirical context and chapter 6 introduces the research design. The empirical analysis is conducted in chapters 7-9 and a final conclusion is reached in chapter 10.

Chapters 2 and 3 provide a detailed review of economic (chapter 2) and non-economic rationales (chapter 3), which are discussed in relation to PSB justification in the transition from analogue to digital distribution technologies. This provides theoretical evidence on the reduction of market failures in digital broadcasting. The different rationales are further introduced as the analytical categories for the ideological component analysis of the public value notion, as addressed in the first research question.

Chapter 4 discusses theories on influence factors in policy-making. This includes public and private interest theories (motivational influence factors) and neo-institutional approaches (contextual influence factors). Particular emphasis is put on sociological neo-institutionalism which addresses ideas as influence factors. To account for the strategic use of ideas, non-market strategy is introduced. At the end of chapter 4, the reviewed approaches are integrated into a theoretical framework in which the public value notion is considered as a policy idea, consisting of different economic and non-economic rationales, with the objective to achieve policy change.

Chapter 5 introduces the empirical context by reviewing the historical evolution of UK PSB along three phases of media policy paradigms defined by van Cuilenburg and McQuail (2003). The chapter concludes by summarising the

contemporary developments leading up to the introduction of the public value notion at the BBC, which raises the research questions whether this development presents a new policy paradigm for the specific context of UK PSB.

Chapter 6 presents the research design in the form of a comparative case study approach of the applied public value notion at the BBC and C4. Document analysis is introduced as the primary method for the ideological component analysis of the first research question. The primary method for the policy process analysis of the second research question is expert interviews. The overall research question of a paradigm shift is answered by integrating the findings of both research questions in the concluding chapter 10.

The empirical analyses are presented in chapters 7, 8, and 9. The findings for the ideological component analyses of the public value notion are presented in chapter 7 for the BBC and chapter 8 for C4. A comparison is drawn at the end of chapter 8 to reach an overall conclusion on the ideological composition of the public value notion in UK PSB.

Chapter 9 presents the findings of the policy process analysis of the wider UK PSB public value development. The analysis centres on the institutionalisation of the notion at the BBC and is correspondingly structured into three process phases (of before, at, and after).

The concluding chapter 10 integrates the findings from the ideological component and contextual process analyses by discussing whether an ideological shift has taken place and whether the overall public value change process takes the form of a paradigm shift. The thesis concludes with a listing of contributions and a brief outlook.

2. REGULATORY RATIONALES PART I: ECONOMIC APPROACHES

2.1 The Role and Relevance of Economic and Non-Economic Rationales

The following chapters 2 and 3 review economic and non-economic regulatory rationales for PSB provision. The objective is to provide a thorough theoretical review of these two approaches, explain how they apply to the context of PSB provision in the change from analogue to digital technologies, and provide a detailed comparison of their relationship regarding their commonalities and differences. As introduced in the previous chapter, regulatory rationales are derived from different academic disciplines grouped into economic and non-economic approaches.

These two chapters have a central function in the thesis as they focus on economic and non-economic rationales as component values and underlying ideologies that inform policy-making and correspondingly policy paradigms. In this context, economic and non-economic rationales are used as two analytical categories to investigate how the public value notion is informed ideologically, in order to test whether the notion prioritises non-economic over economic values – as assumed based on its discursive use in PSB policy and its theoretical origin in public management theory (see section 1.1).

Chapters 2 and 3 therefore provide the theoretical background for the first research question, which focuses on the ideological composition of the public value notion. The reviews provide the basis to devise analytical categories for the empirical investigation of the applied public value notion at the BBC and C4 (chapters 7 and 8).

Further, the review in this chapter shows how the change from analogue to digital technologies impacts the applicability of market failure rationales and the corresponding effect that has on the scale and scope of PSB provision (as justified by the remaining market failures). In this respect the chapter also contributes to the second research question regarding the contextual analysis of the wider paradigm shift process and in particular the phase prior to the introduction of the public value

notion, i.e. the conditions under the previous paradigm. The review provides theoretical evidence on the reduced applicability of market failure rationales in the change from analogue to digital technologies in PSB, which is a central assumption and argument made in this thesis.

This claim of reduced market failure occurring during an incumbent economic paradigm is an important part of the study of a policy change process (and a potential paradigm shift) as such an external technological change can be seen to represent an external crisis posed to the existing paradigm. A crisis to an existing paradigm opens a window of opportunity to propose alternative rationales, such as the public value notion, as investigated in this study.

Market failure can be seen to have been used as the dominant rationale for PSB provision in analogue broadcasting as it was widely applicable and thus useful to justify a broad scope of PSB. While the following review provides the theoretical evidence for this claim, the practical perspective is discussed in more detail in chapter 9, where the empirical analysis investigates the time prior to the introduction of the public value notion and the ideologies present during that time in PSB policy.

The fact that market failure applied widely at a time when there was a general tendency towards focussing on consumers and markets in media and PSB policy (as stated widely in secondary literature) is the foundation of the assumption that the incumbent paradigm at the time of the introduction of the public value notion prioritised economic over non-economic rationales. While this previous economic paradigm is defined through the dominance of economic approaches over non-economic approaches, this does not say that all decisions about PSB were informed by market failure justification alone. During this period, market failure is just one economic concept that reveals the dominance of economic ideology in informing policy-making in general, which is also revealed through a strong focus on consumer representation and the application of economically informed public management approaches such as NPM (in public service and at the BBC).

This assumption of a dominance of economic and market failure rationales in PSB in the 1990s does therefore not mean that no other non-economic rationales were part of the justification of PSB provision and thus the incumbent paradigm during that time. As explicitly defined in the previous chapter, the understanding of paradigms is that they are never ideologically pure, consisting of just one rationale.

Rather they consist of different rationales and ideologies, of which some are more important or prominent in informing decision-making and consequentially characterise the overall paradigm. As the relative importance ascribed to them in policy-making varies over time, it is possible to speak of different media policy paradigms as dynamic concepts. A paradigm shift therefore is a change in the hierarchy of component values and not a change from one pure ideological paradigm to another one.

In short, the underlying argument of this thesis regarding the emergence of the public value notion is that a decrease in applicable market failures caused by the technological shift from analogue to digital service provision was the impetus for the introduction of the public value notion as a new policy idea that validated sustained and extended PSB provision; i.e. an expansion of the scope of PSB services at a time when the reduction in applicable market failure rationales only justifies a reduction in scope.

The following reviews of economic and non-economic rationales therefore provide a) the theoretical background for the analytical categories used to investigate the ideological composition of the public value notion as stated in first research question, and b) theoretical evidence on the ideological conditions in the media and PSB policy prior to the introduction of the public value notion, which is part of the contextual analysis of the wider policy change process addressed in the second research question.

It is important to clearly state again that the following reviews are deliberately focused on idealised and binary theoretical reviews of economic and non-economic rationales in order to understand their origins in theory, to point out why such distinctions are made in the first place, and how they manifest in policy practice.

As these ideologies and concepts are frequently used in media policy it is crucial to understand their theoretical origins. This economic/non-economic distinction lies at the heart of media policy due to the media's dual role as a fourth estate in society as well as an industry.

In practice, these different concepts are however often conflated and not used according to their definition in theory. This discrepancy between theoretical origins and practical uses is a further reason why such a thorough review is of relevance.

Conflation and inconsistencies of these terminologies in practice can lead to their contestation, which in turn can reduce their applicability and usefulness. The review aims to provide clarification in this respect.

It shall therefore be emphasised that while the thesis provides a binary review of these approaches to clarify the terminologies and derive analytical categories for the empirical study, the assumption is not that they are used in this binary idealised fashion in practice, where their use is much more conflated and incoherent than in theory. The market failure term is for example frequently used in a rather loose sense of markets not providing goods or services without relation to any of the four market failures. This incoherence between theory and practice makes it even more important to understand the theoretical origins and the practical applications in order to investigate the concepts in policy-making.

It is also important to state that an empirical-objective epistemological perspective is adopted here. This means that no normative assumption is taken about the superiority of one of the two approaches over the other one (see Karppinen, 2006, p. 54, who distinguishes between three analytical levels to investigate policy concepts, which are normative, political-strategic, and empirical-objective). Similarly, no normative position is taken on how a contested concept like the public value notion should be defined. Rather the focus is on investigating its empirical application.

The following reviews therefore focus on the theoretical definitions of economic and non-economic regulatory rationales and the tools they provide for policy practices. This distinction is in the following also referred to as the *substantive* and the *procedural* level of rationales.

A further aspect that requires mentioning is that economic and non-economic rationales are reviewed as ideological frames that are adopted by policy-makers to understand policy problems and objectives. This assumes that policy-actors act in the *public interest*, rather than self-interest, when making decisions. Economic and non-economic rationales are two different worldviews on how to best act in the public interest, which – simplistically stated – is either by focussing on markets and consumers or on society and citizens.

The public interest notion can be described as a generally accepted guiding notion for regulatory intervention. It is used as a rationalization or legitimization of

administrative action (Mitnick, 1980, p. 279) due to its “unusual ability to ‘trump’ claims deriving from ownership of private property” (Feintuck, 2005, p. 2). As such, it functions as a regulatory mandate (Napoli, 2006, p. 280). This thesis restricts its consideration of the term to the specific context of PSB policy.

Due to its lack of a shared definition (regarding its component values) it is however a contested concept. The concept often receives criticism for being an “empty vessel, filled with the values of those who define it on any particular occasion” (Feintuck, 2005, pp. 2, 1, 2004; see also Mitnick, 1980, pp. 242-243, 264, 280). This shall not be elaborated on further at this point other than by referring to Feintuck (2004, 2005; Feintuck & Varney, 2006) and Napoli (2001, 2006, 2007), who have written on the public interest in media regulation.

The public value notion, which can be seen as an analogy to the public interest concept, also lacks an agreed upon definition and can thus be described as a contested concept. For a comparison of the public interest and public value notions see Bozeman (2007, pp. 12-14, 132, 139) and Jørgensen & Bozeman (2007). One distinction which can be made is that the public interest is an ideal concept whereas public value is an operational approach.

The central point to make here is that different economic and non-economic ideologies exist which can be used to inform the understanding and formulation of policy objectives to benefit the public at large, either by focussing on market or wider societal benefits as two views of what is in the public interest.

Which academic discipline or ideology is adopted by policy-makers (or institutions) as a cognitive frame (see chapter 6) to inform policy-making is a normative choice or value judgment. For example, the objective to achieve Pareto efficiency as the primary purpose of regulation is a normative judgement which reflects that economic theory was chosen as the primary ideological framework (Helm, 2006, p. 171). The choice between different disciplines is hence a normative and subjective one of those in power, subject to the context and the circumstance surrounding them.

This public interest view stands in contrast to *private interests* theories which view policy-makers as pursuing personal interests in policy-making that lead them to deviate from acting in the public interest.

Public and private interest theories address motivational influence factors related to policy-actors' preferences in policy processes. Together with contextual influence factors (derived from neo-institutional approaches) they shape the wider context of policy-making. Both motivational (public and private interest theories) and contextual (neo-institutional approaches) factors influence policy actors' decision-making and thus policy outcomes. They are therefore relevant contextual indicators that need to be investigated in a policy change analysis and are here reviewed in chapter 4.

The role of contextual and motivational indicators in policy change processes is addressed in the second research question, which investigates why the public value development has taken place in the context of the wider policy environment and the evolution of media policy paradigms. The notion's ideological composition is seen to be directly related to developments in the wider policy context.

Baldwin and Cave clarify this distinction between these two strands of regulatory theory by differentiating between "technical justifications for regulation that may be given by a government that is assumed to be acting in pursuit of the public interest" (1999, p. 9). This refers to making regulatory decisions in the private interest based on the application of different ideological rationales, as discussed in chapters 2 and 3. These are distinguished from "motives for regulation" (*ibid.*), which refer to objectives of interest groups participating in the decision-making process that lead to a deviation from regulatory decision-making based purely on regulatory rationales, as addressed in chapter 4. These theories are of relevance as they can be used to understand and explain why certain claims for intervention are made and why these claims change over time. Both therefore need to be analysed as factors that influence policy and paradigm shift processes.

In the following, the focus lies on different ideologies that are adopted by policy-makers to inform policy-making. This chapter reviews economic approaches to regulatory intervention and their application in PSB (2.3). Chapter 3 correspondingly reviews non-economic approaches to regulatory interventions and provides a concluding comparison. The focus of the reviews lies on theoretical or substantive justifications for intervention while less attention is paid to the procedural characteristics and tools applied in policy practice.

2.2 Economic and Non-Economic Rationales: Introduction

As introduced briefly in the previous chapter, regulatory rationales from different academic disciplines are grouped into economic and non-economic approaches for the purpose of this thesis. *Economic* approaches refer to economics as a theory of social science. This includes different strands of economic theory (neoclassical economics/microeconomics, welfare and behavioural economics). The second group of *non-economic* approaches encompasses other theories of social sciences, most importantly political science but also law, cultural studies and sociology. The decision to group different academic disciplines based on a view of one discipline, economics, and a negative exclusion thereof, non-economic, has been made due to several reasons:

Firstly, a central reason which supports this distinction is that much of economics, in contrast to most other theories of social science, is amenable to formalization and can thus be traced back to formal theory foundations, which means that the explanation of a theory can be expressed in terms of mathematics or logic (Bozeman, 2007, pp. 52, 126, 114). In this idealised sense, economics is distinct from the group of non-economic theories in that it is objective (and fact based) whereas non-economic rationales are value judgements derived from political philosophical, sociological or cultural norms.

This is reflected in different understandings of value associated with both categories. Economic value⁶ can be equated to exchange or quantitative monetary value (expressed as price, cost) as a proxy for individual consumer utility. Non-economic values in contrast are not linked to utility of individuals as consumers. Rather, values here reflect collective outcomes for society. They can be defined as shared societal norms and mores based on paternalistic assumptions or some degree of consensus among individuals as citizen on desired societal outcomes. While the quantitative nature of economic value allows making (objective) factual judgements, the qualitative nature of non-economic values means that they require (subjective, evaluative) value judgements (for more detail see Ng, 1972, pp. 1014-1015).

⁶ On value in economic theory see Clark, 1995, pp. 31, 34.

Secondly, the economic/non-economic dichotomy represents the dual role of media as both economic and non-economic actors in society that simultaneously pursue economic, political, social and cultural goals (Napoli, 2006, pp. 276-277).

Although communications policy is ideally committed to all of these rationales simultaneously, policy-makers usually make value choices when trying to accommodate both economic and non-economic values. The “underlying ideological struggle” (Just, 2009, p. 98) and conflict between economic and non-economic values (ibid., p. 99) results from the tension between the competing schools of thought of market and social liberalism as two models of media regulation (Vick, 2006, p. 35). Their relationship is characterised by different views on the superiority of either the efficiency of markets or governments in achieving communications policy goals (Steemers, 1999; Just, 2009, pp. 98-99). The challenge lies in finding a balance between free-market competition and promoting political, cultural, and social objectives of media, as no hierarchical order exists or is generally accepted (Mitnick, 1980, p. 242; Rutgers, 2008, p. 109).

Thirdly, this binary approach is the most sensible distinction as it is often difficult to draw clear lines between rationales of non-economic disciplines, which are not mutually exclusive but rather overlapping. It is also a commonly used distinction in relevant literature (e.g. Entman & Wildman, 1992; Ogus, 2004; Just, 2009; Ver Eecke, 1998; van Cuilenburg & McQuail, 2003; Prosser, 2006; Vick, 2006; Cowling, 2006).

The fourth (and most important) distinction between economic and non-economic approaches is their different view on what is best for society and correspondingly what the objectives of regulatory intervention are. Here the dichotomy between the two groups – and the commonality in the non-economic group in particular – become apparent:

Economic theory assumes that the best societal outcome is achieved through the principle of free markets by giving individuals as consumers what they want, which is directly linked to the concept of individual utility (which as an aggregate represents collective utility). Intervention derived from microeconomic market failure rationales is preference-led as it is based on individuals as consumers as the smallest unit of account. Under assumptions of rationality, individuals assign preferences to choice alternatives based on the utility these alternatives provide,

which can be reflected in utility functions. As utility cannot be measured directly, it is represented through the proxy of monetary worth in the form of prices people are willing to pay for goods or services.

In contrast to this stand political, social, and cultural approaches which oppose purely economic welfare understandings. These non-economic theories share the position that regulatory intervention should be based on the view that what is best for society is to provide goods and services which are deemed to be good for society. This can be based on paternalistic assumptions or deliberated views on societal norms as rationales to inform regulatory intervention. The individual is here viewed in his role as a citizen (which is independent of the individual utility concept).

The consumer and citizen terminologies, which are frequently used in media policy, represent those two different ideological views. These ideologies or academic disciplines differ not only on the substantive (theoretical justifications) but also on the procedural (analytical tools and concepts used in practice) level. In general as well as in the case of PSB, their definitions inform the justification for intervention and have implications in the form of varying objectives and scopes of PSB provision.

In the following, economic (2.3) and non-economic (chapter 3) rationales are reviewed and compared with regard to their theoretical origins, commonalities and differences, and application in analogue and digital PSB justification. The reviews serve to derive analytical categories for the empirical analysis to operationalise economic and non-economic rationales as component values of the applied public value notion (research question 1). Based on the component analysis, the notion can then be compared and related to the policy environment and media policy paradigm (research question 2). Economic and non-economic rationales hence serve as theoretical concepts and analytical categories.

Again, it is important to stress that these reviews are based on theoretical, idealised considerations of regulatory rationales to show the dichotomy between them. This simplifies their relationship in practice, where they are often conceptually and terminologically conflated.

2.3 Regulatory Rationales in Economic Theory

The following sections review and compare different economic rationales and their application in broadcasting. Different strands of economic theory⁷ are reviewed, which share the commonality of viewing the individual as a consumer and as the unit of analysis, but differ in regard to rationality assumptions of individuals' behaviour. Section 2.3.1 focuses on neoclassical economics and the concept of market failure as the primary rationale for market intervention. Micro- and welfare economic theory is based on the assumption of individuals as rational actors. Section 2.3.2 reviews the concept of merit goods and briefly addresses behavioural economics. Section 2.3.3 provides a summary.

2.3.1 Microeconomic Theory and Market Failure Rationales

In economic theory, markets are the preferred organising principle unless market failures arise, which lead to inefficient demand and supply of goods and services. In neoclassical economics, market failure rationales are the primary or default economic paradigm that legitimises market intervention. Market failure rationales start from the notion that markets do not function efficiently and that intervention is needed to correct these inefficiencies.

In the strictest sense, intervention should only take place in cases where markets fail to reach Pareto efficiency. Pareto efficiency is achieved when it is not possible to make one individual better off without making another individual worse off. In microeconomic theory markets fail, when they do not efficiently organise the allocation and production of goods and services, in which cases Pareto efficiency is not achieved.

In public discourse, the concept of market failure is often used to describe conditions where markets fail to provide certain types of *desired* goods, which implies that market failure refers to the lack of providing these goods or services. This description can be misleading since market failure primarily refers to the failure to achieve efficient markets. Consequentially, the primary objective is to establish efficiency rather than to provide specific types of goods or services. The latter can however be an indirect by-product since inefficiency leads to over- or underprovision

⁷ See also Kemp, 2002, pp. 12-following.

of certain types of goods or services, which then are often referred to as desired goods. Desirability is here however linked to individual demand rather than to wider societal objectives.

In economic theory, four concepts of market failure are distinguished; *monopolies*, *public goods*, *externalities*, and *information asymmetries*. They are explained in the following with regard to their applicability in analogue and digital PSB justification. This shows how market failure turns from a legitimising to a de-legitimising concept in PSB justification in the transition from analogue to digital technologies.

Monopolies

A monopoly exists when one seller, a monopolist, produces for the entire market and in pursuit of maximizing profits has the power to restrict the output and set the marginal price above the marginal cost, which transfers income from the consumer to the producer. Markets fail because of a lack of competition due to barriers of entry into the market, which therefore keeps new market entrants from increasing the output and therewith driving down the price. Regulation prevents the restriction of output and the setting of the price above the equilibrium price (Baldwin & Cave, 1999, p. 9-10; Ogus, 2004, pp. 30-33). Competition or antitrust law is the principle instrument for dealing with monopolies (Hoskins et al., 2004, pp. 300-301).

In the early years of broadcasting, spectrum scarcity has been a barrier to entry and was seen as the main technical (among other economic and political) justification for establishing a public monopoly (van Cuilenburg & McQuail, 2003, p. 197; Steemers, 2003; Humphrey, 1996, p. 113). Spectrum has traditionally been controlled and allocated by government through granting service licences to broadcasters. With the introduction of cable and satellite services and more recently digital compression technology, the spectrum scarcity rationale of analogue broadcasting is diminishing (Davies, 2005, p. 131; Napoli, 2007, pp. 7, 17-18).

A further case of high barriers to entry relates to economic production characteristics of broadcasting goods, which due to high fixed and low marginal costs can be described as high fixed cost economies with high economies of scale and scope (Picard, 2005, p. 64; Withers, 2002, p. 5; Davies, 2005, pp. 133, 142). These are characteristics of a *natural monopoly* which have the impetus to serve

large markets and thus create tendencies towards consolidation and concentration in the form of monopolistic or oligopolistic market structures. Even though production and reproduction costs have decreased significantly due to digital technologies, the relational characteristics of high production and low reproduction costs continue to persist in digital broadcasting.

The production characteristics of high fixed and low marginal costs create the tendency towards producing large quantities due to decreasing average unit costs. In the case of broadcasting, this translates into the tendency to produce programmes with mass appeal at the lowest possible production cost, what is often referred to as providing programmes with the ‘lowest common denominator’. This also means that programmes with smaller audiences, which are less profitable, may not be provided. In this context of limited oligopolistic or monopolistic competition a further principle, Hotelling’s principle of minimum differentiation, becomes relevant. Hotelling’s principle is not a market failure, but it further emphasises the conditions that arise under natural monopolies. It states that a limited number of competitors tend to provide similar goods and services that appeal to masses while neglecting minority interests (Brown, 1996, p. 8; Graham, 1998, p. 37; Withers, 2002, p. 6 on the principle of minimum differentiation).

It can therefore be concluded that even though the spectrum scarcity rationale has ceased to apply, natural monopoly characteristics persist in digital broadcasting as relevant considerations for intervention. The implication of natural monopoly characteristics is that advertising- and subscription-funded broadcasting is biased against minority demands and high-cost programmes. In terms of regulatory intervention regarding natural monopolies, public ownership, price (Hoskins et al., 2004, p. 309) and quality regulation, reduction of barriers to entry (Brown, 1996, p. 9) or the theory of contestable markets (Baumol et al., 1982) serve as possible approaches (Ogus, 2004, pp. 30-31).

In terms of the scope of intervention, the existence of a monopoly or natural monopoly is a legitimizing rationale but not necessarily the justification for heavy regulation and public provision of broadcasting. The latter, according to Ward, is much more based on social objectives than on spectrum scarcity characteristics alone (2006, pp. 52-53). Public provision is not a direct consequence of (natural) monopoly characteristics unless a normative judgement is made that public service

provision is desired or more effective than legal control of private firms (Ogus, 2004, p. 267). Public provision might for example be preferred over private provision to ensure editorial independence. In any case, monopoly or natural monopoly rationales primarily provide legitimacy for the provision of niche content and thus a limited remit of PSBs.

Asymmetric Information

Asymmetric information describes situations when markets do not produce sufficient information for the consumer to evaluate competing goods or for producers to efficiently provide goods. Markets can fail to do so because information is too expensive and the producer of the information is not compensated by those who use the information, which discourages its provision. Incentives to falsify information, information that is not useful to the consumer, collusion in the market place, or insufficient competition may lead to insufficient supply of information. Regulation can make information available to consumers (Ogus, 2004, pp. 38-41).

In broadcasting, asymmetric information arises on the side of producers and consumers. On the consumer side, information asymmetries apply since broadcasting goods are experience goods, which makes prior judgement about the utility derived from the consumption not always possible due to the unique/one-time consumption character (Picard, 2005, pp. 62, 64, 66; Davies, 2005, pp. 134, 145-146). This can reduce consumption.

In regard to producers, asymmetric information is caused through “advertiser-derived demand which does not reflect program consumer demand intensity beyond the threshold decision to watch or listen” (Withers, 2002, p. 5). In other words, the role of the price mechanisms to reveal hidden information about viewer preferences to producers is lacking in advertising-funded broadcasting. Viewer valuations, which are not revealed through price, are a form of asymmetric information. Consequentially, broadcasters’ aim is to maximize audience size to increase advertising revenue, which under limited competition leads to a tendency to underprovide less popular programming (Armstrong & Weeds, 2005, pp. 14-15, 17). Low viewership genres which do not allow generating sufficient advertising revenue to cover production costs will not be produced as consumers cannot express their willingness to pay (WTP) through price. Advertising funding thus creates the

problem of inappropriate incentives to producers since it leads to asymmetric information about user preferences (Brown, 1996, p. 8; Graham, 1998, p. 37). Viewer surveys might be conducted instead, such as WTP studies, which are however inferior to market information (Armstrong & Weeds, 2005, pp. 14-15).

In the case of pay-TV, consumers can signal their utility through price which can assist efficient production decisions. The allocative efficiency of pay-TV hence exceeds that of advertising-funded TV (van Dijk et al., 2006, p. 262), despite limitations to price signalling due to channel bundling (as opposed to à la carte subscription). By charging a uniform price, it is not possible to extract the WTP of those who highly value a particular programme or service, which again makes the provision of certain programs unprofitable (Brown, 1996, pp. 8-9). Generally, subscription-based pay-TV services lean towards content with the lowest price elasticity of demand which typically are not niche programmes but rather popular programmes such as sporting events. Increased consumer sovereignty due to increased competition and price discrimination in pay-TV markets can mitigate problems of reduced choice that result from information asymmetries in advertising-funded broadcasting (van Dijk et al., 2006, pp. 272-273; Armstrong & Weeds, 2005, pp. 18, 33-34, 43). If price discrimination is not feasible, the broadcasting market is biased against minority demands.

Public Goods

Market failures also arise in the form of public goods, which are goods characterised through non-exclusion and non-rivalry in consumption. *Non-exclusion* occurs when a buyer of a good cannot exclude another person from consuming the good without paying for it, which is called free-riding. The consequence is that these goods cannot be provided efficiently as the goods are rather costly for those who pay for their consumption. This can lead to reduced demand and thus provision of these goods. Public provision is a regulatory solution to non-exclusion since there is often no regulatory mechanism to exclude people from consumption (other than ex-post sanctions). Most of these public goods, such as military or policing, are also considered to be generally demanded and desired by bringing shared benefits (Baldwin & Cave, 1999, pp. 13, 14), which supports public provision. If it was for example possible to exclude people who did not pay for military or police services, it

would be ethically questionable to do so. Both desirability and ethics are however normative and not economic justifications.

The second characteristic of public goods, *non-rivalness*, occurs “when a good possesses the property that another person can enjoy it while the person who purchased the good experiences no loss from such consumption” (Ver Eecke, 1998, p. 137). This implies that the marginal cost of supplying the good to successive individuals is effectively zero once the original costs of the product have been incurred (Davies, 2005, p. 134).

Broadcasting goods are no longer considered *pure* public goods as only non-rivalry continues to apply as a regulatory rationale (Ogus, 2004, p. 34). For terrestrial broadcasting, which has typically been prone to non-exclusion, encryption technologies can prevent unauthorized consumption. Non-exclusion is therefore no longer applicable as a justification for PSB provision. Non-rivalry however continues to apply to broadcasting goods (as well as media content as an information good more generally) due to the intangible character of content and zero marginal cost of supplying the good to successive individuals. The consumption of a movie or newspaper does not physically diminish the good and therefore the opportunity for third party consumption (Robinson et al., 2005, p. 126; Davies, 2005, p. 135).

According to allocative efficiency, an existing programme with zero marginal cost should be provided to all viewers with a positive valuation (Armstrong & Weeds, 2005, p. 7). This, however, only applies to existing programmes and does not take the production of future programmes into account. Marginal cost pricing, even when subsidised to cover fixed cost, gives only poor incentives for the production of high-quality, innovative programming and cost efficiency (ibid., p. 8), which means that in particular high-quality or innovative programme would be biased against under subsidized marginal cost pricing. In terms of regulatory intervention, it is the government’s role to determine the optimal level of provision of public goods and the corresponding public financing (Hoskins et al., 2004, p. 309).

Externalities

The fourth market failure is external effects or externalities. These are positive or negative spill-over effects of a transaction on a third party, which are not

accounted for in the transaction and thus not reflected in the price. As the market is not able to price these externalities, the price of the good, which carries these externalities, does not reflect the true cost or benefit; it is either too low or too high as third party effects are not included in the consumer's cost-benefit calculus (Entman & Wildman, 1992, p. 13).

For positive externalities, prices are too high because the third party has the benefit of positive external effects but does not account for that share of the price. This means that since the consumer does not take the third party utility into account, from a certain point on the cost of consumption is higher than the utility derived from consumption. In the case of negative externalities, prices are too low as the cost to the third party is not taken into account, which means that the cost of consumption is lower than the utility derived from consumption. In both cases of positive and negative externalities, prices do not reflect the true cost, so that neither consumer nor producer bear the true cost which results in excessive consumption (negative externalities) or underproduction (positive externalities). Regulatory intervention addresses this by for example subsidising goods with positive externalities and increasing the prices of goods with negative externalities.

In contrast to public goods, where in the case of non-exclusion a third party does consume the good but does not pay, externalities are negative or positive indirect effects on a third party, who neither buys nor consumes the good. The indirect costs or benefits are thus not related to individual utility motivations of the third party. They are rather involuntary impacts as exposure to them cannot be controlled by the third party. Market failure here relates to a lack of a mechanism in the market to price indirect costs and benefits.

In broadcasting, the consumption of negative/positive content has negative/positive effects which manifest in changed consumer behaviour and as such have negative/positive spill-over impacts on third parties. The provision of content with positive external effects can be ensured through public funding, for example in the form of subsidies or tax breaks and can be provided through both public and private mechanisms (Ogus, 2004, p. 268; Hoskins et al., 2004, pp. 294, 309). Correspondingly, programming with negative external effects can be addressed through price increases in the form of taxation as well as restrictive content

regulation which limits or prohibits the provision of such content (Withers, 2002, p. 5; Davies, 2005, pp. 133, 141-142).

Positive externalities are a primary justification for PSB provision. Which content types are identified as having positive spill-over effects is however a normative judgement that is based on which third party impacts are deemed desirable. WTP studies are for example conducted in PSB to ask individuals how they value third party impacts. Individuals are then addressed as citizens, rather than consumers, as they are asked to take the positive third party effects into account in addition to their own individually utility and state it in the form of a combined value.

Positive externalities are therefore often referred to as citizen rationales due to their third party impact, which however reflects a normative argument that stems from desired positive societal impacts rather than from an economic argument of externalising the benefit to correct pricing.

The concept of *network externalities* is different from market failure externalities as the latter describe spill-over effects on third parties which do not consume the good. Network externalities however describe conditions when consumers of the same good experience changes in their derived utility which corresponds to changes in the number of consumers using the good. The consumption of one user has an external effect on a third party who consumes the same good, which leads to an adjustment of both parties' derived utility. Shared programme consumption, for example, can make a programme more valuable to its consumers. The creation of shared experiences, a sense of community, through free and universal provision of important national events is a central PSB rationale to counter societal fragmentation (O'Hagan & Jennings, 2003, pp. 36-37). Intervention then takes place to create network externalities, which is not a market failure but a normative argument that applies generally to shared programming and can be used in support of universal service provision.

Summary: Market Failures

These four market failures have in common that technical and economic production and transaction characteristics impact market efficiency. As described for broadcasting, intervention is required when markets fail to operate efficiently as “the primary objective of the market school is to maximize the efficiency of media

markets in satisfying the preferences of individual consumers” (Entman & Wildman, 1992, pp. 14, see also p. 7). Regulation is thus linked to individual utility.

Correspondingly, on a societal level, the assumption in welfare economics is that each individual makes choices to maximise individual utility and that societal welfare is a function of individual utility (Munro, 2009, p. 93) as the sum (Benthamite social welfare function) or the product (Nash social welfare function) of individual welfare (Ng, 1990, p. 42). The notion of societal welfare in economics is therefore essentially individualistic (Towse, 2006, p. 158) as no concept of collective or societal welfare exists other than one based on individual utility.

When economic market failure rationales are applied, the public interest hence equals the aggregate of individual consumer utility. Or put differently, justifications for regulation are only triggered through inefficient markets based on the individual utility concept, which correspondingly limits the scope of identifying the need for intervention and the definition of remedies. Non-utilitarian normative concepts have no methodological basis in market failure theory. The “[market failure rational] suggests a single type of methodological approach in assessing a wide range of regulatory activities, one which assumes that in principle market solutions are always the first-best outcomes to decision on the allocation of goods and services” (Prosser, 2006, p. 369).

After reviewing the different market failure rationales, it is possible to summarize their applicability in PSB justification:

Generally, it can be concluded that digital transmission technologies mitigate traditional market failures in analogue broadcasting (Cave, 2005, p. 20; Armstrong & Weeds, 2005, p. 32). Technological advances reduce market failures related to distribution, such as spectrum scarcity and excludability. Other market failures such as natural monopolies and information asymmetries, which relate to content, product and production characteristics, continue to apply but can be mitigated through increased competition in pay-TV markets and the potential of increased price discrimination.

Market failure justifications for PSB are thus increasingly limited to provision of niche content with positive external effects as based on the public good non-rivalry and positive externality rationales (van Dijk et al., 2006, p. 273; Armstrong & Weeds, 2005, pp. 3, 44, 35). As both externalities and public good

rationales are based on consumer demand, these types of content have to be of such nature, that they are generally demanded by consumers. This represents a central dilemma and difficulty in PSB, which is that of ratings versus quality.

It can thus be concluded that market failure rationales are diminishing but that those rationales which continue to apply, justify public provision of content with positive benefits.

The central challenge in the provision of this type of content is to ensure that both the necessary quality, that provides positive benefits, and the necessary popular appeal, that ensures consumption, are given.

In addition, it is necessary to define what kind of content is understood to have positive benefits. Even though this is a rather subjective definition which can be defined more or less narrowly, the reduction in market failures could be used to argue for a reduction of PSB to niche content provision.

The changes in the applicability of market failures rationales can hence be viewed as a regulatory threat to the justification of the traditional scale and scope of PSB. Consequentially, this can be an incentive or reason for attempting to shift the argumentation to alternative, non-economic rationales for justification, which are discussed in chapter 3. The introduction of the public value notion seems to indicate such a shift.

Before proceeding to the review of non-economic rationales, another set of economic concepts and approaches needs to be reviewed briefly as they shift away from the primacy of the individual utility concept in market failure rationales. Merit goods and behavioural economics are economic concepts which seem to be situated between the rather strict consumer-focus of market failure and the citizen focus of non-economic approaches, thus establishing a relationship between them.

2.3.2 Merit Goods and Behavioural Economics

Aside from market failure rationales, further concepts exist in economic theory that relate to regulatory intervention but which shift away from neoclassical economic assumptions of rationality, consumer sovereignty, and the primacy of individual utility.

The *merit good* is such a concept. It was introduced by Musgrave in 1956, who “discovered the necessity for ethical concepts in economic thinking by

introducing the concept of merit want or merit good, i.e., areas in the economy where the government is justified in interfering in the preferences of individuals” (Ver Eecke, 1998, p. 134 referring to Musgrave, 1956, pp. 333-334). Merit goods refer to the denial of validity of some individual preferences and the imposition of some alternative (non-individual) judgments about what should be provided (Withers, 2002, p. 7).

The assumption underlying merit goods is that individuals misjudge the utility they derived from consuming a good. In these cases, individual preferences do not accord to individual welfare (Munro, 2009, pp. 3, 163-164). This leads to the demand of the good being below the ideally desired level of demand – hence, these goods are less demanded than they should be. The level of ideal demand is here informed through a normative judgement, passed by public authority and not the individual, which “stipulates that the free market does not ensure a level of consumption which is desirable according to that judgment” (Ver Eecke, 1998, pp. 137-138). Musgrave later defined the merit good as “a good which is so important that when the competent authorities are dissatisfied with the level of consumption in the free market, they can intervene, even against the wishes of consumers” (Ver Eecke, 1998, p. 136 referring to Musgrave, 1959).

This rationale for intervention stands in contrast with the market failure approach, which is based on efficiency objectives related to transaction, consumption, and production characteristics of goods and services. The primacy of individual preference is not questioned in market failure rationales whereas in the case of merit goods consumer wishes are disregarded when public authorities make paternalistic decisions to overrule individual preferences.

The objectives of intervention of market failure and merit good rationales thus differ. In the case of merit goods, market processes are not corrected to achieve Pareto efficiency but rather to pursue paternalistically and normatively informed objectives related to individual and societal benefit. Merit goods can therefore be described as a socio-economic concept as the focus lies on individual utility, which is however overruled by paternalistically defined objectives.

The normative judgments, on which overruling is based, can be of various kinds (moral, ethical, political, social) and are often informed by an understanding of what is beneficial to the individual and to society as a whole. The positive impact on

individual behaviour through consumption of desired goods has positive implications for society, which resembles a third party impact similar to externalities. The difference to externalities is that merit goods are misjudgements of individuals' utility assumptions rather than the failure of individuals to take third party impacts into account, as for externalities. Since consumer sovereignty is discarded in merit good intervention, it is difficult to reconcile this rationale with policy frameworks based on rationale consumer preferences (Munro, 2009, p. 14).

High-quality educational programmes and news are typical examples of merit goods in broadcasting (Graham, 2005, pp. 87-88). Merit good intervention is generally limited to the provision of programming that is normatively and paternalistically defined as desirable, which in practice often translates to high-quality niche programming with positive effects, for which individuals are seen to misjudge their derived utility. Since the merit good rationale is however the result of consumption failure in the first place, the provision of certain programmes does not necessarily lead to their consumption (Entman & Wildman, 1992, p. 13). This is a similar problem to the one addressed before for positive externalities, which highlights the difficulty and inherent dilemma of providing (niche) content with positive benefits to mass audiences. On one hand, the argument can be made that free provision can increase the probability of consumption, which, however, on the other hand becomes less likely in an environment with increased consumer choice.

Aside from merit goods, a further strand has developed in economic theory which provides alternative views on assumptions of individual utility. Behavioural economics criticizes rationality assumptions of neoclassical economics where individuals have the ability to process all information available to them in order to make rational, utility maximising decisions, expressed as preferences that lead to allocative efficiency. Neo-institutional economics instead assumes that the capacity of individuals to receive, store, and process information is limited and that therefore their behaviour is constrained by bounded rationality (Ogus, 2004, pp. 41, 38). Munro identifies "bounded rationality with behaviour that is not wholly explicable in terms of the satisfaction of complete and consistent preferences" (2009, p. 2).

Bounded rationality assumptions provide grounds to regulate in the people's best interest as bounded rationality leads to a misalignment of individual preference and individual welfare, similar to merit goods. According to Munro's

definition, bounded rationality is a form of a merit good but is not the same as a merit good; in the case of bounded rationality, individuals fail to have complete and consistent preferences whereas in the case of merit goods preference may be complete and consistent (ibid., pp. 3-4, 94). This means that in merit good intervention individual utility is overruled, which may have been based on rational preference formation. In contrast to this, in the case of bounded rationality, individuals' preferences are derived from bounded rationality and intervention takes the form of incentivising and educating individuals to adjust rather than overrule their utility assumptions.

It can be concluded that for both merit good and behavioural economics the focus remains on the individual utility concept. The difference to neoclassical market failure rationales is that intervention is related to an interference with individual utility assumptions through either overruling or educating individuals' preferences.

The primacy of individual utility in market failure approaches is thus not shared in the theoretical assumptions underlying merit good rationales or behavioural economics. As such, they are more nuanced approaches in the wider economic field and can therefore be viewed as bridging concepts between economic and non-economic rationales.

2.3 Conclusion

A brief summary of economic rationales shall be provided at this point before proceeding to the review of non-economic approaches in the next chapter.

The previous review has shown how a change from analogue to digital distribution technologies impacted the applicability of market failure rationales in the justification of PSB provision. As distribution-based market failures have been mitigated due to falling physical barriers to market entry and widening consumer choice, market failure justification is limited to content-based rationales such as positive externalities and non-rivalry which continue to apply, but only provide grounds for provision of niche content with positive benefits. This can be used to

argue for a reduction in the scope of PSB, even though the definition of niche content requires a value judgement and thus leaves flexibility.⁸

Rationales related to merit goods or bounded rationality, which are based on normative views of what is deemed to be good for individuals rather than what individuals would like to consume, similarly provide grounds for provision of niche content with desired benefits from the perspective of normative, paternalistic judgements.

With regard to the empirical case studied here, this review provides theoretical evidence for the assumption that a shift in market failure rationales was a reason for an attempt to shift the debate to an alternative rationale such as the public value notion that prioritises non-economic citizen objectives over economic consumer representation. This is analysed in the empirical chapters 7, 8 and 9. In a similar context Collins states: “[...] as legitimacy declines in the ‘consumer’ area so legitimacy in the ‘citizen’ area becomes more important” (2006a, p. 52).

Further, the previous review provided clarification of market failure rationales and their theoretical definition in theory regarding the representation of individuals as consumers and objectives of economic regulation. In classical economics, the belief is dominant that individuals are the best judges of their own welfare as derived from utility assumptions. Focussing on individual utility, economic rationales are based on a narrow value system. In economic theory, citizen or wider societal representations are based on the aggregate of individual utility or overruled/educated individual preferences as in merit goods and bounded rationality (deviating from the primacy of individual utility).

In direct comparison, these different economic approaches can be ordered in terms of their degree of paternalism. Merit good intervention is more paternalistic than intervention based on bounded rationality, which tries to educate individuals rather than to overrule their utility assumptions. Bounded rationality again is more paternalistic than market failure concepts, as the latter do not interfere with individual utility.

For all economic rationales, it can be summarised that the individual however remains the central unit of analysis, even though some nuances exist in

⁸ This exemplifies a point made by Ng (1972), who states that factual or objective judgement, when identifying Pareto efficiency for example, allows deriving a diagnosis but in order to formulate policy recommendations based on this diagnosis, normative judgement is required (to varying degrees).

different economic concepts and strands. Further, economic rationales are well defined concepts and diagnostic tools. Standard welfare economics and market failure approaches have the merits of providing strong and comprehensive theoretical underpinnings (Cowling, 2006, p. 34) and practical guides to policy choices and implementation, which increases their influence in policy-making (Bozeman, 2007, p. 60; Munro, 2009, p. 13). Among proponents of neoclassical economics, the reconciliation of market failures within a free-market framework is preferred over a more pronounced political approach such as public provision. According to this view, government solutions are always second best to market solutions with the aim being generally to limit the scope of intervention to the smallest possible degree.

These insights from the review of economic rationales are used to inform analytical categories for the empirical analysis of the ideological composition of the applied public value notion at the BBC and C4 (chapters 7, 8). After a review of non-economic rationales in the next chapter, a table is provided which summarises analytical categories that are indicative of economic and non-economic ideologies in regulation.

3. REGULATORY THEORY PART II: NON-ECONOMIC APPROACHES AND COMPARISON

As the second part of the review of regulatory rationales, this chapter addresses non-economic approaches, which includes social, cultural, rights-based, and political disciplines. Economics provides a robust framework to investigate value in quantitative, often monetary form through different methodologies and concepts, which are powerful due to their high degree of standardisation and objectivity. These perspectives are however based on a narrow value system and correspondingly do not pay equal attention to other values types such as qualitative, societal considerations. Even though these values can be represented in economics through concepts such as merit goods, they are still secondary to economic objectives of individual utility and efficiency. In non-economic approaches, qualitative values are the primary objectives.

Bozeman states that even though non-economic issues have been a supplement to economic analysis, they do not operate at commensurate levels of theory and application (2007, pp. 65, 2002, pp. 145-146). Economics can hence be criticised for neglecting the full range of political, social, and cultural concerns, in particular in contexts such as communications policy. It is therefore of interest to explore non-economic values in more detail, especially since they are central regulatory rationales in PSB.

In the following, socio-cultural, rights-based and in particular political approaches are reviewed (3.1) before economic and non-economic rationales are compared (3.2) by addressing their theoretical and practical differences and commonalities. A summary concludes the chapter (3.3).

3.1 Non-Economic Rationales: Social, Cultural, Legal, and Political Approaches

In contrast to economic rationales, which have the objective to achieve efficient markets, non-economic approaches have the objective to create benefit to society as a whole, which is guided not by individual utility but by a consensus in the

form of norms that define desired outcomes in society. Society is seen as the benefactor of regulatory intervention and different ideological approaches to societal organisation – political, social, cultural or rights-based – provide the grounds for deriving norms and values which are drawn on to define and legitimise regulatory action.

The normative assumption is that there is a common benefit that is different from or additional to the aggregate of individual utility, independent of whether it provides individual utility or even goes against the interest of some individuals. These values, described by Ogus as “community values”, are not commodities individuals want to consume but rather relate to the expansion of the social, intellectual, and physical environment they live in as well as the increased participation in decision-making processes of collective affairs (2004, p. 54). The focus lies on the wellbeing of society, whereby individuals are represented as citizens rather than consumers. Citizenship can be viewed as the central organising concept for cultural, social, and political concerns (Helm, 2005, p. 4). Citizenship is often presented in highly normative terms as a positive counterpoint to commercialism and the market (Flew, 2009, pp. 983, 978), with the market having only limited capacity to achieve citizen-related goals.

The understanding of value is correspondingly here not linked to individual consumer utility or a shared unit of account such as quantitative, monetary value but rather reflects collective outcomes in society. Non-economic values are statements of qualitative, anecdotal, verbal nature. They can be defined as shared collective norms and mores based on paternalistic assumptions or deliberated consensus among individuals as citizens defining societal outcomes.

The different theories of social science grouped under non-economic approaches each yield different norms according to their theoretical assumptions. Non-economic values generally address fundamental structures and conditions of society and are often related to the intrinsic value of sharing and being part of a community. Objectives can be numerous and can be related to issues such as distributional justice, paternalism, community values (Ogus, 2004, pp. 46-54), the protection of rights, the maintenance of social solidarity (Prosser, 2006), order and security, public mores, cultural quality, government needs and the justice system, public sphere benefits, human rights and international obligations (McQuail, 2003, p.

20), public opinion formation and provision of public functions such as socialization, orientation, recreation, articulation, education, critique and control (Just, 2009, pp. 97-99).

Bozeman provides a definition of public values which reflects the here described understanding of non-economic values: “A society’s ‘public values’ are those providing normative consensus about (a) the rights, benefits, and prerogatives to which citizens should (and should not) be entitled; (b) the obligations of citizens to society, the state, and one another; and (c) the principles on which government and policies should be based” (2007, p. 13). Individuals as citizens hold public values as individual values about things public (*ibid.*, p. 14). In comparison to economic value as a monetary concept, non-economic values as societal outcomes are much more diverse in nature.

A central difference to economic rationales is that methodological frameworks such as market failures, which identify the need for regulatory action, do not exist for non-economic rationales. Similarly, the lack of a value measure makes the assessment of the success and performance of regulatory intervention difficult (Bozeman, 2007, pp. 97-98). Ver Eecke, for example, negatively defines a non-economic problem simply as “a problem that cannot properly be addressed by economic methods of analysis” (1998, p. 134). The lack of a shared framework often leads to the criticism that these values are “the result of arbitrary political decisions, rather than reflecting any general philosophy of what is required for a good society” (Prosser, 2006, p. 377).

Values from political, social, and cultural approaches are often ambiguous or essentially contested concepts that lack a generally agreed upon definition (Gray, 2009, pp. 574, 576) both in their respective disciplines as well as in policy discourse more generally. They are context specific, develop over time and are subject to interpretation. Aside from definitional limitations of non-economic values, further problems exist in regard to their causality (effect), their attribution (claim and evidence of attributed effects) and their technical measurement (lacking a common unit of account, incommensurability, outcome assessment) (*ibid.*, pp. 575-580; Throsby, 2001, pp. 27-30, 159). In comparison to well defined economic paradigms, non-economic concepts are diffuse and less coherent (Helm, 2005, p. 3).

In broadcasting, non-economic values are based on the role of media in society in relation to political, social, and cultural objectives. Before reviewing political theory, as the core of non-economic approaches, socio-cultural and rights-based approaches are briefly addressed.

3.1.1 Regulatory Rationales from Social and Cultural Studies

Social and cultural values can be distinguished from political values in that they do not directly relate to political processes. Rather, they stem from more general conditions and objectives in society. A distinction between these two is not necessarily clean cut but can be made by positioning cultural values more in the context of identities of societies and sub-groups, representing the traditional art and language of a nation, region or group in society (van Cuilenburg & McQuail, 2003, p. 198), whereas social values seem to refer to the interaction in society by addressing social cohesion, social order, inclusion, and belonging.

The term ‘culture’ itself is undefined, lacking a tangible or agreed upon meaning. It encompasses attitudes, beliefs, mores, customs, values and practices shared by any group as well as more functional activities related to intellectual, moral, artistic aspects of life “which draw on the enlightenment and education of the mind” (Throsby, 2001, pp. 3-4). Cultural values subsist either in specific or general terms in certain properties of cultural phenomena (ibid., p. 20). They tend to be positive rather than negative and from a humanist perspective are universal, transcendental, objective, and unconditional characteristics of culture and cultural objects (ibid., p. 27). Regarding socio-cultural values, the assumption is that broadcast media are instrumental to social orientation and cohesion as well as to the representation of culture and identity of nations and different groups of society.

3.1.2 Regulatory Rationales from the Field of Law

The field of law represents a rights-based approach to non-economic rationales. Communications rights are tightly intertwined with the role of the media in the democratic process (Napoli, 2007, p. 6 referring to Sunstein, 1995) as communication is a fundamental right, a social process and the foundation of social organisation (Hamelink, 2003, p. 1 cited from Livingstone & Lunt, 2007, p. 12). “Communication rights are based on a vision of the free flow of information and

ideas which is interactive, egalitarian and non-discriminatory and driven by human needs, rather than commercial or political interests. These rights represent people's claim to freedom, inclusiveness, diversity and participation in the communication process" (ibid., p. 1). This includes freedom of speech as a negative and positive right; freedom from government censorship and freedom to communicate (Just, 2009, p. 103; Vick, 2006).

Aside from specific communication rights, the rights-based perspective more generally relates to the promotion of citizen rights through media. The key characteristic of citizenship is equal status and treatment (Helm, 2005, p. 4). Citizenship constitutes a set of different rights held equally by all members of society that enable complex and diverse societies to function together (Tambini, 2006, pp. 112, 121-123). "Membership of the society is, in the citizen sense, not dependent on initial wealth or income. It accrues to each person on the same basis, and this in turn translates into the democratic ideal, which gives each member of the society an equal say. Much of the welfare state is designed on this principle of equal status: from health and education services, through to the nationwide definition of most entitlements" (Helm, 2005, pp. 4-5). This differs from the market system, where people are treated unequally, depending on their willingness and ability to pay.

An example of a citizen right is property right, which is not only a foundation of democracy but also a central element of capitalist systems and therefore relates to both political and economic values. A distinction here can be that citizen rights are inherent or fundamental rights whereas consumer-orientated economic rights are based on specific transactions and are therefore temporary. Citizenship in general entails the rights to vote, to participate fully in society, to equality, and to information about the law and government of society (Graham, 2005, pp. 88-89).

Collins (2006b) compares citizenship, as advanced by Marshall (1950) and his successors, to an onion, where "each bundle of citizenship entitlements and attributes surrounds the other concentrically and nonconflictually" (p. 24). Marshall's triadic bundle of civil, political, and social rights is extended for example by Murdock (1999, pp. 29-30) to include information and cultural rights in the context of PSB and citizenship (Collins, 2006b, pp. 23).

Rights-based rationales related to citizenship and PSB hence span across different disciplinary approaches. For Graham (2003a, 2003b cited from Tambini, 2004, p. 58) the justification of PSB is more fundamental than the correction of market failure since it is basic to civil and political rights and non-negotiable.

3.1.3 Regulatory Rationales from Political Science

Political Science is the most important disciplines discussed in regard to non-economic rationales. Political theory can be attributed a special role as it not only – as the other disciplines – provides substantive values, here informed through democratic theory. It also provides means to authorize and define collective values through democratic deliberative processes.

First, let's turn to values derived from democratic theory. Political values used in PSB justification are informed through normative underpinnings of democratic theory and the role of broadcasting in public opinion formation and democratic processes (Napoli, 2007, p. 12; Flew, 2009, p. 977; Armstrong & Weeds, 2005, pp. 25-26). Political values associated with the democratic process are for example informed citizenry, universality of access, internal (content) and external (provider) plurality. Broadcasting has the objective to promote deliberative democracy as “a system in which citizens are informed about policy issues and able to make judgements on the basis of reason” (Sunstein, 2000, p. 501). The facilitation of a democratic process requires free access to and circulation of reliable, pluralistic information relevant to the issues for public opinion formation and collective decision-making (McQuail, 2003, pp. 15-16; Graham, 2005, pp. 88-89).

According to this view, PSB has a central role in facilitating deliberative processes and citizen participation. It is in these processes that the distinction between individuals as consumers and citizens becomes evident according to their different value understandings. The citizenship concept has always been subject to interpretation but in its core meaning it “designates membership of a political community” (Needham, 2003, pp. 11-13). Equality of citizenship within democracy is derived from the civic republican tradition, as is the concept of participatory citizenship, according to which citizens derive preferences from deliberation about the needs of the community as a whole (Needham, 2003, p. 14), rather than from individual utility. Deliberative processes identify societal needs and how they can be

supported. They address the questions of ‘what is important’ and ‘how important is it’.

Processes of deliberation and contestation function as shared methods of non-economic approaches to establish norms and values. They are desired, meaningful, and valid procedures and alternatives to paternalistic decision-making (Entman & Wildman, 1992, pp. 14, 17). Deliberation allows participatory decision-making and dynamic adaptation of values to societal developments. The theoretical validity and legitimacy of deliberated values is based on the democratic principle and their normative appeal rather than empirical evidence (Just, 2009, p. 13 referring to Baker, 2007, p. 8). Similarly, regulatory intervention in pursuit of these values should be assessed in deliberative processes, which in part relates to their incommensurability.

Deliberative processes therefore provide a mechanism to identify and define non-economic values which are of importance to society as a whole. In these processes, individuals develop values as citizens based on information provided to encourage reason, argument, and education of opinion formation in a direction that increases collective benefits.

The practicality of deliberation is however limited. Even though it can be argued that there is a pervasive difference between what people want as viewers or consumers of broadcasting and as citizens (Sunstein, 2000, p. 520), altruistic behaviour and individuals’ willingness and ability to distinguish between individual and collective benefits is questionable, as it requires high degrees of information and altruism that are rather unattainable in practice (Graham, 2005, p. 92). Complex policy-making processes, which are often limited to a few policy actors, further reduce the practicality of participatory processes and the theoretical ideal of ‘hearing all voices’, even if exercised through representative civic groups. According to Stoker (2006, p. 53), however, participation of all is not required in a democratic system; rather, its defining characteristic is its openness.

A further limitation of deliberative processes is their majoritarian character, which creates the need for additional paternalistic representation of non-majoritarian interests. Social political choices are made through the voting system similar to the market where economic choices are made. The difference between

them is that political majoritarian processes can represent citizen and consumer objectives, while economic transactions focus on consumer value.

Non-economic values can hence be developed bottom-up through deliberation and top-down through paternalism (Throsby, 2001, pp. 85-86), while the latter is the more realistic procedure. Aside from these conceptual and procedural difficulties of determining non-economic values, normative ideals are increasingly challenged in policy through shifts towards neo-liberal ideology (see chapter 5).

3.1.4 Non-Economic Rationales and PSB Justification

To conclude this section, it is of interest to address non-economic rationales in PSB justification. All objectives which are defined paternalistically or deliberatively as desired societal values or outcomes can be used as non-economic rationales for PSB provision. In regard to political values, niche programming such as high-quality impartial news and factual programming represent the information required to facilitate functioning democracies. Similarly, cultural and social programming that addresses social cohesion or national identity typically falls in the same category of niche programming. Other societal objectives such as shared experiences can be used to counter fragmentation and segmentation by catering for mass appeal tastes with popular programming such as sports and entertainment. It can however also be argued that these programmes are likely to be provided by the market (Armstrong & Weeds, 2005, p. 25) due to their popular demand.

Due to the lack of a clear framework for non-economic values, there is hardly any limitation to the creation of normative, value-based arguments for intervention. Everything that can be positioned as desirable and beneficial to society can be argued for on a normative basis. The possible scope of intervention based on non-economic arguments is thus much more flexible and less prescribed than for economic market failure rationales.

PSB remits generally reflect different non-economic values such as preserving national culture, heritage, democracy, language, identity, and community. Even though national PSB models and remits differ across Western Europe (Jakubowicz, 2003, p. 49), some commonly shared understandings and obligations can be identified (aggregated from Betzel & Ward, 2004, pp. 48-49; Iosifidis, 2007, p. 8):

- Universality of content, access
- Programmes that contribute to social cohesion, cultural diversity
- High-quality programming (journalistic standards, editorial independence, accountability)
- Contribution to political pluralism, democratic processes
- Preservation of and contribution to national culture, heritage, history, arts, science
- Innovation, risk-taking, originality

Some of these values relate to distributional aspects, such as infrastructure and coverage, whereas others address content types and characteristics. The difficulty with non-economic rationales concerning their definition and assessment arises primarily with content-related objectives, rather than with more technical, distributional notions.

3.2 Comparison of Economic and Non-Economic Rationales: Substantive and Procedural Characteristics

As previous chapters have shown, economic and non-economic rationales are abstract concepts, which are based on different sets of theoretical assumptions and ideals. In practice, these two approaches are more integrated and less opposing than in theory. In order to fully understand the tension between them, it is important to identify their theoretical commonalities and differences.

The fundamental difference between economic and non-economic rationales lies in their different starting points and points of impact. Non-economic rationales start from desired outcomes in society, whereas economic market failure rationales follow the primacy of markets and efficiency as reasons for regulatory intervention. The sought regulatory impact hence lies on societal outcomes versus market conditions.

The individual functions as a unit of account in both contexts, however in different capacities. In economics, the (rational or bounded rational) individual is viewed as a consumer focused on maximising utility. In non-economic approaches, individuals are citizens whose decision-making is informed by non-individualistic

benefits based on norms and desired societal outcomes. No defined unit of account, such as individual utility, exists here. Societal benefit, as the guiding notion, is undefined in its component values, which change according to context. This differs from the understanding of societal benefit in welfare economics as the aggregate of individual utility.

Briefly summarized, the understanding of the public interest from an economic perspective is the aggregate of individual consumer utility, whereas from a non-economic perspective the public interest is based on deliberatively or paternalistically derived normative values, whereby citizens develop preferences on societal benefits independent of their individual utility. Thus, depending on the perspective taken in policy processes, certain values are neglected or secondary in importance. What is of utility to the individual is not necessarily beneficial to society, and vice versa.

Even though socio-economic concepts such as merit goods and assumptions of bounded rationality function as bridging concepts between economic and non-economic approaches – by diverting from the primacy of rational preferences and individual utility – the main difference persists that no concept of individuals as citizens exists in economic theory other than the aggregate of individual consumers. In economic theory, the role of individuals is reduced to their status as consumers whose individual preferences can be overruled or educated based on normative paternalistic judgement. In the case of merit goods, individual preferences are overruled whereas in behavioural economics, behavioural change intervention is pursued through educating consumers with the intent to change their preferences.

It can thus be summarised that merit goods, externalities, and behavioural approaches focus on the individual consumption process to correct misjudged consumer utility or inefficiencies. In the case of market failures, behavioural implications on individuals and third parties resulting from intervention are only secondary or indirect effects, whereas in non-economic approaches societal outcomes are the primary objective of intervention.

In non-economic approaches, individuals can represent their own personal interests as well as deliberatively and interactively inform societal objectives in their role as citizens. Even though normative considerations can be represented in

economic theory through merit goods, they are different in that they are imposed paternalistically while individuals remain consumers in a transactional relationship.

In economic and non-economic approaches, individuals, as decision-makers, assume different roles as consumers and citizens, while their roles are informed by different sets of values. From this perspective, economic and non-economic approaches are complements rather than rivals, as they are based on different value sets and capacities of representing individuals as consumers and citizens. The distinction between economic and non-economic approaches is hence not merely a lexical one.

The distinction between individuals as consumers and citizens is relevant for the process of defining values, objectives, and regulatory action. As shown for the change from analogue to digital broadcasting, the justification and scope of intervention is reduced for market failure rationales to the provision of niche content with positive benefits. These types of content are also primary objectives of non-economic rationales. In this specific case, the justifications derived from economic and non-economic rationales are very similar.

This can be exemplified by looking at the *means* and *ends* of regulatory intervention. Even though economic and non-economic rationales differ in regard to the end objectives, similar regulatory activity can be derived to achieve these ends. For example, in PSB, free access can be derived from the economic public good rationale and the non-economic political rationales of universal access and participatory democracy. In the case of economic rationales, free access is a means to address market failure (non-rivalry), rather than the objective, which it is however in non-economic rationales. Similarly, the provision of niche content can be a regulatory outcome of both, but in the context of economic rationales it is a regulatory means not because of its desired impact on society but rather as a regulatory solution to market failure. Even though the means are the same, the ends remain different: Non-economic approaches focus on the positive societal outcomes with the consumer being the intermediary, whereas economic concepts focus on the consumption transaction and efficiency.

The difference is thus that neo-classical economic rationales are conditional upon the existence of market failure, whereas non-economic rationales are not. If market failures cease to apply, reasons for intervention similarly disappear.

Generally, it can be said that intervention is reactive to market conditions under economic approaches but rather proactive and independent of market conditions in non-economic approaches.

Table 3.1: Regulatory Rationales in Analogue and Digital Broadcasting

Rationale	Analogue	Digital
MARKET FAILURE		
Monopoly (spectrum scarcity led to monopoly conditions)	Yes	No
Natural Monopoly (Economies of Scale, high fixed, low marginal cost)	Yes	Yes
Public Good		
- non-rivalry	Yes	Yes
- non-exclusion	Yes	No
Information Asymmetry		
Advertising-funded TV	Yes	Yes
Pay-TV	Mitigated	Mitigated / No
Externalities, positive and negative (third party impact of consumption)		
Negative externalities	Yes	Yes
Positive externalities	Yes	Yes
Socio-Economic		
Merit good (level of demand)	Yes	Yes
NON-ECONOMIC		
Social, cultural, political, rights-based values	Yes	Yes

Under current conditions, where economic and non-economic rationales apply and lead to similar results in terms of service provision, it can be not always obvious why it is necessary to distinguish between PSB justification based on both approaches. The importance lies in the different *scope* of intervention that can be derived from economic and non-economic rationales. Economic market failure rationales are limited to specific, well prescribed market failures, whereas for non-economic rationales the discretionary scope in argumentation and thus intervention is hardly limited and rather arbitrary.

Even though the primary objective of non-economic rationales focuses on niche content with positive societal benefits, the lack of a defined conceptual framework allows extending the argumentation to anything that can be defined as a desirable societal outcome. With the decrease in market failures, justification for intervention is thus likely to be based increasingly on merit good and non-economic rationales. In economics, the objective is to have the least possible intervention,

whereas in non-economic approaches the desired outcome is primary and the scope of intervention is not prescribed.

This rather loose and open nature of non-economic rationales is certainly of instrumental value in policy processes. While they provide the opportunity to justify larger PSB remits, they are however also more contested in particular in policy environments which are biased towards neo-liberal economic paradigms, due to their qualitative nature and lack of defined frameworks.

The limited acceptance of non-economic rationales in practice is related to their *procedural* characteristics, i.e. how different rationales are dealt with in the regulatory process. So far, the considerations focused on *substantive* characteristics in the form of theoretical assumptions and values as foundations of economic and non-economic rationales. The procedural methods and tools these rationales provide for the regulatory process are however also of importance.

In general, economic rationales and methodologies are much more clearly defined than and analytically superior to non-economic rationales and methods, which supports their status as the dominant paradigm in practice. The quantitative nature of economic concepts, such as market failure, allows the development of methodologies (modelling, statistical analysis) that provide objective evidence for decision-making. As Zerbe and McCurdy state, the concept of market failure, which appeared as a normative explanation in economics for why the need for government expenditure arises, has developed into a quasi-scientific, full-scale diagnostic tool of cures by which policy-makers learned how to objectively determine the exact scope and type of intervention (1999, pp. 559-560).

Methods such as contingent valuation, for example, serve to quantitatively elicit individual preferences and valuations of non-traded or non-market goods or for individuals with bounded rationality (Munro, 2009, pp. 2, 13-14). Individuals are asked how they value certain characteristics (stated preferences) of a good by stating their willingness to pay (WTP). As an economic method based on welfarism (Munro, 2009, p. 259), WTP focuses on consumer valuation of non-market goods. The method can be extended to ask individuals as citizens about a good's value to society. Stated preferences can hence take individual and societal value into account to reflect total value (ibid.). In contrast, revealed preferences through consumption are limited to consumer value and thus only reflect a proportion of total value.

As addressed for deliberative processes, the ability and willingness of individuals to alternate their roles from consumers to altruistic citizens who subordinate their individual utility to that of society is however also questionable for these methods. Further, the accuracy of economic values elicited from stated preferences can be questioned as they often do not reflect what individuals would be willing to pay (revealed preferences) if these goods were actually tradeable. Contingent valuation is also prone to framing biases and the understanding of value is limited to monetary value to determine the price of non-market goods rather than to discuss or define societal citizen values, as in non-economic approaches.

Irrespective of these difficulties, the method attempts to elicit total value beyond consumer value, which shows that economics offers a tool to address total monetary value stated by individuals as citizens even though no theoretical concept of individuals as citizens exists in economic theory. The method hence can be described as a helpful bridge between economic and non-economic approaches. This does, however, not replace the deliberative determination of citizen values.

A further method rooted in neoclassical economics, which often uses findings from contingent valuation, is cost-benefit analysis (CBA). CBA compares costs and benefits of intervention to inform decisions on whether to intervene after the need for intervention has been established (Helm, 2006, p. 177; Bozeman, 2007, pp. 53-54). The existence of market failure, for example, does not directly lead to or justify intervention when the cost of intervention is higher than the benefits derived from it. Further, it should be considered whether market failure outweighs the potential failure of regulatory techniques (Baldwin & Cave, 1999, p. 16).

Once intervention has been decided and implemented, performance assessment methodologies serve to identify regulatory success or failure. Government or regulatory failure describes conditions when government fails to intervene, intervention fails to improve imperfect market conditions, or the cost of intervention is greater than the cost of failure or the benefits derived from intervention (Hoskins et al., 2004, p. 304).

The application of all of these methods is easier for quantifiable objectives with short- to mid-term impacts, as in the case of economic rationales and consumption processes, rather than for qualitative, long-term and often incommensurable societal outcomes, as in non-economic approaches.

Non-economic approaches generally lack a methodological framework and shared definitions of core concepts and values. Paternalism, which can be criticised for its elitist nature and interference with individual rights (Sunstein, 2000, pp. 522-523; Ogus, 2004, pp. 52-53; Munro, 2009, pp. 114-121), and deliberative processes, which lack practicality, are the only accepted procedures for the definition and assessment of non-economic outcomes. Incommensurability, incomparability, contestation, the lack of objective, quantifiable ‘hard’ empirical evidence and long-term impacts focused on outcome rather than input and output make the transition from theory to practice and the integration of normative values into established, standardized economic decision-making and assessments processes difficult if not impossible.

A further difference between methodologies of the two approaches is that deliberative methods, such as citizen juries, focus not only on outcomes but also on the process itself as a source of value creation (Munro, 2009, pp. 16, 259). Even though these processes have the advantage of decreasing information asymmetries by informing participants, they are highly susceptible to framing biases.

Differences between economic and non-economic rationales therefore exist in regard to their substantive and procedural concepts for policy analysis and formulation (also Ng, 1972, pp. 1015-1017). Economic frameworks allow for a more objective, quantitative analysis with subjective judgment limited to the interpretation of quantitative evidence for policy formulation. Economics generally refrains from value judgements as far as possible. For non-economic concepts, quantification is limited and a high degree of value judgement is required for both policy analysis and formulation, which increases contestability.

Policy formulation thus always, for both economic and non-economic approaches, requires some form of value judgment. In the case of PSB, for example, the provision of content with positive benefits, an objective derived from both economic and non-economic rationales, requires value judgements in order to define what type of programming is seen to provided these benefits. Value judgements are thus present in economic and non-economic approaches, however less prevalent in the former than the latter.

The following table summarises these key characteristics of both approaches which are later used as analytical categories in the empirical analysis.

Table 3.2: Characteristics of Economic and Non-Economic Rationales⁹

<i>Characteristics</i>	Political, Social, Cultural Citizen Perspective	Economic Consumer Perspective
<i>Rationales, objectives</i>	<ul style="list-style-type: none"> · Wider social, cultural, political benefits · Equality, distributional objectives, access to communication, universality · Deliberation, democratic processes, participation · Diversity, pluralism · Objectivity, editorial independence · Information, education, freedom of communication and speech · Control, accountability · Industrial policy, sectoral, regional · Social order, cohesion, interaction, integration · Cultural heritage, identity · Prevention of harm, public offence 	<ul style="list-style-type: none"> · Primacy of individual utility · Consumer sovereignty · Supply and demand · Efficiency · Competition · Choice · Profit
<i>Individual as...</i>	Citizen, member of society	Consumer, market participant
<i>Preferences and decision-making</i>	Preferences on desired societal outcomes, derived from deliberation or paternalism	Self-regarding, rational, preferences derived from individual utility,
<i>Value</i>	Shared norms, values, wider societal outcomes, qualitative	Quantitative monetary, consumer value, utility
<i>Public Interest</i>	Aggregated citizen values on desired societal outcomes	Aggregated preferences based on individual utility
<i>Interaction</i>	Participatory, long-term	Transactional, short-term, voluntary
<i>Accountability</i>	Political accountability, democratic process, downward (to the public), upward (to elected representatives)	Market accountability, downward and bilateral (providers through competition and complaint)
<i>Power</i>	Voice as discussion (not complaint), loyalty towards community based on common citizenship	Exercised passively through aggregate signalling, exit and voice as complaint
<i>Allocation</i>	Public sector	Market
<i>Trigger for regulation</i>	Paternalistically and deliberately defined societal outcomes (social, cultural, political)	Market failure, merit good, bounded rationality
<i>Scope of intervention</i>	Whatever is commonly valued as a desired societal outcome	Market failures, merit good, bounded rationality
<i>Assessment of Intervention</i>	Outcome, impact	Input, output, efficiency
<i>Decision-making</i>	Qualitative, deliberative, value judgement	Quantitative, positive (economic) analysis, facts, evidence-based
<i>Value Chain</i>	Input → Output → Consumption → Outcome	Input → Output → Consumption

⁹ Aggregated in part from van Cuilenburg & McQuail, 2003, pp. 184-185, 202; Bardoel & d'Haenens, 2008, p. 343; Needham, 2003, pp. 5, 11, 14; Livingstone et al., 2007a, p. 629.

In direct comparison, both economic and non-economic approaches possess theoretical validity as competing ideologies. In regard to their practical validity, however, a hierarchy exists as economic approaches dominate regulatory practice due to their more elaborate and well defined conceptual and methodological frameworks, which generate quantitative evidence for decision-making. The challenge of non-economic approaches is therefore that their theoretical validity cannot as easily be translated into empirical validity as for economic approaches, which claim both theoretical and empirical validity. Due to their analytical inferiority, non-economic rationales are often marginalized in regulatory practice, which is emphasised through a general tendency towards economic ideology as the dominant paradigm in regulation.

One possible and often attempted solution to or consequence of this methodological discrepancy between economic and non-economic rationales is technocratisation, “i.e. attempts to bring closure to the political contestation in the name of empirical objectivity or expert knowledge” (Karppinen, 2006, p. 54). Technocratisation stabilizes or diminishes political contestation and antagonism by imposing common criteria or conceptual frameworks based on the individual upon normative values, which can be seen as an attempt to establish certain criteria and concepts as hegemonic (ibid., p. 59). It can further be assumed that the assessment of non-economic values through economic concepts increases their acceptance in neo-liberal policy environments.

Critics of technocratisation however say that attempts to quantify normative concepts do not live up to the expectations which are associated with the use of quantitative methods, such as objectivity, reliability, scientific empirical evidence and replicable causal generalization. Positive analysis is thus considered insufficient for normative values (Just, 2009, p. 113). Technocratisation fails to reflect the complexity of normative concepts when they are reduced to single quantitative values or evidence. Further consequences can be consumerisation and depoliticisation (Needham, 2003), weak public debates on normative issues as well as arbitrariness and unintentional consequences when political processes inherent to normative concepts are disregarded (Karppinen, 2006, p. 59). Critics further say that technocratisation can be an instrument to shift policy debates to other policy domains, such as from sector specific regulation, e.g. communications regulation, to

functional regulation, e.g. competition regulation (Just, 2009, p. 113 referring to Just, 2007).

Decision-making based on normative judgement in deliberative or paternalistic form, which applies not only to non-economic rationales but also to merit and non-market goods, is much more challenging in practice than outlined in theory. Merging non-economic and economic rationales through technocratisation in discourse and practices does not solve this problem but rather creates the danger of making non-economic rationales even less applicable, accepted and credible as they lose some of their unique characteristics. The contestation inherent to concepts such as public value requires negotiation between different interests and conflicting values. The latter exist typically between choice and equity, equity/democracy and efficiency, and efficiency and universality (Hills & Sullivan, 2006, pp. 21-22; Stoker, 2003).

The question then remains how these value conflicts between economic and non-economic rationales should be addressed in practice. The danger exists to create the illusion that non-economic objectives can become uncontested by approaching them with technical means. Instead, technocratic and deliberative approaches should co-exist, which requires openness and awareness of policy actors on both sides to extend their often narrow disciplinary foci.

A conclusion to the reviews can therefore be that a balance needs to be found between economic and non-economic priorities. “[...] if we are serious about striving for theoretical completeness and operational validity, it is essential to admit a concept of cultural value alongside that of economic value in assessing the phenomena under study” (Throsby, 2001, pp. 160, 158-160). Cowling similarly argues that “The challenge for public policymakers is to define the relevant questions and issues in such a way that captures all the economic and non-economic aspects of an individual’s decision-making process, and to best utilise these techniques in the decision-making process” (2006, p. 34).

The underlying thought is thus that different rationales and values should be seen as complements rather than opposites. Collins and Sujon for example state that the terms citizen and consumer have been articulated as rival and mutually exclusive categories even though there is no necessary or intrinsic incompatibility between the systems of values they represent (2007, p. 40). The complementarity of

economic and non-economic values has also been pointed out in the comparison above. The challenge is therefore to integrate both approaches and utilizes their different characteristics to derive regulatory objectives from both. For PSB, this translates into a justification derived from both economic and non-economic rationales.

3.3 Conclusion: Economic and Non-Economic Rationales

To summarise, chapters 2 and 3 reviewed economic and non-economic rationales regarding their substantive and procedural characteristics in the context of PSB. The role of these reviews was twofold:

Firstly, theoretical evidence was provided to show how a decrease in applicable distribution-based market failures from analogue to digital broadcasting turned them from legitimising rationales in analogue broadcasting to de-legitimising rationales in digital broadcasting (as only content-based market failures persist, which reduces the scope of PSB justification). This provides theoretical evidence and a reference point for the analysis of a paradigms shift, as it indicates that changes in the regulatory justification took place in the transition from analogue to digital broadcasting which might provide the impetus to develop an alternative rationale to market failure in the form of the public value notion. The wider context of the public value change process and characteristics typical of paradigm shifts are investigated empirically in chapter 9.

Secondly, the chapters provided a detailed review of economic and non-economic rationales in the justification of PSB with regard to their commonalities and differences. The key characteristics of both economic and non-economic rationales summarised in table 3.2 function as analytical categories. It could be shown that their main distinctions are the opposite (substantive) foci on consumers and markets versus citizens and society, as well as their different degrees of defined (procedural) concepts and available methodologies. The intention was to develop a better understanding of their often conflicting relationship and distinctiveness in the regulatory process.

These reviews inform the use of economic and non-economic rationales as analytical categories in the component analysis of the public value notion to investigate its ideological composition with regard to the hierarchy of economic and non-economic rationales. This component analysis investigates whether the assumed prioritisation of non-economic over economic rationales with the public value notion is indeed the case, which is investigated on the applied notion in PSB practice in chapters 7 and 8. According to Hall's 3rd order classification of a paradigm shift, which is adopted here, a shift in ideology indicates a paradigm shift.

These findings therefore provide theoretical backgrounds and analytical categories for the investigation of the first and second research questions. The first research question is addressed with regard to the provision of analytical categories for the ideological component analysis of the public value notion. The second research question is addressed with regard to the wider context of the public value policy change process and typical characteristics of paradigm shift processes.

The next chapter now provides further theoretical background for the investigation of the wider policy change process as stated in the second research question. Here different motivational and contextual influence factors as well as institutions and strategies are reviewed that play a role in influencing policy-making.

These influence factors are reviewed as the investigation of an ideological shift alone is not sufficient to classify a paradigm shift (chapter 1). Further, while the focus lies on the investigation of the ideological composition of the public value notion as a policy idea to influence policy-making, the possible change in ideology cannot be seen as the only explanatory factor for the public value change process. This view is based on the ontological position that policy change is always the outcome of a variety of factors which need to be considered even if the focus lies on one specific characteristic like ideological change.

Further, the wider contextual review investigates the occurrence of typical paradigm shift characteristics in the policy change process, which provides secondary evidence to classify a paradigm shift beyond evidence of a shift in ideology.

4. THEORIES ON INFLUENCE FACTORS AND INFLUENCE TAKING IN POLICY-MAKING

The previous two chapters have reviewed economic and non-economic regulatory rationales with regard to investigating the ideological composition of the public value notion, as outlined in the first research question. This chapter now reviews relevant literature for the wider contextual analysis of the public value change process, as addressed in the second research question. The investigation of the wider policy change process provides further evidence to inform a paradigm shift classification by investigating the reasons for change and the characteristics of the process.

This chapter reviews the relevant theory that explains policy-making and the role of different factors that influence policy processes. The public value notion is investigated as such a policy idea that is used to influence policy-making in order to achieve policy change.

The review focuses on different strands of theory that, taken together with the theories reviewed in the previous chapter, inform the conceptual framework of this study (and its epistemological and ontological position), which is developed at the end of this chapter.

The first theoretical strand reviews literature on different influence factors in policy-making (section 4.1). This includes public and private interest theories as factors that concern the motivation of policy-makers to act in public or private interests (section 4.1.1). Beyond these motivational factors, different neo-institutional approaches are reviewed which address wider contextual factors, or institutions, that influence the behaviour of policy actors independent of their own motivations (section 4.1.2).

In the review of neo-institutional approaches, particular attention is paid to sociological neo-institutionalism (section 4.1.2.3) which addresses policy ideas as influence factors in policy-making. The public value notion is investigated as such a policy idea that was devised to influence policy-making and facilitate policy change.

These two strands of interest theories and neo-institutional approaches represent the context in which policy-making takes place. They roughly reflect the often made distinction in policy analysis between agency (interests) and structure

(institutions). Policy processes are “both structured – circumscribed by institutions, economic, technological and governmental dynamics – and actor-driven in the pursuit of different norms and goals” (Freedman, 2008b, p. 4).

In order to theoretically reflect the formulation of a policy idea, such as the public value notion, in the context of own interests (interest theories) and contextual institutional constraints (neo-institutional approaches), the approach of non-market strategy (NMS) is introduced in section 4.2. NMS postulates the integration of competitive (market) and regulatory (non-market) strategy, as both market and non-market contexts determine the competitive advantage of companies.

For the purposes of this thesis, NMS is particularly suitable to address the strategic formulation of policy ideas in the context of market and non-market environments, or put differently in the context of own interests (operational objectives) and contextual constraints (policy contexts). As a theoretical approach, NMS can bring the two perspectives of agency and structure together with regard to the formulation of strategic influence taking in policy-making.

These theories on influence factors and policy strategy reflect the ontological position that policy-making is a highly complex process which is always the result of a variety of factors that need to be considered even if the investigation concentrates on one specific characteristic like policy ideas and ideological change. This further reflects the position outlined in the first chapter that the investigation of an ideological shift associated with a policy idea, as addressed by the first research question, is not sufficient to explain a policy change process or classify a paradigm shift. The second research question therefore investigates the wider policy change process and different influence factors and process characteristics to explain and investigate whether a paradigm shift has taken place.

Similar to the reviews in the previous two chapters, which yielded analytical categories for the ideological component analysis of the public value notion, this review provides the understanding of motivational and contextual influence factors and strategy formulation in policy-making as the theoretical background for the contextual analysis of the wider policy change process of the public value notion, as outlined in the second research question. This contains the analysis of influence factors to explain why the process has taken place as well as an analysis of the process regarding its characteristic as a policy change or paradigm shift process.

The chapter concludes with developing a conceptual framework that integrates the theories reviewed in chapters 2-4. It can be summarised that the investigation of the policy change process associated with the public value notion lies at the intersection of different bodies of literature, comprising reviews of economic and non-economic rationales (chapters 2, 3) as well as motivational and contextual influence factors that provide the context for the strategic formulation of policy ideas to influence policy-making (chapter 4).

It is typical for the analysis of policy change processes to adopt such a complex theoretical and conceptual framework as it is necessary to reflect the empirical complexity of such developments (see for example Carson et al., 2009, pp. 12-26). The framework thus incorporates ideologies, interests, structures and strategy as drivers of policy processes, while the overall focus lies on policy ideas and ideologies represented through economic and non-economic rationales.

This conceptual or theoretical framework needs to be distinguished from the analytical paradigm shift framework devised in chapter 1. The paradigm shift framework is used to derive a conclusion on whether the policy change which took place with the public value notion can be classified as a paradigm shift. The paradigm shift classification is an *analytical* framework whereas these theoretical reviews provided in chapters 2-4 represent the *conceptual* framework in which the thesis is positioned theoretically and which inform its ontological and epistemological position.

4.1 Influence Factors in Policy-Making: Interest Theories and Neo-Institutional Approaches

As briefly addressed in the introduction, this section reviews public and private interest theories regarding the motivation of decision-makers (section 4.1.1.). In addition to these motivational influence factors, wider contextual influence factors are reviewed along different neo-institutional approaches, which impact the behaviour of all policy actors, both decision-makers and influence-takers (4.2.1).

4.1.1 Public and Private Interest Theories

Interest theories address motivational factors that influence decision-making in policy processes. They can be divided into *public*, *group*, and *private* interest theories.

Public interest theories assume that decision-making takes place based on a functional assessment of the nature of the problem. Decision-makers are motivated to serve in the best interest of the public – rather than the pursuit of personal interests. The latter is addressed in private interest theories, where decision-makers deviate from the functional or ideal policy position in order to accommodate own interests.

A further difference between those two strands is that public interest theories do not make rational actor assumptions whereas private interest theories do. Public interest theory is a normative theory that describes how regulatory intervention ought to be, i.e. in the interest of the public at large. In contrast to this, private or group interest theories are positive theories that attempt to explain how and when government intervenes. Both types of theories are appropriate for explaining certain aspects of government intervention as policy-making in practice reveals both patterns (Hoskins et al., 2004, pp. 306, 310).

4.1.1.1 Public Interest Theories

The public interest theory was the dominant belief and traditional assumption of government behaviour, stating that elected officials or policy-makers act to protect and pursue the public interest. In comparison to the previous chapters, where different ideological compositions of the public interest were discussed, the focus here shifts from the term to motivations of actors and the context in which the concept is applied.

According to Baldwin and Cave, public interest theories may be seen as a “complement to ‘functionalist’ accounts of regulatory origins and developments, in so far as functionalism sees regulation as largely driven by the nature of the task at hand (as identified in terms of public needs and interests) rather than by private, individual or self-interests” (1999, p. 19). Regulatory decisions are taken in the public interest and are based on different ideological rationales for intervention. As discussed previously, rationales differ in their understanding of the public interest as either the aggregate of individual utility (economic rationales) or societal values and

outcomes (non-economic rationales). Despite these differences, both rationales postulate that intervention should take place in the public interest rather than policy-makers' self-interest.

The public interest theory emerged in the context of the Economic Theory of Regulation (Stigler, 1971; Peltzman, 1976), which, as a private interest theory, revised the view that regulation was intended to serve the public interest (Quirk, 1988, p. 33). According to Hantke-Domas, the distinction between the political concept of the public interest and the public interest theory remains however unclear as no source, origin or author constructing a theory on regulation based on public interest can be found (2003, pp. 182-183, 188).

Irrespective of these uncertainties regarding its status as a theory or its disciplinary origin, regulation in the public interest, whether informed by economic or non-economic rationales, signals the pursuit of intervention in the best interest of the public – rather than any other interest of policy actors or interest groups.

Criticism of the public interest theory arises with regard to the difficulty of defining the concept of the public interest, due to its various understandings in different ideological approaches. Further criticism addresses the assumed expertise of regulators to yield these public interest ends, the understatement of the influence of economic and political power on regulatory institutions, and the competition for power among different interest groups (Baldwin & Cave pp. 20-21). The assumption that paternalistic decisions are superior to individual decisions can also be a point of contestation.

The main criticism however is that the theory takes a simplified view by assuming that political actors act according to the functional nature of the problem and are free from personal interests.

4.1.1.2 Private and Group Interest Theories

Private and group interest theories developed out of the critique of public interest theory and its assumption that public actors serve in the best interest of the public. The Economic Theory of Regulation (Stigler, 1971), also known as capture theory, was the first private interest theory to revise the view that regulation always serves the public interest (Quirk, 1988, p. 33). Public choice theory was applied to

the policy process by assuming neo-classical conditions of rational choice and utility maximization for all policy actors; policy-makers, voters, interest groups, and others.

Under these assumptions, the regulatory process is viewed as the result of supply and demand of policy. The interaction between policy actors is understood as a political market place where the policy process is conceptualized as an exchange between interest groups demanding favourable policies and policymaker supplying public policy (Bonardi et al., 2005, p. 398; Ogus, 2004, p. 59; Hoskins et al., 2004, pp. 304-305). As regulators and political actors value monetary or informational resources that interest groups provide to take influence, they may support a policy other than the ideal policy in exchange for these resources.

Since only large groups such as corporations, labour, and trade associations represent significant demand and exert more influence than other groups, Stigler concluded that regulation can only be created for the benefit of the regulated industry (Quirk, 1988, pp. 32-33; Ogus, 2004, p. 71). Economic theories of regulation place emphasis “on the propensity of [such] actors to circumvent official regulatory goals and substitute ends that are self-serving and to act in pursuit of such ends as job retention, aggrandizement, re-election, or the accumulation of personal wealth” (Baldwin & Cave, 1999, p. 23).

Capture theory thus states that regulation does not protect the public at large but instead furthers economic interests of specific groups who ‘capture’ regulators to regulate in ways favourable to those groups (Hoskins et al., 2004, p. 306; Bonardi et al., 2005, p. 398). As such, the theory has rather specific implications not only on policy-making but also on policy change. As interest groups dominate policy-making, policy change only occurs as a result of changes in interest groups’ demands, which are again determined by changes in economic conditions. The theory therefore implies that economic change is a principal cause of policy change (Quirk, 1988, p. 34).

With regard to its limitations, the private interest theory is criticized for neglecting influence factors other than wealth maximization. “The rational model is so concerned with efficiency in decision-making that the influence of [...] social and political forces are ignored” (Marinetto, 1999, p. 8). For those who support the smallest possible scope of government intervention, the capture theory however remains popular as it shows regulatory action in support of private rather than public

interests. As capture theory describes a form of regulatory failure, opponents of regulation use it to argue against regulation in the first place.

Since private interest theory focuses on the influence of industry groups and economic interests of policy-makers, refined approaches have developed that address the interplay between different interest groups. These so called group interest theories address the extent to which policy-making and change are driven by interrelationships between different groups and between such groups and policy-makers (Baldwin & Cave, 1999, pp. 21, 33).

It can be summarised that private and public interest theories address *motivational* factors that influence decision-makers' preferences and thus policy outcomes. With their focus on the interplay between different policy actors, both strands can be criticized for ignoring or neglecting non-motivational or *contextual* influence factors which impact individual decision-making or group behaviour in regulatory processes. These limitations have been addressed by neo-institutional approaches, which focus on contextual influence factors in policy-making.

4.1.2 Neo-Institutional Approaches

Public and private interest theories can be criticised for having an oversimplified view of decision-making as they only take self-interested, motivational factors into account. The application of scientific principles to social phenomena, as in public choice approaches, has analytical and predictive potential but also a limited view of individuals as rational, welfare maximising actors (Walters & Sudweeks, 1996, p. 426). Aside from these motivational factors, further external or contextual factors exist which influence policy outcomes.

Neo-institutional approaches critique and extend the one-dimensional motivational focus of interest theories by adopting a more holistic, systemic perspective, which sees regulation operating in the wider context of various factors that impact policy outcomes. These factors have largely been excluded in interest theories. Neo-Institutionalism centres on the notion that institutional structures and arrangements, as well as social processes and concepts significantly shape regulation (Baldwin & Cave, 1999, p. 27).

The shared understanding among neo-institutional schools is that policy-making is grounded in dynamics and characteristics of institutions, which are

dominated by ideas, rules and meta-rules established at the constitutional level as well as more specific rules associated with the policy process, procedural routines and roles, organisational structures and strategies (Knoepfel et al., 2007, p. 17; Fischer, 2003, p. 29). All these taken together “constitute an ‘institutional construction of meaning’ that shapes actors’ preferences, expectations, experiences, and interpretations of actions. As a dominant force determining meaning they shape the ways people communicate and argue with one another” (Fischer, 2003, p. 29). Institutional theories thus address how actors’ interests are shaped and constrained by institutions as influence factors.

Neo-institutional approaches come from different disciplines and can be grouped into three main strands of *rational choice*, *historical* and *sociological* neo-institutionalism (Hall & Taylor, 1996, p. 936; Fischer, 2003, p. 28; Baldwin & Cave, 1999, pp. 29-31; Koelble, 1995). All schools share the view that institutions matter in political and social outcomes as institutions provide the structures in which these processes occur. “Institutions comprise cognitive and moral structures, rules or norms which are regarded as socially or legally binding but which are not self-enforcing. They have a behavioural dimension, providing norms or rules of behaviour [...]” (Black, 1997, p. 54).

These shared behavioural assumptions reflect the critique of atomistic accounts of rational individuals in public choices approaches as well as of old institutional approaches of the 1950s, which saw political and legal structures as responsible for guiding political outcome in the public interest (Black, 1997, p. 56). Behavioural approaches thus take a position between these two extreme views of actors’ self-interest (private interest theories) or political and legal structures (public interest theory) as the underlying assumptions of policy-making by instead promoting the view that these different motivational aspects are of importance but that their pursuit is again influenced by a further set of formal and informal contextual institutions. “Supplying them with regularized rules, standards of assessments, and emotive commitments, institutions influence actors by structuring or shaping the political and social interpretations of the problems they have to deal with and by limiting the choices of policy solutions that might be implemented. The interests of actors are still there, but they are influenced by the institutional structures, norms, and rules through which they are pursued. Such structural

relationships give shape to both social and political expectations and the possibility of realizing them” (Fischer, 2003, p. 28).

Bounded rationality assumptions further reflect the reciprocal nature of the relationship between institutions and individual behaviour, as institutions shape individual preferences and their interpretation of the world around them and are in turn shaped by them (Black, 1997, pp. 63, 68). In shaping both preferences and ways to pursue them, institutions provide a varying scope of choice for individual or organisational action which means that individual or organisational action can only be explained in its social context (ibid., p. 68). “Institutionalism thus offers, at its simplest, an analysis which posits that institutions structure actions, and perhaps preferences, and are themselves shaped by the actions of individuals and organizations” (ibid., p. 74).

Despite these shared assumptions of behaviouralism, differences exist between neo-institutional schools regarding their understanding of and focus on institutions and the weight ascribed to them in terms of impacting individuals’ preferences. The spectrum ranges from shaping (rational choice), to constraining (historical), and defining/dominating (sociological) preferences. The schools further differ regarding explanations for and assumptions of the origin and development of institutions.

Therefore, neo-institutionalism as such does not constitute a unified but rather a disparate and diverse body of thought that lacks a central analytical structure (Black, 1997, p. 54; Hall & Taylor, 1996, p. 936). Its strength of providing different disciplinary approaches on influence factors in policy-making can, due to its broad nature, also be interpreted as a weakness. A point of critique here is that definitions of institutions are vague and ambiguous within as well as across the different schools (Black, 1997, pp. 58-59). Further, questions arise in how far different institutional explanation can be balanced with other influence factors in accounting for policy outcomes (Baldwin & Cave, 1999, p. 33).

The schools have different strengths and weaknesses and focus on different aspects of institutions and human behaviour, providing a partial account of the contextual environment and its many factors that influence policy actors’ preferences. As such, they are complements. Even though they have remained rather distanced, increasing interdisciplinary exchange is seen as a positive development as

approaches can learn from each other to resolve remaining issues (Hall & Taylor, 1996, pp. 955-957). Since all institutions have a place in explaining phenomena in political processes (Koelble, 1995, p. 242), an integrated view comprising all approaches comes closest to real-life conditions.

The different schools are briefly reviewed in the following. The focus is on sociological neo-institutionalism and the role of ideas as institutions in policy processes.

4.1.2.1 Rational Choice Neo-Institutionalism

Rational choice neo-institutionalism draws on rational choice concepts such as property rights, rent seeking, and transaction costs to explain the operation and development of political institutions (Hall & Taylor, 1996, p. 943). It addresses how institutions influence the formulation of individual preferences. Individuals are assumed to act in their own interest to maximize individual utility in a strategic manner (ibid., p. 944). Individuals are however bound in their rationality, which means that they have cognitive limitations, incomplete information, and difficulties in monitoring and enforcing agreements (Baldwin & Cave, 1999, pp. 28-29). They are bound through institutions, systems of rules and inducements of behaviour, which structure their strategic behaviour and therefore also their interaction with other individuals in political and social processes (Hall & Taylor, 1996, p. 945; Black, 1997, p. 55).

Under cognitive limitations, individuals may act rationally in the sense that they act purposefully to achieve their preferred outcome. They do this however based on limited information and alternatives which they cannot process fully (Simon, 1957 cited from Black, 1997, p. 63). Since actors are not capable of processing all available information, they take contextual factors into account when formulating their preferences to make up for imperfect information (Henisz & Zelner, 2003, p. 451). The knowledge they have and the way in which they see alternatives is subjectively constructed and imperfect because information is filtered and alternatives are seen and assessed according to individuals' perceptions and interpretations, which are again shaped by institutions (Black, 1997, p. 56). Individuals' 'decision frames' are therefore of crucial relevance to the decision-making process (ibid., p. 63).

In regard to the relationship between institutions and behaviour, rational choice neo-institutionalism emphasises instrumental, self-interested behaviour based on strategic calculations and preferences, which are influenced by institutions (Hall & Taylor, 1996, p. 951). As intervening variables, institutions influence the formulation and pursuit of individual preferences and actions but do not determine them (Koelble, 1995, p. 232). For policy-making, this implies that institutions influence individual preferences and strategic behaviour in policy processes.

Explanations regarding the origin, existence, and change of institutions in rational choice neo-institutionalism address the function institutions perform and benefits they provide, whereby this functionalist view works well to explain the existence of institutions but is limited in terms of explaining their origins (Hall & Taylor, 1996, pp. 952-953).

As a critique of rational assumptions in interest theories, neo-institutionalism introduces bounded rationality, which makes it possible to retain assumptions of utility maximization as a central motivational factor while it also allows for the inclusion of other factors that influence preferences beyond mere motives of welfare maximization. Rational choice institutionalism thus provides a central framework upon which other neo-institutional approaches build to include the influence of non-motivational factors on actors' preference formation and thus policy-making.

4.1.2.2 *Historical Neo-Institutionalism*

Historical or political neo-institutionalism developed in response to group theories and structural-functionalism in political science (Hall & Taylor, 1996, p. 937). In regard to group theories, historical neo-institutionalism accepts the notion that group rivalry for scarce resources lies at the heart of politics and explains inequality of outcomes through conflicts between the institutional organisation of policy and economic structures. The focus thereby lies on the importance of political institutions; which of them matter and how they matter. The approach is especially concerned with the nature of collective action and the way in which political structures, institutions, and decision-making processes shape political outcomes (Baldwin & Cave, 1999, p. 29).

With regard to structural functionalism, historical neo-institutionalism accepts the idea of policy as an overall system of interacting parts. Historical neo-institutionalism however sees the structuralism implicit in institutions of the polity as the main factor structuring collective behaviour and generating distinctive outcomes, rather than functionalism, which views political outcomes as a response to the needs of the system.

In regard to institutional development, historical institutionalism addresses path dependency of organisations and unintended consequences; how past decisions, practices and procedures influence future behaviour and thus regulatory developments (Baldwin & Cave, 1999, p. 30). The institutional structures of governments are themselves significant players in the policy process, as political institutions have the capacity for autonomous action and thus shape the interests of political actors and structure their actions in pursuing those interests (Black, 1997, p. 56). The understanding of how exactly institutions affect behaviour is however less developed than in other schools (Hall & Taylor, 1996, p. 950).

Historical institutionalism further tends to conceptualize the relationship between individuals and institutions in relatively broad terms while also attempting to integrate the institutional analysis with other influence factors, such as ideas and their impact on political outcomes (ibid., p. 938). This approach does not deny that individuals attempt to calculate their interests but it argues that outcomes are the product of the interaction among various groups, interests, ideas, and institutional structures, so that preferences are formed by the institutional contexts within which they emerge and should thus not be treated as fixed (Koelble, 1995, p. 232). Institutions play a determinant role as they shape the actions of individuals but are at times affected by collective and individual choices (ibid.). In comparison to rational choice institutionalism, institutions are here ascribed greater weight in influencing actors' preferences as they are seen to determine rather than influence preferences.

4.1.2.3 *Sociological Neo-Institutionalism*

Sociological neo-institutionalism is the most relevant approach for the study of the public value notion, as it addresses ideas and ideologies as institutions that influence organisations and individual preferences. Sociological neo-institutionalism arose primarily within the subfield of organisation theory (Black,

1997, p. 57). It challenges traditional distinctions between efficiency/rationality and cultural understandings of the social world by addressing the importance of culture in bureaucratic structures. The argument is that many of the institutional forms and procedures used by organisations were not adopted due to their efficiency in addressing organisational goals, but that these forms and procedures should be seen as culturally-specific practices that were assimilated into organisations due to processes associated with the transmission of cultural practices more generally (Hall & Taylor, 1996, pp. 946-947). Organisational forms, procedures, symbols and their diffusion are explained in cultural terms.

The sociological school is relatively distinctive from the other schools in terms of its much broader definition of institutions, which does not include concrete organisations but instead focuses on institutions as socially constructed routine-reproduced programme or rule systems, norms and conventions with rule-like status in social thought and action (Black, 1997, p. 58). Institutions are not just formal rules, procedures or norms, but also symbol systems, cognitive scripts, ideologies and moral templates that function as frames guiding actors' preferences (Hall & Taylor, 1996, p. 947). The focus lies on cognitive processes, cultural frameworks of perception and the relationship between different institutions (which need to be conformed to) and practical responses.

This broader definition is significant as it redefines culture itself as an institution and thus breaks down the conceptual divide between institutions and culture; that is between institutional explanations based on organisational structures versus cultural explanations based on culture as shared attitudes or values (*ibid.*, pp. 947-948). Institutions are themselves seen to be dependent upon larger macro-level variables such as society and culture (Koeble, 1995, p. 232). They are societal or sectoral – but not organisational – forms, structural components or rules that affect organisations in their world views and thus create a certain level of homogeneity among organisations and their actors (Black, 1997, p. 57).

With regard to the origin and change of institutions, sociological neo-institutionalism assumes that organisations adopt specific institutional forms or practices because they are widely valued and accepted within a broader cultural environment and therefore enhance the social legitimacy of the organisation (Hall & Taylor, 1996, p. 949). Legitimacy or social appropriateness can be conferred through

public authority in the form of regulation or shared cognitive maps among actors that embody a sense of appropriateness of institutional practices (ibid., p. 950). The origin and change of institutions is affected by already existing institutions, which structure or inform the development of new institutions (ibid., p. 953). This stands in contrast to rational neo-institutionalism, where organisations adopt practices and develop to advance their means-ends efficiency.

Sociological neo-institutionalism also has a stronger view on how institutions influence actors' preferences. The view shifts from old sociological assumptions that individuals' action is influenced through norms that are attached to their organisational roles, often described as the normative dimension, to the cognitive dimension of institutional impact, where institutions influence behaviour by providing cognitive scripts, categories and models that are indispensable for action and the interpretation of others' behaviour and the world around them (ibid., p. 948). Institutions here not simply specify what individual action should be but also what individuals can imagine doing in a given context. This is a social constructionist, interactive and mutually constitutive view, where institutions provide terms through which meaning is assigned to social contexts.

The central difference to rational choice neo-institutionalism is that institutions not simply shape or affect individuals' preferences and constrain their strategic pursuits. Instead, individuals' basic preferences and identity are determined by structural and cultural macro-institutions. Individuals are still self-interested. Their decisions are however embedded in cultural and organisational fields that determine the concept of self-interest and utility. What individuals see as rational action is itself socially constituted whereby interests are conceptualized in much broader terms than welfare maximization, such as definition and expression of identity in socially appropriate ways (ibid., p. 949).

A central difference between rational economic and sociological neo-institutionalism is thus preference formation. In the economic form, preferences are exogenously derived and their pursuit is constrained through institutions – *how* individuals get what they want is constrained not *what* they want (Black, 1997, pp. 64-67, 70). Sociological approaches instead emphasise (internal) cognition and external normative formation of preferences, whereby institutions not only shape individuals' pursuit of but also the preferences themselves – individuals lose their

autonomy in form of their own normative structure (ibid.). Sociological neo-institutionalism therefore underlines the role of culture, society, organisational identity and industrial sectors in the definition of individual interests, while the individual is largely dependent and a rather unimportant variable (Koelble, 1995, p. 232).

This view is particularly relevant for the analysis of the public value notion as ideologies are seen to influence both organisations and individual preferences. According to these assumptions, the public value notion, as a policy idea informed by different economic and non-economic ideologies, is the product of individual, organisational, and wider cultural and societal preferences. This approach thus provides a theoretical framework for investigating not only the ideological composition of the public value notion. It also encompasses the influence of the contextual environment on organisations and individual preferences. A media policy paradigm, as the dominant ideology that informs policy decision-making, is for example a contextual institution that influences organisations and individual preferences.

It can be concluded that sociological neo-institutionalism addresses ideas and ideologies, among others, as institutions that affect and determine individual preferences and that can also be used by instrumental actors to choose strategies to affect policy-making (Hall & Taylor, 1996, p. 951). Or in Schmidt's words: "The institutional setting, moreover, constitutes both that which structures agents' ideas, discourse, and actions and that which is constructed by agents' ideas, discourse and actions" (2011, p. 119, also pp. 119-122).

For this research, it is of interest to address the relationship between ideas and ideologies as institutions that influence strategic policy interests and policy-making in more detail, as the public value concept is such a policy idea that draws on different ideologies to promote specific interests.

Ideas and ideologies can be understood as cognitive frameworks through which policy issues can be perceived and conveyed (chapter 6.1). They can be used to pursue own interests by conveying objectives in shared idioms to enhance their acceptance. Ideologies can however also constrain decision-making if certain ideologies are hegemonic in organisational or policy contexts and thus need to be conformed to.

Different views exist on the influence of ideas and ideologies. They range from idealist views that exaggerate the role of ideas at the expense of economic and political interests, to those who see ideas as little more than rationalization of political interest where popular ideas are seized on to propagate and legitimize interests without the ideas themselves playing a critical role (Fischer, 2003, pp. 23-24). In discourse analytical approaches to policy analysis, language and discourse play a more fundamental role by shaping social action and the meanings upon which ideas are constructed, rather than just mirroring them (Fischer, 2003, p. 41, also Walters & Sudweeks, 1996, p. 434). This post-empiricist perspective reflects an argumentative turn towards policy analysis, which stands in contrast to the moderate view of ideas-based research in the policy mainstream, where ideas are in large part seen as one of many variables influencing policy (Fischer, 2003, p. 41).

More nuanced approaches between discourse analytical and neo-institutional views on ideas and discourse in policy-making can be summarised under the umbrella term discursive institutionalism (see Schmidt & Radaelli, 2004, p. 184, 197 refers to Schmidt 2002b; Schmidt, 2010, 2011). This rather new field of study deals with dynamics of change by focussing on the substantive content of ideas and interactive processes of discourse in institutional contexts (Schmidt, 2011).

In this thesis, a neo-institutional perspective on ideas and discourse is adopted, as they are considered as one factor among many others, or as distinguished by Schmidt as intervening rather than independent variables (2002, 2001 cited from Fischer, 2003, p. 30; also Baldwin & Cave, 1999, pp. 26, 33). The public value notion is viewed as a policy idea that is mainly seen to reflect the strategic interests of the policy actor. This ontological view resembles a positivist rather than a constructivist approach, as ideas and discourse are seen to constitute interests in the latter (see also Fischer, 2003, pp. 44-45).

Sociological neo-institutionalism therefore provides the ontological framework for investigating the influence and use of ideas in policy-making. Individuals are assumed to act strategically in their self-interest according to their preferences, while their preferences are determined through cultural institutions such as ideas and ideologies, among others. At the same time, in the attempt to pursue their preferences, policy actors behave strategically by employing for example cultural institutions such as ideas and ideologies in the policy process.

The assumption therefore is that a policy actor's behaviour is determined by cognitive templates (cultural approach) and strategic considerations of the environment (calculus approach). The environment is in turn made up of and therefore also defined by preferences of other policy actors, which are again determined through institutions. From the perspective of a policy actor, the scope of strategic action is therefore constrained on various levels; on the level of own preferences as well as on the level of other policy actors' and in particular decision-makers' preferences.

Based on these assumptions, a policy actor's objectives and the constraints in achieving them influence the composition of a policy idea such as the public value notion. This means that the ideological composition of the public value notion in the form of economic and non-economic rationales is the result of strategic pursuits (policy actor's preferences) and contextual constraints (decision-makers' preferences). Therefore, the investigation of the public value notion should encompass a compositional and a contextual analysis.

Since sociological neo-institutionalism, as a framework for analysing the role of ideas and ideologies in policy-making, does however not extend to address the strategic composition and use of ideas and ideologies, the next section introduced the approach of non-market strategy, which addresses strategy formulation in the context of own interests and contextual constraints. As such, non-market strategy functions as a conceptual extension to sociological neo-institutionalism by focussing on the interrelationship between a policy strategy, here a policy idea, and its contextual policy environment.

4.2 Non-market Strategy: Policy Ideas and Policy Environments

Now that the ontological position has been defined in sociological neo-institutionalism, it is of interest to introduce a more analytical perspective to the relationship between policy ideas and policy environments. The focus thus shifts from motivational and contextual factors that influence policy-making, as addressed previously, to the strategic process of influence-taking by corporate policy actors in the constraints of these interests and context.

Non-market strategy (NMS) is a suitable approach for such a consideration as it provides a perspective to understand strategy formulation that takes both market objectives, i.e. the operational interests of an influence-taker, and the political environment, i.e. the constraining context, into account.

With shifting the perspective to the business side, the relevant theoretical field is corporate political activity (CPA), which addresses business government relationships and the extent to which politics impact business and how businesses react to influence politics (Bach & Unruh, 2004, p. 1; Hillman et al., 2004; Baron & Diermeier, 2007, p. 539). In the pursuit of business interests, CPA aims at maintaining the status quo or effecting change in the prevailing institutions and ideologies (Getz, 1997, p. 62).

As an umbrella term, CPA entails various approaches on business-government relationships such as political science (Lamberg et al., 2004; Holburn & Vanden Bergh, 2002, p. 5; Lindeque et al., 2007, p. 6; Bach & Unruh, 2004, p. 3), sociology, finance, organisational theory, and strategic management (Shaffer, 1995, p. 495; Hillman et al., 2004, p. 838; Lindeque et al., 2007, p. 7).

As an approach from the strategic management branch of CPA, NMS postulates the integration of market strategy and strategy directed at the non-market environment in the form of policy and regulatory contexts (Baron, 1995, 1997, 1999; Hillman et al., 2004). The central insight behind integrated strategy is the recognition that business environments are composed of market and non-market components and that therefore the competitive strategy of a firm must integrate market and non-market considerations to seek superior performance (Baron, 1995, pp. 47-48, 1997, pp. 145-146, 163; Shaffer et al., 2000, p. 139) and competitive advantage (Bach & Crainer, 2007; Bach & Brown, 2007, pp. 55-56).

The return or effectiveness of NMS is related to the ability to achieve a policy closer to the desired policy, to block proposals that move policy from that position, or to realize opportunities blocked by non-market environments (Bonardi et al., 2006, p. 1209; Baron, 1995, p. 61).

NMS is particularly important in highly regulated industries (Baron, 1995, pp. 48-49) like broadcasting. Analogue to the theory of competitive strategy, NMS must be tailored to non-market environments and competencies of the firm to be successful (*ibid.*). These non-market environments and strategies depend to a high

degree on country-specific issues, interests, institutions, and information – which Baron describes as the ‘4Is’ (1997, p. 146, 1995, p. 61).

Table 4.1: Non-market and Market Strategy¹⁰

	Market	Non-market
<i>Strategy</i>	<ul style="list-style-type: none"> · Concerted pattern of action taken in markets to create value by improving economic performance · Purpose: create economic value · Competitive strategy: tailored to structures and dynamics of markets and firm competencies 	<ul style="list-style-type: none"> · Concerted pattern of action taken in the non-market environment to create value by improving overall performance · Purpose: shape market environment and improve market and non-market position · NMS: Tailored to the non-market environment and firm competencies
<i>Environment</i>	<ul style="list-style-type: none"> · Voluntary interactions between firms and other parties · Intermediated by market or private agreement · Involves economic transaction and exchange of property 	<ul style="list-style-type: none"> · Voluntary or involuntary interactions between firms and other parties · Intermediated by the public, stakeholders, government, media, public institutions (social, political, legal arrangements) · Through majority rule, collective action, due process, publicness

NMS tactics are those typically employed in CPA (i.e. lobbying, political action committees, constituency building, supply of expertise and information, public relations, public advocacy, grassroots activity, judicial strategies; Shaffer, 1995, p. 495; Aggarwal, 2001, pp. 105-106). The primary difference between NMS and other CPA approaches is, however, the analytical, procedural, and systematic focus on strategy development in the context of market and non-market environments. In addition, NMS assumes a broader understanding of non-market environments and policy actors than most other CPA approaches (Bonardi et al., 2006).

Corresponding to this extended scope, NMS also functions as an umbrella term for normative approaches like corporate social responsibility or corporate citizenship (Baron & Diermeier, 2007), which ascribe companies a special responsibility towards society. As self-regulatory mechanisms to improve company performance, they tend to address consumers rather than governments. NMS itself is not a normative but an analytical approach (Bach & Brown, 2007, p. 58).

¹⁰ Definitions adapted and extended from Baron, 1995, p. 47.

For this research, NMS is a particularly suitable extension to sociological neo-institutionalism as it establishes an analytical relationship between changes in markets, market strategy, non-market strategy, and non-market environments. In the case of the public value notion, this framework allows connecting market and technological changes to the development of the notion as a policy idea in its non-market environment.

Based on ontological assumptions of sociological neo-institutionalism, where decision-makers' preference frameworks are determined by formal and informal institutions, integrated with the view that decision-makers' preferences represent the non-market environment, it can be argued that the success of NMS depends on its fit with decision-makers' preference frameworks. "Many analysts take a pluralist view of government-business relations, seeing nonstate actors as competing for government attention. More sophisticated approaches to the relationship between state and societal actors focus on the formulation of the interests of state actors. According to this analysis, institutions are not simply arenas for the political activity of governments, firms, and other nonstate actors; the norms, rules, and practices of institutions also influence the interests of major actors. That is, the motivations and capabilities of state actors both by themselves and within international institutions form an essential part of non-market analysis and strategy" (Aggarwal, 2001, p. 97). The characteristics of non-market environments consisting of formal (legislation) and informal (norms, ideologies, codes of conduct) institutions thus need to be addressed when devising, analysing or explaining NMS.

In this research, the public value notion can be described as a non-market strategy in the form of a policy idea, which draws on economic and non-economic rationales as informal institutions to reflect the influence-taker's strategic interest in the constraints of decision-makers' preferences.

NMS therefore functions as an analytical extension to sociological neo-institutionalism which addresses ideas and ideologies as factors that convey and influence policy actors' preferences but stops short of addressing strategic interactions between them. NMS provides a framework to analyse the conceptualisation of non-market strategies, such as policy ideas, in the context of strategic interests and the contextual constraints in policy environments.

After having developed these ontological assumptions of ideologies as factors influencing preference frameworks of policy actors and strategic actions between them in non-market environments, a full conceptual framework can now be developed which integrates the above elaborations on policy-making with the previous reviews of economic and non-economic regulatory rationales as informal institutions in policy processes.

4.3 The Conceptual Framework

The interest of this research lies on investigating how the public value notion, as a policy idea, is informed ideologically by different economic and non-economic rationales and how its conceptualisation relates to ideological characteristics of the policy environment and the dominant media policy paradigm. The objective is to investigate how the justification of PSB is informed ideologically and whether this composition represents a paradigm shift from economic to non-economic justifications (the evolution of media policy paradigms is reviewed in chapter 5).

The previous chapters have reviewed theories on economic and non-economic rationales as different ideologies for market intervention (chapters 2, 3) and theories on influence factors in policy-making (chapter 4). These theoretical approaches are now integrated into a conceptual framework which represents the ontological assumptions and provides a structure for the empirical analysis. In the following, a brief summary of the reviewed theory precedes the integration into a conceptual framework.

Chapters 2 and 3 reviewed different ideological approaches to justify market intervention in general and for the context of broadcasting. Grouped into economic and non-economic approaches, the substantive justifications for intervention and the methodological or procedural characteristics of the rationales were reviewed. Economic and non-economic rationales differ with regard to their objectives, scopes of intervention, and methodological characteristics. It could be shown that the two ideological approaches have different implications for policy outcomes and decision-making processes in general and in the case of PSB.

The purpose of these reviews was to identify commonalities and differences of economic and non-economic rationales. These insights inform and provide the theoretical background for the empirical component analysis of the applied public value concept. In order to understand the role of the notion in the context of regulatory paradigms, the notion needs to be unpacked to identify its component values, i.e. its underlying regulatory rationales. The component analysis is a prerequisite for relating and comparing it to the policy environment and the incumbent media policy paradigm.

In chapter 4, the focus was then shifted from ideological justifications of regulation to policy-making and factors that influence policy actors, strategies, environments and outcomes. Different approaches were reviewed which provide explanations on how policy-making is shaped and influenced.

The first group of approaches were interest theories of regulation, beginning with a normative perspective on regulation in the public interest, where intervention is based on functional objectives derived from economic or non-economic rationales. The second group were private interest theories which describe how motivational factors such as welfare maximization influence self-interested policy actors to take decisions that deviate from policy outcomes in the public interest to pursue private or interest group objectives.

Since these theories were narrowly focused on motivational influence factors, neo-institutional approaches were reviewed next as they address wider contextual factors that influence policy-making by impacting policy actors' preference formation and their pursuit of these preferences. Based on shared assumptions of behaviouralism, each of these neo-institutional schools assumes self-interested policy actors whose actions and preferences are influenced to varying degrees by different institutions. The subfield of sociological neo-institutionalism in particular addresses the influence of ideas and ideologies as informal institutions on preferences of policy actors and their pursuit of strategic interest.

Based on these assumptions, ideologies as informal institutions in the form of different regulatory rationales define or determine policy actors' preferences and can also be used strategically in policy processes. Since sociological neo-institutionalism is however limited to identifying and describing the influence of informal institutions on policy actors' preferences and policy outcomes, it falls short

of addressing the inter-relationship between decision-makers' and influence-takers' preference frameworks and the context these set for the pursuit of strategic interests.

In order to develop a conceptual framework which not only focuses on the role of different ideologies in the form of economic and non-economic rationales as informal institutions that influence policy actors' preference frameworks, but also on the inter-relationship between preference constraints and the pursuit of strategic interests, the analytical framework of NMS was incorporated.

NMS is a subfield of the CPA strand in management theory, which shifts the focus from decision-makers to policy actors as influence-takers. This shift is helpful to focus on the formulation of strategy in the context of preference constraints of both influence-takers and decision-makers. NMS serves as an analytical framework and extension to sociological neo-institutionalism to address the formulation of policy strategies, here a policy idea, in the context of ideologically constrained preference frameworks of influence-takers and decision-makers in the policy environment.

By integrating ontological assumptions of sociological neo-institutionalism with the analytical NMS approach, it is possible to investigate economic and non-economic rationales as different ideologies in policy processes and how they inform preference frameworks and strategic interests of policy actors. This makes it possible to analyse the composition of the public value notion as a policy idea on the level of different economic and non-economic rationales (first research question) while taking into account ideological preferences frameworks and strategic interests of policy actors as well as ideological conditions in the policy environment (second research question).

Based on these assumptions, strategic policy ideas are a product of institutionally defined preferences of influence-takers and decision-makers. Ideas are employed by influence-takers to pursue strategic interest while decision-makers' preference frameworks (such as a certain ideological worldviews) constrain the scope of strategic action, which in turn influences the idea as a policy strategy. Consequentially, the view can be formed that for a policy idea to be successful, it has to represent the strategic interests of influence-takers while also complying or fitting with the preference framework of decisions-makers in the policy environment. This

leads to the assumption that a non-market strategy's fit with its policy environment increases its success to become institutionalised.

In those cases, however, where the preference frameworks and thus interests of influence-takers and decision-makers diverge in terms of the underlying ideologies, it is more difficult for policy ideas to find acceptance in policy environments and thus successfully represent the interests of influence-takers. This is the case in situations where influence-takers pursue policy changes which diverge from the dominant paradigm. The introduction of the public value notion seems to be such a case, as the notion seems to be a policy idea based on non-economic rationales which has successfully been institutionalised in a policy environment that is primarily informed by economic rationales.

The next chapter now introduces the empirical context of media policy paradigms in PSB.

5. THE UK BROADCASTING ECOLOGY: THE PUBLIC VALUE NOTION AND THE HISTORY OF EVOLVING MEDIA POLICY PARADIGMS

After the previous chapters have reviewed theories that inform the conceptual framework, this chapter now turns to the empirical context. In order to understand shifts in the ideological justification of PSB, it is necessary to examine the historical context in which they arose and evolved. This empirical review therefore provides the background for the detailed ideological (chapters 7, 8) and contextual (chapter 9) analyses of the public value notion.

The evolution of the UK PSB ecology is reviewed along the three-phased media policy paradigm classification of van Cuilenburg and McQuail (2003). Each phase is briefly introduced by drawing on the general characteristics identified by van Cuilenburg and McQuail. The main focus for each phase lies on reviewing the corresponding developments in the UK broadcasting ecology to show how the generalized paradigm characteristics of van Cuilenburg and McQuail apply to the UK context. This shows that van Cuilenburg and McQuail's paradigm classification can be used as a historical and contextual stepping stone for the study of the public value notion.

In this context, the developments in UK PSB policy around the turn of the century are reviewed to provide some information on the time prior to the introduction of the public value notion at the BBC in 2004. This leads to the question of whether the policy change associated with the public value notion represents a paradigm shift in the justification of UK PSB. The research question is restated at the end of the chapter before the research design is introduced in chapter 6.

5.1 The First Media Policy Paradigm: Early 20th Century until 1940s

The first paradigm of emerging communications industry policy lasted until World War Two. Media and communications policy addressed emerging technologies of telegraphy, telephony, and wireless, and was mainly in pursuit of

state and financial corporate interests (van Cuilenburg & McQuail, 2003, pp. 186-191). As infrastructure was seen to be too strategically essential to be left to free markets, European policy created telegraphy, telephony, postal, and communications services as public monopolies. Their status as branches of civil services was supposed to underline their conception as non-political and non-consumer goods.

During the first phase, a separation into different regulatory regimes took place according to the underlying technologies of print, common carriers (telegraphy, telephony), and broadcasting (radio, television). Common broadcasting features across Europe and the US were strong regulation of access and content, restricted freedom of expression, some form of monopoly or oligopoly, a notion of public service (in socio-political terms), and pressure towards universal provision.

Similarly, the creation of the radio and broadcasting monopoly in the UK was dominated by social-political rather than economic considerations (Vick, 2006, p. 46). The BBC enjoyed monopoly status until the 1950s. After its inception as a private radio manufacturer, producer, and broadcaster in 1922, it was incorporated as a public organisation in 1927 with its first Royal Charter. This had been recommended by the Crawford Committee (1926, p. 14 cited from Collins, 2006b, p. 10), which had rejected competition and channel choice for early radio (Tambini, 2004, p. 47). The BBC was funded through a licence fee and supervised by a self-regulatory Board of Governors.

The BBC's remit to 'entertain, educate, and inform' was based on its first Director-General John Reith's belief of cultural homogeneity, which did not assume that everybody was the same, but much more that culture was single and undifferentiated and that broadcasting served to educate the public according to paternalistic assumption about what should be provided, rather than what their actual interests were (Curran & Seaton, 2003, p. 149). The BBC's mixed programming approach was based on generally recognizable cultural values which addressed average listeners rather than different groups with different interests, which was also useful for the BBC to defend its broadcasting monopoly (*ibid.*, p. 150).

Continuous television broadcasting started in 1936 with the first channel BBC One (Cave, 1996, p. 18). Television broadcasting was interrupted throughout the Second World War (during which the BBC focused on radio) but resumed as full-time broadcasting after the war (Coppens & Downey, 1998, p. 279). During the

war, the BBC shifted its programming focus from Reith's 'cultural unity' approach initially temporary to a from 1946 onwards permanent so called 'light programming' approach, which for the first time acknowledged that different programmes were appropriate for different occupations, thus recognizing distinct group tastes and interests (Curran & Seaton, 2003, pp. 154, 156).

With regard to ideological characteristics of this first phase, it can be summarized that van Cuilenburg and McQuail's (2003) first paradigm of emerging communications industry was informed by technological, state/national strategic, and socio-political interests. This also applies for the early years of the UK PSB ecology, where scarce frequency was not left to the market and socio-political objectives as well as strong views on cultural values (Reith's cultural homogeneity) informed the paternalistic approach towards PSB.

5.2 The Second Media Policy Paradigm: 1945 until 1980s

The second policy paradigm of public service media ranges from the post war period to the 1980s. It is characterized through socio-political normative objectives derived from democratic, representative, and participatory politics rather than economic, national strategic or technical concerns (van Cuilenburg & McQuail, 2003, pp. 181, 191-197). In contrast to the pre-war period, where normative considerations had predominately been put in negative terms due to the fear of new electronic media and its impact on the masses, the post-war period pursued more deliberated media polices and formulated purposes in more positive terms (Bardoel & d'Haenens, 2008, p. 343).

Across Western Europe, shared normative commitments included universal service, diversity of content in political, social, and cultural terms, non-profit goals of service to the general public and minority groups (van Cuilenburg & McQuail, 2003, p. 193). Editorial independence from government, accountability to society and audiences through elected officials, and political and social diversity became more important, though decisions concerning the expansion of broadcasting remained political ones (*ibid.*, pp. 193-194). The second phase media policy was largely coextensive with PSB policy.

In the 1960s/70s, PSB reached its height in Britain and Western Europe (Leys, 2001, p. 110). Government intervention in communications markets was legitimised for social purposes as the role of mass media in regard to national coherence and stability for political and social life in ‘mass democracy’ – especially positive social benefits of broadcasting for public service goals – were recognised and seen to offset the political bias of newspapers (van Cuilenburg & McQuail, 2003, pp. 192, 194-195). The values guiding policy during the second phase were derived from ideas of freedom, equality and solidarity, and policy was expected to create institutional expression of these and related values (ibid., p. 200).

For three decades after the war, most European countries operated a public radio and broadcasting monopoly, with Britain being the only significant (and partial) exception (ibid., p. 193). In the post-war period, the BBC enjoyed high popularity and confidence. It had gained great public affection during the war as the voice of Britain and had become a cherished national symbol (Coppens & Downey, 1998, p. 279). This was reflected by its renewed licence of 1946, which gave it the remit to reach everyone and to provide a mix of programmes that satisfied all tastes (Robinson et al., 2005, p. 103). This reflected the light programming approach the corporation had adopted during the war and can also be seen as a first and slight change in the perception of the BBC’s purposes from a paternalistic approach to acknowledging different audience interests.

After the war, increased consideration was given to the BBC’s monopoly. Commissioned by the Labour government, both the Coase report (1950), which dismissed technical spectrum scarcity, finance, and efficiency arguments (Collins, 2006b, p. 129), and the Beveridge committee (1951) reported in majority to maintain the BBC’s monopoly (Cave, 1996, p. 18; Collins, 2006b, p. 13).

With a Conservative government in power in 1951, the BBC’s presumed left-wing orientation or “red bias” (Curran & Seaton, 2003, p. 170) and its perception as bureaucratic, complacent, unresponsive and elitist (Vick, 2006, p. 49), led to the demise of its monopoly with the 1954 Television Act, which introduced commercial broadcasting in the form of Independent Television (ITV). Aside from being a counterweight to BBC One, the Conservative government believed that commercial television would promote industry, commerce, and free markets (Curran & Seaton, 2003, p. 161).

As a state-regulated network, ITV pursued commercial objectives through regional production and advertising monopolies while also fulfilling public service obligations (Coppens & Downey, 1998, p. 280; Vick, 2006, p. 49; Curran & Seaton, 2003, pp. 165-166; Leys, 2001, p. 111). ITV companies were granted access to scarce spectrum in exchange for providing services to all parts of the UK and supplying a balanced mix of programming for all tastes (Robinson et al., 2005, p. 104).

This comfortable duopoly re-enforced PSB as it was characterized by programme competition without financial competition and a smaller than expected impact of ITV on BBC's audience size and programming. It further recognised independence of content from financing sources, reflected by the BBC's public and ITV's advertising funding, and pursued new objectives with ITV's regional diversity of content, production, and advertising that countered BBC's London-centricity (Curran & Seaton, 2003, pp. 159-160).

In 1962, the Pilkington report (1962) reviewed broadcasting and led to further changes in the ecology. It saw television as a major influence shaping social and cultural values and identified programmes as the focus for the assessment of broadcasting (Curran & Seaton, 2003, p. 175). It dismissed programme preferences of the public as unreal and the product of commercial manipulation and instead approved demanding and rigorous programming with cultural purpose, which reinforced paternalistic views on programming and quality. The audience was considered as vulnerable and in need of protection by broadcasting authorities (Collins, 2006b, p. 14, there also Milland, 2004). The report further recognized structural interrelations between advertising and content, an original contribution at that time (Curran & Seaton, 2003, p. 177), and recommended giving the BBC a third channel to mitigate the impact of advertising (Coppens & Downey, 1998, p. 280).

BBC Two started broadcasting culturally-innovative minority programming in 1964. Even though the Pilkington report was criticized for false and misleading conceptions of working-class life, it was a central step in broadcasting as the BBC was now "for the first time attempting to make programme something like a quality popular newspaper" (Curran & Seaton, 2003, pp. 171-174, 177), trying to be both of high quality and popular appeal. In 1967, a network of BBC local radio stations went on air (Collins, 2006b, p. 14).

The 1960s were quite revolutionary in terms of programming, with the BBC becoming more adventurous after the Pilkington report and ITV becoming more profitable and secure. ITV's franchises consolidated through their reallocation in 1967, which enhanced oligopolistic tendencies encouraged by government and free-market principles (ibid., p. 183). By then, television had taken the mass working-class audience over from cinemas, which created the challenge of reaching large audiences while meeting public service objectives. This was reflected in a destabilization of the value hierarchy between high culture genres on one hand and entertainment and popular drama on the other (Born, 2003b, p. 776).

With a new Conservative government taking office in 1970, the ITA insisted on the introduction of a further broadcaster, which was initially rejected. The introduction of commercial regional radio broadcasters however ended the radio monopoly of the BBC, while national commercial radio broadcasters were still not allowed (Coppens & Downey, 1998, p. 280). The 1972 Sound Broadcasting Act replaced the ITA with the Independent Broadcasting Authority (IBA), which became responsible for commercial television and new regional commercial radio (Curran & Seaton, 2003, pp. 180, 192; Millwood & Shaw, 2009, p. 131).

In the mid-1970s, the character of the second phase began to change as the debate became increasingly preoccupied with the financing and viability of PSB's monopoly status and the incorporation of new media such as cable and satellite transmission into the existing regulatory system (van Cuilenburg & McQuail, 2003, p. 194). Economic and technological developments made it increasingly possible to allow more competition into broadcasting. Both ITV and BBC had become more cautious in regard to programming, as they had become more vulnerable to government threats over a broader range of issues (Curran & Seaton, 2003, p. 193).

Regarding the ideological characteristics of this second phase, it can be summarised that van Cuilenburg and McQuail (2003) classify the paradigm as dominated by socio-political objectives of democratic, representative, and participatory politics. This reflects a departure from the previous focus on technical and state interests, which were considerably reduced while socio-political objectives were emphasised.

These characteristics are reflected in UK PSB policy, where PSB was at its height. The socio-political and cultural objectives of the first phase were emphasised

more strongly with regard to political and social diversity. While the BBC's monopoly was ended, the comfortable duopoly re-enforced PSB due to programme competition without financial competition and ITV's PSB obligations. Diversity was increased by providing high-quality and popular content for different audiences.

Before proceeding to the next paradigm phase, it is of interest to briefly turn to public administration approaches. During these first two phases, the relationship between PSB and government has been characterised through old public administration (OPA) principles such as upward, hierarchical accountability to government, as reflected in various broadcasting reviews over the years (Collins, 2006a, pp. 16-17). The Ullswater report (1936) talked about 'control' of the BBC through government, while the Pilkington report (1962) made paternalistic assumptions by establishing a command and control relationship between the BBC and its audience. OPA and hierarchical governance continued to dominate until the 1980s, even though alternative models such as governance through markets (Beveridge, 1951) or the public (Annan, 1977) had been considered.

In the 1980s, the replacement of OPA with NPM doctrines took hold. This shift to a more economic perspective began at the end of the second phase. Policy debate was increasingly concerned with the PSB monopoly and its financing as economic and technological developments allowed for more competition in broadcasting markets. The wider adoption of NPM doctrines in the 1980s is a further indicator of a stronger economic approach in government in the third phase.

5.3 The Third Media Policy Paradigm: 1980s until 2000

The third phase started in the 1980s and is by van Cuilenburg and McQuail (2003) described as the new and emerging communications policy paradigm. Technological convergence, free-market economics, government and corporate interests to benefit from economic opportunities were reasons for a shift towards deregulation, which challenged the legitimacy of the old socio-political, normative second paradigm (ibid., pp. 181, 197-203). A shift from centralized broadcasting and mass press to diversity and audience fragmentation created a new socio-political

environment, which lead to a move away from earlier normative ideas prescribed through a political system (ibid., p. 196).

The impact of technological and economic convergence as well as globalisation accelerated in the 1990s. This led to convergence of communications sectors, geographies, and policies at the turn of the century. Until then discrete policy arenas such as telecommunications, communications, information, and cultural policy became more interdependent, which increased the appearance of commonalities but also of value conflicts (Just, 2009, p. 103; Napoli, 2007, p. 2; van Cuilenburg & McQuail, 2003, p. 197). Similarly, harmonization with EU regulation, which is primarily concerned with market-focused fair trading, competition and industrial issues, created tension with national cultural policies (Steemers, 1999; Bardoel & d'Haenens, 2008, p. 339; Murdoch & Golding, 1999; Jakubowicz, 2011, p. 221).

The composition of the public interest in the third paradigm reflected a change in its ideological underpinnings as it was mainly driven by economic and technological values with a reduced presence of normative values. Economic welfare rose in salience in comparison with political welfare (van Cuilenburg & McQuail, 2003, pp. 200-201, 198). The remaining normative components cover a wide range of values that are however less exclusively supported by democratic political theory but instead represent more socio-cultural objectives as social welfare has been redefined with greater reference to communications values such as serving social integration and cohesion, cultural bonding and bridging (ibid.; Bardoel & d'Haenens, 2008, p. 343; Bardoel & Brants, 2003; Just, 2009, p. 99). In comparison to the second paradigm, which was dominated by socio-political objectives, the third paradigm is characterised by the primacy of economic principles supplemented with socio-cultural and communication values.

In Britain, the broadcasting ecology was about to change considerably with the Conservative Thatcher government taking office in 1979, which set an end to “the golden age of PSB” (Leys, 2001, p. 122). Strong free-market views led to increased competition in broadcasting (Iosifidis, 2007, p. 33) and changed regulatory objectives, which created pressure on public and private broadcasters. The rather protective approach of the dual public-private broadcasting model until the late 1970s was succeeded by a neo-liberal focus on market forces and deregulation.

In 1977, the Annan report (Annan, 1977) had criticised the duopoly, arguing for greater pluralism and recommending a new TV network, while maintaining that the BBC remained the main national instrument of broadcasting (Collins 2006b, pp. 15-16; Born, 2003b, p. 777). A new TV network had also been lobbied for by producer and advertiser groups to create alternative sources of airtime to BBC and ITV (Leys, 2001, p. 114; Curran & Seaton, 2003, pp. 185-186).

Plans for a new channel were finalized under the Thatcher administration with the 1980 Broadcasting Act, which introduced C4 and its Welsh counterpart SC4 (Coppens & Downey, 1998, p. 280). The recommendations of the Annan report represented a shift in elite sentiment from the Pilkington report, as Annan viewed audiences not in need of protection but rather justified control of programme standards by acknowledging audience wishes for programme regulation (Collins, 2006b, pp. 16-17). Free-market principles and the commodification of broadcasting became further apparent as the Act required ITV companies to become publicly listed within eight years of starting a franchise, what made them liable to takeovers and sensitive to shareholder pressure (Leys, 2001, p. 114).

C4 began broadcasting in 1982 with the mission to provide cultural, quality and innovative programming for niche audiences, in particular ethnic minorities (Coppens & Downey, 1998, p. 281). Its distinct minority-based remit had a number of origins. Firstly, it served as a counterpart to BBC Two, analogue to ITV and BBC One. Secondly, as a publisher-broadcaster, C4 did not produce programming but solely relied on commissions, which was supposed to create a new competitive market for independent British production companies outside of BBC and ITV (Leys, 2001, p. 115). Even though C4 was incorporated as a subsidiary of the IBA, and thus as a public institution, it was fully commercially funded through advertising. It handed over all of its airtime to ITV in exchange for a set sum ITV paid in return, which not only retained ITV's advertising monopoly but also made C4 less vulnerable to advertiser influences (*ibid.*, p. 114).

The success of C4 reinforced plans of the Thatcher government to open-up broadcasting markets to cable and satellite TV (Cable and Broadcasting Act, 1984; Millwood & Shaw, 2009, p. 133; Vick, 2006, p. 50). Generally, C4's programming and financial success was a central step in the ideological legitimization of

commercial broadcasting and lead to questioning of the BBC's role and licence fee funding (Coppens & Downey, 1998, p. 281).

The breakdown of the social-democratic consensus in Britain in the 1970s/80s and the emergence of consumer culture under the neo-liberal agenda of the Thatcher government challenged the public service ethos and led to a debate about deregulation and the future of the BBC. This was most evident in the Peacock report (Peacock, 1986), which represented a strong shift in views from the previous Annan report (Annan, 1987).

The Peacock report had been commissioned by the Thatcher government to investigate the BBC's funding. It recommended to free-up television to market competition, challenged the corporation's role and advocated, however without success, to replace the licence fee with a subscription service (Graham, 2005, p. 79; Coppens & Saeys, 2006, p. 262; Murdock, 2000, p. 131). Even though the BBC retained its licence fee, the report led the government to exert financial and political pressure on the corporation by setting the licence fee increase below the rate of inflation, requiring cost-cutting, and appointing conservative businessmen to its board (Leys, 2001, p. 117).

By mobilising notions of consumer sovereignty and consumer choice, the report introduced the concept of the consumer to broadcasting policy, while emphasising accountability through markets and the price system (Peacock, 1986, para. 592, 547 cited from Collins, 2006b, pp. 17-18). The notion of consumer choice was picked up prominently a few years later by the BBC in its Charter review publications (BBC, 1992, 1996). The assumption was further that technological change would reduce spectrum scarcity and thus the need for intervention in the near future.

In 1989, the first satellite service was launched with four Sky channels, which was little later followed by British Satellite Broadcasting (BSB) (Coppens & Downey, 1998, p. 281). In 1990, Sky took over BSB to form the satellite pay-TV provider BSkyB. Barriers to entry in the broadcasting market had come down significantly in the 1980s through cable and satellite services. This meant that the public sector no longer controlled the gateway to viewers through terrestrial distribution due to channel proliferation on cable and satellite platforms and

conditional access technology, which reduced analogue characteristics of scarcity and non-excludability (Robinson et al., 2005, pp. 104-105).

The 1990 Broadcasting Act was a further turning point with far reaching changes (Coppens & Downey, 1998, p. 281), which were based on free-market beliefs advocated by the Peacock report. The Act increased financial competition for advertising between ITV and C4, as C4 was now responsible for selling its airtime what made ITV lose its advertising monopoly and thus in part its financial security. National commercial radio stations were permitted and the Radio Authority was established as a regulator. The Act also set a 25% external production quota for all terrestrial broadcasters, introduced a new ITV franchise system where the licence was given to the highest bidder, and included plans for a fifth terrestrial channel (Leys, 2001, pp. 115, 126). Channel 5 launched in 1997 as a private commercial publisher-broadcaster with lighter public service obligations than ITV companies (ibid., p. 127; Curran & Seaton, 2003, p. 202).

In the early 1990s (chapter 9.1.1), government green and white papers (DNH, 1992, 1994) confirmed the BBC as the UK's main PSB but required the corporation to increase its commercial operations and expand into foreign markets (Cave, 1996, pp. 27-28; Steemers, 1999, pp. 52-53; Iosifidis, 2007, p. 78). The BBC published Charter review documents (BBC, 1992, 1996) which prominently focused on the notion of consumer choice, which had been introduced into the broadcasting debate by the Peacock report (Peacock, 1986).

In 1996, the BBC's Charter was renewed (DNH, 1996). In the same year, the 1996 Broadcasting Act introduced digital terrestrial television (DTT) and relaxed cross-media ownership rules (Coppens & Downey, 1998, p. 297; Fleming, 1997, p. 378). The improved carrying capacity of channels on DTT, satellite and cable networks increased consumer choice and audience fragmentation. By the end of 1999, all terrestrial broadcasters offered their channels via digital and analogue transmission (Leys, 2001, pp. 120-121). The two key legislative landmarks of the decade, the 1996 Charter and Broadcasting Act, were characterised by a "more muted market-led" approach which acknowledged broadcasting's unique contribution to cultural and democratic life in Britain (Barnett, 2004, pp. 34-35).

In 1997, a New Labour government came into power after 18 years in opposition. Little later, in 1999, a review was conducted into the funding of the BBC

by a panel chaired by Gavyn Davies, a senior city economist and long-time Labour advisor. The Davies report considered funding options and viewed persisting market failures as the primary rationales for PSB provision (Davies, 1999, annex 8; Graham, 2005, p. 88; Elstein, 2000, p. 14). The government granted the BBC a generous licence fee settlement in 2000 of RPI +1.5% p.a. until 2006 (Leys, 2001, pp. 120-121) but asked for cost savings, which continued the BBC's efficiency and cost reduction drive of the 1990s.

To comply with the changes of the 1990s, the BBC adopted New Public Management (NPM) informed economic, managerial, production, and scheduling practices to maintain audience share and legitimacy of its public funding (Steemers, 2004, p. 102). Director-General John Birt led the BBC with a strict economic NPM regime. He introduced internal markets between BBC departments through initiatives such as 'producer choice' and the 1996 'broadcasting-production split' (Iosifidis, 2007, p. 100; Kanter & Raymond, 2003a, p. 6; Born, 2003a, p. 67).

A general shift of power and thinking was taking place within the BBC from a programme-led to a management-led hierarchy which shifted the focus from the production to the delivery of programmes (Curran & Seaton, 2003, p. 221; Born, 2003a, pp. 65, 68, 74, 77). Principles such as value for money, efficiency, consumer choice, and performance measurements became more important. NPM-informed performance assessments shifted from traditional qualitative, content-focused considerations of the social, cultural, and political role of PSB to quantitative, economic, managerial, and financial assessments along with increased accountability and evidence to legitimize the role and funding of PSB (Picard, 2003, pp. 32-34). This further indicates the dominant position of economic approaches in the 1990s.

While these initiatives improved the BBC's bottom line, they also created tension between commercial and cultural goals with negative impacts on programme quality, ratings, and staff moral (Steemers, 2004, p. 102; Born, 2008, p. 695). At the turn of the century, the BBC was viewed as internally and externally out of touch (Kanter & Raymond, 2003a, pp. 6-7, 13; Leys, 2001, p. 122). Others, however, praised Birt's strong leadership and accredited the BBC's survival and successful 1996 Charter renewal under a rather hostile government to him (Curran & Seaton, 2003, pp. 217, 231; Born, 2003a, p. 68).

Classical NPM objectives had first been recommended in the 1986 Peacock report (Collins, 2006a, pp. 16-17). Increased competition and downward accountability through markets and consumer sovereignty stood in contrast to OPA doctrines that dominated until the 1980s. The 1999 Davies report also based its however more benevolent analysis on economic rationales of market failure.

The shift from OPA to NPM is also more generally reflected in the consumerisation of the citizen during this third phase. It describes the attribution of the citizen with consumer characteristics in language and practice, which took place under the Conservative Thatcher and Major governments (Needham, 2003, pp. 5, 9). New Labour had challenged Conservative policy while in opposition and upon arriving in power in 1997 signalled a change towards a more active and substantive conception of citizenship. Contrary to this, New Labour continued and even intensified its predecessors' trend towards a narrow and instrumental citizenship model in an overall economic framework (Needham, 2003). New Labour embraced the idea that public interest in communications is best served through effective competition (Freedman, 2003, pp. 176-177).

This is reflected in the passing of the 2003 Communications Act. The Act was New Labour's solution to industry and policy convergence and can be described as a "groundbreaking programme of deregulatory reform" (Doyle & Vick, 2005, p. 86; also Feintuck & Varney, 2006, pp. 111-116, 126 et seq.). Aside from deregulating cross-ownership rules, the sector-wide communications regulator Ofcom was introduced to pursue light-touch regulation that encourages self-regulation and places greater emphasis on markets to achieve policy goals (Doyle & Vick, 2005, pp. 75-82, 87-89; Iosifidis, 2007, pp. 11, 85). Ofcom's regulatory principles state that it operates with a bias against intervention to seek the least intrusive regulatory mechanisms and that intervention should be evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome, informed through market research and consultation.¹¹

Ofcom was created by merging five existing regulators; the Independent Television Commission, the Broadcasting Standards Commission, the Office of Telecommunications, the Radiocommunications Agency, and the Radio Authority. The merger broke down the historic divide between structural and content regulation

¹¹ <http://www.ofcom.org.uk/about/what-is-ofcom/statutory-duties-and-regulatory-principles/>.

and posed challenges to the balancing of economic and non-economic objectives. During the passing of the Bill, concerns arose that economic objectives could preside over civic concerns due to reduced regulatory diversity and Ofcom's conception as an economic regulator (Vick, 2006, pp. 59, 63-64; Doyle & Vick, 2005, pp. 77, 86).

During the mid-1990s, the idea of a single regulator had grown inside the Labour party and was explored by the centre-left think tank IPPR (Smith, 2006, pp. 932; Collins & Murrone, 1996; Collins & Purnell, 1995). Shortly after taking office, the new government's green paper spoke of viewers as consumers and favoured an evolutionary approach to regulation, based on free-market principles and intervention confined to the minimum necessary to achieve policy objectives (DTI & DCMS, 1998, para. 1.23, 3.26 from Smith, 2006, p. 934; Freedman, 2003, pp. 173; Livingstone et al., 2007a, p. 617).

Shortly after that, the communications white paper (DTI & DCMS, 2000) proposed the sector-wide regulator Ofcom, defining its objectives as representing the interests of citizens, which had not been mentioned in the green paper, consumers, and the public (Livingstone et al., 2007a, pp. 617-619; Freedman, 2003, p. 174). Several discursive shifts occurred during the drafting and passing of the Bill regarding the interests Ofcom should represent (Livingstone et al., 2007a, pp. 620-626; Livingstone, 2008, p. 2):

The Draft Communications Bill replaced the citizen and consumer with the customer (DTI & DCMS, May 2002a, clause 3; Livingstone et al., 2007a, p. 619; DTI & DCMS, June 2002b). This was criticized in a report by the Joint Committee of the House of Commons and House of Lords (2002), which advocated that Ofcom should have two principal duties of furthering the interests of citizens and consumers (Livingstone et al., 2007a, pp. 620-621).

The Communications Bill did not take notice of this (2002, clause 3) as it shifted Ofcom's remit to the single obligation of serving the consumer, thus replacing the customer and omitting the citizen, while adding a new clause stating that Ofcom should further the interests of the community as a whole (Livingstone, 2008, p. 2; Livingstone et al., 2007a, pp. 622-623).

As the Bill reached the House of Lords, the Joint Select Committee led by Labour Peer Lord Puttnam, proposed an amendment to clause 3, reiterating that Ofcom should further the interests of citizens and consumers. This was incorporated

into the 2003 Communications Act as Ofcom's statutory duty after the House of Lords had voted in favour of the proposed amendment (ibid., pp. 623-626). The 2003 Communications Act states that "it shall be the principal duty of Ofcom, in carrying out their functions – (a) to further the interests of citizens in relation to communications matter; and (b) to further the interests of consumers in relevant markets, where appropriate by promoting competition" (clause 3(1)). The last minute concession won from government was intended to strengthen the public service dimension of communications policy (Doyle & Vick, 2005, p. 77).

Even with the included citizen notion, many felt that "the Bill's central thrust of economic policy as the prime motivator" for regulatory reform meant that "public service broadcasting [would become] a secondary concern" and that "the Bill's effect, by strengthening rather than containing market forces, could be to put public service broadcasting on the margins" (Vick, 2006, p. 53). As proposals to elevate cultural and political citizen interests over economic consumer interests were rejected, it was left to Ofcom to reconcile these interests (ibid., p. 54).

Despite their inclusion, the 2003 Communications Act did not clearly define the terms consumer and citizen (Collins & Sujon, 2007, p. 47). Similarly, Ofcom's understanding and balancing of consumers and citizens remained difficult. Upon inception, Ofcom hyphenated the terms to the 'citizen-consumer' (Livingstone et al., 2007a, pp. 627-628). This created further confusion and critique that citizen interests were subordinated to consumer interests and that civic values were primarily of discursive nature whereas economic rationales provided the policy tools and thus dictate outcomes.

Livingstone et al. (2007b, p. 84) have argued that several years after the 2003 Communications Act, exactly what is meant by citizen and consumer interests remains unresolved and that the terms citizen and consumer, as used in the Act, have not succeeded in containing and managing the different concerns and interests at stake. Rather, these conflicts are of ideological nature, centring on tension between Ofcom's technical role as an economic regulator and its broader public role. Their research found that Ofcom's conception of citizen is that of a vulnerable minority in need of protection rather than the public as a whole, whereby the majority of the public has to express their citizen interests primarily through their role as consumers in the marketplace (ibid., p. 85).

Consumer interests are far more clearly defined, structurally represented through a consumer panel and characterised through public-facing policies and engagement in the form of consumer education and market research, giving more responsibility to individual consumers while reducing regulatory supervision of corporations (Lunt & Livingstone, 2007b, pp. 22-24). In contrast to this, citizen policies are far less developed (Lunt & Livingstone, 2007a, pp. 4-5). Issues such as universal access and increasingly the protection of vulnerable consumers are positioned as citizen interests (Lunt and Livingstone 2007c, p. 24).

Livingstone et al. (2007a) who further investigated whether citizen discourse has been subordinated to the consumer in the market discourse, suggest that a two-stepped discursive process has occurred. The first discourse, which occurred between 1998 and 2003 and culminating in the 2003 Communications Act, was a struggle to resolve a “plethora of everyday notions of ‘the public’ into the ‘citizen’ and ‘consumer’, two distinct terms that supposedly divide the semantic terrain neatly between them in order to close down previous ambiguities and reframe the regulatory domain so that conflicting interest could be accommodated” (ibid., p. 617). This has been followed by an “almost immediate unravelling of the two-term solution, as ambiguities re-emerged and boundary disputes problematized proposed regulation, requiring remedial action of various kinds on the part of the regulator and others” (ibid.).

Due to Ofcom’s evidence-based regulation drawing on market and consumer research, Lunt and Livingstone (2007a) conclude that its regulatory approach is economic and biased towards the quantifiable (pp. 5-6). Also, Doyle and Vick see good reasons to believe that New Labour’s strategy will in the long-term gradually but ineluctably propel media policy toward a market-dominated regulatory approach, away from moderating influences of non-economic considerations (2005, pp. 87-91).

In regard to the development of the policy regime, incorporating both citizen and consumer interests appears to have been a discursive solution to divide interests of the public into citizen and consumer categories. Difficulties and insufficiencies however arise on the practical level in regard to the implementation and representation of citizen interests, due to the lack of clear definitions of citizen interests and corresponding methodologies. Despite the apparent equality of citizen

and consumer interests on the discursive level, the practical representation is biased towards consumer interests.

In terms of the overall characteristics of the third paradigm, it can be summarized that van Cuilenburg and McQuail's (2003) media policy paradigm as well as UK broadcasting policy were dominated by economic approaches and regulatory objectives since the early 1980s.

The Annan report (1978) can be described as the last formal, systematic attempt to address broadcasting in cultural rather than economic terms (Barnett, 2004, p. 34). It coincided with a historical turning point from Old Labour corporatism of the 1960s/70s ("private bad, public good") to 1980s Thatcherite market liberalism ("public bad, private good") (ibid.).

The 1986 Peacock report set the consumerist tone of the discourse for the following two decades, which under both Conservative and New Labour governments was characterised by NPM doctrines, economic consumer and market objectives, as well as market failure justifications. This economic focus was qualified by social and cultural considerations as calls for full deregulation of communications industries were dismissed (Vick, 2006, p. 52; Barnett, 2004, pp. 37-38). Freedman describes this as the commercialization of the broadcasting system while championing institutions which are not solely driven by market considerations (2003, p. 181).

Broadcasting regulation can therefore be described to have shifted from the allocation of scarce spectrum to the control of market power to ensure competition. In the last decade, concepts such as information society and convergence were fundamental to the ideological repositioning of New Labour to provide an intellectually coherent explanation for the party's adoption of free-market principles (Smith, 2006, pp. 931-932). This development culminated in the 2003 Communications Act which was characterized by a shift from broadcasting to communications policy, from sector-specific ownership restrictions to general competition law and industrial policy supplemented by content regulation.

The merged communications regulator Ofcom represents the institutional embodiment of New Labour's "competition policy plus" approach to UK broadcasting regulation, where the plus, according to Smith, is however only a "minimal plus" (2006, pp. 935-937).

The Act is the latest manifestation of an on-going process of philosophical accommodation or reconciliation of market and social liberalism, which has been characteristic of British post-war media policy (Vick, 2006, pp. 26, 29). This reconciliation attempt under the New Labour government can also be described as “third way” politics (ibid., p. 63; Wheeler, 2001, p. 30).

While economic and non-economic approaches have enjoyed pre-eminence at different points in time, neither has ever enjoyed unchallenged hegemony (Vick, 2006, p. 58). Paradigms always consist of a range of values of which some are however more dominant than others and therefore tend to inform policy-making. PSB has always been and will always be “ideologically ambivalent” (Tambini, 2004, p. 57).

Tensions between these approaches will persist, while clear signs are emerging that economic approaches are becoming the principal ideological basis for communications policy (Vick, 2006, pp. 29, 60, 64; Jakubowicz, 2003, p. 48; Murdock & Golding, 1999, p. 118; Freedman, 2003, pp. 190-191, 1; Barnett, 2004, p. 35).

Regarding the ideological justification of PSB, these developments mean that in an increasingly economically informed regulatory and policy environment a reduction in the applicable market failures becomes a de-legitimising threat to the scale and scope of PSB. This represents a crisis and thus an impetus to provide an alternative rationale, such as the public value notion, to shift the debate in PSB justification.

5.4 The Contemporary Context and the Research Interest: Emergence of a New PSB Policy Paradigm?

The dominance of market-orientated discourse and economic approaches in media policy and regulation in the 1980s/90s and early 2000s is uncontested. The question however arises, whether the contemporary conditions relating to technological and market changes and discursive developments such as the citizen-consumer dichotomy of the 2003 Communications Act are the beginning of a shift

towards a re-emphasis of non-economic values in broadcasting policy, incorporated through the public value notion.

After the 2002 Cabinet Office Strategy Unit publication (Kelly et al., 2002; Cabinet Office, 2002) addressed public value as a potential new public management concept, the Charter review was initiated in late 2003 (DCMS, 2003), at the beginning of which the BBC (2004a) published its manifesto 'Building Public Value' in June 2004. The publication represents the most extensive application of the public value notion in the UK public sector to date. It served as the corporation's main contribution to the Charter review debate by stating its strategic mission and propositions for the next Charter period.

At the point of its publication, the BBC was faced with a multitude of challenges. Externally, digital media had increased competition among broadcasters and new media outlets, which enhanced audience fragmentation and allowed pull in addition to linear push consumption. These conditions made it more difficult for the BBC to sustain its reach and share while ensuring quality and popularity of its programming without 'dumbing down'. At the same time, its secured funding and expansion raised concerns that it was crowding out competition. The domestic regulatory environment changed with Ofcom as a light-touch, evidence-based regulator while regulatory attention also increased in the EU, where the European Competition Commission received an increase in complaints from commercial broadcasters on PSB's scope, remit, and expansion into new digital services.

Internally, Director-General Greg Dyke had succeeded John Birt in 2000. Dyke led the corporation through an organisational restructuring and cultural change programme to renew relationships with employees and the public while restoring the commitment to creative, high-quality programming with mass appeal (Kanter & Raymond, 2003a, 2003b). An above inflation licence fee settlement allowed a comfortable expansion into new digital services, while commercial broadcasters were faced with decreasing advertising revenues. Director-General Dyke and Chairman Gavyn Davies were, however, forced to resign in early 2004 over the BBC's conflict with government over justifications for Britain's involvement in the Iraq war and the related suicide of weapon expert Dr David Kelly. The Hutton report investigated the dispute and found that the BBC's editorial system was 'defective'

(Hutton, 2004, p. 322). This initiated a wider debate on BBC self-regulation and governance.

Director-General Mark Thompson and Chairman Michael Grade took over shortly before the publication of 'Building Public Value' (BBC, 2004a) in June 2004. The public value notion was used extensively in the publication and throughout Charter review (Collins, 2006a, p. 12). The BBC stated that its sole purpose was to create public value, which it defined as democratic, cultural and creative, educational, social and community, and global value (2004a, p. 8). The BBC further proposed a new governance framework with a public value test (PVT) at its centre to make decisions about changes to and expansion of services.

The utilisation of the public value notion represented the BBC's latest attempt to create legitimacy by defining its remit based on a set of public values and introducing the PVT as a methodology to assess public value creation of services.

The BBC's publication has generally been praised as an exhaustive and unprecedented effort to make a case for Charter renewal, even by its critics (Elstein, 2004). It initiated debates in policy and regulatory circles on the definition, usefulness, and longevity of the public value notion with equal numbers of proponents and opponents (ibid.; Crabtree, 2004; Oakley et al., 2006). Despite these efforts, it was also seen to run short of real transformation, being described as strong on intent and broad principles but much weaker on detail (Steemers, 2004, p. 103).

Similarly, the scope and depth of pre-legislative Charter review consultation and scrutiny was unprecedented (Freedman, 2005, p. 10; Collins, 2006a, p. 25). The green and white papers (DCMS, 2005, 2006a) embraced most of the proposition made in 'Building Public Value' (BBC, 2004a) with only minor changes. So did the Royal Charter and Framework Agreement (DCMS, 2006b, 2006c), which came into effective on January 1st 2007. The renewed Charter was favourable as it extended the corporation's responsibilities of service provision and self-regulation while it also incorporated the remit definition and performance assessment framework proposed by the BBC. The application and customisation of the public value notion was thus a successful Charter review strategy for the corporation.

Other parallel developments during Charter review (chapter 9.2) were Ofcom's first public service television broadcasting review (2004a, 2004c, 2005), which explored PSB funding alternatives. In 2006, The Work Foundation think tank

published a series of papers on public value and developed its own public value framework. Prior to that, in 2004, a BBC-sponsored publication from the New Labour centre-left think tank IPPR addressed the legitimacy of PSB provision based on economic and non-economic justifications (Tambini & Cowling, 2004). The editors state that “It is only through a reconceptualisation of the fundamental justifications for intervention in communications markets that a new case for public service communications can be built. This book provides a rationale for renewal of the role of public service in the digital age” (ibid., p. 4). “As several authors in this book have noted, the debate about public service communications is moving on. It is no longer concerned merely with narrow market failure but returns to first principles, and the civic role of communication” (Cowling & Tambini, 2004, p. 172).

This development stands in contrast to the 1999 Davies report, which firmly based PSB justification on market failure rationales. As shown in chapter 2, digital technologies however reduced market failures. Cave (2005), for example, proposed that since market failure rationales lost relevance, “intervention must therefore increasingly rest on such constructions as the ‘citizen rationale’ developed by Ofcom” (p. 27). The “burden of proof” seemed to have shifted to proponents of public intervention (Tambini, 2006, p. 114).

One response was that of a “standard defence” (Collins, 2006b, p. 20, 2004, p. 130), which saw market failure as both endemic and structural in broadcasting despite technological change (Davies, 2004; Graham, 1999; Graham & Davies, 1997). The standard defence is however itself vulnerable to criticism as it does not address the degree of failure or appropriate level of intervention.

Another approach is to shift the discourse from market failure to notions of citizenship in political, cultural, and social contexts to emphasize that PSB provision is more fundamental than a response to market failure. Barwise (2004a), for example, asked whether the high tide of unquestioned free-market ideas had been reached, expecting that the intellectual and ideological climate would become more balanced, pragmatic, and fact-based in the coming years (pp. 31-32).

The adoption of the public value notion by the BBC thus seems to reflect this ideological development. As Steemers describes: “Countering accusations of commercialisation ‘Building public value: Renewing the BBC for a digital world’ puts the ‘public interest’ back at the heart of what the BBC does, placing public

value and citizenship above private value and individual consumer choice [...]” (2004, p. 103). Collins sees “the commitment expressed in ‘Building Public Value’ to ‘wider public purposes’ [...] clearly consonant with Mark Moore’s notion of public value as an institutional doctrine committed to ‘citizens acting through politics, rather than consumers acting through markets’ (Moore, 1995, p. 44)” (2006a, p. 19).

After its widely publicised adoption by the BBC and its subsequent institutionalisation in the Royal Charter, the concept became more popular and spread to other public service institutions.

C4 turned to the notion in its 2008 ‘Next on 4’ publication (2008b) by proposing a public value performance assessment framework, which was later applied in its 2008 and 2009 annual reports (2009a, 2010a). Similar to the BBC’s approach, C4’s publication was part of a review process. Ofcom’s first PSTB review had established that C4 would run into financing difficulties, which started a debate about funding alternatives and a separate review into C4’s financing (Ofcom, 2007b, 2007c).

These developments show that the public value notion, as interpreted and applied by the BBC in its dual form consisting of a remit definition and a performance assessment framework, gained relevance beyond the BBC in UK PSB. The increasing need to redefine justification less dependent on market failure appears to have led to an ideological shift from economic to non-economic rationales, facilitated and expressed in the form of the public value notion.

5.5 The Research Questions

The reviews of economic and non-economic rationales (chapters 2, 3) as well as of media policy paradigms (chapter 5) have shown that the public value notion was introduced and institutionalised at a time when market failure rationales had become de-legitimising concepts in the change from analogue to digital distribution technologies, at a time when the incumbent media policy paradigm was dominated by economic rather than non-economic objectives.

This constellation creates a regulatory threat to the BBC which can be seen as an impetus to devise an alternative rationale such as the public value notion, which

seems to be prioritising citizen over consumer objective. As it was institutionalised in the Royal Charter and spread more widely in the context of UK PSB, the question arises whether this change is a fundamental ideological change in the hierarchy of economic and non-economic values and therefore a paradigm shift. As stated in the first chapter, the objective of this study is to investigate the overall research question:

Does the public value development in UK PSB policy represent a paradigm shift?

Sub-questions:

- 1. Ideological shift analysis: Does the ideological composition of the public value notion represent a shift in the hierarchy of component values from economic to non-economic rationales?*
- 2. Policy Process Analysis: Are the procedural characteristics and influence factors of the wider public value change process indicative of a paradigm shift?*

The empirical analysis is structured along these two research questions. The next chapter addresses the research design for the ideological component analysis (first research question) and the contextual public value process analysis (second research question).

6. RESEARCH DESIGN

This study is based on two main case studies structured around the two research questions. They address the ideological composition of the public value notion and its development in the wider PSB and media policy context. The findings inform the classification of whether the public value development represents a paradigm shift. According to the analytical framework defined in chapter 1, a paradigm shift is primarily indicated by a shift in the underlying ideology, which is supplemented by secondary indicators of policy process influence factors and paradigm shift characteristics.

The findings on the compositional analysis of the public value notion are provided in chapters 7 (BBC) and 8 (C4), as addressed in the first research question. Chapter 9 presents the contextual analysis of the wider policy change process associated with the public value notion, as stated in the second research question. The final paradigm shift or policy change classification is reached in chapter 10.

This chapter introduces the research design, starting with a review of the comparative case study approach (6.1). The analytical and methodological approaches of document analysis for the compositional analysis (6.2) and expert interviews for the contextual analysis (6.3) are addressed and integrated (6.4).

6.1 A Comparative Case Study Approach: Interpretative Policy Analysis and Epistemological Considerations

As a research methodology, case studies are used to contribute to our knowledge of individual, group, organisational, social, political, and related contemporary phenomena within their real-life context, in particular to address 'how' or 'why' questions (Yin, 2003a, pp. 1, 9, 13). The power of the case study approach comes from its qualitative nature that emphasizes the description of complex, often longitudinal organisational processes and interdependencies (Shaffer, 1995, p. 510). The ability to trace changes over time is a major strength of the approach (Yin, 2003a, p. 123).

These characteristics reflect the objectives of the thesis, which is to analyse the application of the public value notion in the context of PSB policy paradigms. As a single-outcome case study, it serves to investigate specific circumstances related to the public value notion as a policy idea rather than circumstances in general (Gerring, 2007, pp. 187, 190). The research design is situated between a descriptive and an exploratory approach, as it provides a chronological description of what occurred and explanations for how events occurred, the latter however without establishing cause-effect relationships (Yin, 2003b, pp. 5, 29, 67). Generalisability is therefore neither given nor intended.

The case study approach consists of two cases, the BBC and C4, in which the public value notion, as the unit of analysis, is investigated in a multiple case study design that replicates the analytical structure across the cases to ensure comparability (Yin, 2003a, pp. 14, 46-53, 22-23).

A case study approach is particularly suitable for policy change studies as it allows covering contextual or complex multivariate conditions and interactions between a phenomenon and its temporal context by relying on multiple sources of evidence (Yin, 2003b, pp. xi, 4). Evidence for case and paradigm shift studies should come from various primary and secondary sources like documents, archival records, interviews, and historical context tracing to ensure triangulation and mitigate validity problems of case study research (Carson et al., 2009, pp. 155-160; Yin, 2003a, pp. 83, 97, 99; Shaffer, 1995, pp. 590-510; Schmidt, 2011, p. 113). Here, the primary sources are documents and expert interviews.

The advantage of a case study approach, as a rather open and loosely defined research design, also has disadvantages. The possible lack of routine and rigor due to large amounts of data, the length of the study period and final reports can be addressed by providing clear systematic and analytical procedures to ensure validity and reliability (Yin, 2003a, pp. 10, 26, 34, 37, 109).

Epistemologically, this qualitative study is an interpretative policy analysis as it focuses on motives of policy actors and how policy issues are framed (Yanow, 2000, p. 11; Fischer, 2003, p. 160). In contrast to traditional positivist policy analysis, where analysts' assessments are understood to be made objectively and value-free from an external point of view that mirrors the social world, interpretative

methods instead assume that knowledge is acquired through subjective and multiple interpretations of the social world (Yanow, 2000, pp. 5-7, 14-15, 20).

The methods of this study, document analysis and expert interviews, are central interpretative methods. Analytical processes such as the selection and summary of large amounts of data through reading and re-reading as well as writing of reports, contribute to shaping the way the policy issue is perceived through the analyst's interpretative frame which is shaped by own values, feelings, education, family, society position, and experience (ibid., pp. 31, 87, 90, 6). Based on this view, policy meaning is indeterminate as there are multiple readers and readings of text (ibid., p. 60).

In this research, the meaning studied through textual policy artifacts addresses economic and non-economic regulatory rationales in policy ideas and processes. The identification of meaning through analysing document and interview texts is dependent on the researcher's knowledge of the subject matter, here in particular economic and non-economic regulatory rationales. The degree of intersubjectivity is primarily related to the degree of knowledge on the subject, whereby the assumption is that people with comparable knowledge read texts in a similar way due to the commonly accepted understanding, distinction and meaning of economic and non-economic academic disciplines.

Further, the objective is solely to analyse the clearly specified application of the public value notion in PSB and interpret this in the context of generally accepted knowledge on media policy paradigms. It is not the objective to take a normative approach to advocate any one position over another. Rather, the aim is to acknowledge the interpretative nature of policy analysis while attempting to conduct the analysis "dispassionately with reason and logic" (ibid., p. 90).

A (reduced) critical realist perspective is adopted, which assumes that the objective detection of (a socially constructed) reality is qualified by interpretative construction. The ontological understanding is that different socially constructed regulatory rationales are used by policy actors to construct and negotiate social realities (Fischer, 2003, p. 168). The epistemological position can thus be understood as a combination of objective discovery and reality construction.

In the following, document analysis and expert interviews are reviewed as the primary methodologies for the two research questions. The application of these

methods differs in scope and for the two case studies, while the analytical steps are the same aside from slight case-specific variations.

6.2 Component Analysis: Ideological Classification of the Public Value Notion

This section reviews the method of document analysis (6.2.1) and the analytical steps used (6.2.2) to investigate the first research question, which focuses rather narrowly on the ideological composition of the public value notion applied at the BBC (chapter 7) and C4 (chapter 8).

The analysis focuses on how economic and non-economic ideologies inform the public value notion. The research assumption and interest is to investigate whether non-economic rationales are prioritised over economic rationales in the definition and assessment of the public value notion as a justification for PSB provision. This is investigated in the context of a reduction in applicable market failures in the transition to digital technologies, which raised the question whether a shift to non-economic rationales and objectives has taken place with the public value notion.

The compositional analysis of the public value notion at the BBC and C4 provides findings on whether non-economic rationales are prioritised over economic rationales. These findings are then discussed in the context of economic market failure justification of PSB provision for analogue and digital broadcasting as well as the 1980s/90s as the reference point for the incumbent paradigm for PSB justification prior to the introduction of the public value notion. The understanding of the reference point is informed by theoretical evidence on market failure reduction in the transition to digital (chapter 2), phases on media policy paradigms and the classification of the third incumbent paradigm of the 1990s as primarily economic (chapter 5), secondary literature, unsystematic document analysis of BBC and government publications of the 1990s and most importantly evidence from expert interviews (chapter 9.1).

By firstly identifying whether economic or non-economic rationales are dominant in informing the public value notion and secondly discussing and

comparing it to the reference point of the incumbent paradigm of the 1980s/90s, it is possible to say whether an ideological shift has taken place, as the primary indicator of a paradigm shift. The focus of the analysis lies on the ideological composition of the notion, as described in the following.

6.2.1 Document Analysis

Document analysis is the appropriate method to analyse official public accounts for policy studies as the administrative document can provide the basis for studies of organisations and policy processes (Hakim, 2000, p. 48). Here, documents are used to investigate regulatory rationales which are assumed to manifest in these texts. Written records are particularly suitable as empirical objects of study when the political phenomenon of interest cannot be measured through personal interviews, questionnaires, or direct observation (Johnson et al., 2001, p. 237). As Hakim (2000) states, administrative records are used in their own right, for the research of the policy process itself and as such as “part of the reality being studied, rather than being regarded as a poor substitute for data that would ideally be obtained in other ways” (ibid., p. 49).

A central advantage of document analysis is that data is “nonreactive” towards the researcher and that subjects of the past can be investigated through accessing original, full data sets unchanged by time (Johnson et al., 2001, pp. 263-264).

Disadvantages such as the selective survival, low retrievability or limited, incomplete or difficult access to written records (ibid., p. 265; Yin, 2003a, p. 86) do not apply here, as the documents of interest are official and publicly accessible company records. The possibility that the records may be biased and thus “may tell more about political interests than empirical facts” (Johnson et al., 2001, p. 266) is also not of concern, as it is explicitly the interest to study different regulatory positions of policy actors.

For each case study, the ideological composition of the public value notion is analysed in its applied form in performance assessment frameworks and in its more theoretical use in remit definitions. The point of entry to the empirical research of the rationales is therefore textual in that the text itself is not the research object but

rather serves as the meta-category or carrier which conveys the notion's ideological components.

Ideologies are social constructs that perform social functions by providing meaning that is conveyed through text or discourse. According to Schmidt (2002, cited from Fischer, 2003, p. 31) discourse has an "ideational dimension" which supplies policy with substantive arguments of empirical and normative nature that provide the logic and premises of a particular policy discourse and serve to define or redefine actors' perceptions of their self-interest and the general interest of society.

Economic and non-economic ideologies are thus viewed as meta-narratives or frames in document texts. Basic to interpretive analysis is the study of frames that define and attribute meaning to policy problems and the ways different participants understand them. "A frame [...] sets up an interpretative framework within which policy related artifacts make sense" (Yanow, 2000, p. 11, also p. 12). Frames are often expressed through language and entail courses of action. They direct attention towards or away from values which contend for public recognition and validation. Frame conflicts occur because different interpretive communities focus cognitively and rationally on different elements of a policy issue (ibid., pp. 11-12).

Economic and non-economic ideologies can hence be detected on the discursive level where they serve as "discursive resources" or "idioms" through which claims can be advanced (Fischer, 2003, pp. 80, 168). Underlying ideologies thus manifest in texts of policy documents where they can be operationalised by analysing specific textual elements.

Document analysis therefore allows to study economic and non-economic ideologies as discursive resources which serve as cognitive frameworks to conceive, convey, and inform the presentation and construction of regulatory rationales in policy discourse and decision-making.

6.2.2 Analytical Steps: Sampling, Data Collection and Analysis

The BBC and C4 used the notion in the definition of their purposes and performance assessment frameworks. The BBC defined five types of public value creation (2004a, p. 8) and introduced the public value test (PVT) to assess the performance of services. Similarly, C4 defined four purposes and introduced a public value framework, which was later renamed to public impact assessment (PIA).

The combined utilization of the notion as a discursive device and a performance assessment tool provides the opportunity to assess its ideological composition based on both its rather abstract discursive and operational, applied form. The notion's composition is thus analysed on two levels, which are described as the *theoretical* and the *practical definition* of public value. The theoretical definition refers to the term as introduced in strategy documents of the case study organisations. These are high-level definitions relating to public purposes and remits. The practical definition refers to the definition of the notion as derived from public value performance assessment frameworks.

The analysis focuses on the latter as the interest lies on how the public value notion is actually applied in decision-making as this (rather than discourse) has a direct impact on policy outcomes.

Correspondingly, the notion's ideological composition is primarily derived from its applied use, which is then juxtaposed to the notion's theoretical definition to see how the applied and discursive notions relate to each other. This understanding informs the focused sampling rationale.

6.2.2.1 Sampling

Due to the potentially high volume of relevant documents in a case study approach, it is crucial to develop a precise sampling rationale. As a non-probabilistic approach, focused sampling involves "knowing and intentional selectivity" (Hakim, 2000, p. 172) and can be described as "the *selective* study of particular persons, groups or institutions, or of particular relationships, processes or interactions that are expected to offer especially illuminating examples [...]" (ibid., p. 170).

For the two levels of analysis, two types of documents were sampled for each case study; strategy and legislative documents for the theoretical definition and performance assessment documents for the practical definition.

The relevant documents for the theoretical definition are those in which the public value notion was first introduced. For the BBC this is the Charter review publication 'Building Public Value' (2004a) and for C4 it is 'Next on 4' (2008b), which was published in the context of Ofcom's financial review of C4. Both organisations described their documents as strategic publications. As such, they had the purpose to provide a view and vision of PSB's future role. In addition to these

company documents, statutory remit definitions in legislation, the Royal Charter and Framework Agreement, the 2003 Communications Act, and Ofcom's understanding of PSB are also of interest.

As explained below, the documents sampled for the theoretical definition were used differently than the second set of performance assessment documents. The theoretical public value and remit definitions were simply extracted from legislative and strategy documents to discuss and juxtaposed them with the practical definitions derived from performance assessment frameworks.

The focus of the analysis lies on the practical public value definition from performance assessment documents. As the latter are continuous publications, time boundaries were set to mark the case study period (Yin, 2003a, p. 26). To include as many documents as possible while considering the time frame of this project, all relevant documents were chosen which had been published by the end of 2010.

C4's performance assessments are published in the annual reports. Until the end of 2010, two performance assessments were published in the 2008 and 2009 annual reports, which were included in the analysis together with two accompanying publications, which describe the underlying methodology.

A further sampling logic needed to be employed for the BBC case study, since the performance assessment framework consists of different steps and corresponding documents. The PVT includes a public value assessment (PVA), conducted by the BBC Trust, and a market impact assessment (MIA), conducted by Ofcom. Weighted against each other, they yield the outcome of the PVT (see Appendix A for an outline of the PVT process). As the research interest lies on the composition of the public value notion, only PVAs were sampled as performance assessment documents.

The PVT came into effect with the Royal Charter in January 2007. Until the end of 2010, four PVTs have been conducted, of which the four PVAs were selected for the analysis. Supporting documents were excluded due to feasibility considerations and the understanding that PVAs are final or nodal documents which incorporate the most important information from supporting documents.

The decision was also taken that it is not necessary to sample the MIAs for a systematic document analysis as the focus lies on the public value notion. Further, the assessment of market impact can much more easily be classified as overall

representing either an economic or a non-economic perspective according to how much focus is put on the consideration of negative (economic) or positive (economic and/or non-economic) market impact.

The assessment of negative impacts of PSB services on markets can be classified as an economic rationale while positive impacts on markets can be argued to represent wider societal citizen value. An ideological classification of MIAs is thus derived by conducting a non-systematic document analysis that looks at how much focus is put on negative and positive market impacts in all four MIAs and assessment guidelines (see table below). Identifying the generally required or standardised assessment structure of MIAs, classifying the measures, and reaching a decision on the overall ideological classification is sufficient for the purposes of the thesis.

Table 6.1: Sampled Case Study Documents

Cases	Sampled Documents	
	<i>Practical definition</i>	<i>Theoretical definition</i>
	Performance assessment documents	Company, legislative, and regulatory documents
BBC	<ul style="list-style-type: none"> · On Demand Service (BBC Trust, 2007a; Ofcom, 2006) · HDTV (BBC Trust, 2007c; Ofcom, 2007e) · Gaelic Digital Services (BBC Trust, 2007d; Ofcom, 2007f) · Local Video Proposal (BBC Trust, 2008; Ofcom, 2008c) 	<ul style="list-style-type: none"> · Building Public Value (BBC, 2004a) · Royal Charter, Framework Agreement (DCMS, 2006b, 2006c) · Ofcom PSTB Review (2004a, 2004c, 2005) · Ofcom Methodology MIA (2007d)
C4	<ul style="list-style-type: none"> · Report and Financial Statements 2008 and Methodology (C4, 2009a, 2009b) · Report and Financial Statements 2009 and Methodology (C4, 2010a, 2010b) 	<ul style="list-style-type: none"> · Next On 4 (C4, 2008b) · 2003 Communications Act · Ofcom PSTB Review (2004a, 2004c, 2005) · Ofcom Financial Review of C4 (2007b, 2007c)

At this point it shall further be addressed that the sampled documents, C4's PIAs and the BBC's PVAs, differ as types of performance assessment frameworks and thus in scope, structure, and content. While the BBC's PVAs are ex-ante single service assessments, C4's PIAs are ex-post annual assessments of all services. Both frameworks inform decisions on PSB performance and PSB provision, however with different immediacy.

While it is acknowledged that different performance assessment frameworks can impact public value assessments, possible differences resulting from different assessment types are not considered to be reason enough that these documents cannot be analysed and compared in the ideological component analysis of the applied public value notion.

This decision was taken as the sampling rationale for the documents was not their status as performance assessment frameworks. Rather, they were sampled as they assess public value creation. Comparing for example C4's PIAs with annual reports of the BBC as direct equivalents in terms of assessment frameworks would not contribute to answering the research question which focuses explicitly on how the public value notion is informed ideologically in its applied use at the BBC and C4. The research interest is not to investigate different *types* of performance assessments. Therefore, inclusion of further assessments would not clarify findings but would instead increase complexity without contributing to the research question.

There are further reasons why these differences are not viewed as problematic for a comparative analysis of the public value notion:

Firstly, the fact that the public value notion was introduced by both corporations in their strategic reviews as a future vision about their PSB contribution supports the direct comparability of the PVT and PIA assessments.

Secondly, while it is acknowledged that smaller differences in the ideological composition of the public value notion at the BBC and C4 may exist due to their different natures as performance assessment frameworks, these impacts are considered to be minor and thus not significant in terms of their comparability. Also, the fact that the assessments have very similar components and build on each other further supports their comparability.

6.2.2.2 Data Collection and Analysis

The sampled documents for the theoretical definitions as well as of the MIAs were not subject to the same systematic analysis applied to performance assessment documents. Instead, these documents were subject to non-systematic document analysis that focused on extracting text passages of interest concerning theoretical definitions of the public value notion and the assessment structure of MIAs.

The analysis focused on applied public value assessments. The sampled documents were subject to a systematic qualitative content analysis which, in a first analytical step, identified text passages that represent assessment components of public value in order to then, in a second step, analyse these components from the perspective of different economic and non-economic rationales.

The ideological composition of the public value notion refers to its definition based on different assessment components such as value types, rationales or measures that describe or assess the notion.

First Analytical Step: Data collection and reduction

As discussed previously, economic and non-economic rationales manifest in texts and can be operationalised by investigating textual elements that carry information about the understanding and definition of public value. By analysing the framing of these text elements, it is possible to derive conclusions on the underlying economic or non-economic ideologies. These textual elements were identified as *assessment components* of public value, as they inform the understanding of public value and thus the objective and underlying justification of PSB.

The assessment components were operationalised in the form of the *measures* used to assess public value. For the BBC, this is the RQIV framework, which stands for reach, quality, impact, and value for money. For C4, the assessment components comprise the four public purposes inspire, challenge, nurture, champion, and three scale & impact measures. Even though no formal coding process was conducted, the document was the unit of analysis, “the entity on which the interpretation of the study will focus”, and the assessment component was the unit of coding, “the most basic segment, or element, of the raw data or information that can be assessed in a meaningful way regarding the phenomenon” (Boyatzis, 1998, p. xi).

The process of data collection and reduction was iterative in nature. Four rounds of reading and text reduction were applied. An initial, close reading served to develop familiarity with the text. In a next step, assessment components were identified in the sampled documents for one case study at a time. For each assessment component, the relevant text passages were selected for all performance assessment documents. For example, all text passages on quality measure were

selected and aggregated from all four BBC PVAs. The compiled data for each measure was exhaustive as it included the information from all sampled documents.

After the relevant text passages had been aggregated, three further rounds of iterative text reduction and analysis were applied to the aggregate texts for each measure. As the documents and selected text passages are of quite extensive length, a high degree of content reduction was required to condense the data. Each round of content reduction was applied to the aggregated texts for each assessment component before moving on to the next round. By following this process, rather than applying all text reduction rounds to one assessment component at a time before moving on to the next one, it was possible to develop a comparative sense of the full data set. The aggregate texts were saved as word documents and reduced in this format. Each round of text reduction was saved for the records and notes were taken for each case study.

The process of text reduction isolated text passages which provide information on, firstly, what is assessed for each assessment component, which refers to its substantive level or definition. Secondly, the objective was also to focus on how this assessment is made, which refers to the procedural level of methods, arguments, and evidence used to assess the stated substantive objective. For example, in the analysis of the quality measure the objective was to look at the operationalisation of quality in the form of the aspects considered in the assessment, referring to the substantive definition of quality and the methodological assessment. With the focus lying on text passages that address 'what' and 'how' questions, it was possible to eliminate unnecessary and lengthy examples and repetitions.

The distinction between 'what' and 'how' reflects the distinction made in chapters 2 and 3 between substantive and procedural characteristics of regulatory rationales. The reason for making this distinction for public value assessment components was that both substantive and procedural characteristics provide insights to classify the components as representing citizen or consumer objectives. This distinction offers the structure to operationalise economic and non-economic rationales in the data for each measure and thus the public value notion as a whole.

For each measure, the reduced data contains information on the substantive 'what' and procedural 'how' of the assessment. These sub-components were compiled in aggregate tables for each measure. The tables contain condensed

information from several performance assessments, four PVAs for the BBC and two PIAs for C4, on how component measures of public value are assessed with regard to their substantive and procedural sub-components.

Together with document text, the aggregate table for each measure provides the basis for the ideological analysis and classification of the measure as representing citizen or consumer objectives. Based on the classified measures it is then possible to draw a conclusion on the overall ideological composition of the public value notion. The ideological classification was the second analytical step.

Second Analytical Step: Data analysis, classification, and interpretation

Once the data had been compiled for each assessment component in the aggregate tables, the information was analysed together with citations from the documents. The classification and interpretation of the measures and the public value notion as a whole is presented in chapters 7 and 8. The analysis focused on whether the assessment components represented an economic perspective, focussing on consumer interest, or a non-economic perspective, focussing on citizen interest.

Both classification and interpretation required a solid understanding of the characteristics of economic and non-economic rationales, which was gained through the detailed reviews in chapters 2 and 3. As it is important to discuss and classify the measures in the context in which they were applied, and since it is also impossible to develop an exhaustive list of distinguishing economic and non-economic characteristics, the classification and interpretation was based on the set of core characteristics for both economic and non-economic rationales outlined in table 3.2. In addition to these predefined, deductive categories, further inductive categories were included in the classification as they came up in the analysis. Deductive coding alone would have limited the findings. In section 7.1, further guidelines are discussed for the classification of economic and non-economic rationales in broadcasting performance assessments.

Despite a very high degree of knowledge in this area, the classification was sometimes challenging due to ideologically ambiguous data or simply the possibility to argue both ways. Measures were frequently ideologically ambiguous in that their sub-components focused on both economic and non-economic objectives. In those

cases the dominant ideology was identified to inform the classification of a measure. These situations are addressed in the analysis.

Once all measures were classified, the ideological composition of the public value notion was classified as economic or non-economic based on all measures taken together and was similarly informed by the dominant perspective that informed the measures and thus the public value notion. Here it was of interest to see how economic and non-economic rationales were integrated and how inherent difficulties in their integration, value conflicts, and hierarchical issues were addressed. Of particular interest was the transition of non-economic rationales from their theoretical definition to their practical measurement with regard to processes of quantification and technocratisation (Karppinen, 2006, p. 64).

In a next step, the ideological composition of the applied public value notion was compared to discursive public value definitions from company and legislative documents. The comparison addressed commonalities and differences in the ideological composition of theoretical and practical definitions.

After the analysis had been conducted for both case studies, a comparison was drawn between them to provide a cross-case characterisation of the notion's ideological composition in the context of UK PSB. This ideological composition was then discussed and compared to the incumbent paradigm as the reference point to discuss whether fundamental change in the form of a shift in the underlying ideology has taken place, both at the end of the compositional analysis and in the concluding chapter 10 (see also section 6.4). For '*Piloting and Methodological Reflexions*' see Appendix B.

6.3 Contextual Analysis: The Public Value Notion and the wider Policy Change Process

This section reviews the methodology for the second research question, which investigates the wider policy process associated with the public value notion. In contrast to the previous, narrow focus on the ideological composition of the notion, a broader, contextual view is adopted here.

The focus lies on investigating factors that influenced the public value development as well as characteristics of the policy process that could be indicative of a paradigm shift. According to the analytical framework to classify a paradigm shift (chapter 1), these policy process influence factors and characteristics function as secondary indicators to supplement findings from the ideological component analysis of the public value notion as the primary indicator of a paradigm shift. This secondary contextual analysis provides process-orientated data that is used to support or refute the conclusion of whether a paradigm shift has taken place in the justification of PSB with the adoption of the public value notion.

This analysis of the second research question adopts a historical and process-orientated approach typical of policy change and paradigm shift studies, which provides background information on the context in which this development took place. “In general, the analytical strategy is to trace the process of fundamental policy change as it evolves from ideas and through action to become institutionalized” (Carson et al., 2009, pp. 21-23; also Pickard, 2010, p. 172; Schmidt & Radaelli, 2004, p. 191).

The public value process is distinguished into three phases of *before*, *at*, and *after* the institutionalisation of the notion at the BBC, which represents the point of policy change (i.e. the inclusion of the notion in the BBC’s Charter and Charter Agreement). Structuring the process into three phases allows to identify and relate developments to each other.

The contextual analysis is based on expert interviews as the primary method. Expert interviews are a typical source of evidence in case study research as case studies are about human affairs, which “should be reported and interpreted through the eyes of specific interviewees [...]” (Yin, 2003a, p. 93). Supplementary data is collected by applying non-systematic analysis of selected policy documents and secondary literature, which is integrated into the interview analysis.

In the following, the method of expert interviews is briefly reviewed (6.3.1) before the analytical processes of data collection (6.3.2) and analysis are presented (6.3.3).

6.3.1 Expert Interviews

The second research interest addresses the take-up and conceptualisation of the notion in the context of the wider policy environment. This exploratory interest is investigated by conducting semi-structured, in-depth expert interviews that allow covering a spectrum of aspects related to media and PSB policy. “Elite interviewing is an excellent form of data collection when the behaviour of interest can best be described and explained by those who are deeply involved in political processes. It often provides a more comprehensive and complicated understanding of political phenomena than other forms of data collection, and it provides researchers with a rich variety of perspectives” (Johnson et al., 2001, p. 275).

The interviewees are experts with specific knowledge in the areas of interest, which includes the policy environment and the case study organisations. Experts or elites are selected for holding former or current roles in organisations or expertise of interest. Elites generally have more knowledge, money, and status and assume higher positions than others in the population (Odendahl & Shaw, 2001, p. 299) and the interviewer. Since the term ‘elite’ is linked with notions of power and privilege (ibid., p. 301), certain hierarchical issues need to be considered in the interview process, which are address in the methodological steps.

Elite interviewing is a special form of a personal interview which ideally involves face-to-face questioning based on an individualized or non-standardized interview guide. A corresponding way of defining ‘elite’ is Dexter’s understanding, where anyone “who in terms of the current purposes of the interviewer is given special, non-standardized treatment” is described as an elite (1970, p. 5 cited from Johnson et al., 2001, p. 272, also p. 274). Non-standardized treatments allow the interviewer to tailor questions specifically to the interviewees’ expertise.

The advantage of a non-standardized interview is that it allows the interviewer to guide the discussion enough to focus on the topic of interest while it provides enough freedom for respondents to address the matters they consider important (Hakim, 2000, p. 35). A further strength of applying the method in case studies is that it provides information on perceived causal inferences (Yin, 2003a, p. 86). Interviews serve to test research assumptions and to provide open questions to gather information the researcher might be unaware of.

Even though personal interviews are an “effective method of data collection for research on elite subjects and culture” (Odendahl & Shaw, 2001, p. 300), some limitations of the technique need to be addressed. Interviews should, according to Yin, always be considered “verbal reports only” (2003a, p. 93), which are subject to the common problems of bias, poor recall, and poor or inaccurate articulation. As this project focuses on events that go back several years, issues of memory and accuracy need to be addressed. Even though the objective is to get individual accounts of the events from interviewees, it is still necessary to check the validity and meaningfulness of interview data, which may be biased, evasive or untruthful. This can be done by examining the plausibility, checking internal consistency, or corroborating information with accounts of other interviewees, secondary sources, and established facts (Johnson et al., 2001, p. 275; Thomas, 2003, p. 7). A further disadvantage of the method is that interview data is reactive to interactions and proceedings in the interview. A poorly constructed questionnaire can for example lead to response bias. These aspects are addressed in the following.

6.3.2 Data Collection: Selecting Interviewees, Preparing the Questionnaire, and Conducting Interviews

The three steps of selecting interviewees, preparing the questionnaire, and conducting interviews were iterative in nature and thus subject to modifications throughout the interview process to incorporate new information from interviews or secondary sources.

Identifying and Contacting Interviewees

The designation of whom or what is elite varies according to the area of inquiry, which makes it necessary to define parameters of the group in question to operationalise the term elite (Odendahl & Shaw, 2001, p. 301). Here, the understanding of elite is derived from the research interest, which lies on investigating the development of a policy idea applied by different actors in the context of the wider policy environment. Accordingly, three areas of interest were defined, from which interviewees were recruited.

The first area of interest is the non-market or policy environment. As the dominant rationale which informs media policy, media policy paradigms are created

by those in power who decide on policy outcomes according to their ideological preferences. The policy or non-market environment is therefore defined in the narrow sense of governmental institutions which are responsible for or inform decision-making. Since individuals are interviewed as role holders in these organisations, they are understood to represent, on behalf of their organisation, these ideological preferences which frame decision-making. Interviewees do not have to be the actual decision-makers. It is sufficient that they belong to and speak for an institution which is in charge of informing or making decisions. In the empirical context, this first group of interviewees comes from government departments and agencies which are responsible for media and PSB policy and regulation.

The second and primary area of interest focuses on the application of the public value notion at the two case study organisations. Interviewees are current and former role holders at the BBC and C4 with positions related to the application of the notion. The purpose of the expert interviews is in particular to focus on the use of the public value notion at the two case study organisations to gather information on the background, the wider context and motivations for its application. A central objective is to address the role of ideological justifications such as market failures in the public value development.

The third area of interest focuses on the policy process more generally. It encompasses individuals with expertise on the public value notion and UK PSB and media policy. These industry and policy experts are current or former role holders in institutions which are neither cases-study nor governmental organisation. They are for example representatives of interest groups, civil society organisations, media companies, think tanks, or are academics, consultants, and industry experts.

While the interviews also address wider contextual developments, the focus is in particular on internal developments at the case study organisations. The objective of the interviews thus goes beyond the level of merely viewing or describing the public value notion as a Charter review or PR strategy by focussing on underlying ideologies in the development. A list of all interviewees and their group designations can be found in Appendix E.

After having defined the relevant organisations and roles, the identification and contacting of interviewees was sometimes challenging and often informed through document and internet research or referral by other interviewees and people

with insider knowledge. All interviewees were asked about recommendations on who to interview, which was not only very helpful for identifying and approaching new interviewees, but also allowed cross-referencing individuals to make sure that all key individuals had been identified. For each interviewee, background information was compiled (Johnson et al., 2001, p. 272) to develop interviewee-specific questions that supplement general questions applicable to all interviewees. Interviewees were ranked and contacted via email (see Appendix E) according to their seniority (ibid., p. 274).

A total of 45 individuals were approached, out of which 33 agreed to be interviewed. The response time was usually one day, in most cases less than one week. All interviewees were contacted and interviewed in the time between January 2009 and August 2010. No pilot interviews were conducted due to the high-profile character of interviewees and the constant adjustment of the interview guide throughout the process.

The Questionnaire

The development of the questionnaire was a continuous and iterative process which ran parallel to the interviews to incorporate new information. Similar to the grouping of the interviewees in three panels, the structure of the questionnaire was informed by the above outlined definition of the policy environment and the research objective of the ideological relationship between the public value notion and its policy environment. Interviews were exploratory and semi-structured to address interviewees' perceptions of the public value notion in the non-market environment and to corroborate research hypotheses (Yin, 2003a, p. 90).

The research interest was reflected in three interview blocks. The first block focused on the ideological characteristics of the policy environment. The second and main block addressed the application of the notion at the case study organisations BBC and C4. The third block integrated both previous blocks by looking at the public value notion and its relationship to the policy environment.

Further detail on the three interview blocks and the questionnaire can be found in Appendix F.

Conducting the Interviews

The majority of interviews were around one hour in length. Several were longer than one hour while only a few lasted from 30-45 minutes. All locations were chosen for the interviewees' convenience. Most took place at the interviewees' offices. Other places included restaurants, interviewee's homes, and private member clubs. All phone-interviews, but one, were conducted face-to-face. The quality of data from interviews in private spaces was generally better. If permission was given, interviews were recorded and later transcribed (see Appendix G).

6.3.3 Data Analysis: Thematic Content Analysis

The collected data was analysed in a three-stepped process: After the transcription of the interviews, relevant text passages were coded and clustered into themes related to influence factors and policy process characteristics.

Step 1: Interview Transcription

The transcription of interviews was the first analytical step and prerequisite for the textual analysis. Since a total of 33 mostly one hour long interviews were conducted, the transcription of all interviews was not feasible. Based on notes for each interview and an initial round of listening to the recordings, 21 interviews were selected for full transcription. Of the remaining interviews, which were considered less relevant, only selected text passages were transcribed. The transcription followed a standardised layout which included the interviewer's and the interviewee's initials, group, date, duration, location, and notes for the analysis. One interview transcript can be found in Appendix G.

Step 2: Thematic Analysis

The method of thematic analysis was selected as it captures the richness of qualitative information while it also provides the methodological precision and discipline of content analysis to structure large amounts of data. A theme can be described as a pattern in the data that at the minimum describes and organises possible direct observations in texts, which would be an explicit, manifest theme, or at the maximum interprets aspects of an underlying phenomenon of texts, which would be an implicit or latent theme (Boyatzis, 1998, p. 4). Themes function as

categories of analysis for the phenomenon studied. The process of coding can be described as indexing text passages with descriptive themes. Good codes capture the qualitative richness of the phenomenon studied and once developed become the original themes the researcher uses in the analysis, interpretation, and presentation of findings (Boyatzis, 1998, p. x).

A further reason for employing thematic analysis was the need to apply exploratory inductive coding in addition to deductive coding (Fereday & Muir-Cochrane, 2006), as the interest was to extract interviewees' insights and perspectives on developments related to the public value take-up at the case study organisations and the wider policy context. An inductive approach allows condensing extensive and varied raw text into brief summary format whereby research findings emerge from the frequent, dominant or significant themes inherent in the raw data (Thomas, 2003, p. 2). Limitations of the method are reduced intersubjectivity due to its interpretative character.

The interview transcripts were analysed by applying both inductive and deductive coding. The single transcribed document was the unit of analysis and relevant text passages were the units of coding. The amount of text coded varied in terms of length from as little as one paragraph to more than one page. The data was analysed with regard to motivational and contextual influence factors as well as process characteristics.

Five deductive codes were derived from the chronology (chapter 5) and the questionnaire blocks in the form of predefined meta-themes of interest. Two meta-themes took the form of central points in the chronological development, here referred to as nodal points. Two further meta-themes were motivational aspects related to the application of the notion at the BBC and C4. One theme addressed parallel developments in the form of Ofcom's PSTB review. In a close reading of interview texts, passages which contained references to these deductive meta-themes were identified and coded accordingly by assigning them to a meta-theme.

In addition to this deductive approach, four recurring topics in the form of sub-themes pertaining to parallel developments in the policy environment were identified inductively in interview texts and aggregated according to their commonalities to be later developed into three inductive meta-themes.

The first round of text analysis thus encompassed the identification and coding of relevant text passages into meta-themes and sub-themes. Hierarchical coding in the form of meta-themes, which are more abstract and representative of overall data, and sub-themes, which are less abstract and more specific, makes it possible to analyse texts at different levels of specificity (Cassell et al., 2005, p. 10; Attride-Stirling, 2001, pp. 388-389).

A second analytical step then encompassed the systematic reduction of the aggregated texts for deductive meta-themes and inductive sub-themes by identifying sub-themes for deductive meta-themes or developing inductive-meta themes by clustering sub-themes according to similarities and differences. This process was conducted through applying iterative rounds of reading and text reduction in which meta-themes were described based on the information provided in the interview text, while particularly meaningful quotes were marked to be later used to elaborate on meta-themes.

The development of themes was thus conducted top-down, with deductive meta-themes being split into sub-themes, and bottom up, with sub-themes being aggregated to inductive meta-themes. In total, nine meta-themes were identified which represent three different types of themes.

Table 6.2: Meta-Themes in Chronological Order

No.	Meta-Theme Type	Coding	Label
1	Nodal Point	Deductive	1999 Davies report and the 1990s
2	Nodal Point	Deductive	2003 Communications Act
3	Parallel Development	Inductive	Assessment of wider societal benefits in media policy
4	Motivational Aspects	Deductive	Adoption of the Public Value Notion at the BBC
5	Parallel Development	Inductive	Dissemination of the Public Value Notion and Existing Procedures and Methods
6	Parallel Developments	Deductive	Ofcom's PSTB Review
7	Parallel Developments	Inductive	Personal Relationships
8	Motivational Aspects	Deductive	Adoption of the Public Value Notion at C4
9	Parallel Development	Inductive	The Diminishing Role of Public Value

Step 3: Interpretation and Presentation of Findings

The main purpose of extracting information from expert interviews was to develop an understanding of the wider policy process as an interpretative context in which the adoption of the public value notion took place. Particular emphasis was

put on identifying the chronology and characteristics of the policy process as well as factors that influenced the development.

The themes, which represent the core development stages of the public value process, were presented in a chronological composition (Yin, 2003a, pp. 141, 153) of three process phases of *before*, *at* and *after* the adoption of the notion at the BBC. This structure was chosen in order to more easily distinguish between different phases of the policy change process which centres on the institutionalisation of the public value notion at the BBC. It was also introduced to develop a better understanding of the sequence, tempo and interrelationship of events and decisions taken.

The themes were discussed together with findings from the non-systematic document analysis of policy documents for the different phases (Appendix H) as well as insights from secondary literature.

The labels of the meta-themes are used as main headings in the presentation of findings. Each theme is described and a combination of quotes and paraphrases from the data is used to convey the meaning of the themes and to elaborate on specific aspects (Thomas, 2003, p. 8). Longer quotes were written in italics, font size 11, with double quotation marks to clearly distinguish them from the rest of the text. To ensure the anonymity of interviewees, quotes were attributed to group members designated by their organisation or profession, rather than to individuals.

The findings, as presented in chapter 8, provide a chronological narrative of central stages and characteristics of the public value process as well as insights on motivational and contextual factors that influence this development, as outlined in the second research question. As secondary indicators, these findings are used to support or undermine the findings from the compositional analysis of the public value notion with regard to whether an ideological and thus a paradigm shift has taken place.

6.4 Integration of Findings

For each of the two research questions, preliminary findings are summarised at the end of the respective chapters. A conclusion for the first research question on the ideological composition of the public value notion and the question of whether an ideological shift to non-economic rationales has taken place, is provided at the end of chapter 8. Findings to the second research question are provided at the end of chapter 9, with regard to influence factors and characteristics of the wider public value process.

The integration of the findings takes place in chapter 10, where a final conclusion is reached on whether the public value development represents a paradigm shift in the justification of UK PSB.

This conclusion is based mainly on findings from the compositional analysis of the public value notion with regard to whether an ideological shift has taken place. The occurrence of an ideological shift was defined as the primary indicator of a paradigm shift in the analytical framework devised in chapter 1. As it was however considered necessary but insufficient to solely base a paradigm shift classification on an ideological shift, a set of secondary indicators were included in the analytical framework in the form of policy process influence factors and paradigm shift process characteristics to provide further evidence.

In chapter 10, a final conclusion on the overall research question of whether a paradigm shift has taken place is reached by discussing the findings from both the compositional ideological and the contextual procedural analyses of the public value notion. In addition, the contributions of the thesis in the fields of media policy and paradigm shift studies are addressed.

7. COMPARATIVE COMPONENT ANALYSIS OF THE PUBLIC VALUE NOTION – PART 1: BBC CASE STUDY

Chapters 7 and 8 address the ideological composition of the public value notion at the BBC and C4. The notion's practical and theoretical definitions are investigated with regard to their representation of citizen and consumer objectives. The analysis does not critique the often contested nature of the methodologies used or conclusions drawn, as the focus lies on the investigation of assessment components and their representation of citizen (non-economic rationales) and consumer (economic rationales) interests.

According to the first research question, the ideological composition of the applied public value notion is investigated to ascertain which of the rationales is more important or dominant in the assessment of public value. This analysis is conducted to see whether the indicated prioritisation of citizen or non-economic rationales over economic rationales in the public value notion is indeed the case. This is of interest in order to investigate whether the hierarchy of component values in PSB justification has altered with the adoption of the public value concept.

A shift in the hierarchy of component values would be the primary indicator of a paradigm shift, as defined in chapter 1. The final assessment of whether a paradigm shift has taken place with the public value notion is conducted in chapter 10.

As the component analysis focuses on the practical public value definition in assessment frameworks, broadcasting performance measurements are briefly reviewed (7.1) to provide further guidelines for the operationalisation of economic and non-economic ideologies in assessment components (in addition to table 3.2). For each case study, BBC and C4, a review of the regulatory regime (7.2.1, 8.1.1) proceeds the presentation of findings from the component analysis (7.2.2, 8.1.2) and the conclusions drawn (7.2.3, 8.1.3). A cross-case comparison and characterisation of the public value notion as applied in UK PSB concludes the analysis (8.2).

7.1 Performance Assessments in Broadcasting

This section provides a brief overview of different assessment methods in broadcasting as background information for the identification and ideological classification of different public value measures. As units of analysis, public value component measures are analysed in regard to what they assess (objectives of the assessment) and how the assessment is conducted (methodology used). This information is helpful to operationalise citizen and consumer interests in assessments, representing non-economic and economic rationales. By analysing and classifying these assessment components, it is possible to derive an ideological composition of the public value notion as the overall rationale for PSB provision.

Since the number of possible measures or methodologies to assess consumer and citizen values is vast, the review only provides a meta-level description of different performance measurement categories, which are intended to function as rough guidelines for the empirical analysis.

Public service broadcasters have always been subject to some form or type of assessment as their legitimacy not only derives from their statutory remits but also from the assessment of their performance against these objectives (Betzel & Ward, 2004, p. 49). It is especially for abstract objectives, such as public value creation, helpful to look at the operationalisation in assessment processes, as this provides information on the interpretation of such concepts in practice.

PSB performance assessments have changed in line with the evolution of public administration approaches and media policy paradigms, as described in chapter 5. A basic distinction can be made between “traditional” and “economic measures” (Picard, 2003, pp. 33-41).

Past assessments tended to involve traditional performance measures which were narrowly defined towards content, coverage, and audience measures that focus on the social, cultural, and political role of PSB (ibid., pp. 33-34). As output measures, they can be grouped according to specific characteristics, such as output quantity (volumes/hours), content type (genre/geography/audience group), procurement and scheduling (original programming/commissions, first-/re-runs, time), medium (TV/radio/online), coverage (universality/access), viewing numbers

(reach/share), and audience research on demand and appreciation (quantitative/qualitative).

More recently and in particular in the context of NPM, PSB objectives were increasingly defined to address managerial, economic, strategic, and operational objectives (ibid.). This reflects broader trends of public sector performance assessments and accountability intended to create legitimacy (ibid., pp. 30-32). PSB similarly adopted new economic, financial, and managerial measures to demonstrate that public resources were used in the best possible way (ibid., p. 31). This includes productivity, efficiency (how well resources such as personal, capital, assets are used to produce output), effectiveness (how well outputs achieve set objectives), financial, operational and market share measures (ibid., pp. 34-41).

As an NPM successor, PVM adds another layer of objectives and corresponding measures to assessments by emphasising citizen values and societal outcomes. The approach comprises a more holistic set of objectives and measures that includes NPM, traditional output and new outcome or impact assessments. Examples of typical outcomes are social cohesion, wellbeing, quality of life, and equity. Generally, outcomes are defined context-, sector-, or service-specific. Problems associated with the assessment of outcomes and impacts such as broad and contested definitions, causality, incommensurability, and long-term horizons were addressed in chapter 3.

Different participatory methods can be used to assess societal outcomes through public opinions, perceptions, and attitudes. Examples of methods are surveys, (deliberative) opinion polling, consultations, focus groups, public meetings, consensus conferences, complaint and suggestion schemes, citizen panels and juries (Hills & Sullivan, 2006, pp. 34-48). These methods are qualitative or quantitative and allow varying degrees of expression in monetary value. Stated preference studies (WTP, contingent valuation) for example assign monetary value as a price proxy to non-market items. These methods are useful for valuation purposes, as for the inclusion of non-market goods in value for money or cost-benefit analyses.

The central question in the application of these methods is whether individuals participate in their roles as citizens or consumers. Since consumers, by definition, misjudge utility derived from merit goods, it is important to make this distinction. The ability of individuals to distinguish between own consumer utility

and collective citizen benefits remains however questionable, as addressed in chapter 3.

Due to the complexity of outcome assessments, output measures are frequently used as proxies for outcomes as correlations exist between some outputs and outcomes (Horner et al., 2006, p. 39). As a traditional managerial measure, outputs can be used to indicate consumption, while they do not assess outcomes. Traditional output and economic measures are primarily quantitative. Quantifiability and expression in monetary value is often used to indicate economic and consumer objectives, whereas incommensurability is equated with non-economic objectives. This distinction is helpful but solely a rough guideline as the focus lies too narrowly on the methodology applied without paying sufficient attention to the actual objective assessed.

As addressed in the previous chapter, it is helpful to base the primary distinction between citizen and consumer objectives on a set of core characteristics outlined in table 3.2. These substantive and procedural characteristics need to be interpreted together and in the context they are applied in. Due to the complexity and context-dependency of assessments, it is neither possible nor sensible to develop standardised guidelines on the classification of assessment components as representing citizen or consumer objectives. Therefore, the reasoning behind classifications is outlined in the analysis.

With public value frameworks integrating citizen and consumer values, the question remains how conflicts between non-economic and economic objectives are resolved. In integrating them, the danger exists that more emphasis is put on objectives which are easy to assess, i.e. economic measures. In the case of PSB, such behaviour could result in strategic choices closer to those of commercial firms and thus a loss in distinctiveness and unique purposes (Picard, 2003, p. 43). This would question the legitimacy of PSB provision.

With regard to the empirical analysis, this review of performance assessments in broadcasting implies that frameworks claiming to assess public value should exhibit different types of assessment components, such as traditional output, economic input, and outcome measures. This is investigated in the following.

7.2 BBC Case Study: Public Value Component Analysis

7.2.1 The Regulatory Framework

As an introduction to the case, a brief overview is given of the regulatory framework, which is defined as comprising a remit, a system to measure compliance to obligations set in the remit, and institutional arrangements for assessing performance (Betzels & Ward, 2004, p. 58). These elements are addressed as proposed in the BBC's Charter review publication 'Building Public Value' (2004a) and as defined in the Royal Charter and Framework Agreement (DCMS, 2006b, 2006c).

The Charter and Framework Agreement constitutionally establish the BBC by setting out its purposes, editorial independence, and obligations of its executive and regulatory bodies. The formal authorisation and regulation of the BBC is divided between the DCMS, HM Treasury, Ofcom, and the BBC Trust as the governing self-regulatory body, which replaced the BBC Governors in 2007.

In its Charter review publication, the BBC proclaimed that "Public value should not be seen as a broad justification for what the BBC does but as a practical test that can be applied by the BBC itself, by its Governors and by the public, to decide what it should do – and how well it does it" (2004a, p. 8).

The public value notion is used heavily throughout the document. Five different types – democratic, cultural, educational, social, and global – and three levels – individual, society, economy – of public value creation are distinguished (ibid.). Five public purposes are introduced and a sixth one is later included in the Charter. Further, a new governance framework is proposed and described as "a new framework of rigorous and transparent scrutiny rooted in public value" (ibid., p. 123), which comprises assessment components such as a public value test (PVT), service licences, and purpose remits (ibid., pp. 129-130, 83-86).

Most of the elements proposed by the BBC for its governance framework, such as the creation of two distinct boards, the public purposes, the PVT, services licences, and purpose remits were included in the Charter and Framework Agreement, which came into effect in January 2007. The BBC Trust was introduced as a new governing body and given the responsibility to implement an assessment framework which contains these stated components (DCMS, 2006b, article

24(2)(b)(c)(1)). Of these framework components, purpose remits and services licences are ex-post performance assessments. As an ex-ante assessment, the PVT is applied to new or significantly changed services. For all three, public consultation is required in either the definition of objectives or the assessment process (DCMS, 2006c, clauses 5, 19, 28). This can be interpreted as an indication that emphasis is put on participatory and audience research methods.

In regard to the assessment, no specification is made in the Charter, which only states that the Trust needs to define “suitable performance criteria and measures against which the effective promotion of the Public Purposes will be judged” (DCMS, 2006b, article 24(2)(b)). The BBC (2004a, pp. 83, 87) hence adopted the RQIV measures reach, quality, impact, and value for money, which had been proposed in the Charter review publication as the universal performance measure of public value. The creation of public value is therefore conceptually linked to the delivery of the public purposes as assessed through the RQIV framework.

With the RQIV measures at its core, the governance framework is highly standardised, what might seem to be at odds with the general difficulties of assessing the various value types associated with the public value notion. It is therefore of interest to explore how the RQIV drivers are assessed. This sheds light on the ideological composition of the public value notion and the hierarchy of citizen and consumer objectives.

Even though the RQIV framework is used in all three ex-post and ex-ante assessments, its use in the ex-ante PVT is most relevant to the research interest, as considerations of significant changes to existing service or the introduction of new services directly address justifications of service provision and thus rationales for intervention. Ex-post assessments, in contrast, simply measure past performance. In addition, and most importantly, the PVT contains a dedicated PVA, which is consequentially the focus of the analysis.

Regarding the PVT, the Charter solely states that the BBC Trust should devise an approval framework (DCMS, 2006b, article 24(2)(1)). PVT specifications and more detail on its process are provided in the Framework Agreement (DCMS, 2006c, clauses 23-33), supplemented by Trust guidelines (2007b).

In general, a PVT must be applied before a decision is taken to make any significant change to an existing or to introduce a new UK public television, radio or

online service (DCMS, 2006c, article 25(1)). After the BBC Executive has submitted a proposal to the Trust, the Trust judges the proposal's significance to decide whether to launch a PVT based on criteria such as impact, financial implication, novelty, and activity duration (ibid., clauses 25(2)(a)-(d), (3); BBC Trust, 2010, p. 69).

If a PVT is launched, the Trust Unit prepares a public value assessment (PVA) of the proposal (DCMS, 2006c, clause 28), while Ofcom prepares a market impact assessment (MIA) overseen by a joint steering group (ibid., clause 29(1)-(8)).

The PVA and MIA are the central two assessments of the PVT. As already outlined in chapter 6, the component analysis focuses on the PVA to investigate how the PSB objective of public value creation is operationalised in practice. The MIA by definition functions as a *corrective* to the PVA by assessing the market impact of the service and comparing these costs (MIA) to the benefits created (PVA). While the MIA is part of the overall PVT rationale of net PV that justifies service provision, a detailed component analysis of the MIA is not conducted for two reasons:

Firstly, the analysis focuses on the public value notion to investigate whether it prioritises citizen over consumer objectives in the operationalisation of public value creation as the BBC's declared primary objective of PSB provision.

Secondly, the ideological focus of the MIA is fairly obvious as it assesses market impacts. While these can be both negative and positive impacts on markets and consumers and citizens (ibid., clause 30-31; BBC Trust, 2010a, p. 73; Ofcom, 2007d, pp. 2-3, 2008c, pp. 35-36), a non-systematic document analysis of the four MIAs and their methodological guidelines (Ofcom, 2006, 2007d, 2007e, 2007f, 2008c) has shown that the primary focus lies on consumer surpluses and market conditions as classical economic objectives. Positive market impacts, which can be viewed to represent wider societal and citizen value, are addressed as well but the focus lies on negative market impacts, supply, demand, and consumer harm (Ofcom, 2007d, pp. 2-3, 10-11, 2006, p. 23).

According to Ofcom, the “[...] PVT is most similar to a cost-benefit analysis” as the “PVA identifies the key benefits of the BBC's proposal, while the MIA is largely – though not exclusively – focussed on assessing the costs. In most cases, the MIA considers the extent to which the BBC's proposals are likely to induce substitution away from competing services and the way in which that

substitution may reduce investment in new services and thereby reduce choice for consumers and citizens” (Ofcom, 2006, pp. 18-19). While MIAs also address that proposals may complement other services and thereby drive increased investment, “[...] on balance, the substitution effects are likely to be more significant. As a result, the outcome of the MIA is almost certain to be negative: its net position will set out the negative implications of the BBC’s services” (ibid., p. 19).

This clearly shows that the MIA primarily functions as a correction to the PVA, focussing on market and consumer objectives and thus reflecting primarily an economic perspective. This is also evident in the standardised assessment procedure of MIAs, as outlined in table 7.1, which focuses primarily on negative market effects and consumer harm rather than positive market creation effects. Overall, it can therefore be said that MIAs represent economic assessments of primarily negative market impacts.

Table 7.1: MIA Standard Approach¹²

Assessment steps	
1) Identification of products and services likely to be affected by the BBC proposal	
2) Analysis of take-up and usage of proposed service	
3) Static market impact analysis	Direct impact of BBC service on the demand for other services without taking service providers’ possible response into account Negative substitution and where relevant positive market creation effects, counterfactual Quantitative welfare approach (estimating gross reduction in consumer/producer surplus)
4) Dynamic market impact analysis	Qualitative assessment of likely competitive responses of service providers, short-term (often positive market creation effects) and long-term (often negative effects, five year horizon) Investment, innovation, market structure, competition, concentration, choice for citizens and consumers
5) Wider impact assessment	Qualitative assessment of effects on up-/downstream markets/value chain stages, complementary services
6) Analysis of possible service modifications/recommendations	Reduction of potentially adverse market impacts without corresponding reduction of public value and usage to increase net public value

For both reasons – the analytical focus on the operationalised public value notion and the obvious economic market focus of the MIA – the following component analysis focuses only on PVAs. The role of MIAs in reaching final PVT

¹² Aggregated from Ofcom, 2006, pp. 24, 8-9, 2007d, pp. 11-14, 2-3, 2007e, pp. 13-15, 32-35, 56-57, 5, 9, 2007f, pp. 10-16, 2008c, pp. 35-36.

conclusions is however included in the discussion of the PVA findings to develop a full picture of the PVT as a rationale for service provision – in addition to the detailed PVA analysis.

The PVA runs parallel to the MIA and is conducted by the Trust Unit, which reports to a Trust committee. The Framework Agreement (DCMS, 2006c, clause 28(1),(2)(a)-(c)) requires the PVA to ascertain the likely public value of the proposed change by including an assessment of 1) the value which licence fee payers would place on the proposed change as individuals, 2) the value which the proposed change would deliver to society as a whole through its contribution to the BBC's public purposes, and 3) the value for money of the proposed change and its cost. These requirements reflect in part the BBC's (2004a) public value definition regarding the three levels of individual, citizen, and economic value (p. 84).

Since the nature of potential public value creation may differ widely for proposals, the Trust is required to consider at the outset 1) the aspects of public value, which may be relevant, and 2) how these aspects should be explored and evaluated, always including public consultation (DCMS, 2006c, clause 28(3)). The statutory requirements thus seem to recognize the difficulty of defining and assessing public value by giving discretionary scope to the Trust to identify the relevant public value aspects specific to the assessment of each proposal.

On this, the Trust's guidelines state that the extent to which a proposed change promotes the public purposes and creates public value is usually assessed with reference to a certain key driver of RQIV, whereby the exact definition of public value drivers is determined in the PVA and may vary depending on the nature of the proposal (BBC Trust, 2007b, pp. 13-14). In the following, the public value assessment components are analysed and classified in regard to their representation of consumer and citizen interests.

7.2.2 Ideological Classification of Public Value Assessment Components

At the point of writing, four PVTs had been conducted by the BBC Trust, which were analysed for this study. Two of the proposals, the on-demand and the HDTV services, can be characterised as new delivery mechanisms for existing content. The other two, Gaelic Digital Service and Local Video provide original content in addition to addressing new distribution mechanisms.

Table 7.2: Public Value Tests

Proposal	PVAs (BBC Trust)	MIAs (Ofcom)	Decision (BBC Trust)
On-demand services (OD)	Would create public value (2007a)	Substantial market creation effects (2006)	Conditional Approval (2007e)
High Definition Television (HDTV)	Would create public value (2007c)	Some small market impacts (2007e)	Conditional Approval (2007f)
Gaelic Digital Service (GDS)	Could deliver public value (2007d)	significant positive but also negative impacts (2007f)	Partially approved (2008b)
Local Video (LV)	Low to medium public value (2008)	Significant negative market impact (2008c)	Not approved (2009)

The following analysis is the result of a multistep text reduction process of PVA documents (chapter 6.2). The objective was to isolate text passages on RQIV assessment components. As a further assessment component, the fit with public purposes is considered, which is described as a prerequisite for service approval (BBC Trust, 2007a, p. 31). The condensed information on the objectives assessed and the methodologies used for each driver was aggregated in tables, which can be found in Appendix C. These aggregate tables list the main assessment or sub-components for each driver across the four PVAs. This does however not imply that all listed sub-components were assessed in all PVAs. Depending on how much information was provided in PVAs, the listed metrics are not necessarily exhaustive but rather indicative or representative of the majority of sub-components.

Together with text passages from PVAs, the aggregate tables provide the basis for the ideological classifications of the RQIV measures, which are derived in the following analysis based on the representation of consumer and citizen objectives in the assessment of each driver. Throughout the analysis, the interpretation of drivers is removed from the specifics of service proposals, where possible, to improve the generalisability of the classification.

The analysis found that the assessment of the drivers in the PVAs follows a pattern, with some variations. Generally, one or two core sub-components are assessed for each driver, on top of which further aspects are considered such as risks to the driver's delivery of public value or the counterfactual.

In direct comparison of the four PVAs, consistency exists in particular between the first two (OD, HDTV) and the last two assessments (GDS, LV). The overall structure of the assessment, addressing RQIV and fit with public purposes,

remains similar throughout all PVAs but differences exist in regard to the overall length and depth of the assessment as well as the structure of assessing the separate drivers. The differences are more pronounced for some drivers than for others, which is addressed in the discussion.

A further central aspect in the analysis is the weight ascribed to each driver in the PVAs. The drivers are weighted according to their perceived importance to each specific proposal. One or two drivers are designated as key drivers for each PVA. This relative weight introduces a hierarchy among the drivers. For each driver, the level of public value creation is assessed and categorised as low (no material impact), medium (material impact), and high (substantial impact) (ibid.). The overall level of public value creation is thus the weighted aggregate of the public value ascribed to these four drivers.

This means that the higher the public value creation and weight ascribed to a driver, the more important the driver is in the public value assessment. Based on the below derived classification of the drivers as representing predominantly economic consumer or non-economic citizen objectives, it is then possible to combine this ideological classification with the weighting attached to the drivers to identify the ideological composition of the public value notion and thus the justification for PSB provision.

In terms of the ideological classification of the drivers, the analysis found that three of the four drivers, *reach*, *value for money*, and *impact* primarily assesses consumer objectives related to the individual consumption process of the service, rather than wider societal considerations, which would be indicative of citizen objectives. The fourth driver *quality* represents both citizen and consumer objectives. The ideological classification of the public value notion is developed in the conclusion.

Reach

Reach is the measure most prone to representing consumer aspects as it directly addresses the consumption process. Generally, reach assessments consider reach projections, the likely number of people accessing the service, and likely consumption volumes (BBC Trust, 2007a, pp. 65-81, 2007c, pp.70-84, 2007d, pp. 43-55, 2008, pp. 31-40).

The assessment of the reach driver differs slightly for the four PVAs. For the latter two (GDS, LV), reach is assessed more closely in relation to the impact driver, whereby the distinction between reach and impact is sometimes not clear and the assessment of reach seems less detailed than in the first two PVAs (OD, HDTV).

Standard metrics are used for the assessment of reach and consumption for a range of variables such as audience groups, genres, time horizon (long/short-term), services and platforms (BBC as a whole, individual services, delivery platforms), consumption modus (on-demand, linear), and geography. In addition, drivers of and risks to reach are considered for different variables and underlying assumptions.

For some PVAs, depending on the proposal, particular attention is paid to the assessment of reach for audience groups, especially minority and underserved audiences, and genres, like minority or niche content (2008, p. 35, 2007a, p. 67, 2007d, p. 43). For all PVAs, the assessment of underserved audience, as for example the young, is of particular relevance to the assessment of future reach. In these contexts, the assessment of reach can be viewed as an indirect consideration of citizen objectives as it concerns output types like minority and niche content, which are typically associated with societal objectives.

With considerations such as audience groups or niche content, a direct connection is established to the promotion of specific public purposes (2007d, p. 50). Beyond that, the general rationale of reach is the promotion of public purposes and thus public value (2007a, p. 66). The rationale here is that consumption of high-quality content is described as the prerequisite for the promotion of the BBC's public purposes, which is the corporation's main objective: "More generally, it is the BBC's main objective under Article 3(2) of the Charter to promote its public purposes. This necessarily involves increasing the number of people consuming its content overall. But reach is not just about the total number of people using BBC services. On-demand delivery makes it easier for audiences to access content at a time of their choosing and public value is generated if this helps to maintain or increase consumption levels" (2008, p. 34, also 2007d, p. 54). "It is only through ensuring the consumption of its programmes that the BBC ensures that public value in its content is realised" (2007a, p. 13). The rationale therefore is: the higher the reach, the higher the promotion of public purposes and thus the creation of public value.

Further, reference is made to Clause 12 of the Framework Agreement in direct relationship to the reach driver: “6.5.10 Reach measures the number of people who access BBC content. It is a key driver of public value. Clause 12 of the Framework Agreement requires the BBC to do all that is reasonably practicable to ensure that audience groups can access public services in a range of ways.” (2008, p. 34). The reference to this clause in this context implies that access is equated to reach and that it is the mandate of the BBC to drive reach. The rationale that reach is central to the promotion of public purposes becomes more explicit in the last two PVAs, where reach and impact are assessed more closely related to each other (see p. 166 et seq.).

Methodologically, the majority of the assessment is based on quantitative audience reach and usage data from reach projection models. In addition, quantitative and qualitative audience research is provided on likely usage and consumption. Usage and consumption measures can be classified as traditional output metrics that are used to assess the demand for a service. The consideration of audience size and the objective of maximising audience can – aside from the given rationale to promote public purposes – also be characterised as a central economic measure and objective, in particular for high fixed cost economies.

Overall, the reach driver can therefore be classified primarily as a consumer or user-orientated measure, as the focus lies on the consumption of output. In those cases where reach is considered in regard to output types that typically represent citizen objectives, or in direct relation to the achievement of public purposes, reach can also be viewed as an indirect assessment of citizen objectives. Since the focus lies however on increasing reach rather than assessing reach for different output types, reach overall remains a measure of consumption.

The relative importance of the reach driver in the final assessment of public value becomes apparent when considering its designation as a key driver in three out of four PVAs (table 7.4, p. 189). Since high consumption levels lead to high levels of public value creation, the high weighting attached to the driver shows that consumption is a central consideration which drives public value creation.

Cost & Value for Money

A further driver which can be characterised as a consumer-orientated measure is cost & value for money (VfM). The driver assesses how much the proposal costs and whether it delivers good VfM by adding value over and above the cost (BBC Trust, 2007a, pp. 82-98, 2007c, pp. 85-99, 2007d, pp. 55-59, 2008, pp. 51-55).

Both cost and value estimates are required for these assessments. Cost estimates, as economic measures, are not of particular interest here and are thus not discussed in more detail aside from referring to the aggregate table (Appendix C.2) for an overview of cost metrics.

The interest lies on the assessment of value, which is here based on consumer value, audience usage numbers, and output data. The difficulty of assessing value in itself and as a quantitative measure is acknowledged by the Trust: “Whilst it is possible to measure the costs of services in financial terms, it is much harder to measure the value created by proposals numerically” (2007a, p. 94).

Since the assessment of VfM requires the comparison of two quantitative measures, it is necessary to assess value quantitatively to compare it to costs. This can lead to a bias of assessing value in the form of consumer value, as this may be more susceptible to quantification than citizen value. Whether this is the case depends however on the definition of value in the specific assessment context and the corresponding methods applied to assess it. In WTP studies, for example, it is possible to assess both citizen and consumer value by phrasing questions differently.

In the PVAs, three different measures are used in VfM assessments, which are value yield, cost per user hour (CPUH), and payback period.

The value yield is a worth-based measure which is defined as the incremental consumer value (ICV) divided by cost. The measure assesses the value generated per pound spent and as such is a measure of return on investment. ICV is defined as the average value per household multiplied by reach minus costs (2007c, pp. 96-97). The understanding of value is therefore based on the perceived or attributed monetary worth as a proxy for the value of the service to the consumer (2007a, pp. 96-98).

Value as consumer value, here assessed as ICV, represents individual value expressed monetarily as a proxy for prices. In contrast to this, an assessment of

citizen value would reflect the benefit to society expressed monetarily as a proxy for the considered societal importance of such services. The focus in PVAs lies on the former. The ICV measure is also used in the consideration of the payback period, which is the amount of time it takes for the value to exceed the costs (2007c, pp. 86, 96-97). This is a typical economic or managerial cost and investment measure.

A second measure in VfM considerations is the cost per user hour (CPUH). CPUH is an output-based measure, where the costs of the service proposal are divided by the hours of output consumed. Aside from cost estimates, the assessment includes an estimation of the hours of output likely to be consumed under the proposal, derived from different consumption scenarios. The measure of the output consumed is thus used as a proxy for the value generated and is compared with the cost incurred for providing the service. This yields the costs per unit of output consumed. Whether the CPUH reflects VfM can be established by comparing the result to benchmark industry quotes (2007a, p. 96).

CPUH can thus be described as a managerial cost measure which is user- and output-based. In general, the objective attached to such measures is the reduction of cost per unit of output, which is an efficiency assessment of how well inputs are used to produce outputs. This is a typical economic measure (Picard, 2003, p. 34).

Efficiency is generally in the interest of consumers, as cost reductions can lead to price reductions. On a larger scale, the efficient use of public funding can also be of interest to citizens. In general, however, the citizen interest is that public remits or objectives are fulfilled, whereby the efficient fulfilment is a desired but only secondary objective. Further, as efficiency involves yielding the largest possible output for the lowest possible input, achieving efficiency can stand in conflict to citizen objectives (such as equity). As an economic measure, efficiency is thus classified here as more closely aligned to consumer rather than citizen objectives.

The value yield measure is applied in the first two PVAs (OD, HDTV). The latter addresses in addition to that the payback period whereby the former focuses on CPUH as the second measure (2007c, p. 85 et seq., 2007a, p. 82 et seq.).

In the last two PVAs (LV, GDS), the VfM assessment is less elaborate and does not include the value yield measure. Here more focus lies on CPUH which is based on the output consumed. In addition to that, more direct references are made to reach and impact as proxies for value creation. The cost of the service is compared to

the predicted reach for audience groups and the impact (which in one case is the long-term survival of the Gaelic language, 2007d). Value is thus linked to reach as a consumer measure and citizen objectives through impact, whereby the conclusions on VfM focus on reach, as it is argued that increased expenditure cannot be justified for better coverage of existing audience without extending reach to current non-users (2007d, p. 58). The assessment of value is therefore primarily informed by a cost- and output-based efficiency perspective (2008, p. 52). Further, value is equated with reach according to the concluding remarks: “[...] local video does not deliver value for money, especially given the limited uplift in reach to key audience groups and access issues for non-broadband users” (ibid., p. 55). The likely reach is here not seen to justify the level of investment.

The equation of value with consumption and reach means that VfM, and thus also the public value creation accredited to the VfM driver, becomes larger with an increase in reach (again, in particular due to fixed cost economics). In those cases where value is equated with reach, a clear relationship is established between the two drivers VfM and reach, whereby the former is dependent on the latter. This has the consequence that the reach driver indirectly determines the outcome of the VfM measure. In those cases, two out of four drivers are informed by reach in the overall assessment of public value.

The overall manner in which value is assessed in PVAs shows that consumer rather than wider citizen values provide the basis for VfM considerations. Value is defined as perceived consumer value or indirectly represented through the proxies of output, consumption or reach. With taking the cost metrics into account as well, VfM can be described as a managerial or operational measure of efficiency and effectiveness. As a traditional NPM measure, VfM is not a new concept.

Due to its character as an operational measure, VfM cannot be described as a rationale for intervention per se. This is true in general as well as for this specific context. VfM is a procedural measure which addresses economics of service delivery but is in itself rarely a reason to justify intervention. In the specific context of PVAs, this becomes apparent in that VfM is not directly linked to the promotion of public purposes, which represents the primary rationale for service provision. VfM is a secondary measure or a condition of service provision rather than a primary measure that justifies intervention. In regard to its relative importance in the overall public

value assessment, VfM is less important than reach, as it is only in one out of four PVAs designated as key driver (table 7.4, p. 189).

Quality & Distinctiveness

The classification of the next driver, quality & distinctiveness, is mixed or inconclusive, as both consumer and citizen objectives are considered in the assessment (BBC Trust, 2007a, pp. 39-49, 2007c, pp. 41-54, 2007d, pp. 60-63, 2008, pp. 48-49).

The quality & distinctiveness driver assesses proposal features and characteristics. As such, it is a consideration of output. Whether the assessment of output is conducted from the perspective of assessing consumer or citizen objectives depends on the definition of quality & distinctiveness. Since it was not possible to classify the driver as a measure of consumer or citizen objectives, the assessment components are discussed in the following by pointing out how they represent both.

In the discussion of the driver, it needs to be taken into account that two out of four PVAs address proposals which focus on new ways of distributing existing content (HDTV, OD) while the other two (LV, GDS) describe the provision of original content on different delivery platforms. Correspondingly, quality & distinctiveness assessments contain both technical and content features.

Throughout the PVAs, the *distinctiveness* of proposals is assessed consistently on two levels. One level addresses whether the proposed service is currently offered in the market. For proposals of new delivery technologies, these markets are often emerging, which makes a comparative assessment difficult. The rationale that a service is distinctive when it is not offered in the market can relate to citizen objectives, when the lack of provision is for example the result of lacking demand, e.g. pertaining to merit goods. At the same time it can represent consumer interests, when market failures prevent the provision of a demanded service, e.g. natural monopoly conditions.

On a second level, proposals' distinctiveness is assessed based on accessibility and funding. Proposals are considered distinctive when they are accessible free at the point of use and are free from advertising or subscription. This could be interpreted as a benefit to consumers, however only when the payment of the licence fee as a form of price for access is not taken into account. This level of

distinctiveness pertains more to citizen considerations derived from societal objectives such as equity and universal access.

Aside from these core distinctiveness characteristics, two PVAs address further criteria of distinctiveness. This includes seven criteria of distinctiveness devised by the Trust and 17 features of distinctiveness developed in a commissioned PWC report (2008, p. 88, 2007a, p. 41). Some of the seven criteria of distinctiveness concern content characteristics which are typically associated with content quality in relation to citizen objectives. These are editorial values, content origin (UK), level of creative and editorial ambition, and originality. In the concluding statements on distinctiveness, assessments are however based on whether proposals are distinctive from markets regarding features such as free access and free from advertising and subscription, which seem to be central in the assessment of the driver.

The assessment of quality & distinctiveness is conducted separately for the first three PVAs (OD, HDTV, LV). Since the first two address proposals on new delivery mechanism for existing content, the assessment of *quality* is focused on technical delivery features and the underlying content is discounted in assessments. Correspondingly, the additional benefit in the user experience from the improvement in quality of overlying technical features is addressed (2007a, p. 40), which reflects consumer value. As the underlying content is discounted, it is not clear if an assessment of quality focused on content features would put more emphasis on citizen aspects such as content features that relate to the achievement of societal benefits. The content range, availability, and relevance to audience groups are also assessed, which also directly relate to individual consumption. The quality assessment is thus based on consumer-orientated indicators like user experience and audience appeal. Methodologically, assessments are based on quantitative and qualitative audience research and trial data on perceptions of quality & distinctiveness in the first two PVAs (2007a, p. 42, 2007c, p. 34). In the overall assessment, these findings seem to be secondary to proposals' distinctiveness from the market and their free use.

In general, quality can be defined and assessed in two ways. Quality can be assessed depending on whether content and user experience lead to an increase in usage, which would reflect a consumer focus and the driver would create high levels of public value when reach and consumption are high. In contrast to this, quality can

also be assessed depending on whether the content and its characteristics lead to desired societal outcomes, which would reflect citizen considerations.

It can be concluded that measures such as quality & distinctiveness can only be characterised by looking at their definition and representation of citizen and consumer considerations. Aspects listed as counterfactuals – such as lack of relevance, lack of impact, risk to the BBC’s reputation in regard to content quality and technological progress as well as risk to universality – show that the quality & distinctiveness driver represents both consumer and citizen aspects and can therefore not be classified.

In general, quality can be classified as a traditional output measure as it concerns the evaluation of service features. It can also function as a rationale for intervention on its own, when it pertains to content features which are related to wider societal objectives and outcomes. Quality & distinctiveness understood as consumer appeal does in contrast to this not offer an (equally strong) rationale for intervention. The Trust states that quality & distinctiveness are minimum requirements for any BBC service, which are very important but unlikely to be sufficient drivers of public value on their own (2007c, p. 42). This is reflected in the driver’s weighting in the public value assessment, as it is not once designated as a key driver (table 7.4, p. 189).

Impact

As addressed previously, the Framework Agreement sets out that the benefit to the individual and to society as a whole need to be addressed. The impact driver reflects this obligation as it assesses whether the proposal creates consumer and citizen benefits (2007a, p. 31, 2010a, p. 71). Since the driver is thus already classified as representing citizen and consumer objectives, the discussion below focuses on addressing their proportionality in the assessments to identify a possible tendency of the driver into one direction or the other.

The assessment of consumer and citizen benefits differs for the first two and last two PVAs. In the first two PVAs (OD, HDTV), consumer and citizen benefits are addressed separately. This distinction is not made in the last two PVAs (LV, GDS). It is therefore sensible to first address the separate assessment of citizen and consumer benefits in the first two PVAs.

According to the BBC Trust, *consumer* benefit “refers to the benefit that an individual user would directly gain from using the proposed service; for example, whether individuals find a proposed new service engaging or challenging. This would also include an assessment of the value which licence fee payers would place on the proposed change as individuals” (2007b, pp. 14-15, 2010a, p. 71).

The assessment of *consumer* benefit reflects this outline as it focuses on consumption modalities. Benefit is derived from an improved user experience due to improved technological quality and free access to services (when licence fee payments are excluded). Also, time and shift qualities of proposals are considered in regard to increases in user control and flexibility as well as potential increases in consumption of content normally positioned at the margins of the schedule, i.e. special interest and niche content. The latter touches on citizen objectives while it also reflects the assumption that this content is demanded by consumers but that scheduling has inhibited consumption. Benefit reducing factors, such as cost, access, substitutional or additive use, are addressed as well (2007c, p. 60).

The citizen assessment is structured differently. According to the Trust, *citizen* benefit “refers to the benefits which the proposal may create for society as a whole; for example whether a service would result in a better functioning democracy or understanding and respect between different communities” (2007b, pp. 14-15, 2010a, p. 71). This definition directly links societal outcome to citizen benefit and thus goes beyond consumer benefit associated with the consumption process. Generally, citizen benefit can be described as the societal outcome resulting from the consumption process, whereas consumer benefit is the individual outcome resulting from the consumption process (utility, gratification).

Citizen benefit is assessed as the proposals’ contribution to or fit with the BBC’s public purposes. The *fit with public purposes* is a separate assessment in PVAs, which is not part of the four core RQIV drivers. As both the citizen impact measure and the fit with public purposes assess the contribution against public purposes, and often refer to each other in the assessment, they are in the following discussed together to avoid repetition. In addition, the fit with public purposes measure is briefly discussed below in regard to the fit of the proposal with BBC strategy, which provides insights on rationales for the proposition of new services.

According to the Trust, “an individual service is not required to promote all six purposes, but would be expected to be able to demonstrate a strong contribution to the public purposes overall” (2007a, p. 33).

Table 7.3: BBC’s Six Public Purposes¹³

1. Sustaining citizenship and civil society
2. Promoting education and learning
3. Stimulating creativity and cultural excellence
4. Representing the UK, its nations, regions and communities
5. Bringing the UK to the world and the world to the UK
6. In promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover to digital television

In the PVAs, the public purposes are distinguished into *content purposes* one to five and the *digital purpose* number six. The purposes relevant to the respective proposal are identified and the proposal’s contribution to the respective purposes is addressed and classified as direct or indirect, or primary and secondary (2007a, p. 32).

When proposals include the provision of *original content*, then this is seen as a *direct* contribution to *content purposes*. If proposals contain new *technological* features, here in particular new delivery methods, then this is viewed as a *direct* contribution to the sixth *digital purpose*. If proposals contain *both* original content and new technology, then this equates a direct contribution to *both* content and digital purposes. If proposal only contain new technology and thus contribute directly to the digital purpose, they also contribute indirectly to content purposes, as the rationale is that new ways of accessing content can increase reach of existing content (if usage is additional and not substitutional). So even if no direct contribution to content purposes is made (i.e. no original content is provided), proposals can still contribute to content purpose indirectly if technological features allow for a possible increase in reach of existing content.

Direct contributions to the digital purpose are for example the provision of technologically new and universally available access to content and the stimulation of markets through technology take-up (2007a, p. 36, 2007c, pp. 62-63). Universal

¹³ DCMS, 2006b, articles 3, 4.

access to consumer benefits derived from proposals is also listed as an example of a contribution to the digital purpose, whereby the citizen benefit is the universal access and the prevention of digital divide (2007c, pp. 56, 64, 8). Universality is a fundamental principle of the BBC (2007c, p. 37). Factors limiting such impacts are access costs (such as set-top boxes) and infrastructure constraints (spectrum, broadband rollout) (ibid., p. 65). The potential of new technology to increase programme consumption, in particular niche or specialist programme, is an *indirect contribution to content purposes* (2007a, p. 13).

Direct contributions to content purposes are addressed for individual purposes (2007a, pp. 35-36, 2007c, p. 65). For the first purpose *sustaining citizenship and civil society* contributions for example include media literacy and the creation of societal value through shared viewing experience and major events. For the second purpose *promoting education and learning* the delivery of educational benefits to society is assessed through deliberative research. Further listed contributions are more effective learning through consumption of certain programmes (niche, off-peak) and educational benefits from immersive consumption experiences that increase the impact of programming. For the third purpose *stimulating creativity and cultural excellence* the stimulation of programme creativity, the potentially increased reach of specialist programmes, such as arts, and the potential for licence fee payers to self-publish content are named. The fourth purpose *representing the UK, its nations, regions and communities* addresses diversity reflected in mainstream and specialist content. Finally, contributions to the fifth content purpose *bringing the UK to the world and the world to the UK* are the competitiveness of the UK creative industries and the commercial use of BBC content (through BBC Worldwide). Contributions are not always listed exclusive to one purpose. Market stimulation, for example, is addressed as a contribution to both digital and content purposes.

Risks to citizen benefits are listed as well, such as solitary consumption, long-term spectrum constraints and increased competition, public value foregone through negative impacts on other BBC services, alienation of late technology adopters, and dangers of underage exposure to inappropriate content due to changes in delivery technologies (2007a, p. 37).

The assessment of the contribution to public purposes is based on different types of evidence. Quantitative and qualitative audience research on consumer and

citizen benefits addresses the recognition, appreciation, and valuation of proposal features and alternative investments (2007c, pp. 56-58, 61). The monetary worth of proposals to citizens and consumers is for example assessed through WTP methodologies (2007a, p. 56, 2007c, pp. 57, 9, 66). Audience research is also conducted on the perception of proposals' contribution to public purposes, the BBC's fulfilment of public purposes and the principle of the BBC providing a proposal. Other types of evidence include stakeholder statements, third party reports, and expert evidence (2007a, pp. 32-33).

In the last two PVAs, this explicit distinction between the assessment of citizen and consumer value is not continued. It is hence not made clear in these assessments when citizen and when consumer objectives are assessed.

In the LV PVA, the value to individuals and society is discussed along different proposal components rather than along consumer and citizen benefits, as done in the previous two PVAs (2008, p. 41 et seq.). No explicit distinction is made between consumer and citizen benefits. The component parts discussed here are the interest in local news, the expansion of the BBC's local remit, and demand for broadband delivery.

Interest in local news is assessed by drawing on usage numbers of regional news by medium, audience research on attachment to local TV programming, demand for local news, by age group, with regard to editorial agendas and the genre mix (ibid., pp. 41-42). It is stated that "when assessing the appeal of a local news offering, reach is related to relevance" and that "the real value lies in coverage of a breadth of interests and issues that will appeal to a broad spectrum of users" (ibid., p. 42).

As a next point, the *expansion of the BBC's local remit* is addressed. This mainly reflects audience views on the proposal and support for the expansion of news gathering, current local provision, satisfaction with BBC coverage and programmes for different regions, audience expectations, and the appeal of the delivery platform (ibid., pp. 42- 45).

The final component considered is the *demand for broadband delivery*. Demand or usage is addressed in comparison to other sources of local news, for demand drivers such as immediacy, ease of use, and convenience, by assessing audience views on the support for the proposal as an effective way to improve

coverage, the time spent online by genre, and active and passive consumption of local news (ibid., pp. 45-47).

These three assessment components are to some degree overlapping and do not address any of the public purposes. Rather, all three components mainly consider reach and output, thus implicitly reflecting consumer benefits. The second component could also, to some degree, be characterised as addressing audience views from a citizen perspective in regard to the support and importance of the BBC to provide the service. These characterisations are however only implicit or indicative as the assessment does not distinguish between citizen and consumer benefits.

In general, it can be concluded that the assessment emphasises the importance of reach. It is stated that “relevance is a determinant of reach” (ibid., p. 41) and that “the real value lies in coverage of a breadth of interests and issues that will appeal to a broad spectrum of users” (ibid., p. 42). This can lead to the conclusion that consumer benefit is assessed in the form of appeal and demand and that the potential reach is correspondingly the focus of the assessment. The overall conclusion on the impact driver reflects this focus on consumer objectives as it is stated that “based on the analysis our overall view is that local video has low appeal and hence limited impact”, or “limited impact due to limited reach” (ibid., p. 40). The level of reach thus directly determines the level of impact in this assessment.

An indirect reference to the proposal’s contribution to public purposes and thus citizen benefits can be found in the introduction to the section: “Relevant local news has valuable social currency and may allow the BBC to reconnect with underserved groups who currently regard it as too remote” (ibid., p. 40). Elsewhere it is stated that “locally produced news plays a significant role in forming a sense of place [...]” (ibid., p. 20). Valuable social currency and a sense of place can be interpreted as a contribution to the purposes *sustaining citizenship and civil society* and *representing the UK, its nations, regions and communities*.

The public purposes are more explicitly addressed in a separate section on *public purposes and the performance gap*, which reflects an assessment of the fit with public purposes. Here it is stated that the proposal contributes to the two content purposes *sustaining citizenship and civil society* and *representing the UK’s nations, regions and communities* (ibid., p. 25). While it is not addressed how the proposal

contributes to them, it is said that the proposal is expected to contribute to closing the purpose gaps for these purposes (which are gaps between the importance audiences attach to the BBC's local role and audiences' views of the BBC's current performance).

These purpose gaps are also a rationale of the BBC Executive to propose the service. "An expanded local newsgathering operation would, it maintains, help sustain the reach and impact of the BBC's local news provision and safeguard the delivery of the citizenship and community purposes" (ibid., p. 25). As the purpose gap is assumed to be related to a shift in consumption from linear to on-demand and an increased demand for local news, the proposal has the purpose to increase local reach through on-demand provision and thus close the purpose gap (ibid., p. 27). This shows again that the assessment focuses on the proposal's potential reach.

It can be summarised that outcome in the form of a contribution to the two purposes is assumed, rather than assessed, and viewed as a prerequisite. Little attention is paid to the consideration of citizen benefit. The decisive factor in the assessment is reach. "The key question for this PVA is not, therefore, whether the aims are important, but rather, whether this proposal will enable the BBC to address local issues and close the purpose gap" (ibid., p. 7). The question is thus not whether there is impact but rather how large the impact is. This is related to the BBC Executive's overall strategy to maintain reach. "We can see that there is potential for proposals to fit with and further the BBC's public purposes and wider strategy, a possible remedy to the twin challenge of reach and relevance" (ibid., p. 27).

The assessment of impact in the GDS PVA is also not structured around a distinction between citizen and consumer benefits. Instead, impact is assessed together with reach and the assessment is structured along different audience groups.

The assessment of reach and impact for different audiences groups is conducted to assess claims made in the BBC Executive proposal on the proposal's potential reach (2007d, pp. 42-43). Similar to the assessment in the previous PVA, reach is here viewed as the primary component for the assessment of the impact driver, based on the rationale that impact is only high when reach is high. Since the objective of the proposal is to contribute to the long-term survival of the Gaelic language, the Trust's view is that this is only given when the service achieves high

reach for different audience groups (ibid., pp. 38, 42) by retaining and recruiting existing and non-speakers.

The impact assessment therefore consists of reach and consumption considerations for these audience groups, considering variables such as access, distribution platforms, content appeal, content characteristics, quality, and operational considerations (production, commissioning, marketing, time scale) (ibid., pp. 43-46). The assessment is primarily based on audience research in addition to which third party reports and qualitative expert advice are used, the latter on the impact of Gaelic programming on non-speakers (ibid., pp. 47- 48).

In a next segment, reach and impact are considered in regard to the public value of other BBC services. Here it is stated that the “[...] service most obviously delivers the BBC’s purpose to ‘represent the UK, its nations and communities’ by reflecting the life and culture of the Gaelic area to that language community” as well as to other audience groups (ibid., p. 50). At this point, no further attention is paid to how the service contributes to the purpose. It is however stated that a purpose gap was assessed in the Trust’s 2007 purpose remit survey.

The majority of the impact assessment is thus focused on reach. Citizen considerations are only briefly addressed with reference to expert advice on the impact of the service on non-speakers, the wider public policy context and the proposal’s contribution to the content purpose *representing the UK, its nations and regions* and its purpose remit priority of supporting the UK’s indigenous minority languages (ibid., pp. 41-42).

Similar to the structure of the LV PVA, the public purposes are in more detail addressed in the fit with the strategic context and the public purposes. It is stated that the proposal primarily contributes to the purpose *reflecting the UK’s nations, regions and communities*. In support of this, expert evidence is provided in some depth on how the proposal contributes to the survival of the language (ibid., p. 39). This reflects an attempt to address the achievement of outcome. The discussion goes beyond the level of previous PVAs, which compared how proposals relate to public purposes without addressing specific outcomes or their achievement in more detail. Reference is also made to the wider public policy landscape and five criteria developed by the Trust to assess the appropriate level of provision for indigenous minority languages (ibid., pp. 35-36).

A range of evidence from audience research is provided on the perceived importance of the proposal for Scottish culture, heritage, and identity as well as on the general support for the principle of the BBC providing the service and the proportionate representation of minority language in the proposal (ibid., pp. 37-39). This primarily reflects audience research from a citizen perspective, while some research on personal use was also included. It is further stated that the proposal will help to achieve secondary contributions to the remaining five public purposes, while “the extent to which the service proposal contributes to these other public purposes is reflected in the services reach and impact” (ibid., p. 59).

It can therefore be concluded that the assessment of citizen benefit is primarily conducted in the fit with purposes, rather than the impact section, and is also considered in greater detail with regard to outcomes than in any other PVA. The impact assessment mainly focuses on reach, which can be interpreted as a reflection of consumer benefit. The overall level of public value creation accredited to the impact driver is correspondingly informed by the level of potential reach.

This development towards focussing on reach seems to reflect a pattern across the different impact assessments in all four PVAs, as reach functions as a central component in the assessments of impact. This is increased even further for the last two PVAs, where the focus in the assessment lies on aspects of reach and consumption while the consideration of citizen benefit is conducted almost entirely in the fit with purposes assessment. This has the advantage that a certain degree of duplicity in PVAs is eliminated. On the other hand, since impact is a core driver and thus contributes to the overall public value assessment but fit with purposes is not, the assessment of citizen benefit under fit with purposes has the consequence that it is not counted towards the final assessment of public value and that the impact driver is primarily informed by reach, representing consumer benefit.

For the first two PVAs, where citizen and consumer benefits were considered jointly in the impact assessment, citizen benefit was also treated secondary to consumer benefit, as reach was the decisive element in the final assessment of the driver’s public value.

Considering that impact is the only driver where citizen objectives are explicitly taken into account, the fact that citizen benefits are subordinated to consumer benefits in the assessment of the driver reduces the proportion and

importance of citizen considerations not only in the impact driver itself but also in the overall public value assessment. This is even more pronounced for the last two PVAs, where the impact assessment is dominated by reach considerations and the assessment of citizen benefits is almost entirely conducted in the fit with purposes section, which does not count towards the final public value assessment. The weight assigned to the impact driver in the overall assessment further enhances this imbalance as impact is in three out of four PVAs designated as a key driver (table 7.4, p. 189).

Fit with public purposes

The last PVA assessment component is the fit with public purposes, which is not part of the universal public value RQIV measure and is therefore also not part of the final assessment of public value creation, aside for the first OD PVA where it is included (2007a, pp. 114-117). The fit with public purposes considers which purposes are addressed by proposals and how proposals fit with BBC strategy. In the following, only the latter shall briefly be addressed as the fit with purposes has been discussed together with the impact driver. The fit with BBC strategy is of interest as it reveals information on the underlying rationale for the proposition of proposals.

The BBC's "twin challenge of reach and relevance" (2008, p. 17) is given as a central rationale in PVAs. The objective is to "maintain reach and relevance" (2007a, p. 38), "to maintain and strengthen the reach and impact" (2008, p. 8), "to maintain the relevance and appeal of the BBC's output" as a precondition for the effective delivery of public purposes (2007c, p. 36). Proposals are assumed to mitigate the decrease in reach and relevance by ensuring audience appeal of both content and technology of BBC services. In the HDTV PVA, for example, it is stated that "there is therefore a real potential long-term risk to reach and content consumption, and thereby the BBC's ability to promote its public purposes, if the BBC does not have an HD service in a relatively short time frame" (2007c, p. 36).

This primary strategy of achieving reach is linked to ensuring the promotion of public purposes directly and indirectly, as discussed above. The overall rationale here is that if proposals promote public purposes, they must be provided free and as widely as possible in order to maximise public value.

For the GDS proposal, the rationale to ensure the survival of Gaelic as an indigenous language seems to be the primary rationale for the proposition of the service rather than, as for the other PVAs, the rationale to achieve reach and relevance. In the end, the level of public value creation in the GDS PVA is however also conditional upon reach: “[...] if supporting the future of the language is the case for intervention, it is essential that the service can make a significant impact in both retaining and, crucially in the case of a language that appears to be in decline, recruiting Gaelic speakers” (2007d, p. 38).

These primary rationales of reach and relevance are supported by referring to further rationales which are often more specific to the different proposals. A further rationale is that of meeting audience expectations due to, for example, changes in consumption habits from linear to on-demand and consumer exposure to similar services offered in the market (2007d, p. 7). For the LV proposals, audience expectations are specifically referred to in the form of perceived purpose gaps. “A growing appetite for on-demand content and heightened interest in local issues form the rationale for Local Video” (2008, p. 20). This shows again that central rationales for the proposition of services are consumer-focused aspects such as reach and demand.

Contextual aspects are addressed as well, such as public policy or market developments (2007d, pp. 35, 26, 2007c, p. 38) in regard to the stimulation of technological progress and creative industries. A further rationale is to fill in where markets might not provide, as for the case of LV where “regional media markets have different competitive frameworks and characteristics which may provide some justification for BBC expansion at a local level” (2008, pp. 24, 20-21). These aspects can be related to wider societal or citizen objectives.

Universality is a further citizen rationale and a fundamental principle of the BBC. It supports the free and platform-neutral provision of services as widely as possible. “Because of the way it is funded, the BBC is required by its Charter and Framework Agreement to make its services available to the whole UK public. In considering universality, we have borne in mind that a service must pass the test of promoting the BBC's public purposes. If it does so, then it must be made available free at the point of consumption to as much of the UK population as possible”

(2007c, p. 37). In the PVAs, universality is often used in the context of increasing reach.

Overall, the primary strategic rationales address relevance and reach as well as the fulfilment of audience expectations and demand.

7.2.3 Discussion and Conclusion: Ideological Composition and Regulatory Justification

A recent BBC Trust publication states that “the very concept of ‘public value’ implies that it differs from the conventional sense of value, which is usually taken to mean the purely economic concept of market value” (2010a, p. 27). The previous review of different components in public value assessments has shown that this is indeed the case for the RQIV drivers. As an aggregate, PVAs comprise a set of different economic and non-economic, old and new measures, which have up until then not been assessed and packaged together in this form or context.

Based on the previous review, it is possible to develop an ideological classification of the public value notion as derived from the ideological classification of the drivers, representing citizen and consumer objectives, and their ascribed weight. Together with the findings from the component analysis for C4 and the process analysis in chapter 9, a conclusion can then be drawn on whether the ideological composition of the public value notion represents a paradigm shift in the justification of PSB.

For the BBC, it can be summarised that the assessment of public value, and thus the rationale which informs decisions on service provision, is overall consumer-focused. Two out of four drivers directly address consumer value, reach and value for money. The other two drivers are mixed and inconclusive, as in the case of quality & distinctiveness, or as the impact driver address both citizen and consumer benefits, with the latter however dominating the former. Three out of four drivers can thus be classified as focussing on consumer objectives.

The classification of representing consumer or citizen objectives is based on the dominant of the two rationales that informs the drivers’ assessments, which is identified according to the focus of the assessments and the measures used. The classification can also be described as a driver’s ideological tendency. The drivers’ influence in informing the ideological composition of the overall public value

assessment is correspondingly a combination of what the drivers assess (consumer or citizen benefits) and how much weight is attached to them.

As table 7.4 below shows, not only is the overall public value assessment consumer-focused, the consumer-focused measure reach and the mixed but consumer-dominated measure impact are three out of four times designated as key drivers. Further, value for money as another consumer-focused measure is described twice as a second (key) driver while quality & distinctiveness, a mixed measure which addresses both consumer and citizen interests, is not once designated as key driver.

In terms of the drivers' ideological classification, the consumer-focus is obvious for the reach driver. Reach is a typical measure of output and usage (access, volume) and is thus directly linked to the individual consumption process. Reach is also a component in the value for money assessment, where value is defined as perceived consumer value (attributed worth) or indirectly represented through the proxies of output, consumption or reach. As a typical NPM measure, value for money is a managerial and economic, cost and consumer-focused measure. The quality & distinctiveness driver was classified as mixed and inconclusive, as both citizen and consumer objectives are considered. In general, quality can be classified as a traditional output measure. Reach, value for money, and quality & distinctiveness are traditional consumption, NPM, and output measures.

Impact is the only new measure among the four drivers. As the second key driver aside from reach and the driver which is defined to assess both citizen and consumer benefits, impact is clearly dominated by the latter. In addition to direct assessments of consumer benefit (in the first two PVAs), the assessment of citizen benefit in the form of the direct and indirect contribution to public purposes is also dominated by reach, as the rationale is that the impact of the public purposes, i.e. outcome, is higher the higher the reach is. This is in general true. The question however is whether the focus lies on the scale of the impact, i.e. reach, or the materiality of impact, i.e. outcome. Reach considerations end with the consumption process while materiality considerations go beyond this by focussing on the outcome derived from consumption. As impact assessments focus on reach, while outcomes are only marginally addressed, it can be said that impact is here understood in terms of scale (reach) rather than materiality (outcome). The focus lies on the scale of

contributions to public purposes rather than substantive contributions to them. This is also evident through the joint assessment of reach and impact in later PVAs.

Table 7.4: Weighting and Ideological Classification of Public Value Drivers¹⁴

	Reach	Quality & Distinctiveness	Impact	Cost & Value for Money
<i>Weight ascribed to drivers</i>				
<i>OD</i>	Key	Less important	Important	Prerequisite for approval
<i>HDTV</i>	Less important	Very important but low weighting	Key	Key
<i>GDS</i>	Key	Very important but low weighting	Key	Important
<i>LV</i>	Key	Important	Key	Highly relevant
<i>Overall ideological tendency</i>				
	Consumer	Consumer and citizen	Consumer dominates citizen	Consumer
<i>Primary measures that inform assessments</i>				
	<ul style="list-style-type: none"> · Consumption metrics (reach, share, volume), output 	<ul style="list-style-type: none"> · Output features (technical and content, consumer and citizen) · Universality (free access) (citizen) · Distinctiveness from market (citizen and consumer) 	<ul style="list-style-type: none"> · Consumer benefit (variables in the consumption process) · Citizen benefit (contribution to public purposes) · Scale (reach) dominates materiality (outcomes) · Contribution to public purposes / outcomes assumed not assessed 	<ul style="list-style-type: none"> · Cost metrics · Value: Consumer value (worth), output and consumption (reach) metrics inform value

In general, contributions to public purposes are only briefly addressed by pointing out how proposals relate to public purposes (potential materiality), rather than how proposal features achieve desired outcomes (actual materiality). An exception is the GDS PVA, where direct relationships between the proposal and the desired outcome are addressed. Generally, the contribution to public purposes seems to be assumed rather than assessed.

¹⁴ BBC Trust, 2007a, p. 31, 2007c, pp. 12, 32, 2007d, pp. 13-14, 2008, p. 15.

These limitations in the impact assessment can be explained by pointing to methodological challenges associated with outcome and impact assessments, which are acknowledged by the Trust (2007c, p. 61, 2007a, p. 53, 2010a, p. 63) as well as in the Charter review publication (BBC, 2004a, p. 84). The difficulties associated with addressing the relationship between service features and outcomes often lead to assessments being conducted by drawing on proxy indicators. Here, in particular reach (appeal, relevance, usage, demand) and output are used as proxies for outcome.

The use of proxies such as reach shows a certain level of technocratisation of non-economic considerations of citizen benefits. When proxy indicators are used, the focus of the assessment lies on the indicator itself, here reach, rather than on the object they attempt to measure, here outcome. This indicates a form of value conflation as the assessment of outcome is conflated with that of measuring output and consumption.

To a high degree, contributions to public purposes are also not addressed in the impact but rather in the fit with public purposes section, which does not count towards the final assessment of public value creation (with the exception of the OD PVA). For the impact driver, as the only driver with the explicit task to assess citizen benefits, it can be concluded that citizen benefits are subordinated to consumer benefits.

In terms of the overall assessment of public value, reach can be described as the central driver but also as a central measure that informs other drivers, in particular impact and value for money. Reach seems to become more prominent over the course of the four PVAs, indicated through the conflation of reach and impact in later PVAs, while the importance of distinguishing between citizen and consumer benefits seems to decrease as they are no longer assessed separately. In comparison to other drivers, reach is thus strongly if not over-represented, which is a consequence of both the weighting as well as the interrelationship between the drivers.

This importance or dominance of reach means that proposals are ascribed high public value when they exhibit high potential reach. If proposals are required to achieve high reach in order to achieve high overall public value, then this creates a bias against proposals which focus on typical citizen objectives, as these are normally not associated with high reach. According to this understanding, if

proposals exhibit citizen value but not enough likely reach, they might not be considered to create a sufficiently high level of public value in order to pass.

The inclusion of citizen benefits into the assessment of public value shows that the notion is based on a mix of citizen and consumer values and that more emphasis is put on a distinction between them. At the same time, a clear hierarchy is introduced between them, in which consumer value is more important than citizen value, while over the course of the four PVAs their distinction also seems to erode.

In terms of the overall PVA, it can thus be concluded that the combination of the ideological classification and the weighting of the drivers in the PVAs lead to a more consumer- than citizen-focused public value notion.

In terms of the overall ideological composition of the PVT, the economic consumer focus of PVAs is enhanced by the primary economic consumer and market focus of MIAs. Negative market impacts clearly represent an economic perspective. Positive market creation effects of MIAs are also focused on consumer/producer surplus and market conditions. While they contribute directly to consumer and market objectives, they could also be viewed as contributing indirectly to wider societal and citizen benefits. Overall, positive market creation effects still remain economic measures. It is also clearly stated that market creation effects tend to be positive in the short- but negative in the long-term.

Consequentially, the individual PVAs, MIAs and thus the joint PVT decisions are dominated by economic consumer objectives, concepts, and methodologies. Overall, the PVT resembles a CBA.

In the end, as long as the PVA outweighs the MIA, i.e. net value is created, services are given the go ahead. Therefore, the ultimate rationale remains one of net PVA creation, which is increased if a positive MIA is assessed and decreased or corrected by a negative MIA.

In regard to the level of importance ascribed to citizen and consumer objectives, it is of interest to briefly shift the focus from the practical assessment of public value to the theoretical definition of the term in the Charter review publication. There, public value is defined according to five value types – democratic, cultural and creative, educational, social and community, and global – which are described as “the BBC’s public purposes” (BBC, 2004a, p. 8) and were later incorporated into the Framework Agreement (DCMS, 2006c, clauses 6-10).

The theoretical or discursive definition of public value creation and correspondingly also the public purposes as the statutory remit of the BBC primarily reflect citizen objectives. The focus on citizen objectives in the public purposes is further evident in that the assessment of the contribution to the public purposes is conducted under the assessment of citizen benefit in the impact driver.

Since the purposes define the BBC's objectives, this creates the impression that the BBC's remit is primarily one of pursuing citizen objectives, rather than consumer interests. In the PVAs, consumer benefits are not assessed against public purposes. A further interesting aspect, which supports this view, is the absence of the consumer terminology from the Charter and Framework Agreement while citizenship is mentioned several times. Consumer benefit is however not entirely excluded from the remit in the Charter review publication or the Charter and Framework Agreement, where it is included implicitly in the form of individual value as one of three levels of value creation alongside citizen and economic value (BBC, 2004a, p. 84; DCMS 2006c, clause 28(2)).

It can therefore be concluded that the centrality of citizen benefits in the theoretical public value definition and public purposes stands in contrast to the ideological characterisation of the practical public value definition derived from PVAs, where consumer objectives dominate the assessments. According to the BBC's definition of the drivers, citizen benefits only account for one eighth of the assessment (as 50% of the impact driver) and are then still subject to reach considerations.

Even though the theoretical definition of public value signals a strong focus on citizen obligations, the actual practical assessment of public value creation is dominated by consumer interests or user-orientated considerations. The dominance of citizen benefits and marginalisation of consumer aspects in the theoretical definition seems to be inverted in the practical assessment. The validity between the theoretical and the practical definitions of public value is thus limited. An ideological discrepancy exists between discourse and practice.

As a first part of addressing the first research question on the ideological composition of the public value notion as applied at the BBC and C4, these case study findings have shown that consumer objectives dominate the practical definition while citizen objectives dominate the discursive definition of public value. As the

practical definition informs decision-making on PSB justification, it can be viewed as more indicative of the actual, operationalised understanding of public value in practice than the theoretical definition. As a first indication in terms of a possible paradigm shift, the findings show that citizen and consumer objectives are both considered, but that citizen rationales dominate discourse while consumer rationales dominate practice.

The composition of the public value notion in PSB is explored further in the next chapter on the C4 case study, before a final conclusion is drawn.

8. COMPARATIVE COMPONENT ANALYSIS OF THE PUBLIC VALUE NOTION – PART 2: C4 CASE STUDY

This chapter presents the second case study on the application of the public value notion at C4 (8.1). The structure is similar to that of the BBC study. The case is introduced by a contextual review (8.1.1) before the empirical findings are presented (8.1.2) and discussed in regard to the overall ideological composition of the notion as applied by C4 (8.1.3). The findings from both case studies are compared and a conclusion is drawn on the ideological composition of the notion in UK PSB (8.2).

8.1 C4 Case Study: Public Value Component Analysis

8.1.1 Contextual Review: History and Recent Developments

C4 is a publicly owned, commercially funded non-profit public service broadcaster which was established with the Broadcasting Act of 1980/81 (Chapter 68, section 11; Hobson, 2008, pp. 10, 2). The Channel Four Television Company was incorporated as a wholly-owned, autonomous subsidiary of the regulator the Independent Broadcasting Authority (IBA). The IBA was responsible for ensuring C4's special remit to provide programmes that appeal to tastes and interest not catered for by ITV, programmes that are of educational nature, to encourage innovation and experiment in the form of content and programmes, and to develop a distinct character (Broadcasting Act 1981, chapter 68, section 11(1)(a)).

Aside from its special remit to cater for minority interests, C4's status as a publisher-broadcaster made it responsible for stimulating the independent production sector as it does not produce its own content but commissions it from independent producers.

C4 ended the duopoly of the BBC and ITV while ITV's role as a monopolist seller of advertising airtime was maintained. C4 had been removed from the pressure of financing its programmes as it did not sell its own advertising space. Instead, it was financed through a levy on the commercial ITV companies, which had the right to sell advertising on C4 in return for funding the corporation (Hobson, 2008, p. 3).

The funding mechanism was about to change with the 1986 Peacock report's recommendation that C4 should sell its own airtime (C4, n.a., p. 1). The 1990 Broadcasting Act abolished the Channel Four Television Company and replaced it with the Channel 4 Corporation, which remained publicly owned but had to sell its advertising space upon becoming operational in 1993 (Broadcasting Act 1990, sections 26-27; C4, n.a., p. 2).

In contrast to its early years, where the financial stability from the ITV funding mechanism allowed the corporation to focus on programming and worry less about attracting audiences (Hobson, 2008, pp. 190-191), the new financial responsibilities made C4 more susceptible to commercial pressures and advertisers' interests. It now directly competed for advertising revenue with ITV, cable and satellite providers, and the later launched fifth terrestrial broadcaster Channel 5.

A continued revenue sharing agreement with ITV gave C4 initial downside protection since its advertising revenue was supplemented by ITV companies if C4's share was below 14%. If its share was above 14%, C4 had to donate 50% of its surpluses to ITV (Curran & Seaton, 2003, p. 194). The 1996 Broadcasting Act amended the revenue sharing agreement by handing the decision over to government which percentage of surplus should be given to ITV. This made C4 dependent on the goodwill of government (Coppens & Downey, 1998, p. 288), which can be seen as a threat to its independence and was only little later abolished as the corporation was allowed to retain its profits in full from 1998 onwards (C4, 2008b, p. 100).

With the 2003 Communications Act, C4's regulator the Independent Television Commission (ITC), which had replaced the IBA with the 1990 Broadcasting Act, was merged with other regulators to form the sector-wide communications regulator Ofcom (Communications Act, 2003, section 266).

Ofcom reports every five years on the public service broadcasters' fulfilment of the purposes of public service television broadcasting (*ibid.*, section 264; 2010 Digital Economy Act, section 2).

Ofcom's first review of Public Service Television Broadcasting (PSTB) found that C4 would face difficulties in the future to generate sufficient funding through advertising revenue to fulfil certain elements of its public service mission (Ofcom, 2004a, pp. 12, 77, 2004c, pp. 6, 85, section 6, 2005, pp. 54-67). Ofcom concluded that C4 should remain a central part of the UK PSB ecology as a not-for-

profit, commercially funded broadcaster to ensure competition for quality with the BBC (Ofcom, 2004c, pp. 6, 10-11, 92-93, 2005, pp. 10). The government similarly stated that C4 had an important role alongside the BBC in the future provision of PSB (DCMS, 2005, p. 105, 2006, p. 64).

Different short-, medium- and long-term funding options were considered in the first PSTB review, ranging from operational efficiency and self-help measures to market-based initiatives, regulatory support, direct/indirect public funding and institutional options (Ofcom, 2004a, pp. 12, 2004c, pp. 11, 6, 60 et seq., 84, 93, 2005, pp. 62- 66). During the review, C4 had announced that an expected funding deficit could approach £100 million per year by 2009 and had requested indirect regulatory and direct financial public support in combination with a commitment to self-help to ensure the provision of its PSB remit (Ofcom, 2005, pp. 54, 36). The first PSTB review concluded that C4 should develop its self-help proposal in the short- to medium-term, that government should consider options for funding one-off exceptional costs, and that Ofcom would consider the case for regulatory assistance (ibid., pp. 10-11).

Ofcom stated that questions on the corporation's independence, culture, regulation, accountability, and State Aid raised by direct and indirect funding were strong arguments against either (ibid., pp. 11, 67, 2004c, p. 84). An allocation of BBC licence fee funding to C4 for its digital transmission costs was for example rejected by the European Commission. C4 would have to submit itself to greater regulation and accountability to justify the public money received and spent (ibid., p. 66). Ofcom proposed to work with C4 on developing a new regulatory framework based on a creative dialogue and Ofcom's proposed new approach to measuring PSB with a sharper focus on public purposes (Ofcom, 2004c, p. 84).

Regarding long-term funding, Ofcom proposed to monitor C4's performance with a financial review in 2006/2007 (Ofcom, 2005, pp. 11, 67, 93). The first phase of Ofcom's financial review comprised an assessment of C4's delivery of its PSB remit (Ofcom, 2007b), a commissioned report from LEK Consulting (2007) on C4's future financial prospect, and a submission by C4 (2007) on its public service contribution.

LEK's report (2007) concluded that there was a high degree of uncertainty about C4's forecast performance, which was likely to deteriorate and to make a loss

beyond 2010 (Ofcom, 2007a, 2008a, p. 106). Ofcom's (2007b) parallel analysis of C4's remit fulfilment, accompanied by C4's (2007) assessment of its remit delivery, showed that a basket of different measures – many of those presented in C4's and Ofcom's reports – would be required to capture C4's future remit delivery and PSB contribution (Ofcom, 2007b, p. 54). According to Ofcom, an important next step would be to present these measures in the context of the public value framework C4 was developing at that time (*ibid.*).

C4 had started to develop a new monitoring regime to assess its PSB contribution (Duncan, 2007, pp. 12-13). In autumn 2006, the C4 Board had initiated an internal review of the corporation (*ibid.*, pp. 8, 5). Parallel to this, the public value notion had been used in public speeches with regard to the delivery of public value in the PSB ecology, the BBC and more specifically C4's contribution (Duncan, 2006, pp. 3, 14, 2007). The notion was also used in C4's (2007) remit assessment submitted to Ofcom's financial review.

Ofcom's financial review (2007c) concluded that growing competitive and financial pressure would undermine C4's remit delivery and PSB contribution if no new model of public support was found.¹⁵ The regulator suggested that the current monitoring and reporting framework should be developed significantly to fully measure C4's PSB contribution and proposed to work with C4 on its implementation (Ofcom, 2007c, p. 6). Ofcom would further continue to monitor C4's financial performance and remit delivery and review the case for future intervention in the context of the second PSB review (*ibid.*, pp. 4-6; 2008a, 2008b, 2009). It also recommended that the C4 Board publicly articulated its vision of the corporation's future PSB role, governance, and funding to inform its second PSB review and government's long-term decision-making (Ofcom, 2007c, pp. 5-6).

Shortly after Ofcom's financial review, C4 announced a major internal review of its PSB role and purpose in the digital age, which it described as “the most thorough and far-reaching review of the organisation's fundamental *raison d'être* since the original debates about the establishment of a fourth channel in the late 1970s”¹⁶ (also C4, 2008b, p. 4, 2008a, p. 1). The review resulted in the ‘Next on 4’ publication (C4, 2008b) which was intended to inform Ofcom's second PSB review and government thinking (Duncan, 2007, pp. 9-10).

¹⁵ http://www.channel4.com/about4/next_on4.html.

¹⁶ http://www.channel4.com/about4/next_on4.html.

As C4's strategic blueprint, 'Next on 4' (2008b, p. 82) outlines a multi-media vision and remit, setting out "plans to transform C4 into a public service network delivering public value on-air, online and off-air, developing a new generation of talent and supporting a new wave of creative businesses" (ibid., closing remarks). At the heart of the new vision lies a fresh articulation of C4's public service role, which "describes the positive impact it aims to have on the lives of viewers as well as wider society" (C4, 2008a, p. 1). The remit is for the first time defined along four core public purposes, which "give practical expression to the end benefits that result from the delivery of its remit" (C4, 2008b, pp. 77, 3):

- To nurture new talent and original ideas
- To champion alternative voices and fresh perspectives
- To challenge people to see the world differently
- To inspire change in people's lives (ibid., pp. 78-81).

These purposes capture C4's distinctive on- and off-screen PSB role (ibid., pp. 76-77)¹⁷ and "express what the public expects of C4, and what C4 believes its role should be" (C4 2009b, p. 2). They further give new expression to its legislative remit and link to Ofcom's PSB purposes (C4, 2008b, p. 77, 2009b, p. 2, 19; Communications Act, 2003, section 264(4), (6)). C4's legal remit can be described as innovation, diversity, education, and distinctiveness (Communications Act, 2003, section 265(3)).

In contrast to the legal remit, which is only applicable to C4's core channel, the new public purposes apply across all platforms (C4, 2009b, pp. 2, 82). The understanding here is that digital media will allow the corporation to pursue the public purposes with greater impact (C4, 2008a, pp. 2-3). 'Next on 4' correspondingly called for a new legislative framework to reflect C4's transition to a multi-media public service network (C4, 2008b, pp. 83, 1, closing remarks). This platform-neutral definition was later incorporated into C4's legislative remit with the 2010 Digital Economy Act (section 22 (4)), which enshrines the four purposes defined in 'Next on 4' and requires the corporation to participate in a broader range of cross-platform activities.

A second central element of the 'Next on 4' publication is a new accountability system, which is related to a general increase in public service

¹⁷ http://www.channel4.com/about4/next_on4.html.

accountability and possible changes to its funding model (C4, 2008b, pp. 103, 105, 107, 10).

Part of this new accountability system, which comprises three initiatives (ibid., pp. 105-106), is a proposed public value framework. For C4 “public value provides a mechanism for articulating the wider social benefits arising from an organisation’s activities, thereby engendering trust and legitimacy among key stakeholders” (ibid., p. 106). The public value notion is used throughout the publication to represent the overall contribution of the corporation. In addition, a definition is given, which distinguishes three levels of public value delivery:

- “to individuals, by offering a wide range of high-quality programming and other forms of content that entertain and enlighten viewers,
- to society as a whole, by providing a platform for the widest possible range of voices within the UK, offering fresh perspectives on the world and by posing new possibilities,
- and to the creative economy in the UK, forging new partnerships that give the most creative people a platform for their talents” (ibid., p. 75).

The public value framework is intended to capture the organisation’s cross-media contribution, ensure the fulfilment of the legal remit and licence requirements, assess performance, prioritise investments, and improve the dialogue with end-users (ibid., pp. 84, 106). It comprises an annual assessment in the form of a public value report on the corporation’s performance against its purposes, which is assessed through a basket of existing and new measures as well as enhanced audience research (ibid., pp. 106-107).

At the publication of ‘Next on 4’, C4 was in the process of developing the components of its public value framework (ibid., p. 106). The framework was later renamed to public impact assessment (PIA) and published as a public impact report alongside the annual report and financial statements of 2008 and 2009 (C4, 2009a, 2010a).

The next section analyses the assessment components of PIAs with regard to their representation of citizen and consumer objectives. The public impact notion is viewed as a synonym for the originally used public value notion.

8.1.2 Ideological Composition: Public Impact Assessments

At the point of writing, two PIAs had been published by C4 in its annual reports (C4, 2009a, 2010a). The two PIAs show a high degree of consistency in regard to the overall assessment structure, the assessment components and their sub-components. Only minor variations exist, which is intended by C4 to enable year-on-year comparisons (C4, 2010b, pp. 3-4).

Conceptually, PIAs are structured around seven assessment components, comprising the four public purposes, *nurture*, *challenge*, *champion*, *inspire*, and three scale & impact measures, *viewer impact*, *output & spend*, and *creative economy impact*. The assessment of the seven components is clearly defined through sets of sub-components. Taken together, they capture the public impact of all C4 services, including C4 as the core channel, the digital channels More4, E4, Film4, and digital media and film (C4, 2009b, p. 2).

Two PIAs (2009a, 2010a) and two accompanying publications, describing the underlying methodology (2009b, 2010b), build the basis for the analysis. For each of the seven assessment components, the indicators and measures were aggregated from these four documents with regard to the objectives assessed and methodologies applied. The data was then consolidated and the key measures, or sub-components, were aggregated in a separate table for each component.

Based on this analysis, the measures were grouped into four main types; *output measures*, *usage measures*, *monetary measures*, and *audience perceptions*. Each measure type was assigned a colour code to provide a graphic display of the assessment composition in the aggregate tables (Appendix D).

The characterisation of the seven assessment components in the following is based on document texts and information in the aggregate tables. They are discussed with regard to the objectives assessed and methodologies used, which provides insights on the representation of consumer and citizen objectives in the components and thus the overall assessment. In the PIAs, no direct reference to or distinction is made between individuals in regard to their different roles as citizens or consumers.

The analysis is structured into two parts; the first part focuses on the assessment of the *four purposes* and the second part focuses on the assessment of the *three impact & scale measures*. Once all seven components have been addressed, an overall characterisation of the PIA is provided in the discussion. In support of this, a

table was compiled, which gives a comparative overview of all seven assessment components and their respective key measures (table 8.2).

Four Public Purposes: Nurture, Challenge, Champion, and Inspire

In the following discussion of each of the four purposes, a brief description of each purpose's definition is given, as provided in the 'Next on 4' publication, before the assessment of the purpose is addressed.

In the assessment of each purpose in the PIAs, an introductory text passages presents programme highlights and seasons of the year, supported by testimonials and narrative on how those programme examples relate to the respective purpose. For select programmes, bespoke research is presented on audience usage and audience perceptions of programme characteristics as well as the programmes' influence on people's attitudes and behaviours (C4, 2010b, p. 3, 2009b, p. 3). Then, a set of key measures is presented for each purpose.

The discussion below firstly addresses the definition of the purpose and then reviews the key measures as the central means of assessing the purpose. Programme-specific research listed in the introductory and programming highlights text for each purpose is addressed as well.

In the definition of the first purpose, to *nurture new talent and original ideas*, C4's role is described as encouraging risk-taking, innovation and experiment in everything it does, to support talent and the creative economy by promoting plurality of sources and supporting activities across the nations and regions and in creative sectors beyond television such as in particular the film industry (C4, 2008, p. 5).

This definition of the purpose states objectives in the form of characteristics of C4's programming output (risk-taking, innovative, experiment) and operational objectives related to the procurement of output (supporting talent, plurality of commission sources, activities in the nations and regions and film industry). The support of talent and the creative economy beyond television can be viewed as an outcome.

This is reflected in the assessment (Appendix D.1, C4, 2010a, pp. 18-19, 2009a, pp. 20-21, 2009b, pp. 4-5, 2010b, p. 5) in which three out of four measures

address output volumes, such as the number of programmes and hours of programming related to on- and off-screen talent as well as the number of feature films. The fourth measure, channel reputations, comprises audience research on the perception of C4 output characteristics such as innovation, novelty, and risk.

Aside from the key measures, the introductory text to the assessment also emphasises these three aspects. Here narrative evidence is given in the form of programming examples for new and established talent on C4 (2010a, pp. 12-15), support of creativity through investment in on-screen and off-screen talent initiatives across the UK (2009a, p. 11, 2010a, pp. 16-17), and examples of Film4 productions (2009a, pp. 13-19, 2010a, p. 10-11, 2010a, p. 9).

According to these key measures, the purpose *nurture* primarily relates to traditional output measures in terms of volume (number and hours of programming) and output characteristics (innovation, talent). In regard to a characterisation of the assessment, output measures are in general operational considerations and thus neither directly related to an assessment of citizen or consumer interests. It could however be said that these output considerations indirectly relate to citizen objectives due to the type of output that is considered. Output in the form of innovative programming and programming which supports talent can be said to relate to societal objectives. The latter concerns the promotion of creative industries, which reflects the objective of economic value creation. Economic value is one of the three value types comprised in C4's public value definition.

It can thus be concluded that the nurture purpose is primarily assessed through output measures. These output considerations can be characterised as an indirect assessment of citizen objectives due to the type of output considered and the comparatively little attention paid to viewing numbers (which are only addressed for one measure), which indicate a consumer focus. This is consistent with the definition of the purpose, which states output-related objectives and outcomes. Impact assessments are here not conducted.

The next purpose *to challenge people to see the world differently* is described as helping individuals to make sense of the world and encourage them to see things in new and surprising ways by questioning assumptions, interrogating

orthodoxies, with new ideas and ideologies, and by opening up the debate on global issues (C4, 2008, pp. 9 or 80).

In contrast to the previous purpose *nurture*, which focuses primarily on output characteristics, the definition of *challenge* addresses objectives related to the impact or outcome at the level of the individual. In the assessment (Appendix D.2, C4, 2009a, pp. 32-33, 2009b, pp. 6-7, 2010a, pp. 34-35, 2010b, pp. 4, 10), this is reflected in the measure channel reputations, which addresses outcomes in the form of changes in viewer behaviour and attitudes (e.g. “show programmes that make me stop and think”, “challenge prejudice”).

The remaining five key measures focus on output. Three of them assess the number of news and current affairs programming, hours of programming for documentaries and programmes covering international topics, as well as hours of film programming with origin other than UK and US. The output genres considered here, news, current affairs, and documentaries, can be characterised as typical genres related to citizen objectives.

Output characteristics are also assessed through audience research in the channel reputations measure (“being provocative”) and through a second audience research measure, which addresses audience perceptions on the independence of TV news from government and big business. One measure assesses usage in the form of audience reach for C4 news for different audience groups. The majority of the key measures hence concerns output volumes and characteristics which according to the genres and output features assessed, can be characterised as an indirect consideration of citizen objectives.

In the programme highlights section (2010a, pp. 22-33, 2009a, pp. 22-31), programming examples of news, current affairs, and documentaries are presented together with testimonials. In addition, programme-specific data and research is provided on output and usage, audience perceptions of programme characteristics (e.g. “trust the news programme they watch regularly to be accurate and fair”), the impact of programming on viewer attitudes and behaviour (e.g. “[...] talked about issues raised in the programmes”), and the importance of issues for society (e.g. “the welfare of children in care”) (2010a, p. 25, 2009a, p. 29).

Overall, the majority of the key measures of the *challenge* purpose consist of considerations of output volumes and characteristics, whereby the output types

considered here relate to societal benefits. The output consideration can thus again be characterised as an indirect assessment of citizen objectives. Outcomes are assessed through two measures which focus on audience research. Outcome measures are however less strongly represented than output measures and therewith underrepresented in the key measures, in particular when considering that the definition of the purpose primarily focused on outcomes (rather than outputs). Consumption measures are also only secondary. Overall, citizen objectives are assessed both indirectly (output measures) as well as directly (outcome measures) for this purpose.

The third purpose *to champion alternative voices and fresh perspectives* (C4, 2008, pp. 7, 79) is described as exploring the rich diversity of cultures and lifestyles in Britain today, encouraging people to look at themselves and others in a fresh light, and seeking non-judgemental ways of illuminating parts of society that are rarely seen in mainstream media. The aim is further to present unvarnished accounts of real lives and concerns, of different ethnic or racial groups, people with disabilities or different cultures or lifestyles, and to shine light on uncomfortable areas, examining social tension that arise from the diversity of different belief or value systems (2010a, p. 38). This purpose can thus be described as primarily addressing the representation of diversity in society, which is a typical citizen objective. The definition also addresses desired outcomes in the form of changed viewer attitudes on diversity issues.

In terms of the assessment of the purpose (Appendix D.3, C4, 2009a, pp. 44-45, 2009b, pp. 7-8, 2010a, pp. 46-47, 2010b, p. 11), only two key measures are defined which both focus on output. One measure addresses the volume of programmes which cover diversity issues. The second measure, channel reputations, refers to audience perceptions of the distinctiveness of output and minority representation in programmes.

The consideration of outcome in the form of changed viewer behaviour (“encouraging people to look at themselves and others in a fresh light”, purpose definition above) is addressed through bespoke research on programming highlights (2010a, pp. 38-45, 2009a, pp. 35-43). Programme-specific research is here presented on audience perceptions of both output characteristics, in the form of the

representation of minorities in programmes, as well as changes in audience attitudes and behaviours, in the form of the creation of awareness among people of different groups in society (2010a, pp. 39, 43, 2009a, pp. 37, 39). In addition, selected programming, film, online examples and testimonials are presented in the introduction, which focus on minority representation (e.g. Islam Unveiled season, other topics include race, religion, sexuality, disability, lifestyles, crime). The promotion of off-screen diversity is mentioned as well (2009a, p. 35, 2010a, pp. 38-39).

Without taking the programme-specific research into account, the assessment in the form of the key measures represents again an indirect consideration of citizen objectives as they are assessed through output measures. The assessment of outcomes derived from the consumption of these programmes reflects a direct assessment of citizen objectives, which is here not conducted as part of the key measures but in the form of bespoke programme research listed throughout the programming highlights section. The key measures on their own thus do only partially reflect the objectives defined in the purpose since assessments of outcomes are not addressed by them. Overall, the key measures address citizen objectives indirectly, while bespoke research on programming highlights provides a more direct consideration of citizen objectives by addressing outcomes.

The fourth purpose, *to inspire change in people's lives* (C4, 2008, pp. 11, 81), is described as encouraging personal development in ways that are both accessible and distinct from traditional public service approaches by using popular lifestyle formats to open peoples' horizons, giving people new ideas, sparking new interests, encourage people to re-evaluate their lives, illustrate social dilemmas to help people deal with new experiences and issues in their lives, empower people to make choices, and inspire changes in their behaviour that impact directly on their quality of life.

Similar to the *challenge* purpose, the definition of this purpose encompasses primarily outcome objectives in the form of changes in people's lives. In the assessment (Appendix D.4, C4, 2009a, pp. 56-57, 2009b, pp. 8-9, 2010a, pp. 58-59, 2010b, pp. 10-12), outcomes are addressed through the key measure channel reputations, where audience perceptions on changes of viewer attitudes and

behaviours (“gives me new ideas”, “makes me think about things in new and different ways”) are addressed. Three out of the four remaining key measures focus on output volumes of programming (covering leisure, life skills, hobbies) and film (British, international). These programming types are not typically representations of citizen objectives as their direct significance for wider social impact seems to be limited and they rather seem to be of more direct relevance to individuals as consumers. A fourth measure addresses the engagement of viewers online in the form of online usage (comments posted, conversion rate TV audience to website), which represents a measure of consumption.

In terms of the composition of the key measures, the assessment of outcome seems to be underrepresented in comparison to the definition of the purpose. Aside from that, a further interesting aspect is that the type of the outcome assessed is less representative of societal but much more of individual value. The nature of the outcome, both as defined and assessed, primarily addresses individual benefits such as personal interests, hobbies, or the viewers’ re-evaluation of their lives. Generally, outcome measures are associated with the consideration of citizen value in the form of impacts on individuals which are of societal relevance, as for example becoming more tolerant. Here, the focus of the outcome assessment however seems to lie more on individual impact in the form of consumer utility rather than citizen value. Also, measures of online engagement address consumption which similarly represents an individualist perspective on consumer benefit. The assessment hence reflects a slightly more popular character of the purpose than outlined in its definition.

It can thus be stated that based on both the definition of the purpose as well as the key measures used, the assessment can be characterised as leaning more towards a consumer rather than a citizen focus due to the nature of the output and outcomes addressed. The bespoke research conducted on programming highlights is however of much broader nature (2010a, pp. 50-57, 2009a, pp. 48-55). Here, audience perceptions as well as online usage and engagement are assessed on a range of issues of both societal and individual dimensions. Overall, it can thus be concluded that outcomes are addressed both indirectly through output measures and directly through research on audience perception in regard to both consumer and citizen values.

Impact & Scale: Viewer Impact, Output & Spend, Creative Economy Impact

The second half of the assessment comprises three *impact & scale* measures, which are *viewer impact*, *output & spend*, and *creative economy impact*. The assessment of these three components is based on sets of defined key measures. Aside from these three components, additional aspects relevant to impact & scale are considered in the assessments in separate text sections. Both are discussed in the following.

According to C4, the overall impact & scale is included in the assessment since the corporation's distinctive role derives in part from the scale of its investment in high-quality UK-originated content and its ability to reach large audiences (2009b, p. 2). Correspondingly, scale is here defined in terms of the level of expenditure in UK-originated output and the consumption level of output (2009a, p. 59). The combination of both is seen to contribute to the impact of C4.

In contrast to the consideration of impact thus far in the assessment of the different purposes, where the focus lay on outcome in the form of changed attitudes and behaviour, a new perspective on impact is introduced here, where the focus does not lie on the materiality or nature of impact, as in the case of the purposes, but rather on the dimension of impact. Correspondingly, the assessment is less focused on specific programmes genres.

The first two measures, *viewer impact* and *output & spend*, address this combined understanding of impact in the form of consumption (viewer impact) and investment in programming (output & spend). *Viewer impact* is a typical usage or consumption measure. It is assessed (Appendix D.5, C4, 2009a, pp. 60-65, 2009b, pp. 9-12, 2010a, pp. 62-67, 2010b, pp. 14-18) through the standard measures share and reach for the TV channel portfolios of C4 and the other public service broadcasters. Variables in the assessment include output in the form of network originations, time horizons such as medium-term and daily, different audience groups by age and ethnicity, as well as different platforms such as TV, on-demand, and online.

The measure viewing to network originations, which is the only variable in the consumption assessment with regard to a specific output type, is described by C4 as providing “a useful performance measure of public value, by focusing on the

impact of UK-originated content commissioned by C4” (2009b, p. 10, 2010b, p. 15). The term network origination, defined by C4 for the PIAs, refers to any programme commissioned by C4 and transmitted on any of its TV channels (2010b, p. 27). The measure viewing to network originations thus directly reflects the two components of impact; commissions and consumption.

Aside from the consumption measures, channel reputation is a further measure used to assess viewer impact. The focus here lies on audience perceptions of output characteristics such as youthfulness and distinctiveness of C4 compared to other channels. The perception of youthfulness and distinctiveness of C4’s output reflect traditional remit obligations of C4, which are to focus on younger audiences and distinctiveness of its programming from those of other public service broadcasters. Channel reputation can here be characterised as an output measure since it assesses output characteristics.

In terms of a characterisation of *viewer impact*, its focus on consumption generally indicates the consideration of consumer rather than citizen interests. Since no distinction is made in regard to different programme genres, it is not possible to characterise the assessment indirectly according to the output types considered. The stated objective of reaching large audiences can however be used to derive a characterisation, since high reach generally indicates that the output provided has to be of popular appeal. Such forms of output are of value to the individual in its role as consumer rather than as citizen. The viewer impact measure can thus be characterised as leaning towards consumer interests due to its consumption focus.

The second component, *output & spend*, is assessed through four key measures (Appendix D.6, C4, 2009a, pp. 66-67, 2009b, pp. 12-13, 2010a, pp. 68-69, 2010b, pp. 19-20). Of these four measures, three assess the volume, composition, and genre of output with regard to originations. One measure addresses the total expenditure on originated content. Originations are defined as all programmes shown on TV, either commissioned by the broadcaster or purchased (2010b, p. 27). Since the assessment of output is here conducted for all different genres without emphasising a specific output type, it is also here not possible to characterise the output measure in regard to indirectly representing either citizen or consumer interests. This rather neutral character also applies to the spend measure, which addresses the total expenditure on originations.

The third component in the assessment of scale and impact is the *creative economy impact*. The assessment consists of six key measures (Appendix D.7, C4, 2009a, pp. 68-69, 2009b, pp. 13-14, 2010a, pp. 70-71, 2010b, pp. 21-22). All six address the monetary value invested in output. Variables in the assessment include C4 and other public service broadcasters, UK origin, external commissions, nations and regions, in and outside of London, independent production companies (investment in and number of supplier), and UK film productions.

The assessment of the total gross value added in the creative economy is a more comprehensive measure, as it goes beyond the direct investment made by C4 (2010a, p. 70, 2009a, p. 68). The measure summarises the direct expenditure of C4 and the indirect impact in the form of an estimation of the wider benefits in the independent sector that have accrued over time. A further measure listed is the estimated number of jobs supported by C4 across the UK (ibid.). Both of these indirect assessments are based on multiplier effects resulting from C4 expenditure. The assessment of such wider economic benefits can be described as considerations of wider societal citizen objectives.

Aside from these key measures, additional issues are highlighted which relate to the creative economy impact. Investments made and examples of initiatives and projects are listed for the two issues ‘investment in talent’ and ‘digital innovation’ (2009a, p. 70, 2010a, pp. 72-75). C4’s investment is described to often act as a “catalyst for much larger interventions across the creative industries – not just in television and film, but in other forms of arts, design and digital media”, which leave a tangible legacy that endures beyond the lifetime of TV programmes (2009a, p. 59). This addresses again off-screen impacts of C4. So does partnership, as a further aspect (2009a, pp. 71-72, 2010a, pp. 76-77), which is a central issue for C4 due to its status as a publisher-broadcaster. Partnership is described as “the most effective – and cost-effective – way for us to develop talent, to foster skills, to empower individuals and families, to reach out to communities and to explore new ways of delivering public benefit in every part of the UK” (2010a, p. 76).

For these different issues, the multiplier effect of C4 projects and initiatives is highlighted with regard to their impact on the creative economy. The focus of these assessments includes but also goes beyond the direct monetary and on-

screen activities of C4 as they address indirect impacts beyond the consumption process or the production of output.

As a final aspect, television and film awards won by C4 are listed (2009a, pp. 72-75, 2010a, pp. 78-81). This “provides an indicator of the excellence of its output, as recognised by industry practitioners both in the UK and internationally” (2009a, p. 59). The listing of awards can be described as a proxy or indirect assessment of quality. In the assessment of the purposes, quality has also been considered through audience perceptions of programme characteristics and testimonials. A dedicated quality measures does not exist in PIAs.

The creative economy impact component can hence be described to address a third form of impact which is neither directly concerned with the outcome in the form of changed attitudes and behaviours, as assessed for the purposes, nor the dimension of impact in the form of consumption levels, as addressed by the previous two measures. Impact here concerns the off-screen impact in the form of economic activity. As a publisher-broadcaster, the support of the independent production sector is a central obligation of the corporation; “Its contribution to the creative economy generates significant benefits across the whole of the UK” (2009a, p. 59). This can also be described as economic value, which is one of the three value types included in C4’s public value definition.

In terms of a characterisation, it is difficult to classify creative economy impact as either representing citizen or consumer value. On one hand, economic stimulation of sectors is beneficial to society in regard to job creation or the global presence and representation of the UK. On the other hand, economic value creation or growth in the sense of the stimulation of an industry can be classified as a typical free-market concept as it increases competition and choice and thus consumer value.

Creative economy impact can hence be interpreted as representing both citizen and consumer objectives. Since the impact in the creative economy, as the objective or desired outcome, is not directly concerned with the consumption process, it can be characterised as leaning more towards citizen than consumer value.

8.1.3 Discussion and Conclusion

C4’s PIAs show a high degree of consistency and detail in regard to the assessment structure and the key measures defined for each of the seven assessment

components. As addressed previously, a direct distinction between consumer and citizen objectives is not made in PIAs.

For this second part of the investigation of the first research question on the ideological composition of the applied public value notion in PSB, the public impact or public value as assessed in PIAs can be classified as representing both citizen and consumer value, with a slight tendency toward citizen objectives as the dominant rationale.

Table 8.1: Generalized Classification of PIA Components

<i>Assessment Components</i>						
Public Purposes				Impact & Scale		
Nurture	Challenge	Champion	Inspire	Viewer impact	Output & spend	Creative economy impact
<i>Overall Classification</i>						
Citizen	Citizen	Citizen	Consumer and citizen	Consumer	Consumer	Citizen and consumer
<i>Assessment</i>						
Indirect through output	Indirect through output and consumption, direct through outcome	Indirect through output and direct through outcome	Indirect through output and consumption, direct through outcome	Consumption and output measures (genre neutral)	Output and spend (genre neutral)	Spend, wider economic benefit
<i>Theoretical definition</i>						
Output, outcome	Outcome	Outcome	Outcome			

Of the seven assessment components, the four purposes can be characterised as representing citizen objectives in their definition and their assessment. One of the purposes, inspire, also more explicitly focuses on consumer interests. Of the three impact & scale measures, viewer impact and output & spend represent consumer interests due to their focus on output, consumption, and spend (without a specific genre focus). Creative economy impact, the third component, represents both citizen and consumer objectives, however with a slight tendency towards the former.

This means that three purposes focus on citizen objectives – while one purpose and creative economy impact address both citizen and consumer objectives – and the viewer impact and output & spend measures focus on consumer objectives.

The overall assessment is thus mixed or nearly balanced. It can be described as having a slight tendency toward citizen objectives, which could however also be discounted again as citizen assessments are conducted primarily indirectly through proxies such as output and consumption volumes for specific genres related to societal objectives while only a few direct assessments of outcome are made. The discussion below addresses the components and their classification in more detail.

The four *public purposes* can be characterised as definitions of citizen objectives as they are primarily defined in terms of outcomes.

For all four purposes, the assessment is to a great extent conducted indirectly through the consideration of proxies such as output volumes and characteristics, whereby in the majority of the assessments the type of output considered, in the form of programming genres or characteristics, relates to citizen objectives. *Nurture* addresses output in regard to innovation and talent, *challenge* focuses on news, current affairs and documentaries, and *champion* assesses diversity output. Direct assessments of outcomes related to citizen objectives are conducted through audience research on perceptions of changes in attitudes and behaviours resulting from output consumption. More individualist consumer interests are addressed as well. The *inspire* purpose relates to consumer value due to its focus on personal interests. Consumer value is however less strongly represented than citizen objectives in the overall definition of the purposes and their assessment.

In the second part of the assessment of the three measures of *scale & impact*, *viewer impact* and *output & spend* represent a consumer perspective while *creative economy impact* reflects both consumer and citizen considerations, the latter however more so.

Viewer impact assesses consumption levels of output in the general form of originations. The *output & spend* measure addresses levels of output and investment also with a general focus on originations in all genres types. Impact is here assessed not in regard to the outcome on the level of the individual but rather in regard to the scale of impact as a combination of both output and consumption. The third assessment component, *creative economy impact*, focuses on a further dimension of impact in the form of direct and indirect value generated in creative industries.

As can be seen in the aggregate table 8.2 (p. 214), a distinction between the assessment of the four purposes and the scale & impact measures is that the latter

focus much more strongly on consumption and monetary measures and thus represent a more economic than non-economic perspective. The purposes, in contrast, focus much more on different output types and characteristics, often pertaining to citizen objectives, thus reflecting an indirect assessment of citizen objectives.

Output is the most frequently applied measure in PIAs, both for the entire table as well as for the assessment of the delivery against the four purposes. Out of a total of 17 different key measures used for the assessment of the purposes, twelve assess levels of output in the form of programming hours and numbers of programmes. Here output measures tend to focus on genres which are associated with citizen benefits and thus can be described as indirect or proxy assessments of citizen objectives. Consumer objectives are considered as well, however less so. The channel reputations measure also focuses in part on output characteristics.

Consumption measures are the second most frequently applied measure. They encompass assessments of consumption, engagement, and interaction levels. The assessment remains rather unspecific with regard to the genres considered, which means that it should here be viewed as a consumer measure. Both output and consumption measures are traditional quantitative on-screen measures.

The assessment of economic value with input measures is the third most frequently applied measure. Monetary value is addressed in the form of investments, costs, and other indicators related to the creative industries such as job creation. Here impact is not a direct result from the consumption of programming but is rather derived from direct monetary investment in creative industries and indirect impact derived from multiplier effects. A consumer-citizen classification can here be argued for in both ways.

Channel reputations, as the least frequently used measure, assesses audience perceptions of both output characteristics and outcomes in the form of changed viewer attitudes and behaviours (further outcome-focused audience research is provided in programming highlights sections in PIAs, which is not part of the key measures). Audience perceptions are provided for five out of seven measures; the four purposes and viewer impact.

Table 8.2: Full Aggregate Table of the Assessment Components

NURTURE	CHALLENGE	CHAMPION	INSPIRE	VIEWER IMPACT	OUTPUT & SPEND	CREATIVE ECONOMY IMPACT
New and one-off programmes Number of programmes, feature films	Commitment to long-form journalism Number of programmes	Diversity output on the core channel Hours of programming	Programmes covering leisure, life skills, and hobbies Hours of originated programming	TV viewing share Across TV portfolio	Volume of first-run originations Hours of programming	Broadcasters' expenditure on UK originations Programming investment, job creation
				Audience reach Average monthly reach		
New talent strands on C4 Programming hours	Audience reach Viewers 15min per month	Channel reputations Audience perceptions of C4 characteristics	UK and foreign language films Number of films	Viewing to network originations % of total TV viewing	Expenditure on originated content Total expenditure	Broadcasters' investment in the independent sector C4's investment in the nations and regions
	Independence of TV news Audience perceptions of news programme characteristics			Diversity of Film 4 channel schedule % of output		
Channel reputations Audience perception of C4 characteristics		Engaging viewers online Number of comments online, page views, visits, TV conversion rate	Average daily TV viewing In minutes		Broadcasters' investment in the independent sector outside London Expenditure on production companies	
	Commitment to documentary films Programming hours			Channel reputations Audience perceptions of C4 characteristics, viewer attitude & behaviour		Channel reputations Audience perceptions of programming impact on viewer attitudes & behaviour
Range of intl. programming Hours of first-run programming & intl. film		Channel reputations Audience perceptions of C4 characteristics, viewer attitude & behaviour	Engagement with C4 content online Avg. monthly visits, page views		Contribution of Film4 to UK film production Production budget, funding sources for Film4 productions released theatrically	
	Channel reputations Audience perception of C4 characteristics			Channel reputations Audience perceptions of C4 characteristics		Viewing by ethnicity Viewing share

- Output measure
- Input measure
- Consumption measure
- Audience perceptions

The assessment of changes in viewer attitudes and behaviour represents a direct assessment of outcomes. Outcomes are primarily addressed in regard to citizen objectives, while consumer or more personal interests are also included. These direct assessments of citizen objectives are new measures as they have not traditionally been used. Both creative economy impact and audience perceptions of attitudes and behaviours are off-screen measures of outcomes and are non-traditional measures.

PIAs hence comprise a mix of new and old measures, of which some had been applied internally or in C4's reporting to Ofcom but which had not always been made publicly available (C4, 2009a, p. 77).

Overall, it can be concluded that PIAs are divided between citizen and consumer objectives. The assessment of purposes addresses citizen objectives through direct considerations of outcomes and indirect proxy considerations through output measures. This is coherent with the purposes' theoretical definitions in 'Next on 4' which focus more on outcomes and wider societal objectives than on personal interests and consumer value. The assessment of scale & impact measures however focuses more on consumption and economic considerations. PIAs thus seem to be an almost equal mix of both citizen and consumer objectives.

In regard to this value-mix, PIAs reflect the definition of public value as consisting of individual, societal, and economic value, as provided in 'Next on 4' (C4, 2008b, p. 75). Individual or consumer value is addressed through consumption levels, output, and outcome in the form of individual, rather than societal, benefits. Societal value is addressed through outcome assessments related to wider citizen objectives and proxies such as consumption and output of genres related to wider societal objectives. Thirdly, economic value is assessed in the form of creative economy impact. A high degree of consistency thus exists between the discursive public value definition and the practical assessment of public impact, which is also true for the definition of the public purposes and their assessment. All three types of public value are represented in the assessment, even though citizen and consumer terminologies are not used explicitly.

At this point it briefly needs to be emphasised that the analysis only focused on the discursive and practical definitions stated in 'Next on 4' and the measures applied in PIAs, with regard to how they can be classified as relating to either citizen or consumer interests. C4's interpretation of these terminologies in

terms of which programmes these concepts comprise, has not been considered, i.e. how citizen objectives such as for example diversity are defined and which output is classified as citizen output has not been assessed here. An example for this would be the classification of Big Brother programming as diversity output, which is questionable from the standpoint of diversity as a citizen objective.

This is of relevance as C4 generally pursues a mainstream approach through the provision of popular programming, for which it is sometimes criticised (Hobson 2008, p. 196), but which is inherent to its culture due to the need to simultaneously fulfil public service obligations and generate sufficient advertising revenue. This challenge of reconciling commerce and culture has been part of C4's history since its inception and is a point of debate in terms of the viability of its PSB model (see Born 2003b, p. 777 et seq.).

The focus on citizen objectives in the definition of the purposes and their assessment might seem at odds with the popular character of the actual programming output of C4. A likely explanation for this discrepancy is the possible receipt of public funding, which makes it necessary for C4 to demonstrate the fulfilment of citizen objectives and distinctiveness from other broadcasters to legitimise a change in funding arrangements. "It is becoming ever more important for public bodies to demonstrate the public value they deliver. For a creative institution like C4, finding appropriate metrics is not easy, but to secure our future we want to demonstrate more effectively our impact on society and citizens" (C4, 2009a, p. 5). Upon receipt of public funding, the distinction between citizen and consumers would become more important for C4. The receipt of public funding would also require higher accountability standards, which the PIA addresses as a newly introduced accountability tool.

A further element in C4's expanded accountability system is the improvement of the relationship with the audience in the form of increased audience research, which has informed 'Next on 4', the public purposes, and the PIAs. The question here is however how much focus lies on audience research addressing consumer or citizen objectives. A strong focus on audience expectations can lead to an overrepresentation of consumer value.

The next section compares the findings from the C4 and BBC case studies to derive an ideological classification of the public value notion in UK PSB.

8.2 Comparison and Conclusion: Ideological Composition of the Public Value Notion

As addressed in the first research question, this and the previous chapter have analysed the ideological composition of the applied public value notion at the BBC and C4.

For the BBC, it could be concluded that the assessment is overall consumer-focused, with the reach and value for money measures assessing consumer value, the quality & impact measure addressing both consumer and citizen aspects, while the impact measure, as the only designated measure to assess both citizen and consumer benefits, subordinates the former to the latter by focussing on scale (reach) rather than materiality (outcome) of impact. This stands in contrast to the practical public value definition which is based on five public values that inform the public purposes and focus on wider societal outcomes as citizen objectives. It could therefore be concluded that a discrepancy exists between the ideological composition of the practical and theoretical public value notions in the BBC case, as the practical definition is primarily consumer-focused and the theoretical definition is primarily citizen-focused.

For C4, the findings were slightly different as the assessment framework was classified as much more balanced in terms of the consideration of citizen and consumer objectives. In the assessment, the public purposes focused primarily indirectly on wider societal outcomes and thus citizen benefits, and marginally on consumer value. In the second set of assessment components, the three scale & impact measures, two measures were consumer-focused, viewer impact and output & spend, while the third creative economy impact measure addressed both citizen and consumer objectives, focussing on the former. In regard to the theoretical definition of public impact or public value, the purposes represent predominantly citizen objectives in the form of societal outcomes, which is consistent with the assessment. A smaller discrepancy thus exists for C4, as the theoretical definition is overall citizen-focused while the practical definition reflects both consumer and citizen objectives, with a slight tendency towards the latter.

Table 8.3: Assessment Frameworks of the BBC and C4

BBC							
<i>Driver</i>	Reach		Quality & Distinctiveness		Impact	Cost & Value for Money	
<i>Overall Classification</i>	Consumer		Consumer and citizen		Consumer dominates citizen	Consumer	
<i>Practical Definition</i>	Key		Secondary		Key	Secondary	
<i>Overall Classification</i>					Public Purposes Citizen		
<i>Theoretical Definition</i>							
C4							
<i>Assessment Component</i>	Public Purposes				Impact & Scale		
	Nurture	Challenge	Champion	Inspire	Viewer impact	Output & spend	Creative economy impact
<i>Overall Classification</i>	Citizen	Citizen	Citizen	Consumer and citizen	Consumer	Consumer	Citizen and consumer
<i>Practical Definition</i>	Citizen	Citizen	Citizen	Citizen and Consumer			
<i>Theoretical Definition</i>							

In direct comparison, differences thus not only exist between the practical and theoretical definitions of public value at the BBC and C4 respectively, but also between the two cases. While the theoretical definition for both cases is dominated by citizen objectives in the form of wider societal outcomes, the cases differ in regard to the practical definition, which is strongly consumer-focused in the case of the BBC but more balanced between consumer and citizen objectives for C4. C4 hence seems to have a more ideologically mixed assessment than the BBC, for which the discrepancy between citizen and consumer representation is more pronounced. The rhetoric thus seems to match the practice better in the C4 than the BBC case.

The discrepancy between the cases in regard to the practical definition can in part be explained through structural differences of the assessments in terms of their ex-ante (BBC) and ex-post (C4) focus as well as the components assessed, i.e. the RQIV drivers of the BBC and the four purposes and three scale & impact measures for C4. The public purposes, and thus the consideration of wider societal outcomes, are much more prominent in C4's assessment where the purposes

represent four out of seven assessment components. In the BBC's PVAs the assessment of purposes only represents one eighth (one half of the impact measure) of the assessment. In addition, the weighting attached to the drivers in the BBC case further enhances the focus on consumer objectives. No weighting exists in C4's PIAs. Generally, the assessment components – the RQIV drivers and the seven assessment components – are more clearly defined and also more consistently applied in the case of C4. In the PVAs, the measures applied change over time as does the scope of the assessment, which decreases over the course of the four PVAs.

Based on the integrated case study findings, it can be concluded that discursively, public value or public impact creation is defined for both cases in the form of public purposes that predominantly reflect wider societal outcomes. The theoretical or discursive public value notion in PSB thus represents citizen objectives. In contrast to this, the practical public value definition is more representative of consumer objectives, according to the dominant consumer focus of the BBC's PVAs and the more balanced representation of both citizen and consumer objectives in C4's PIAs.

With these findings, it is now possible to answer the first research question on the ideological composition of the public value notion in PSB as applied at the BBC and C4. It can be summarised that a discrepancy exists between the theoretical and practical understanding of public value in UK PSB, as the overall discursive composition is dominated by citizen objectives, while the practical definition is primarily representative of consumer objectives.

A preliminary conclusion can also be drawn on the overall research question whether a paradigm shift has taken place in the ideological justification of UK PSB with the introduction of the public value notion.

The analysis has shown that the assessment of public value, which informs decisions PSB provision, overall focuses more on consumer than on citizen objectives. This goes contrary to the initial research assumption that the public value notion prioritises non-economic citizen objectives over economic consumer considerations, as indicated through the notion's origin in public administration theory as well as its use in PSB policy discourse.

To draw a preliminary conclusion on a paradigm shift, these findings need to be considered in the wider PSB policy context of market failure turning from a

legitimising to a de-legitimising rationale in the transition from analogue to digital broadcasting, at a time when the media policy paradigm is more dominantly informed by economic than non-economic objectives (chapters 2, 5, 9).

Even though market failure has never functioned as the only justification for PSB – rather justification has always been mixed, consisting of both economic and non-economic objectives – market failure always provided an economic justification for large scale PSB intervention in analogue broadcasting (which could also be used to assuage free-market critics of PSB).

The general tendency towards free-market economic ideology in regulation and government in combination with reduced market failure put pressure on PSB providers to find an alternative justification for traditional universal, large scale PSB provision. Correspondingly, the initial research assumption was that the public value notion was devised as such an alternative notion to enable a shift to a non-economic concept that would allow to move away from narrow market failure justification of digital PSB, which threatens its scale and scope.

As the previous two chapters have shown, the ideological composition of the public value notion prioritises consumer over citizen objectives and makes heavy use of economic assessment methodologies and concepts, effectively representing a cost-benefit analysis. A shift to non-economic objectives has therefore not taken place. While the public value notion is not a rationale of economic theory to justify market intervention, it is also not a non-economic rationale as it heavily focuses on consumer objectives as well as economic methods.

The first research question can thus preliminarily be answered by concluding that no ideological shift has taken place in the form of a prioritisation of non-economic citizen objectives over economic consumer objectives with the public value notion in UK PSB justification. Only the discursive public value definition indicates a prioritisation of citizen over consumer objectives, while the practical assessment prioritises consumer over citizen rationales. The primary indicator of a paradigm shift in the form of an ideological shift is thus not given.

A final conclusion on a paradigm shift is drawn in chapter 10 based on integrated findings from all three empirical chapters.

The next chapter investigates the second research question with regard to the wider public value process, motivational and contextual factors that influenced

the development, as well as characteristics of the policy process that could be indicative of a paradigm shift.

9. PUBLIC VALUE PROCESS ANALYSIS: INFLUENCE FACTORS AND PROCESS CHARACTERISTICS

As stated in the second research question, this chapter addresses the wider public value process. The analysis focuses on (motivational and contextual) influence factors (chapter 4) that impacted the overall public value development and thus help to explain why it took place. In addition, the characteristics of the public value development are considered to see whether these are typical elements of paradigm shift processes (chapter 1).

These two types of influence factors and paradigm shift characteristics represent secondary indicators that inform the classification of whether the public value developments represents a paradigm shift in PSB justification. The final conclusion is drawn in chapter 10 together with findings from the previous compositional analysis.

In this chapter, the objective is to paint a picture of the wider developments prior and parallel to the application of the notion in relation to strategic motivations for its application at the BBC and C4. Based on these insights, conclusions can be drawn on interrelationships between more general and public value specific developments that explain the concept's introduction and ideological composition.

9.1 Phase One – Prior to the Institutionalisation of the Public Value Concept at the BBC

9.1.1 Nodal Point: The 1990s and the 1999 Davies Report

The Davies report on the future funding of the BBC was identified as the first contextual or nodal point relevant to the consideration of the policy environment prior to the application of the public value notion in UK PSB. As the last government report on PSB, the Davies report as well as prior 1990s government and BBC documents are used in this section to address the incumbent paradigm at that time, before the public value notion was introduced.

The report was published more than a decade after the 1986 Peacock report, which expressed strong free-market ideology by emphasising consumer sovereignty and considering PSB as a temporary intervention to address market failures related to spectrum scarcity. The Davies report (1999) continued this emphasis on market failure as the guiding rationale by stating that “some form of market failure must lie at the heart of any concept of PSB” (pp. 10, 201).

While the Peacock report stated that the end of spectrum scarcity in the digital age would remove the justification for PSB (Graham, 2005, p. 79), the Davies report concluded instead that (some) market failures would persist as rationales for PSB provision (Ofcom 2004a, pp. 70, 74). Even though both economists, Peacock and Davies, have different views on market failure justification of PSB, which becomes apparent in the different conclusions of their reports, both shared the view that market failure should be the starting point for intervention. As the last PSB reviews prior to the introduction of the public value notion, the reports represent the dominant economic and market-orientated thinking in media and PSB policy in the 1980s/90s.

Interview data supports this view. Interviewees generally agreed that economic concepts and terminologies were dominant in PSB policy and discourse since Margaret Thatcher took office. One interviewee said that in the Davies report and earlier developments, there was a sense that “there are positive externalities of broadcasting and that is how you talk about them”. This economic approach is also evident in government and BBC documents published in the run-up to the 1996 Charter renewal.

The 1992 green paper (DNH, 1992) for example states that “[t]he original justification for public service broadcasting – that a small number of services should be used for the benefit of the public as a whole – no longer exist” as spectrum scarcity has been removed due to technological developments (ibid., p. 15, also p. 14). While the government believed the BBC should continue as a major PSB organisation (ibid., foreword), greater programme choice and technological changes raised “fundamental questions to be asked about what the BBC should do and how it should be financed and organised” as the “BBC cannot remain unchanged in a changing world” (ibid., foreword, also p. 10).

The paper opened the debate on the scale and scope of the BBC by pointing to possible options ranging from keeping its wide service range to narrowing it down to niche services which the market does not provide (ibid., pp. 15, 18). The paper further states that key issues of consideration are the objectives and features of PSB that distinguish it from other broadcasters and whether these can be supplied by a “freely operating market” (ibid., p. 12). This shows that markets were a central concern in PSB justification. It is further clearly stated that the starting point for a debate about the BBC’s future must be the services the corporation should provide (ibid., pp. 18, 20, 30).

While this market perspective is less emphasised in follow-up documents of the BBC and government, this initial way of framing the discussion in relation to market provision shows that economic considerations (such as market provision, consumer choice, efficiency and value for money) feature prominently in PSB justification – more so than non-economic objectives (such as quality, diversity, accessibility, editorial independence, accountability, national identity) (ibid., pp. 16-18, 23-24, 30, 35). While non-economic arguments are also key elements in the argumentation, the core of the discussion of PSB justification is directly linked to the impact of technological change on markets and PSB’s role in relation to that. Such views represent a prioritisation of market over public service provision with public service supplementing markets when market failures apply. In contrast, a non-economic perspective would be to provide the services that are of wider societal benefit independent of market conditions.

The BBC adopts a similar narrative of PSB’s future role in its Charter review contribution ‘Extending Choice’ (1992), which it describes as a document about “adaptation and change” (p. 77).

The BBC acknowledges that substantial (technological and socio-demographic) changes justify a thorough reassessment of its future (ibid., pp. 18, 9). It however refutes that licence fee funded PSB would become an “anomaly” by the mid-1990s as the need for supplementing commercial broadcasting would have diminished (ibid., p. 18). Instead, the BBC’s view is that the rapid expansion of commercial broadcasting will not invalidate the need for PSB but it will serve more clearly to limit and define the specific role that it should play in pursuit of its public purpose that best complements the enlarged commercial sector (ibid., p. 19). The

BBC here justifies its scope in relation to the market and in particular by defining its role as complementing market provision by delivering clearly defined public purposes different from those of the market – namely extending choice by guaranteeing universal access to distinctive high-quality programmes that are at risk in a purely commercial market (ibid., pp. 18-19, 77, 84).

The high-quality programmes listed by the BBC – informing the national debate, expressing British culture and entertainment, creating opportunities for education and stimulate communication between the UK and abroad (ibid., pp. 19, 77) – represent typical PSB objectives related to wider societal benefits. Further aspects addressed are the BBC’s structure as a single organisation, continued licence fee funding supplemented by commercial revenue, value for money, advancing technology, accountability and performance monitoring (ibid., pp. 42, 55, 59, 77).

The BBC states that it should evolve and adapt its services to deliver these objectives and should over time withdraw from programme areas where it is no longer able or needed to make an original contribution (ibid., p. 19). With such a statement, the BBC claims its role in the digital age but also signals that it will carefully consider which digital opportunities to pursue or which services to possibly reduce. This justification is one of complementing the market with possible future reductions in scale. The market is here the main point of consideration for PSB justification.

The government’s 1994 white paper (DNH, 1994) continues the narrative of technological change and increased choice but adopts a clearer position on the BBC’s future role, informed by consultation findings. The consultation showed wide (public and stakeholder) agreement that the BBC should continue as a main PSB that provides a wide range of programmes with popular and niche appeal, which was endorsed by the government (ibid., pp. 6, 10).

The programme policies set out in ‘Extending Choice’ – improving programme quality, broader choice and diversity, a clear and distinctive role – are viewed by government to be “broadly on the right lines, although the BBC should continue to adjust them to take account of its audiences’ needs and their reactions to programmes and of changing circumstance” (ibid., p. 10). The BBC should continue to inform, entertain, and educate, reflect the UK’s national identity, broadcast events of national importance, enrich cultural heritage, support the arts and high-quality

outputs, editorial independence, universal access and long-term investment in UK broadcasting, value for money and accountability (ibid., pp. 5-7, 14-15). The government (and the consultation) supports the licence fee and the expansion of its commercial activities overseas (ibid., pp. 29, 31, 2, 9, 21). No reduction in the number of BBC radio and TV services was planned (ibid., pp. 1, 10).

The BBC's 1996 document 'Extending Choice' (BBC, 1996), published after its Charter renewal, shows a confident and reinforced BBC that points to the widespread support for its dynamic digital future and purposes (set out in Extending Choice and later endorsed in the white paper) to increase choice by providing distinctive high-quality programmes of popular and specialist appeal that might be at risk in a commercial market (ibid., pp. 44-47).

While the BBC has been confirmed in its role as the UK's main PSB and has been given the mandate to pursue digital opportunities and expand (ibid., pp. 3, 5-7, 28, 62), it reiterates the debate of service expansion vs. reduction in the context of risks in the transition from analogue to digital technologies. It states that while the digital age promises much more choice – uncertain consumption patterns, industry revenues, digital costs and risks of new monopolies forming at a number of stages in the value chain can impact competition, consumer benefit and slow down digital take-up (ibid., pp. 4, 17, 19, 22-23, 25-27). The BBC argues that these uncertainties in the transition to digital create an "even greater need" for PSB in the digital world (ibid., pp. 44, 45) to balance private and commercial provision and ensure greater choice and improved quality.

While it is also stated that "extending choice was a vision of the BBC's role in a more competitive, more commercial but still analogue market" and that the digital age will see further significant increases in commercial competition which makes it important to question whether the arguments for the BBC public purposes will remain robust in the digital age (ibid., p. 44), the BBC at this point is also convinced that the argument for a publicly funded BBC set out in extending choice will still apply and that it will continue to be a vital part of a balanced broadcasting marketplace (ibid., p. 69).

The narrative in these documents shows a clear link between the technological change from analogue to digital, its impact on markets and the role of PSB in relation to that. While PSB is discussed with regard to both economic and

non-economic rationales, the overall discussion regarding its scope is directly related to the market. In later years of the 1990s, during which the BBC is clearly supported in its remit, the corporation still engages in the narrative of PSB becoming even more important due to the uncertainty of digital take-up and new potential risks of market failures. During the transitioning period, these arguments were used for PSB justification. While the market failure notion is not frequently cited, the discussion shows that technological change and corresponding market impacts are related to the discussion of PSB scale and scope. This can be viewed as a threat and reason to redefine the role of digital PSB, for which technological determinism in the form of spectrum scarcity no longer applies.

9.1.2 Nodal Point: The 2003 Communications Act

The next nodal point is the 2003 Communications Act. The Act continues to support large-scale PSB intervention and provides a PSB remit definition (clause 264(4)). The Act is further of interest as it formulates the remit of the new communications regulator Ofcom, according to which Ofcom has to further the interests of citizens and consumers (clause 3(1)). The inclusion of the citizen notion seems to stand in contrast to the discourse of the previous two decades, which focused on consumer choice and market efficiency.

The implied equal hierarchy of consumer and citizen interests could be interpreted as an indication that the citizen notion has been incorporated more prominently into the discourse and the wider objectives in media and communications regulation (chapter 5.3).

A general consensus existed among interviewees that the inclusion of the notion resulted from concerns that wider societal considerations might be underrepresented in the new regulator Ofcom, as it merged five until then separate regulators of which the majority were concerned with consumer regulation.

There was further consensus among interviewees that the inclusion of the citizen notion was viewed as a manifestation of something that has always been there in the sense that something implicit had been made explicit. A former employee of the ITC said that “the ITC never used the phrase consumer and citizen but most of its public service regulation was citizen-focused.”

Several interviewees, of whom some had been involved directly in these developments, further emphasised that a high degree of controversy surrounded the introduction of the citizen notion. Resistance to the term's inclusion persisted due to legal challenges related to its meaning in immigration policy, its generally contested nature of being interpreted differently by different people, and concerns that the regulator's responsibility for two conflicting duties would require value judgements, which would give the regulator too much leeway to make political decisions.

The introduction of the citizen notion resulted from the passage of the Bill (chapter 5.3) through the House of Lords for pre-legislative scrutiny and lobbying efforts by the joint select committee of the two houses, chaired by Lord Puttnam, who – according to a senior civil servant involved in the development – coined the citizen phrase almost as a catch phrase that caught on in the House of Lords: “That is how we ended up with citizen in the Bill, and at that point the word citizen did really enter the vocabulary of broadcasting in the UK”. The majority of interviewees shared the view that the inclusion of the citizen interest into Ofcom's remit was a point where the citizen notion entered the discourse. A senior DCMS official commented that “the notion of citizens and consumers became part of the vocabulary in the Communications Act” as a differentiation raised by Ofcom's duty, which was quite helpful in a way but that there may also “be an issue that a lot of people actually don't understand the distinction.”

According to interview data, the inclusion of the citizen notion into Ofcom's remit resulted from efforts of a small lobbying group rather than a wider shift to emphasise societal citizen objectives. Other interviewees stated that it was “only about semantics.” Independent of these reasons or intentions, it can be argued that the citizen notion became more prominent in discourse, if only due to the contestation and debate surrounding its introduction.

9.1.3 Parallel development: Assessment of Wider Societal Benefits

Parallel to the passing of the 2003 Communications Act, a further development took place in the regulatory context which concerned wider societal citizen values, in particular their assessment.

With a shift from analogue to digital broadcasting, questions had begun to arise in regard to programming obligations of commercial PSBs such as ITV. The

ITC carried out research on the costs and benefits of PSB obligations on ITV1, in which a CBA was applied to assess the benefits foregone if ITV ceased its PSB obligations (Foster et al. 2004, pp. 6, 12; Ofcom, 2004c, p. 23). The objective “was to calculate, for the first time, detailed estimates of the opportunity costs incurred by ITV as a consequence of its PSB programming obligations, along with an assessment of the benefits of these programming obligations enjoyed by UK audiences in their capacity both as consumers and as citizens” (Foster et al., 2004, p. 12).

Some interviewees who were involved in this study traced the development of assessing non-economic values in the context of media regulation back to this point. The study was developed further in a paper called ‘Measuring Public Service Broadcasting’ (Foster et al., 2004), which was included in a publication of the think tank IPPR and later reproduced by Ofcom in its first PSTB review. The paper “set out an approach to defining PSB, in terms of objectives and necessary interventions; to measure its delivery; and (more tentatively) to assess the value produced within a cost-benefit framework” (Foster et al., 2004, p. 24).

A former ITC employee remembers that in the last year or two of the ITC in the run-up to Ofcom, the “impetus” for public value was there while the phrase was used only several years later. There was recognition that Ofcom was going to be “much more of an evidence-based regulator” and ITV was questioning its licence obligations in the digital age, which led to the ITC considering the equation of the costs and benefits of ITV’s licence obligations. The benefits were for the first time assessed in the form of “quite simplistic audience research” that looked at the qualitative value people attached to different genres. “It was more information than the ITC has ever had in the past. And obviously, Ofcom over the following years developed the research side of this further.”

Another policy insider, who was close to this development, sees a direct connection between the ITC study and the public value development with regard to measuring costs and benefits of ITV’s public service obligations as a “precursor to public value” and the need to measure PSB performance in the light of the upcoming evidence-based regulator Ofcom.

Several interviewees also referred to a more general trend in the early 2000s regarding audience research such as WTP studies at the ITC, BBC and Ofcom, which assessed audience valuations of services in quantitative and monetary terms

(e.g. Barwise, 2006; Fauth et al., 2006; Ofcom, 2004c, p. 47; Mori, 2004; BBC, 2004b). In this context, another former ITC employee speaks of a “move to take it to the next stage”.

At the same time, the shift to digital made it more apparent that a clearer understanding was needed of the role of PSB in the digital age. In 1999, the Davies report had with a now famous quote stated that even though they could not offer a tight new definition of PSB, “we nevertheless each felt that we knew it when we saw it” (1999, p. 10). Similarly unspecific was the ITC’s definition of PSB as “all things to all people at least some of the time”, which was qualified by PSB being marked “with a strong emphasis on extending public knowledge, tastes and interests. It is the essence of social inclusion” (ITC, 2000, para. A3 cited from Cave et al., 2004, p. 261). The PSB remits defined in the 2003 Communications Act were a next step in this development. A senior civil servant commented that the early thinking was pre-Ofcom at the ITC, when it was recognised that the PSB framework was very loose, undefined and unquantified.

9.2 Phase Two – The Institutionalisation of Public Value at the BBC

9.2.1 Motivational Aspects: Adoption of the Public Value Notion at the BBC in 2004

As described above, in the time running up to the 2003 Communications Act, a regulatory context was set in which wider societal considerations were emphasised more explicitly in the discourse, albeit only facilitated by a small minority. At the same time, wider societal objectives were also addressed more closely in regulatory analysis and measurement processes. The advent of Ofcom further led to the anticipation that an increased level of measurement and assessment procedures were going to be expected from the new sector regulator. Questions were also raised regarding the definition of PSB in a digital world and its relationship to the commercial sector.

Interviewees close to the development of the public value idea inside the BBC cited similar reasons for the organisation’s adoption of the concept. A set of

different contextual aspects and themes emerged from the interviews which are presented below. Unless stated otherwise, information on developments inside the BBC, and later C4, are taken from accounts of interviewees who participated directly in these processes in the respective organisation.

Internal preparations for Charter review, which commenced in December 2003 (DCMS, 2003), had begun in 2002 in terms of thinking about a framework for positioning the corporation for Charter review. Different factors influenced the BBC's Charter review strategy and adoption of the public value notion.

The most prominent theme and external challenge were competition concerns of the commercial sector with regard to the scope and scale of the BBC due to the perception that its popular success was growing and crowding out the market:

“The origins of the idea of public value, I think it is hard to kind of weight these but there were probably two or three things going on. There was the sense that there was a lot of industry hostility to the BBC as being seen as unduly competitive and unduly aggressive. If you like, the problem the BBC was facing in 2002, 2003 was a nice problem for PSBs to have, which was that people saw it as being too successful in terms of audiences. [...] Under Greg Dyke, Director-General from 2000, the BBC had this new licence fee settlement, ITV was doing badly. The BBC was doing well. Its role in the market was more contentious. There was a sense that the BBC was succeeding with the audience in consumer terms but there was also debate going on about dumbing down and the suggestion the BBC was succeeding because the programmes weren't good enough or too populist. [...] The BBC itself at that time I think would have resisted this suggestion but clearly that was one thing.”

Wider technological and market changes in regard to multiplatform provision raised the question of the scope of the BBC in terms of its eligibility to expand into new digital services, which led to a wider questioning of the remit and the need to adapt the definition of PSB.

A DCMS official at that time remembered that the Charter defined the BBC as a list of services it delivered and that quite early on the view existed that one needed to move away from that in a more fluid multiplatform world.

“It sort of developed the debate and discussion that had gone on during the Communications Act, which had been passed just before as well, where there had been for the first time discussions about what is PSB for, how do you define it? There was an attempt in the Communications Act to write a definition but it wasn't a public value based one. It was very much a genre based one. That was the first time that had been done. Trying to get a definition of PSB was then Ofcom doing in their PSB review and in discussion with the

department as well, starting to try to understand how do we define purposes and values that PSB delivers?”

The need for a clearer remit definition had already been raised at the end of the 1990s by the European Commission in the context of a State Aid assessment. In ‘Extending Choice in the Digital Age’, the BBC (1996) published its plan to introduce new digital services. This was supported by the licence fee settlement of the same year, which increased under the Conservative government. The proposed channel BBC News 24 was approved in 1997 by Secretary of State Chris Smith and launched later that year. The other two proposed services BBC Choice and BBC Knowledge followed in 1998 and 1999.

In 1997, BSkyB filed a complaint with the European Commission against the UK and the BBC regarding the launch of BBC News 24, claiming it infringed articles (81, 82, 86, 87-88) of the EC Treaty (European Commission, 1999, p. 1). The Commission however concluded that no articles were breached (*ibid.*).

While the launch and public licence fee funding of News 24, authorised by the Secretary of State (*ibid.*, p. 3), represented State Aid (within meaning of article 87(1) as funded by state resources), the Commission concluded that it allowed the provision of a ‘service of general economic interest’ which does not distort or threaten to distort competition by favouring certain undertakings or affect trade between Member States to an extent disproportionate to the common interest (compatible with the common market under the provisions of Articles 87(2), (3), 86(2) European Commission, 1999, pp. 4, 6, 18).

In its assessment, the Commission noted “that the legislative and administrative framework defining the public service mission and entrusting it to the BBC leaves some room for doubt as to what is defined as a public service and what is not” (*ibid.*, p. 12). A clearer arrangement between the BBC and the UK government and a more straightforward definition of the remit would have facilitated the Commission's task of monitoring compliance with the conditions of Article 86(2) (*ibid.*, p. 13).

The European Commission’s proportionality approach tolerates a certain effect on trade and its development for a service of general economic interest if it does not distort competition to an extent that would be contrary to the common interest (European Commission, 1999, pp. 15-17).

The Commission's approach towards media and public service broadcasting is primarily an economic one focused on competition and opening of markets (Schmidt & Radaelli 2004, p. 186). Under the EU treaty, PSB is regarded as a service in the general economic interests which the Commission approaches from the perspective of competition policy and State Aid regulation. Efforts of the Commission in the 1990s to confine analogue PSB to niche provision continued for digital broadcasting until 2006, when Commissioner Reding stated that PSB should be able to benefit from digital technologies – however in the confines of a PVT, as included in the Communication on State Aid for PSB in 2009 (Jakubowicz, 2011, pp. 221- 222; European Commission, 2009).

The State Aid assessment of the 1990s had thus pointed to the need to define a clear remit of PSB, which was particularly related to increasing concerns of commercial providers that the BBC was expanding into their territory, not in line with its public service obligations. In part, these developments influenced the adoption of guidelines for service approvals by the Secretary of State Chris Smith at the end of the 1990s.

At the same time, the BBC feared that it was going to shrink and to become a smaller part of the whole market if it did not develop and expand into new digital media. In a more complicated world with increasing market provision, it was however becoming more difficult to justify large and expanded public service intervention. For Charter review it was thus considered necessary to find a concept and narrative, or as several interviewees described it a “philosophy of public service broadcasting”. According to several interviewees, the concern was not only the traditional scale of universal service provision but also the ability to develop and expand, rather than about “the right to get smaller”.

Inside the BBC, a search for a framework began which was accompanied by a strong perception that a concept was needed which “chimed with the climate at that time”. The climate was influenced by upcoming Ofcom as an economic regulator coupled with a “strong Treasury orthodoxy which is very much about classic market failure, even among the doves, never mind the hawks in the Treasury”.

This created the challenge for the BBC to justify its historical scope and digital expansion at a time when diminishing market failures indicated a reduction in

scope. According to several interviewees, there was a need to change the debate due to the way discourse was moving in regard to market failure:

“We were charged with building not just a case for Charter renewal but trying to think hard what a bottom-up case for the institution could look like at a time when there was a very, actually a very market-orientated view of what the broadcasting landscape should look like. [...] There was a sense that, left to its own devices, the debate around the BBC would be wholly market-focused and would as a default position focus public discussion around the BBC’s role closer and closer to pure market failure concepts, which can be a complex and nuanced idea but none the less, at its simplest, could lead to a retreat by the BBC to merely an organisations that fills the gaps in a dynamic market, however you define that. And we, at an instinctive and theoretical level, felt that that wasn’t, didn’t speak accurately to what we felt the consensus around the organisation should be. In other words, historically that is not what the BBC has been. It does not seem an accurate reflection of the purposes or motivation or constitution of what it is. And so there was an active interest in finding a way to set the groundwork for the debate on slightly different terms. Because we felt that was the right thing to do. We genuinely felt there was a missing concept or a missing set of concepts in the debate. And at the time, the chair of BBC was an economist. Gavyn Davies thinks deeply about markets but also has a very intuitive sense of public service. Gavyn was actually quite influential.”

Some of the BBC-interviewees felt that the decrease in market failures was a problem in terms of justifying the scope and scale whereas others stated that they believed that there wasn’t much difference between social value and market failure justifications as everything could also be summed up under the externality rationale. Despite these different views on how much impact market failure reduction had on the ability to justify multiplatform intervention, there was nevertheless consensus among BBC-interviewees that a new concept was needed to shift the focus away from market failure:

“What I think happened is that throughout the 1980s and 1990s market failure economics was all you needed in broadcasting. Because actually, as I said [on spectrum scarcity], the constraints to what PSB could do were confined. It wasn’t a controversial area. The controversy that there was, was far more about generically the scale of the BBC, efficiency, political bias, and if you look at the controversy, it wasn’t fundamentally about damage to the commercial sector. So the lobby groups against the BBC weren’t, were political, they were to do with values. They weren’t great big other commercial organisations like Sky, Virgin, newspaper groups and so on. Market failure economics was kind of ok. It kind of lived up to the job but the threats of it weren’t that great. Now you head

into this decade or the middle of last decade and suddenly the world completely changes. Huge legitimacy threats to the BBC because they were really starting to encroach through the internet, through lots of other business, able to branch out into digital television, threaten other businesses. Everyone reached for market failure economics as they had always done before and it wasn't strong enough. That is what I think. It wasn't inspiring enough, it wasn't measurable enough, it didn't fit the political messages well enough and they needed to invent something else."

Several BBC and non-BBC interviewees pointed out that market failure wasn't an easy topic inside the corporation. The ultimate fear was a reduction in scope along the lines of PBS in the US, which a senior civil servant described as "the great spectre that haunts BBC". It is hence not surprising that several, both BBC and non-BBC, interviewees said that the corporation had never quite accepted market failure justifications due to their limiting character through which the BBC saw itself shut out of producing popular programmes. In the previous Charter review, the BBC had however conceded to speaking the language of market failure and consumer choice in publications such as 'Extending choice' (BBC, 1992), 'People and programmes: BBC radio and television for an age of choice' (BBC, 1995), and 'Extending choice in the digital age' (BBC, 1996). An interviewee who worked at the BBC in the 1990s remembered and explained the shift as follows:

"It probably is a case of reacting to the prevailing political philosophy, at least as far as the BBC is concerned, which goes back to what I was saying about 'Extending Choice'. The decision there was to restate the BBC purposes in the sort of economic terms and to focus on market failure as a way of demonstrating that the BBC was quite legitimately addressing some real concerns. What I guess happened was that, bubbling away under the surface, there had always been those who felt that was the wrong approach to take and after a time these things sort of break through. I don't think there was any particular reason for it other than perhaps a worry at the BBC that as markets developed, became more competitive, that there was more consumer choices, it was becoming important to state something beyond market failure as being an important rationale. So that might have triggered the change."

In the search for a new philosophy of PSB, a framework and a language was needed which provided "a new way of thinking about the role of public services". It was clear that "any new rationale for the BBC or new approach needed to deal with the advent of new platforms, needed to be connected with some kind of measurement system that was relatively simple".

The public value idea came to the BBC in 2002 after someone who worked on the Charter review had been given a Cabinet Office paper on public value (Kelly et al., 2002). Several BBC-interviewees described the paper as the primary source and stimulus for thinking on public value as it created awareness and discussion around the notion as an interesting and potentially useful idea. Public value theory in itself was however described as not of much relevance.

After the potential of the idea had been realised, it was “worked”, “moulded”, and “pushed quite a long way from what the Cabinet Office paper was saying”. The thinking centred on the question “how could this change the debate?” BBC-interviewees consistently said that the notion was very quickly taken on board as an idea which the BBC would make its own to address a particular set of questions.

The concept was described as being particularly appealing and useful due to its focus on value creation “[...] one of the biggest use was trying to describe the value the BBC created and trying to define it in a way that it could be fairly objectively assessed what the BBC contributed.” The notion’s potential as an umbrella term was also pointed out:

“In a world, in which PSB has to be clear about its value, finding a way of engaging with ideas of value becomes quite important and public value allowed us to do that. It also had the wonderful advantage, this is my reading of the Cabinet Office paper, that public value is something, which isn’t defined but which one can define and to which one can ascribe various components of value. If you are the BBC, this is quite useful to have a portmanteau which one can fill with the elements which you view appropriate to fill it with. As a piece of language and a pretty empty concept, which nonetheless tied back to our ideas about the ways that audiences think about the BBC and the intervention that is the BBC, it was a pretty helpful basket and not particularly defined, which was the reason for the attraction, of the concept.”

The notion was viewed as more encompassing than alternative concepts that had been considered for Charter review, such as social capital (Brookes, 2004), which was later integrated into the public value idea. A DCMS official at the time of Charter review commented that in an environment, in which the question is whether it is legitimate for the BBC to be in an area where the market is, “they needed to make an argument what value they are adding, why we need public intervention in that area.”

The focus on value creation provided the opportunity to draw the comparison between commercial and public value creation, which not only allowed describing the BBC's distinctiveness from the commercial sector but also evoking the appearance of measurability and thinking about value in comparative quantitative terms. The thought of considering not only the level of public value creation but also the impact public value creation can have on commercial value creation, i.e. the impact on the market, was relevant early on in the thinking:

“And out of that came a very simple, almost in one afternoon, policy therefore to optimise public value generation and commercial value generation and it is, not that one cancels out the other, that you should be able to achieve a sweet spot of balance whereby you have liberated entrepreneurialism, commercial growth in the market but also sustained growth in public value creation. The idea of optimising became clearer for the overall debate. We were also clear very quickly that good commercial PSB and broadcasting contributed to public value but we also identified a very unique role for BBC, perhaps C4 as well, it would be the only organisation whose only mission is to optimise or maximise public value. That is what BBC is distinctive about, an institution entirely focused on maximising public value. [...] So in a very quick space of time, we realised this is an important idea. It was a debate about how much we wanted to focus the whole debate around it at that time. We know it was an important, valuable concept. We realised that public value would, we had some fairly rapid thought about it, that it would take many forms, different kinds of intervention, deliver different kinds of public value. We therefore needed to say what kinds of value are the kinds of value that the BBC could characteristically build, and that was what then began to fold back to the purposes, in other words, cultural, education, democratic, citizen, social. That is where the debate about social capital came in, as part of the public value offer [...].”

Public purposes had emerged inside the BBC in 2002. A little later, research was conducted on how the purposes for the BBC had been expressed historically in the form of missions and statements of intents in Charter reviews and strategy documents. The task had been “to try and get a better, clearer, more durable language of purposes and a framework for thinking about purposes. That was the job. I can't remember the exact sequence but we were in a frame of mind to try and find an active expression of the BBC's role that went beyond simply correcting the market [...].” According to another BBC-interviewee, the objective had been to break the BBC's role down and to develop a more coherent articulation in the Charter,

moving away from a set list of services to public purposes, which surfaced in 2002 and were then linked into public value.

The purposes were meant to be a clearer articulation of the BBC's role at a platform-agnostic level. One interviewee, who was at the DCMS during Charter review, stated that there were discussions from the beginning around the need

“to be able to put a definition around what the BBC is there for. Quite early on, certainly from our, government's view there was the need to set broad public purposes for the BBC. From there comes also the sense, as I said, debate about the BBC's impact on the market, and the sense from the BBC that we need to justify in terms of what we do the value of what we deliver to the public.”

Public value functioned as a term to which the purposes could be linked by defining five value types. As interviewees commented, the first three, reflected the Reithian objectives to inform, educate, and entertain, implying that the purposes have not changed very much but that they had allowed for a more descriptive remit.

“Basically, what the BBC did, to be perfectly honest, is that it said what do we do and how can we reflect that in a set of purposes? So, effectively, the public purposes reflected what the BBC did. So they did not put too much constraint around the BBC. [...] And critics will say that you can justify virtually anything the BBC does in terms of the purposes.”

A new aspect of the purposes, emphasised by interviewees, was their definition as outcomes, which reflects a shift away from previous service-based definitions. As pointed out by several interviewees, the focus on outcomes chimed with the government of the day and was very much the consequence of a “political context where you get a government that is more interested in public services showing they make a difference.” Another interviewee commented that at the time, the debate about public service, which the Cabinet Office paper had started to open up, was around “how do you stop measuring inputs, outputs and start measuring outcomes.” In the past, when the BBC was asked to justify a BBC service, “the instinctive reaction to people in BBC News would be to say ‘We have more correspondents than anybody else’. It is inputs and outputs and public value is about outcomes.”

Outcome-based purposes represent a focus on wider societal or citizen objectives. A further aspect which has been stressed in interviews as important for the BBC was to address the distinction between individuals as citizens and

consumers. With the market often being the starting point in government for considerations of intervention, the BBC argued that it “goes a long way beyond the market failure argument. We were looking at what does it mean to do more than market failure. We looked at the concept of value to individuals and then value to the society.”

The distinction between citizens and consumers was also made because the need was felt to engage with the language of the 2003 Communications Act. One interviewee even suggested that the BBC would probably not have made the distinction had it not been for the Act with its centrality of the citizen and the consumer. On this topic, another interviewee said:

“There was another thing that, there was the Communications Act and the debate around the Communications Act which was saying: What is the purpose of future media developments in Britain? What is the regulatory structure? And there was generally a debate about giving more emphasis to the competitiveness in the economy I guess in the Communications Act. Then there was also the debate about citizens. So I think that is the context. The BBC is saying how do we set the agenda for the next Charter review? What is our purpose? Inform, educate, and entertain. Well, that is ok up to a point but it does not help decide what the BBC should really focus on, what it should not focus on and it didn’t deal particularly with the competitive issues. So there was a sense in which when people were reading the Gavin Kelly paper and thinking this was a new and interesting way in thinking about public services and how you think about the dual role of public services, their role in delivering to consumers and their role in contributing to society more broadly. [...] It wasn’t one vs. the other. It was rather that public value offered a new framework within which the BBC could think about what it was delivering to society, citizen, as well as to what it was delivering to audiences.”

The shift from thinking about audiences to citizens and consumers was also emphasised by another BBC-interviewee, who said that “the language of the Communications green paper left us recognising that we needed to try and sort of find the right terminology for our audience and what we felt what we gave to them and what their stake was, and citizen is where we landed.” The view was taken that the BBC had to serve audiences as consumers, “if you don’t, they don’t watch”, and the idea was rejected that “consumers are just for commercial products or commercial broadcasters.” Even though public value allowed integrating citizen and consumer value, BBC-interviewees said that it was important to engage in particular with the citizen notion as

“[...] consumer value, certainly in the terms used, it was emerging around the Communications Act, was very much about commercial broadcasters and therefore to an extent slightly uncomfortable in particular at a time when there are concerns about the negative market impact of the BBC to say actually we not only deliver citizen value but also consumer value. So having a public value idea which can successfully incorporate the two into a single equation is a better frame than trying to simply add them up outside that. So to some extent that sounds like a silly marketing or PR exercise, to an extent it was. The engagement with the Communications Act is a political game and we were quite keen to find a way to speak the language that the others were speaking in a way that we felt meaningful.”

The notion thus not only allowed integrating the citizen and consumer notions, it was “not just an integration, it is also prioritising the citizen over the consumer”. The purposes were “written to express primarily citizen value but related back to consumer value as well. So it is primarily about the citizen value that we bring and you get to that through the consumer value. It is almost a by-product of the consumer value”. One interviewee described the citizen notion as “the new bit”. This makes sense when considering that the discourse of the BBC in the 1990s focused very much on the extension of consumer choice. The outcome focus of the purposes can be seen as a way to reflect this prioritisation of the citizen over the consumer. A BBC-interviewee said that

“the first insight that we had was that as a PSB, it was our job to serve [viewers and listeners] as citizens and the market was there to serve them as consumers. [...] We decided that our primary purpose was to serve viewers and listeners as citizens rather than as consumers, now obviously we still serve them as consumers and we want them to consume us, but that our services certainly taken as a whole had to be delivering something beyond what the market would straightforwardly deliver so we called that public value, essentially.”

The next step in the development of the public value idea was the public value test (PVT). As briefly addressed above, early on in the process the view was formed that a Charter review framework needed to address the BBC’s impact on the commercial sector. It was widely agreed among BBC-interviewees that the PVT was a central element, “a cornerstone”, in the Charter review process to demonstrate to the commercial sector that the “BBC was mindful of its impact”.

The impact notion and the possibility to distinguish between commercial and public value and trade-offs between them had been central to the development of the public value idea. As several interviewees emphasised, the biggest debate at that

time was the perceived BBC dominance, its crowding out of new markets and commercial competitors.

The introduction of the first phase of the BBC's digital services and the ensuing complaint at the European Commission by BSkyB about BBC News 24 had contributed to the development of approval guidelines by Secretary of State Chris Smith at the end of the 1990s. Approval processes were however conducted in a rather unstandardised and often protracted manner, which became apparent in approvals of the second phase of BBC digital services, in particular BBC3.

The favourable licences fee settlement of 2000 (an increase of RPI+1.5% p.a. until 2006), supported the development of the BBC's digital portfolio by endorsing the corporation's second round of digital service proposals made in January 2001, which would replace BBC Choice and BBC Knowledge with BBC3, BBC4, CBBC and CBeebies and introduce five new digital radio services (1Xtra, BBC6 Music, BBC7, BBC Asian Network and Five Live Sports Extra).

The BBC's proposal, seeking the Secretary of State's approval, highlighted the services' distinctiveness, quality, their role in driving digital take-up, their public value appeal in the form of reach, value for money, and increased investment in the UK production sector. The BBC Governors had further assessed the proposals against the requirements of the Charter and the criteria published in the annual report that justify licence fee funding, such as upheld editorial values, contribution to BBC's public objectives, demonstration of public value or appeal to licence fee payers, as well as free and universally access. The proposals also stated that the BBC's role was to serve everyone and not only high-level audiences as a result of its licence fee funding (BBC, n.a. 1, n.a. 2, pp. 1-2, 5, 7).

These service proposals show that a certain set of criteria existed that needed to be satisfied in order to justify service provision and public funding. As shown later in this chapter, several of these criteria became part of the BBC's PVT.

In 2001, Smith's successor Tessa Jowell approved all new services but BBC3, which followed in 2002 after the Governors had submitted a revised proposal.

In the case of BBC3, frustration had built up inside the corporation about a protracted and difficult approval process which lasted for years and was controversial due to strong opposition from the commercial sector. The BBC's concerns addressed the lack of clarity of the approvals process inside the DCMS and what the BBC

needed to do to get a service passed, the varying length of the process, and the Secretary of State's possible interference into programming and editorial decisions.

The public service approval guidelines published at the end of the 1990s by the DNH were described by one interviewee as a “precursor” of and “first attempt” at the PVT, as the process was more transparent than anything before while it also “lead to quite a lot of rather arbitrary trade-offs”:

“[...] the policy process was heading in this direction, but it wasn't very structured. There wasn't much of a clear rationale for it. And essentially what you see with the PVT or the notion of public value is you see the BBC saying we accept the direction of travel of the policy debate, but we would propose that we take on doing more of this ourselves and fit this as a framework within which one might think of the whole range of things the BBC does. So it doesn't come from nowhere. I am saying you have got an intellectual approach in terms of the notion of public value and you have got a kind of political and regulatory approach in terms of trading-off market impact versus public service credentials. All of that is of course swilling around in the time from 2000 to 2003.”

While the approvals process required the consideration of adverse market impacts and public consultations (see also Cave et al., 2004, p. 262), it had not been fully set or formalised, as pointed out by a DCMS official and several other interviewees. Further, limitations regarding professional skills and expertise inside the DCMS frequently created the need to commission research in particular from the ITC, as a former ITC employee remembered:

“In my role at the ITC we were sometimes asked, or probably always asked by DCMS to provide some analysis which would allow the Secretary of State to reach a view. And of course you can, when you haven't got a framework to apply, there was no framework, we had to start thinking about, what do we do, how do we think about it? So we wrote at the ITC a paper for DCMS on the BBC3 or one of the children's digital channels that started to crystallise some of the things which the BBC then put into its PVT in looking at whether this would deliver something that the market wouldn't otherwise deliver, whether it was central to the BBC's public purposes, whether it would have a detrimental impact on commercial operators. All those sort of things which were floating around but hadn't quite been articulated in any structured way. So if you look, you can probably find some of the assessments the Secretary of State made before the PVT, you see the sort of germ of the idea coming out of those.”

The PVT can be viewed as a combination, formalisation, and structuring of separate existing and new elements into a standardised process. The test in itself was

developed inside the BBC in the context of the DCMS-commissioned Graf report on BBC online (Graf, 2004) published in July 2004, shortly after the BBC's Charter review publication (2004a).

The Graf review was one of four reviews of the BBC's new digital services, launched by Tessa Jowell in 2002. All four reviews – the Lambert (2002) report of BBC News 24, the Graf (2004) report of BBC online, the Gardam (2004) report of the digital radio services, and the Barwise (2004b) report of the BBC's digital TV services – followed a similar and by the Secretary of State requested pattern of assessing service performance against approval conditions in relation to impacts on commercial services.

While this structure is least developed in the Lambert review, the last three reviews clearly display the assessment of proportionality in the form of positive benefits balanced against negative market impacts. This is related to the BBC's internal development of the PVT, which was tested with the Graf report.

The BBC's Charter review team had been tasked to take the online review on after previous service approvals had been particularly difficult due to market impact concerns which arose again strongly for online services. Propositions which the BBC had made in a submission to the Graf report were later reflected in the report. The report focused on the potential market impact of the BBC's online services. It recommended that new service approvals should be based on a comparison of the service's costs and benefits (Graf, 2004, p. 14; Steemers, 2004, p. 106), which was also later recommended by Ofcom in its PSTB review (2004c, p. 9).

Graf further recommended that a precautionary approach should be adopted which means that if there is a "close call" between the public service benefits of a proposed service and the costs of that service, the proposal should not be taken forward (Graf, 2004, p. 14). The online review was described by one interviewee as the "test bed for seeding the way we were thinking about Charter review, partly because it kind of needed to be salvaged and structured and partly because it needed to be defended."

The Gardam (2004) and Barwise (2004b) reviews followed a similar assessment of positive benefits against negative market impacts. The Barwise report (2004b, pp. 55-56, 58, 63) adopted the public value notion to speak of positive citizen and consumer benefits and assessed public value as the extent to which a

service's performance met its remit objectives/approval conditions (combined with direct consumer benefits, especially value for money, interactivity and digital take-up). This was balanced against market impacts to see whether the BBC services provided net benefit, which would then function as a justification for service provision. The Barwise report was published after the BBC's Charter review publication (2004a), which is one explanation for these direct terminological similarities to the PVT.

Generally, it can be summarised that the reviews follow a similar pattern of assessing the services' proportionality in terms of their performance against approval conditions (Lambert, 2002, pp. 3, 6, 9-15; Graf, 2004, pp. 17-29; Barwise, 2004b, p. 4) balanced against their negative market impacts (Graf, 2004, pp. 41-63, 3-4; Gardam, 2004, p. 8; Barwise, 2004b, pp. 2-3).

A central and recurring theme in the assessment of the performance against the approval conditions was the services' distinctiveness and their often lacking clear remits, what complicated performance and market impact assessments and reduced the predictability of BBC services for commercial competitors (Gardam, 2004, pp. 6, 96-97; Lambert, 2002, pp. 20-24, 2).

Distinctiveness and remit definitions were also central to market impact assessments, which were described by reviewers as difficult and rather new assessments for which no agreed methodology existed (Gardam, 2004, pp. 102, 30). MIAs generally adopted an often qualitative and dynamic competition-based approach (commonly used in competition regulation) that addressed potential reductions in competitive pressures and commercial viability which drive innovation and investment (Gardam, 2004, pp. 33-35; Barwise, 2004b, pp. 63-64, 68-69, 80, 3). Further criteria considered in the reviews were value for money, digital take-up, and quality (Barwise, 2004b, pp. 7-8, 63; Lambert, 2002, p. 16), which are measures later found in the PVT.

With regard to the scope of the BBC, several reviewers stated that the BBC should not be a niche service limited to providing market failure remedies but that it should instead compete with commercial services by providing different popular and distinctive programmes (Gardam, 2004, pp. 36, 39; Barwise, 2004b, pp. 19-20, 26).

Based on this information it can be said that the development of the PVT very much resembles an evolutionary process, starting from the European

Commission's State Aid and proportionality assessment (which however was not viewed as very influential by many interviewees), to the guidelines for service approvals of the Secretary of State and finally the internal development of the PVT at the BBC. Central to such assessments are the need for clear remit definitions and the standardisation of proportionality assessments in the form of the PVT. Most assessment measures later found in the PVT had been used before. The novelty of the PVT was however its standardisation and aggregation of these measures.

Parallel to these developments, as one interviewee said, "there has been an ever continuing undercurrent of the need for accountability", which reflected more general developments in the public sector. The Charter review correspondingly addressed the BBC's accountability, regulation and the Governors' role, which had further been emphasised through the Kelly Affair and Hutton report. This, however, as BBC-interviewees stressed, came later in the development and did not influence the early thinking on public value.

The arrival of Ofcom, however, "undoubtedly created a new challenge". It changed the dynamics and provided a central motivation for the development of the PVT. Ofcom would not only usher in a more evidence-based regulatory culture, it was also perceived as the first regulator with the scope and ability to take on the BBC's regulation. The BBC's objective was to keep the Governors, or something akin to it, to avoid regulatory oversight by Ofcom.

The objective was to provide a standardised, rigorous, quantifiable framework to "offer up the quantifiable straw of PVT". Early on, it had been clear that the notion would have to have a numerical component to it. This was however not without opposition inside the BBC. Some people noted with caution that this was a valuable idea which could create a narrative about value growth, expansion and scale but which might as well trigger a change in some of the institutional arrangements around the BBC. Some viewed this as creating obligations and difficulties which the BBC might not be able to fulfil, such as the contestable nature and assessment of outcomes.

Since some "people felt it wasn't quite right", the concept was moved centre stage only towards the end of the internal development process, as a consequence of Hutton and the departure of Director-General Greg Dyke and Chairman Gavyn Davies. Several BBC-interviewees described that the Charter

review publication (BBC, 2004a) had been “toughened up” as earlier drafts had not had a similar focus on public value:

“[...] there was a recognition, probably in the last six or nine months, that the mood at the time meant that the BBC needed to offer more than it had done in the past. ‘Building Public Value’ couldn’t just be a thing about the wonders of the BBC. It also had to be a quite rigorous test for the BBC.”

Other interviewees supposed that the development would have been different under Director-General Greg Dyke, who was supportive of the public value idea but interviewees suggested that he would not have wanted a PVT approach which he would have seen as too restrictive. He would instead have fallen out with the Governors and preferred an Ofcom relationship. The characteristics of both the public value notion and the PVT however fit well into the overall policy and regulatory environment.

9.2.2 Parallel Development: Dissemination of the Public Value Notion and Existing Procedures and Methods

After the BBC’s publication of ‘Building Public Value’ (2004a), the notion was promoted more widely throughout the Charter review process. Supported by the BBC and other organisations, The Work Foundation (TWF) initiated a public value project which culminated in the development of a Public Service Performance Model. In its white paper, the government requested the BBC Trust to take TWF’s model into account as a basis for assessing public value (DCMS, 2006a, para. 5.3.11).

The BBC participated to share knowledge and to “look for ways to move it forward even further”, as a former TWF employee described it. TWF’s public value project in part facilitated the wider take-up of the public value notion in the public service and in particular the cultural policy discourse, which according to another interviewee “gave DCMS a convenient hook to say they weren’t just buying the BBC’s ideas about this”. In addition, the DCMS was itself rather welcoming of the public value idea as a senior DCMS official recalls:

“Clearly, we did adopt the idea. It is one of these that had been around in various guises, the notion of trying to get a handle on broader public value, cultural creative activities and output delivery had been around a bit and had also been talked about in connection with arts policy.”

According to two other interviewees with knowledge of the matter, Secretary of State Tessa Jowell went to Warwick University on a sabbatical about public value in search for a framework to measure value, performance, and output for DCMS. Professor Benington of Warwick University had initially brought the concept from the US to the UK and later ran seminars that can be linked to the Cabinet Office paper (Kelly et al., 2002). The Secretary of State's sabbatical resulted in a cultural value discourse and a DCMS pamphlet on the value of culture (Jowell, 2004). The cultural value notion was also picked-up by the Think Tanks IPPR (Kearns, 2004; Bend, 2004) and Demos (Hewison & Holden, 2004; Wilsdon et al., 2005; Holden, 2004, 2006), of which the latter was linked to the sabbatical.

One academic described public value as a “mobilising doctrine” which had, among the government institutions, been used most strongly by DCMS. He further commented that various mobilising doctrines had been used during the New Labour period, such as “creative economy” which increased the importance of media (see also Schlesinger, 2009, p. 11 et seq., 2007). It can thus be argued that these developments related to the wider dissemination of public value created and enhanced the acceptance and legitimacy of the concept.

The public value notion did not only fit well with the political environment at that time, it did also reflect parallel developments in the regulatory context. Aside from the connection of the PVT to the DCMS's approval process, a more general parallel can be established to wider “better regulation” developments which were initiated by the New Labour government. After coming into power in 1997, the Labour government made the terminological and philosophical switch from “deregulation” to “better regulation” with the set-up of a better regulation task force in 1997 and the publication of a set of principles of better regulation one year later (Baldwin, 2007, pp. 27-28). The regulatory impact assessment (RIA), as the core piece of this development, involves an assessment of the impact of policy options, covering the purposes, risks, benefits and costs of proposals (ibid., pp. 31-33). RIAs are a form of a quantitative ex-ante CBA. Intended to improve quality of decision-making and regulation, RIAs have become best practice in UK and EU policy-making (Prosser, 2006, pp. 364, 371). The HM Treasury Green Book (2003) also set out evaluation methods and standard valuations for outcomes which should be used to inform decision-making. Even though CBAs weren't required by HM Treasury,

they were featured strongly in the Green Book and “pressure is felt across government and the evaluation community to employ ‘hard’ techniques that assign monetary values to policy outcomes” (Hills & Sullivan, 2006, p. 49).

According to several BBC-interviewees, these developments were however not very influential aside from informing the development of MIAs. The general increase in public sector accountability requirements was however an overall theme for the BBC and C4. The principles of better regulation are for example taken into account in PVAs (BBC Trust, 2007a, p. 5).

The PVT’s structure akin to a CBA evokes measurability of the value created. Even though the level of scepticism towards the public value notion remained fairly high at HM Treasury, a former Treasury official commented that there were special advisors who were very supportive of PSB and “who were very drawn to the idea that they could have some sort of way of proving and assessing this benefit”. On a more critical note, the interviewee stated also:

“They [BBC] were trying to create a sort of wider economic legitimacy for interventions in the broadcasting markets and felt that we would be coming from a sort of CBA approach and what they wanted to do was create a CBA which sort of explained more of what they felt of the public good bit of it. I suppose they felt that the classic Treasury test of cost-benefit would underestimate the benefits because they were sort of wider spillovers. [...] In some ways I never really bought it because a decent CBA should take all these things on. And there is a sort of concept in the Green Book. The Green Book is a valuation tool that the Treasury has. It explains how you capture values, how you capture public value and concepts like the time theory of value. [...] From a principle basis, from an economic analysis basis, they weren’t doing anything particularly new by saying that you have to capture a thing called public value. What they were trying to do was to frame it in a different way than a classic CBA. In some way, what they are saying is this is how you price the benefits. And that is fine.”

The drive towards measuring wider societal benefits was also reflected through a series of WTP studies which had been conducted during Charter review (Barwise, 2006 for BBC Governors; Fauth et al., 2006 TWF for DMCS; Ofcom, 2004c; Mori, 2004). The BBC published an audience research based WTP study to measure the total value created for citizens and consumers, conducted by Human Capital Consultants (BBC, 2004b). One author of this study later stated that the valuation of public services was an area of growing interest and that the study was

the “first ever large-scale attempt to quantify the total value that the BBC is perceived to generate, not only as a service to individuals as consumers, but also to the population as a whole” (Terrington & Dollar, 2005, p. 60). Previous work on the BBC had tended to focus on its consumers rather than its total value (ibid., p. 61).

9.2.3 Parallel Development: Ofcom’s 2004 Public Service Television Broadcasting Review

Interviewees consistently stated that evidence-based policy-making was something that had become increasingly important under the New Labour government, which manifested in particular in Ofcom as an evidence-based regulator. One interviewee commented that “under the Conservatives you hadn’t had this issue of evidence base”

Shortly upon inception, Ofcom commenced its first PSTB review which ran from October 2003 to February 2005. Its phase one document was published in April 2004 (Ofcom, 2004a), shortly before the BBC’s (2004a) ‘Building Public Value’ publication in June. As parallel processes, the debates of the two reviews were interrelated. This becomes evident when considering Ofcom’s development of a new rationale and model of PSB over the course of the three review phases.

In its phase one review, Ofcom outlined a new, sustainable future rationale for PSB (2004a, p. 70 et seq.; 2004b). Like the Davies report, Ofcom considered market failures as the starting point for intervention whereby Ofcom subsumed both citizen and consumer objectives under market failure rationales. Ofcom no longer viewed intervention as necessary to rectify consumer market failures (public good, monopoly, information asymmetries), as these were diminishing. Rather, a new rationale needed to be built, which was based on citizen rationales, as market failures such as externalities and merit goods still applied (Ofcom, 2004a, pp. 2, 71-74, 2004b, 2004c, p. 108). In addition, equity arguments of free and universal access, plurality of supply and the potential of television to reach large numbers of people with great impact were listed as rationales (Ofcom, 2004a, pp. 75, 108-109, 2004b). Four rather broad outcome-based purposes were defined to reflect the enduring citizen market failures, accompanied by a set of six PSB programming characteristics (Ofcom, 2004a, pp. 9, 72-73, 2004c, pp. 109-110, 2005, pp. 7-8, 2004b). To account for the shift away from quota-based assessments to outcome-based purposes, a new

output-impact-value assessment framework was developed to measure public service delivery against purposes and characteristics (Ofcom, 2004a, pp. 4-7, 27 et seq., 2004c, pp. 121).

Aside from the ideological focus on market failure justification, Ofcom's review shows similar characteristics to the BBC's propositions made in 'Building Public Value' (2004a), in terms of the definition of outcome-based purposes and an output-impact-value assessment framework. Ofcom's approach was in part a continuation of the ITC study of ITV's PSB obligations, which informed the development of Ofcom's measurement approach (Foster et al., 2004). Later, Ofcom itself pointed out that "there is a great deal of similarity between the BBC's conceptual approach and the one we set out in our Phase 1 report where we distinguished between the value of PSB to consumers and its value to citizens. Ofcom, therefore, welcomes the BBC's proposed use of the public value concept" (2005, p. 35). It further supported the approach put forward in the Graf review as well as the proposed PVT (Ofcom, 2004c, p. 9, 2005, p. 10).

Ofcom hence took an economic, utilitarian approach towards PSB, expressed through the focus on market failure justification, the discussion of citizen objectives as residual market failures, the overall leitmotiv of 'Competition for Quality', as well as its reference to popular appeal as a rationale for PSB (Gibbons, 2005, pp. 42-45; Helm, 2005, pp. 3-4; Prosser, 2006, pp. 367-368). Ofcom sees the BBC at the heart of PSB (2005, p. 9) and emphasises that "a publicly funded BBC needed to retain scale and viewer impact" (2004a, p. 3). As shown in chapter 7, this duality of reach and impact is featured strongly in the BBC's PVAs.

As three arguments for constant or higher real levels of PSB subsidy, Ofcom stated enduring citizenship benefits of PSB, public appreciation, and public desire to pay for PSB (2004c, pp. 40, 47-52). "This suggests that PSB is likely to have to deploy a creative approach which blends public purposes and popularity, that is serious in intent but accessible in style, and that finds new ways of leading audiences to interesting and challenging material" (Ofcom, 2004a, p. 10). PSB was defined as programming that is "both challenging and accessible, and which engages large numbers of viewers, rather than small minorities" (ibid., p. 75).

The general view among interviewees was that the BBC's Charter review document and Ofcom's PSTB review were parallel processes where an exchange of

ideas had taken place in the wider debate. Some interviewees believed that it would be wrong to view this as the BBC reacting to Ofcom as it was rather a development coming from the BBC. On a more general note, one interviewee explained these parallel developments by reference to a “common sense” in the policy community:

“Quite often, those things happen because the people are all part of those discussions and they sort of happen in parallel and one organisation will say it was ours and the other will say you are building on something we did before. If you look at the purposes of PSB that Ofcom developed, if you look at the initial consultation document that was published as part of Charter review in 2003 and also look at the notion of measuring public value that the BBC came out with in their document, there is a certain amount of commonality between them, partly because there is common sense.”

Even though interviewees’ views remained rather vague on direct interrelationships between Ofcom’s PSTB and BBC’s public value approach, the obvious similarity in the approaches points to a further central aspect that merits consideration in the explanation of the overall development, which is that of personal relationships.

9.2.4 Parallel Development: Personal Relationships

A central and recurring theme in almost all interviews was the importance of personal relationships in the development and diffusion of the public value notion. One interviewee commented that “in that dynamic of individuals, institutions, and processes I would say individuals matter more than anything else”.

Different phases can be distinguished in this development. The first one is the transition of the notion from US theory to UK practice, which was facilitated by Professor John Benington, who held public value seminars at the University of Warwick. One of them was attended by Geoff Mulgan, who wrote a piece on public value that developed into the Cabinet Office paper (Kelly et al., 2002), which was the first formal UK appearance of the public value notion. The paper did not go beyond the stage of a think piece, as it according to a senior civil servant “failed to persuade key figures then – including Gordon Brown and Tony Blair – to use it as a framework for government.” BBC-interviewees however described it as the stimulus for public value thinking inside the corporation.

Beyond that, a more direct link may be established between the BBC and the earlier seminars at Warwick University. According to one interviewee with close

knowledge of the proceedings, BBC Chairman Gavyn Davies is said to have attended a seminar, together with Geoff Mulgan and Mark Moore, in search of an alternative framework for justifying public expenditure on the BBC. This would stand in contrast to the report Davies had written in 1999 on the future funding of the BBC as well as later publications during Charter review, which focused on market failure as the primary justification for PSB (Davies, 1999, 2005, p. 130). Independent of this claim regarding his attendance in Warwick, BBC-interviewees emphasised the importance and involvement of Gavyn Davies in the internal development of the notion. As described previously, they also stated that market failure wasn't felt to be a strong enough rationale for Charter review.

Several interviewees emphasised that there was a shared debate about the future of PSB and that a lot of cross-thinking was taking place between the different institutions and a small group of people, who were thinking about these issues. People from the ITC who worked on the study of ITV's PSB obligations or on research for DCMS reviews of BBC services went on to consult the BBC on the development of a measurement approach or worked for Ofcom on the first PSTB review. A BBC-interviewee remembered:

"The truth is, there were a lot of ideas going around and a lot of people worked across different organisations. I dare say there was a lot of cross-fertilisation of ideas and we happened to take them and run with them because we had got Charter review."

The dissemination of the public value idea after the BBC's 'Building Public Value' (2004a) publication and throughout Charter review is similarly influenced by individual people and institutions, from Will Hutton at The Work Foundation, to Think Tanks like Demos and IPPR, of which the latter ran a series of seminars¹⁸ in 2002 and 2003 and later contributed a publication to the interrelated debates of Ofcom's PSTB and BBC's Charter review.

A further context in which the role of individuals was emphasised was the final constitution of the BBC Trust as the BBC's regulatory body. Giving away the BBC Governors was described by some interviewees as the price the BBC had to pay to get more power in the form of the PVT. Several interviewees described the PVT as a deal to keep Ofcom as an external regulator out while ensuring independence from government.

¹⁸ <http://89.234.45.165/research/themes/previousproject.asp?id=1657&pid=1657&tid=4271>.

“The deal was, if we come up with something that is robust and Ofcom can do the MIA, we are fine with that but it fundamentally stays something that is done by the BBC and not by politicians.”

A DCMS official commented that quite a lot new digital services were coming up and that the Secretary of State’s involvement in these decisions raised issues of independence. With the PVT, the BBC was given “the tools to do the job”, and the Trust was set up to be more independent from management. Another interviewee said that the decision against a regulator separate from the BBC was also influenced by the timing, the run-up to a general election and Chairman Michael Grade’s proposition that he would resign if the regulatory body wasn’t going to be part of the BBC. The interviewee further emphasised the importance of the political climate in these developments: “For any regulator, if you want hawks, you put hawks on it. If you want doves, you put doves on it. And we always put doves in the BBC because we like it. [...] Politically, there are people who like the BBC, and that is that. That is the thing that matters.”

There was a strong sense among interviewees of a tightly knit policy community in which personal relationships and a shared sense about the future direction of policy coined the overall development. Frequently, interviewees stressed that there were “a lot of politics going on at that time”. These findings are supportive of similar conclusions drawn by Freedman (2005, 2006, 2008a), Schlesinger (2009), and Born (2008) on the range of policy actors participating in media policy.

The pattern of a tightly knit policy community and the role of individuals continue with C4. Some of the individuals who had worked for the ITC, BBC, and Ofcom on the development of (public value) assessment frameworks were later involved in the take-up and development of the notion at C4.

Interviewees generally saw the BBC’s application of the public value notion as a successful Charter review strategy since central propositions made in ‘Building Public Value’ (2004a) had been incorporated into the Royal Charter, which left the corporation with an extended remit, increased strategic independence as well as an increased licence fee. Since its introduction by the BBC, the notion had “worked itself into the discourse”, from the BBC to TWF, Ofcom, the DCMS, and the wider cultural policy sector. This sets the context in which C4 adopted the notion.

9.3 Phase Three – After the Institutionalisation of the Public Value Notion at the BBC

9.3.1 Motivational Aspects: Public Value Take-up at C4

Prior to the publication of its strategic review ‘Next on 4’ (C4, 2008b), C4 was faced with uncertainty regarding its future funding. Interviewees from inside and outside the corporation saw a clear connection between the application of the public value notion and the corporation’s funding difficulties. A C4-interviewee described the situation as a “mutual coming together of thinking” between C4 and Ofcom on arising financial difficulties during Ofcom’s first PSTB review. Ofcom’s (2007b, 2007c) following financial review identified a funding gap and highlighted questions regarding C4’s light governance and accountability framework, which would require adjustment if its funding model was changed. The possible receipt of public funding could also raise State Aid concerns at the European Commission.

Historically, C4 focused little on governance and accountability and had been “fairly defensive about the depth of accountability” due to its commercial funding. Aside from possible direct public funding and corresponding increased accountability requirements, several interviewees pointed to a more general trend towards greater public service accountability that led C4 to recognise it hadn’t been sufficiently accountable.

The realisation was that its accountability system had to change and C4’s public contribution had to be addressed if it requested public funding. The starting point was “the need and the recognition that we need to better articulate and measure what we were doing”. It was obvious that public support could only be considered “if we understand how much value we are getting back. So C4 had for the first time to think of the concept of public value.” A senior DCMS official had a similar view:

“I suppose there was a feeling that we and Ofcom, and C4 as well, in order to really have a discussion about that you needed to understand a bit more concretely what is the real impact of changes in particular financial circumstances. And therefore you needed a set of tools to be able to understand what is C4 delivering now in terms of public value and how might that change in the case of different scenarios.”

C4 first applied and defined public value in its ‘Next on 4’ publication (2008b), while public value thinking had started earlier in 2006 (Duncan, 2006).

Compared to the BBC, the notion was used much less frequently and ideological aspects such as market failure, consumer and citizen distinctions were described as not relevant for C4. C4-interviewees consistently said that citizen and consumer distinctions weren't relevant as it focused on audience and individual viewer relationships:

“Certainly, here we don't talk about citizens and consumers. We just talk about the end user if you like. [...] It does not make sense for us to distinguish. We need our citizens to be consumers as well because they pay through ads. We could spend the whole time thinking of them as consumers to maximise revenue and not think about the public good at all but we do think about that all the time because we have a public mission. So the two things just sort of sit side by side at C4.”

Another interviewee commented that “public value wasn't a phrase used very much inside C4”. It was rather a “way of thinking” on top of which C4 put its own thinking:

“When we talked about value, we not so much thought about public value used by BBC, in BBC terms. We meant additional societal value that would be delivered above and beyond the market by C4.”

This is also reflected in the later renaming of the public value report to the public impact report, which according to C4-interviewees resulted from corporate strategic and communication reasons to express C4's distinctiveness and avoid direct comparison with the BBC. Public impact was “used as a label that was slightly more distinct, slightly different. It captured the broader sense of economic as well as societal impact.”

Despite the later shifting away from the public value terminology, some interviewees said that the initial impetus for its application was to be more closely associated with the PSB discourse developed by the BBC. One policy insider commented that due to its status as a commercially funded PSB, C4 had been riding two horses for most of the 1990s which had left it “in the middle, slightly uncomfortable, being neither the one nor the other. I guess as soon as they started to talk about the need for direct state support, that made the decision for them and they moved over to the BBC camp.” C4 would have to adopt “some of the same language and positioning as the BBC” and “roughly align their own processes with those of the BBC” as it became more visible in the discourse about the future of PSB. Similarly, another policy insider commented:

“If you look at the broader debate around funding at that time, in order to mount arguments for public subsidy, they had to find a philosophical, conceptual position, underpinning, which enabled them to make the same kind of public value arguments like the BBC but in a slightly different way. I think historically, the conceptual underpinning of the reason for C4 intervention was all about driving creativity and innovation. It was rather more supply side than demand side, building up the independent sector, what they have done very successfully. When you take the argument that you want to be the alternative provider in a pluralistic PSB economy and you maybe want to slice the licence fee and other public subsidy, you have to frame an argument what value you deliver back to the public much more in terms of the audience and the public who are helping to subsidize you than when you are basically driven by advertising.”

The PSB model that emerged through the BBC’s public value application and Ofcom’s PSTB review consisted of purpose-based remit definitions against which performance assessments were conducted. Correspondingly, C4 defined a set of public purposes in ‘Next on 4’ and delivered a public impact assessment in its annual report.

The main theme of ‘Next on 4’ was to “redefine the public role for the digital age”. Historically, C4’s remit, which only applied to its core channel, had been defined rather broadly in legislation and was “quite open for interpretation”. As all other services weren’t part of the remit and hence not considered public service content, their contribution was not recognised in its reporting to Ofcom. The difficulty of assessing C4’s performance against this broad remit also raised complaints from commercial broadcasters regarding the amount of public service content C4 was providing. A senior DCMS official remembered:

“It was very hard to get a handle on how well C4 is doing against this broad remit that it has in the Act. There were quite a lot people saying this is quite nebulous, this remit, and there is no sense in which C4 accounts for how C4 is doing. It basically says it delivers its out of London quota and also great programmes. And that was where there was a push and it came through in the review that Ofcom did. And I think the C4 Board was recognising at the same time that there was a need to try to give a bit more clarity publicly how the board itself was trying to get a handle on how C4 was delivering against its public service purposes.”

On this topic, a C4-interviewee commented:

“In a way, that is what we tried to do with ‘Next on 4’. We tried to move away from a position saying everything C4 does is PSB and marvellous and begin to say some

aspects are highly valued by viewers and they are good but these are not the key things we are necessarily here to do as a public organisation. What are we here to do as a public organisation? What is the value we deliver to society? That is how we ended up with the four purposes.”

The four purposes addressed these developments by trying to articulate the remit more clearly – rather than to replace it – on a multi-platform outcome basis that shifted away from service-based input/output definitions. A C4-interviewee involved in this process said the purposes resulted from a triangulation in which findings from deliberative audience research conducted for ‘Next on 4’ on C4’s PSB role were related back to the legislative remit and Ofcom’s PSB purposes.

The public value report was seen as a continuation of ‘Next on 4’, which had “by defining the purposes created the first stepping stone on the way to the public value framework”. It had been clear at that time that it was necessary to develop a measurement framework structured around the purposes, in particular with regard to the bid for public funding. A C4-interviewee remembered:

“As a public institution and intervention in the market place, it has to be able to demonstrate the positive role or value it creates for society through the intervention if it is to get any public support or benefit. It had to be able to say without C4 you wouldn’t get the following things, and that can’t just be a list of programmes. It has to be some kind of quantifiable value to society. Whether that is kind of to the audience, viewers, citizens, we were fairly vague on. It was never a detailed economic analysis. It was a broader sense of ‘these are things society benefits from’.”

The starting point was the need to “find a system of measurement that can inform our accountability, that builds on the public purposes and that captures that sense of value to society”. Even though the public value notion had been used in ‘Next on 4’, not much attention had been paid to public value literature or its use in the UK public sector. The thinking about public value became however more relevant in the development of the assessment framework, for which BBC measures were considered. The measurement framework was of central importance and had to be “as economically robust as it can be. [...] Without measurement underpinning it, it is just meaningless PR”.

For its development, a public value literature review was conducted and the BBC’s RQIV framework was studied to identify relevant measures for C4. Value for money, for example, wasn’t relevant while more emphasis was put on broader

creative economy impact. As a market-funded public service broadcaster, impact was at the heart of the framework. “There is a combination of the way you reach people but also the number of people you reach. That is why we call that the public impact report.” One interviewee said:

“The best we would be able to do is come up with a set of measures that painted a picture of value collectively. [...] It allowed us to go from a position of having very little measures of that to being able to say year-on-year one can begin to articulate a story of the role that C4 plays and how much value it is delivering in different ways. It was about creating a narrative that wasn’t definitive but gave a much more quantitative sense of the value C4 was contributing.”

The framework used quantitative and qualitative assessments for the four purposes and three scale & impact measures (chapter 8). Measuring purpose outcomes on a cross-platform basis through audience research or qualitative case studies was new for C4 as it reported on Ofcom’s licence requirements for the core channel with input and output measures. Due to Ofcom’s fairly high level of scrutiny, C4 had “never really been under significant obligations to publish or make available a huge amount of information on its public role”.

C4-interviewees described the PIA as an attempt to address competitors’ criticism of its broad remit and its own perception that it didn’t receive credit for contributions beyond its core channel. Described as a communications, accountability, and public relations tool, the PIA was viewed as a “very useful defensive tool when you are under attack for actually demonstrating the volume, the breadth, and the depth of public impact”.

The 2010 Digital Economy Act included the purposes and expanded C4’s remit by recognising its status as a multi-platform network, including additional, loosely defined requirements which do not have public service privileges. These inclusions legitimise C4’s activity beyond its core channel and are thus in C4’s interest.

Regarding the broader goal of demonstrating C4’s contribution to society and “winning the argument for public money”, the undertaking was less successful. As one interviewee pointed out, “there are all sorts of other reasons why they have not achieved these political goals”.

9.3.2 Parallel Development: The Diminishing Role of Public Value

After the introduction at the BBC, the public value concept has enjoyed initial success with its adoption at C4, as well as in some other areas of the cultural sector (Keaney, 2006; Arts Council Public Value Projects 2008-2011¹⁹). The UK Film Council (Collins, 2006a, p. 11), English Heritage (Clark, 2006), and the Royal Opera House approached the concept. Interest also existed in the public sector with local governments (Scottish Government, 2008), the NHS (Levy, 2008) and leadership and education organisations (Mager, 2007; Grigg & Mager, 2005). The National Trust applied it in cooperation with the management consultancy Accenture (The National Trust & Accenture, 2006), of which the latter developed a Public Service Value Model that focuses on “defining, measuring and increasing the value delivered by public service” (Cole & Parston, 2006, p. xiv).

Despite this initial diffusion of the notion, interviewees generally viewed the concept as something that was not going to last in the context of PSB, as it would quite quickly be replaced with a new policy idea. Irrespective of that, some interviewees were of the opinion that the notion had conditioned the debate and shaped the language around it. Others felt however that it was merely “switching semantics”.

While the public value notion is still occasionally used in discourse at the point of writing in 2012, its presence has been considerably reduced over the years. This is also the case for the BBC, which began to speak of “public space” in its 2010 strategy review (BBC, 2010; BBC Trust, 2010b), which according to interviewees was building on the public value notion, but was however not as well received as the ‘Building Public Value’ (BBC, 2004a) publication.

Following the new licence fee agreement in October 2010 and a strategy review initiated in July 2009, the concluding strategy review document ‘Putting Quality First’ published in December 2010 (BBC Trust, 2010c) established four key objectives of which the first one was to “increase the distinctiveness and quality of its output”, followed by the second one to “improve the value for money it provides to licence fee payers” (p. 4 et seq.). Content characteristics in the form of distinctiveness and quality have thus been set as a new priority.

¹⁹ <http://www.artscouncil.org.uk/about-us/research/public-value-programme/>.

In contrast to its fate in discourse, agreement generally existed among interviewees that the notion would only prevail in practice, in the form of the PVT. The test or something akin to it that addresses the negative and positive impact of PSB on the market was viewed by almost all interviewees as something that was going to persist and be needed in the future. This is also related to the fact that the inclusion of the so called “ex-ante test”, modelled after the PVT, in the revised European Communication on State Aid for PSB (2009) has had the consequence, that similar concepts are used across Europe, of which some also use the public value notion.

The public value development in the form of the PVT and the formalisation and increased transparency of the assessment process for new services was generally seen as a positive development among interviewees. With a Conservative party in power, the pressure on PSB is likely to increase as media policy is set to move towards a deregulatory framework (Martinson, 2010). In the light of the change in government, the public value approach, as a “Labour concept”, will not see a revival, while it remains very likely that a concept in the form of the PVT will prevail – with or without the public value terminology in use.

9.4 Summary and Conclusion

The chronological review of the public value process has shown how certain market, regulatory, political and strategic developments have created a context in which the public value notion was used by the BBC and C4 as a concept to address non-market threats and opportunities specific to the two organisations. Accompanied by wider support in the policy community, the notion became institutionalised at the BBC and C4 as a mechanism to define their remit and demonstrate positive contributions and market impacts to inform and justify service provision.

In the following, key findings from the three phases of the public value process are summarised with regard to its similarity to paradigm shift processes as well as factors that influenced the overall development and take-up of the notion.

Influence factors and process characteristics were defined as secondary indicators in the paradigm shift classification framework outlined in chapter 1.

The investigation of the public value process in this chapter was structured into three phases; before, at, and after the institutionalisation of the public value notion at the BBC.

The *first phase* encompassed the 1990s as the time prior to the introduction of the public value notion. The focus lay on developing an understanding of the incumbent paradigm with regard to the ideology that dominated PSB justification and the wider policy and public management context.

The Davies report (1999), as the last official government report on PSB, stated that “some form of market failure must lie at the heart of any concept of PSB” (pp. 10, 201). Earlier government and BBC documents of the 1990s related to the BBC’s Charter renewal process also showed that market considerations were a central concern in the discussion of the fundamental changes that lay ahead with the change from analogue to digital distribution and the role of PSB in relation to that.

While the government’s green paper (DNH, 1992) opened up the discussion on the scope of PSB to the full spectrum of niche to universal service provision, its later white paper (DNH, 1994) much more clearly endorsed the BBC as the UK’s main PSB that was supposed to take advantage of the digital age. While market failure is not frequently cited, it is repeatedly stated throughout the documents that the BBC is supposed to complement the market and also withdraw from areas, in which it was not needed anymore in the future. In particular in BBC documents, the justification for sustained and extended PSB provision is related to the high level of risk and uncertainty of the digital switchover and new possible monopolies and market failures.

While a range of economic and non-economic rationales informed PSB justification in these documents, the legitimisation of the scope of PSB is primarily linked to markets and increased consumer choice.

These findings on the 1990s, as the reference point for the comparison of the public value notion, corroborate literature which describe the time since the 1980s as more dominantly focused on neo-liberal economic than non-economic rationales in media policy (van Cuilenburg and McQuail, 2003; Born, 2008, 2004; Freedman, 2005, 2008a; Leys, 2001). Some authors even describe it as a rather

hostile policy environment which is dominated by economic rationales and is only “fine-tuned for public service ends” at its margins (Born, 2008, p. 693).

In such an economic policy and regulatory environment, the reduction of market failures makes it more difficult to justify sustained or even expanded PSB provision from an economic perspective. As uncertainties and risks related to digital take-up however persisted in the early years of the transition, continued claims were made to justify large scale PSB provision and expansion into digital to drive digital take-up. This led to complaints from commercial competitors, as addressed in the second phase.

While BSkyB’s complaint to the European Commission about BBC News 24 was rejected, it resulted in demands from the Commission to more clearly define PSB remits. In addition, difficult service approval processes conducted by the Secretary of State, such as BBC3, showed that a rationale was needed that provided remit definitions and market impact considerations. BBC-interviewees described this as the central concern during that time. It was also stated that a shift away from market failure was another reason for introducing a new rationale, as it was feared that market failure could be used to argue for a reduction of PSB.

In the context of policy change and paradigm shifts, such a process of the dominant rationale, here market failure, turning into a de-legitimising concept is described as a crisis or anomaly in the incumbent paradigm, as it no longer justifies the desired policy objectives.

In the case here, the objective of the BBC and of a supportive policy community, as later shown, was however to ensure universal service provision of PSB in the digital age. Such a crisis creates a window of opportunity to introduce a new rationale, such as the public value notion.

As described by interviewees, the public value notion was considered particularly useful to address the remit of PSB in the form of the value created which could then be compared to the market impact of PSB services. The notion was described as useful since it was an undefined umbrella term that could be tailored to individual needs. In the case of the BBC, the notion was used to address various policy developments at one time, such as the more direct role of the citizen in media discourse as well as the need for an assessment framework and more general trends towards accountability and evidence-based policy-making. The public value notion

was thus interpreted by the BBC to address and anticipate a range of policy developments, which increased its acceptance in the policy community as it signalled understanding of stakeholder concerns.

In the context of PSB justification, the sequence of developments from a crisis, to the introduction of a new rationale which was supported by a policy coalition that lead to the eventual institutionalisation of the notion, reflects steps typical of a paradigm shift process. The novelty of the public value idea, as a consideration of the fundamentality of change – other than with regard to its ideological composition – is however limited. The PVT is only partially new as it comprises several elements of previous service approval processes and reviews conducted and commissioned by the Secretary of State. Only some elements are new such as the focus on citizen and consumer distinctions, the institutional change of the Trust conducting the assessment, and the standardisation of the assessment.

Overall, the changes that have taken place with the public value notion and in particular the PVT appear to be more path-dependent and evolutionary than radical and revolutionary. While both evolutionary and revolutionary processes can lead paradigm shifts, according to paradigm shift literature, the nature of the process here being only evolutionary supports the finding of chapter 8 that no ideological shift has taken place, as the primary indicator of a paradigm shift.

This is further corroborated by the rather quick disappearance of the notion in discourse, after an initial phase of wider adoption at C4 and other areas in the cultural and public sector. While the PVT persists, it does not resemble a fundamental change but rather an evolutionary path-dependent process.

As secondary paradigm shift indicators, the influence factors and characteristics of the public value development discussed in this chapter further support the findings from the ideological shift analysis, that no paradigm shift has taken place. A final conclusion is drawn in the next chapter.

10. CONCLUSION AND CONTRIBUTION

The thesis set out to investigate whether the adoption of the public value notion at the BBC and C4 represents a paradigm shift in the justification of UK PSB. This research interest was based on the observation that market failure had turned from a legitimising into a de-legitimising rationale in the transition from analogue to digital broadcasting.

While distributional and content market failures justified both popular and niche provision in analogue broadcasting, the reduction to content failures in digital broadcasting limits PSB justification to niche content provision (see chapter 2). The public value notion – which in discourse and theory focused on wider societal and citizen objectives – appeared in the PSB context in this transition from analogue to digital broadcasting.

This observation created the interest to investigate whether the wider adoption of the public value concept in UK PSB indicated a shift in the ideological justification from an economic, increasingly de-legitimising market failure rationale to a non-economic, citizen- and society-focused public value rationale.

Empirically, this meant that the public value notion appeared to have been introduced as an alternative rationale to market failure to justify continued universal PSB provision in the digital age – which market failure no longer justified.

While these observations did not imply that market failure was used as the only rationale to justify analogue broadcasting – the contrary view was taken that justification of PSB has since its inception been a mix of both economic and non-economic rationales – the observation merely indicated that as long as market failure fully applied and thus fully justified large scale analogue PSB provision, it provided protection against free-market arguments to reduce public service intervention.

As neo-liberal views became stronger in the 1980s/90s, the reduction of market failure in the transition from analogue to digital at exactly the same time meant that market failure justification was increasingly reduced as a protection against the then increasingly dominant free-market liberal views.

The research objective was thus to investigate whether this shift to public value as a non-economic rationale for market intervention has taken place in order to provide an alternative rationale that justified universal popular and niche PSB

provision in the digital age. The research assumption was that the adoption of a non-economic and much less clearly defined rationale like public value provided the opportunity to construct a much less constrained PSB rationale than market failure. The significance of this development, and therefore also of the research, is twofold:

Firstly, it addresses the scale of PSB provision in the context of technological change and the ideological justification of public service provision.

Secondly, it addresses the role of different ideologies in informing ideas and decision-making in (media) policy.

Both aspects are of empirical and theoretical relevance. Empirically, they address the actual nature and process of decision-making in public policy as well as the scale and scope of PSB provision. Theoretically, they address the role and use of different ideologies in informing policy ideas and outcomes in the specific context of PSB policy.

While the thesis heavily focused on the role of different ideologies in the form of economic and non-economic rationales – in particular their relationship and hierarchy in policy-making – other factors that influenced this development were also addressed in the research, however less prominently.

For the investigation, the paradigm shift concept was chosen as the central analytical framework. A paradigm shift is defined as a change in the hierarchy of the component values of a policy paradigm. Here, this translated into the investigation of a change in the hierarchy of economic and non-economic component values of the public value notion. The paradigm shift notion is a widely accepted theoretical concept that refers to the most profound, permanent and influential form of policy change.

To address existing shortcomings in media and public policy paradigm studies, an analytical framework was devised that centred on the investigation of an ideological shift in the hierarchy of component values as the primary indicator of a paradigm shift. To improve the evidence base and take developments in the wider policy process into account, the primary analysis of an ideological shift was supplemented by a policy process analysis that focused on influence factors and process characteristics.

The overall research question of whether a paradigm shift had taken place with the public value notion in UK PSB justification was thus investigated in the

form of two research questions. The first research question addressed whether an ideological shift had taken place with the applied public value concepts at the BBC and C4 (chapters 7, 8). The second research question focused on the wider policy process of the public value notion, which was structured into three phases of before, at and after the institutionalisation of the notion at the BBC (chapter 9).

While preliminary conclusions have already been drawn in the respective chapters, this concluding chapter integrates these findings to reach an overall conclusion on whether a paradigm shift has taken place with the public value notion in UK PSB justification (10.1). Based on these findings, the contributions of the thesis in the two fields of media and public policy studies are summarised (10.2).

10.1 The Public Value Notion in UK PSB Justification – A Paradigm Shift?

As summarised in chapter 8.2, the detailed analysis of the ideological composition of the applied public value concept at the BBC and C4 has shown that, overall, the operationalisation of the concept in the BBC's PVT and C4's PIA puts more emphasis on consumer objectives than wider societal citizen value. This is combined with the application of economic methodologies and concepts, which address the quantification of individual consumer benefits much more prominently than qualitative considerations of wider societal outcomes.

These findings provided the first step in answering the first research question as they showed that the assumed focus of the public value notion on citizen over consumer objectives had not taken place in the applied notion. In the assessment frameworks, the consumer focus was expressed through reach and thus scale of PSB, which was more pronounced for the BBC than C4. PSB performance is thus very much defined dependent on consumer demand. This leads to a bias towards popular programming and scale which puts PSB in more direct competition with commercial providers.

It can be concluded that the rationale of (net) public value is overall focused more on consumer than citizen objectives as it draws mainly on economic concepts and accounts for market impact. The public value concept has thus been

subject to technocratisation, which according to several interviewees made it “more than just semantics” and thus increased its acceptance. Technocratisation decreases contestability and increases validity by “reach[ing] political closure” (Karppinen, 2006, p. 59). Overall, (net) public value represents an economic rather than a non-economic approach.

The first research question can now be answered by drawing a comparison to the incumbent paradigm at that time, which functions as the reference point. With regard to the reference point, the question was not so much whether PSB was justified primarily by market failure or other non-economic rationales as both justified universal PSB provision in analogue broadcasting and thus never really created the need for PSB to clearly justify and define its scope. Rather, the central point of interest with regard to the reference point was the incumbent media policy paradigm as this impacts how much importance is given to a reduction in market failure in the transition to digital and thus as a threat to PSB.

This approach was adopted at the outset of the study as the public value development was placed in the context of evolving media policy paradigms, which describe broader changes in media policy. The public value notion was contrasted to the third, incumbent and primarily economic paradigm of the 1980s/90s classified by van Cuilenburg and McQuail (2003). Throughout the thesis, further evidence was collected to corroborate this classification by drawing on a range of secondary literature, primary interview data, and non-systematic analysis of PSB reviews, legislation, government and BBC documents of the 1990s. As could be shown, media policy and public service provision were more dominantly characterised by economic than non-economic ideology in the last two decades of the 20th century. In this context, a reduction in applicable market failures creates a threat to PSB justification.

Based on the previous findings from the ideological component analysis of the applied public value concept at the BBC and C4, the initially assumed shift from a general economic approach to a non-economic PSB justification has not taken place with the public value notion. With regard to the first research question, it can thus be concluded that the public value concept is a continuation of rather than a shift away from an overall economic paradigm.

As an ideological shift has been defined as the primary indicator of a paradigm shift, these findings strongly indicate that no paradigm shift has taken place. Findings from the second research question further corroborated this preliminary conclusion.

The analysis in chapter 9 of the wider public value process investigated influence factors and process characteristics to provide further insights on the fundamentality of change that has taken place with the public value notion. The findings showed that market failure reduction was clearly identified as a threat to PSB and as one reason for the introduction of an alternative rationale. While these initial process steps are typical for paradigm shifts where the crisis in the incumbent paradigm is followed by the introduction of an alternative rationale, other factors such as the evolutionary path-dependent nature of the PVT and the quick disappearance of the discursive notion speak against fundamental policy change. While the applied (net) public value concept has persisted to date, it has not led to an ideological shift and is overall more evolutionary and path-dependent than revolutionary in nature.

These combined findings lead to the overall conclusion that the public value development does not represent a paradigm shift. Rather, it represents a strategic change process, which was initiated by the BBC and supported by a wider policy coalition. As a strategic policy idea, public value was devised to provide an alternative rationale for universal popular and niche PSB provision in the digital age by focussing on consumer value maximisation and market impact minimisation. Universal PSB was justified by adopting a dominantly economic approach that chimed with the regulatory and policy environment, thus providing an alternative rationale to the much more restrictive market failure approach.

So while no ideological shift has taken place as (net) public value is a consumer-focused approach structured in the form of an economic cost-benefit analysis (representing an economic investment decision), (net) public value is not a regulatory rationale for market intervention in economic theory like market failure. As a rationale, (net) public value means that public services should be provided as long as public value in the form of consumer benefits is larger than the negative market impact. The trigger for market intervention is here the objective of consumer benefit creation, which is corrected by – but not dependent upon or reactive to – the

market in the form of market impact. In the case of market failure intervention, the occurrence of a market failure is the trigger for intervention, whereby in a second step intervention is assessed and conducted when the benefits arising from intervention are larger than the cost of intervention. This comparison shows that with the (net) public value rationale the objective and thus trigger for intervention is public value creation defined as consumer benefit (rather than market failure) adjusted for market impact.

It can be concluded that (net) public value is an economic or moderate economic rationale, as it is overall an economic rather than a non-economic approach which is however not a traditional regulatory rationale from economic theory and beyond that takes citizen objectives more prominently into account than previously. In the case of UK PSB, a reregulation rather than a deregulation has taken place as the latter would have meant to stick with and enforce market failure justification in the form of niche service PSB provision.

So while the public value development overall represents more continuity or stability through evolutionary change rather than a radical or fundamental paradigm shift, it does not represent a triumph of economics, which would have been the case if a reduced market failure perspective had been enforced. As a counterfactual to the public value notion, this would have resulted in PSB niche service provision akin to the US model of PSB.

It can be summarised that no paradigm shift but merely a strategic policy change has taken place which led to the institutionalisation of (net) public value as a new rationale for digital PSB justification. As a strategic policy idea, public value is thus a ‘programmatically’ rather than a ‘philosophical’ idea, according to a distinction made by Schmidt (2011, p. 111).

While these findings fit with the initial research assumption that public value is a strategic policy idea to continue large scale digital PSB justification, they however do not support the initial assumption that this would be achieved by adopting a non-economic concept.

This rather peculiar development is the result of a changing technological context that posed a threat to the traditional and established PSB model of universal service provision, which was addressed by a strategic policy idea in the interest of the BBC, supported by a policy coalition and the government at that time. (Net)

public value was devised as a rationale to continue popular and niche universal service justification in the digital age.

With regard to the role of ideologies in public policy this finding shows that rationales are employed by policy-makers to represent policy objectives. If, as in this case, contextual circumstances such as technological change impact the validity of incumbent rationales, a shift to alternative rationales is pursued to ensure the continued justification of desired policy objectives.

What this shows, among other things, is that ideologies are important factors in policy-making as they help or provide a guide to frame and inform policy objectives and positions. They are however only *one* factor among many others in policy-making which however becomes more important with fewer other variables that influence the context.

A recent example for this is how the hacking scandal of the Murdoch-owned company News International will impact the degree to which a Conservative government will pursue its general free-market and deregulation objectives, as the scandal has improved the public perception of PSB.

Another example is the high degree of public support that was shown against the proposed closure of BBC6 Music and the Asian Network (Sweney, 2010). Public support for PSB constrains politicians' behaviour in order not to lose votes. Large public support is therefore crucial for PSBs as it is possibly the best protection against major changes to their services. This is another factor which explains the consumer focus in PSB assessment frameworks.

This also addresses a central point which needs to be raised and which was repeatedly emphasised by interviewees, who described these developments as "very political". The point raised is that ideologies do inform general views and approaches towards policy objectives and problems, which makes ideologies central elements in policy processes. In order to understand how they inform decision-making, they however have to be viewed in the wider policy context.

Decisions about PSB remain personal, subjective and political. In the end, ideologies and paradigms in the form of economic and non-economic rationales provide overall frameworks to guide rather than dominate decisions in a complex world, in which their importance increases with the decrease of other influence factors.

10.2 Contribution and Outlook

This study highlighted the interrelationships between ideologies, policy ideas, policy change and paradigm shifts, which were investigated on the empirical case of the public value notion in UK PSB. These are factors which are of central relevance for understanding stability and change in policy-making. In particular the investigation of ideologies in policy-making is of significance as ideologies are central factors in informing policy outcomes. As a policy change analysis of the specific context of PSB justification, the findings provide contributions to the two fields of media and public policy studies.

The primary approach for this investigation was rooted in and informed by media policy studies. Consequentially, the findings mainly contribute to this area on the two levels of media policy paradigms and economic and non-economic rationales, as both inform PSB justification; media policy paradigms provide the context while ideologies inform the composition.

Aside from investigating the empirical public value development to understand what actually happened and what implications it had on PSB provision, a central objective was to address shortcoming of existing media policy paradigm studies. This encompassed the development of an improved understanding of what constitutes media policy paradigms with regard to different economic and non-economic rationales as component values, and – more importantly – how the shift between paradigms takes place and how it can be identified.

Media policy paradigms were defined as the dominant ideology that informs media policy-making, whereby policy paradigms consist of different ideological component values (rather than being ideologically pure) of which those that are more important than others in informing policy-making also inform the overall classification of the paradigm. A paradigm shift was defined as a change in the hierarchy of component values.

While the thesis builds on the paradigm shift classification of van Cuilenburg and McQuail (2003), it also provides an extension to it as the public value development can be viewed as an extension of their third economic media policy paradigm for the specific context of UK PSB. As discussed in the previous section, the findings showed that the economic paradigm has continued in PSB policy with the public value notion. The however more moderate approach of

integrating both citizen and consumer objectives can be compared to a synthesis of economic and non-economic rationales. Resembling this pattern, one interviewee related the public value movement to “a story about the organisation trying to regain its equilibrium”, referring to the BBC’s different leadership periods under Director-Generals Birt and Dyke.

A second research objective and contribution was to provide a detailed review of economic and non-economic rationales, which are frequently but often not properly or coherently used in media policy. A detailed review was further of central importance as economic and non-economic rationales functioned as analytical categories for the ideological component analyses of the applied public value notion at the BBC and C4.

Detailed reviews were conducted (chapters 2, 3) of economic and non-economic rationales in theory and for the applied context of analogue and digital broadcasting with regard to the implications they have for the scope of PSB justification, such as the reduction in market failures. The reviews were approached from the theoretical definitions of the rationales in their respective academic disciplines.

Central distinctions such as their focus on different roles of individuals as citizens and consumers with different sets of societal citizen values in the form of (paternalistically or deliberately defined) outcomes and consumer values in the form of individual utility, as well as different starting points for intervention, such as markets or wider societal benefits, were discussed. In welfare economics, social value is understood as the aggregate of individual utility, thus focussing on scale of service provision. In contrast, outcomes and thus the materiality of services provided is the focus of societal value in non-economic approaches. A further point of comparison was the much higher degree of standardisation of analytical and practical frameworks, definitions and methodologies for economic than non-economic rationales.

The reviews showed the complexity of the relationship between economic and non-economic rationales, which is not clear cut. Bridging concepts such as merit goods were addressed as well. The central characteristics which inform the empirical analysis were summarised in table 3.2.

While it was emphasised that no clear cut distinction exists between these ideological rationales, their often conflated use in media policy would benefit from more coherent and shared definitions, which would reduce subjectivity and contestation. The thesis has provided a development in this direction.

Even though the study focused on the use of ideologies in policy-making, other influence factors were not excluded from the analysis. The thesis therefore provides various smaller contributions in the more general study of media policy. This includes citizen and consumer distinctions (Livingstone, 2008; Livingstone & Lunt 2007; Livingstone et al. 2007b; Lunt & Livingstone, 2007a, 2007b; Needham, 2003; Gibbons, 2005; Vick, 2006), public interest understandings and their different ideological underpinnings (Feintuck, 2004, 2005; Feintuck & Varney, 2006; Leys, 2001), roles of different actors in the policy process and the influence of a tightly-controlled community in UK media policy (Schlesinger, 2009; Freedman, 2005, 2006, 2008a; Born, 2008; Smith, 2009).

The second main area of contributions lies in the field of policy analysis. The public value development was investigated as a policy process in which the public value notion represented a policy idea that was informed by different ideologies with the purpose to achieve policy change – what it did successfully with its institutionalised in the BBC's Royal Charter. The question which was investigated was whether the change achieved was a fundamental change in ideology which would represent a paradigm shift. These concepts of a policy process in which a policy idea can achieve policy change and possibly a paradigm shift are thus directly interrelated.

The paradigm shift notion was used as the central analytical framework. As a paradigm shift is defined as a specific type of policy change in the form of a fundamental change in ideology, the analytical paradigm shift framework functioned to bring the three observed policy concepts – policy process, policy idea, and policy change – of the public value development together.

With regard to the relationship between these three policy concepts, the thesis provides two theoretical contributions. A first and only minor contribution was made with regard to the interrelationship between policy ideas and policy change. The second and primary contribution addresses the relationship between a policy

change and a paradigm shift in the form of a devised paradigm shift classification framework. This analytical framework guided the analysis and structure of the thesis.

With regard to the first minor contribution on the relationship between a policy idea and its ability to achieve policy change, a theoretical framework was devised which integrated sociological neo-institutionalism and non-market strategy to analyse the composition and success of a policy idea, like public value, which depends on its ability to integrate strategic objectives and contextual constraints. Empirically, this became for example evident in the technocratisation and depolitisation of the public value notion.

With regard to the analysis of the public value notion as a strategic policy idea that achieved policy change, the thesis contributes to non-market strategy studies as it provides a so far understudied qualitative (rather than quantitative; Lindeque et al., 2007, p. 10; Hillman et al., 2004, pp. 850-851), public sector focused approach to the use of a policy idea as a specific non-market tactic (rather than NMS as a whole; He et al., 2007; Lindeque et al., 2007, p. 7; Hillman & Hitt, 1999; Bonardi et al., 2006, p. 1225; Baron, 2001, p. 47; Shaffer et al., 2000)

The second and main contribution in the field of policy studies is the devised paradigm shift classification framework. The framework addresses the relationship between a policy change and a paradigm shift.

A shift in ideology in policy-making is different from a mere policy change; ideological changes are much more fundamental as they inform the overall ideological objectives which trickle down to inform the outcomes, instruments, and methodologies used. Policy change in contrast to this can be a mere change in any aspect of policy-making. As paradigm shifts are fundamental types of policy change, it is relevant to improve our understanding of such processes with regard to why, when, and how they occur.

An analytical paradigm shift classification framework was devised, which informed the research questions and guided the empirical analysis. Based on a review of paradigm shift studies, an extended classification framework of paradigm shifts was developed that consists of a primary change in ideology, reflective of Hall's (1993) third order change, as the necessary condition, and a secondary change in the wider policy change process, in the form of paradigm shift process characteristics and influence factors.

While the investigation of paradigm shifts has evolved since Hall's (1993) seminal study, only little development has taken place with regard to the classification of when a paradigm shift occurs. Recent paradigm shift studies had adopted both an ideological and a contextual perspective in the overall analysis, which however had so far not been extended into a classification framework. The thesis provides a contribution in this respect in the form of an extended classification framework that integrates both ideological and contextual paradigm shift indicators.

Out of this approach arises as central finding of the thesis which is the recommendation to refine the paradigm shift definition beyond the level of ideology, as currently dominant in literature. The more recent literature on ideas in policy change and paradigm shift processes acknowledged that difficulties still exist with the concept of paradigm shifts. This addresses in particular difficulties of classifying when a shift has taken place (Carson et al., 2009, p. 170; Schmidt, 2011, pp. 110-111).

While this study takes the approach that a certain set of primary ideological and secondary procedural indicators should be considered in paradigm shift classifications, it is at the same time acknowledged that the complexity of policy change processes makes it difficult to develop a standardised framework with regard to the specific ideological and contextual indicators necessary for a paradigm shift classification. Instead, the view is taken that the shifting points need to be identified individually for each case study, while taking both ideological and contextual indicators into account. More generally, it would be beneficial to develop a systematic approach to the study of paradigm shifts which is not too simplistic but allows to represent the complexity of both ideology and context in paradigm shift processes.

In addition, more research should be done with regard to the role and analysis of the reference point, which is rarely addressed in paradigm shift theory. Another point of interest for future research would be to investigate more generally which conditions support achieving a paradigm shift over a policy change.

Finally, the study contributes to public value management literature as it provides a detailed analysis of the most prominent adoption of the public value concept in the UK to date. As the analysis has shown, the UK PSB public value concept consists of remit definitions and performance assessment frameworks, which

represents a departure from Moore's (1995) original approach of public value management.

Aside from a few interviewees and a recent BBC Trust publication (2010a, p. 78), there was general doubt that the notion had been used as a management concept inside the BBC. Instead, interviewees stated that Moore's concept gave them only the idea to construct a concept for the BBC which was quite different from the original approach. This fits with Collins' description of the notion being used in its loose, literal sense, and as a quasi-regulatory principle rather than Moore's post NPM doctrine (Collins, 2006a, pp. 13, 56, 2007a, pp. 171-184, 2007b). With the BBC's adoption, the concept was changed from a public service management to a quasi-regulatory performance assessment framework in the style of a cost-benefit analysis.

With its increasing popularity following the BBC's use, a variety of interpretations appeared in literature and practice (Keaney, 2006; Alford & O'Flynn, 2009), which led to criticism regarding the concept's loose and rather undefined character (Crabtree, 2004, p. 2). Even supporters such as Benington were concerned that a less rigorous development of definitions, theoretical assumptions and testing created "a danger in the UK at least, of public value getting used loosely, as a broad portmanteau phrase expressing ideals and aspirations about public service, but capable of meaning many different things to different people" (2009, p. 233). Further criticism addresses the usefulness of the approach in parliamentary Westminster systems and conflated roles of politicians and managers (Rhodes & Wanna, 2007, pp. 406-415; Alford & O'Flynn, 2009, pp. 180, 177, 174; Talbot, 2009, p. 169).

While the concept was never successful in the US and also seems to have peaked in the UK with the BBC's approach, more debate exists in academic literature on the role of public value as a successor to NPM (IIPA 2009a, 2009b; Moore, 2000, 2003, 2005; Moore & Khagram, 2004; Bozeman, 2002, 2007; Benington, 2005, 2009; Benington, & Moore, 2011; Talbot, 2009; Moore & Spencer, 2006; Smith, 2004; Smith et al., 2004; Coats, 2006; Rhodes & Wanna, 2007; Alford & O'Flynn, 2009).

Overall it can be concluded that the public value approach applied in UK PSB was a successful policy strategy that achieved its objectives at that time – which remains its largest success in public service to date. Its future remains uncertain.

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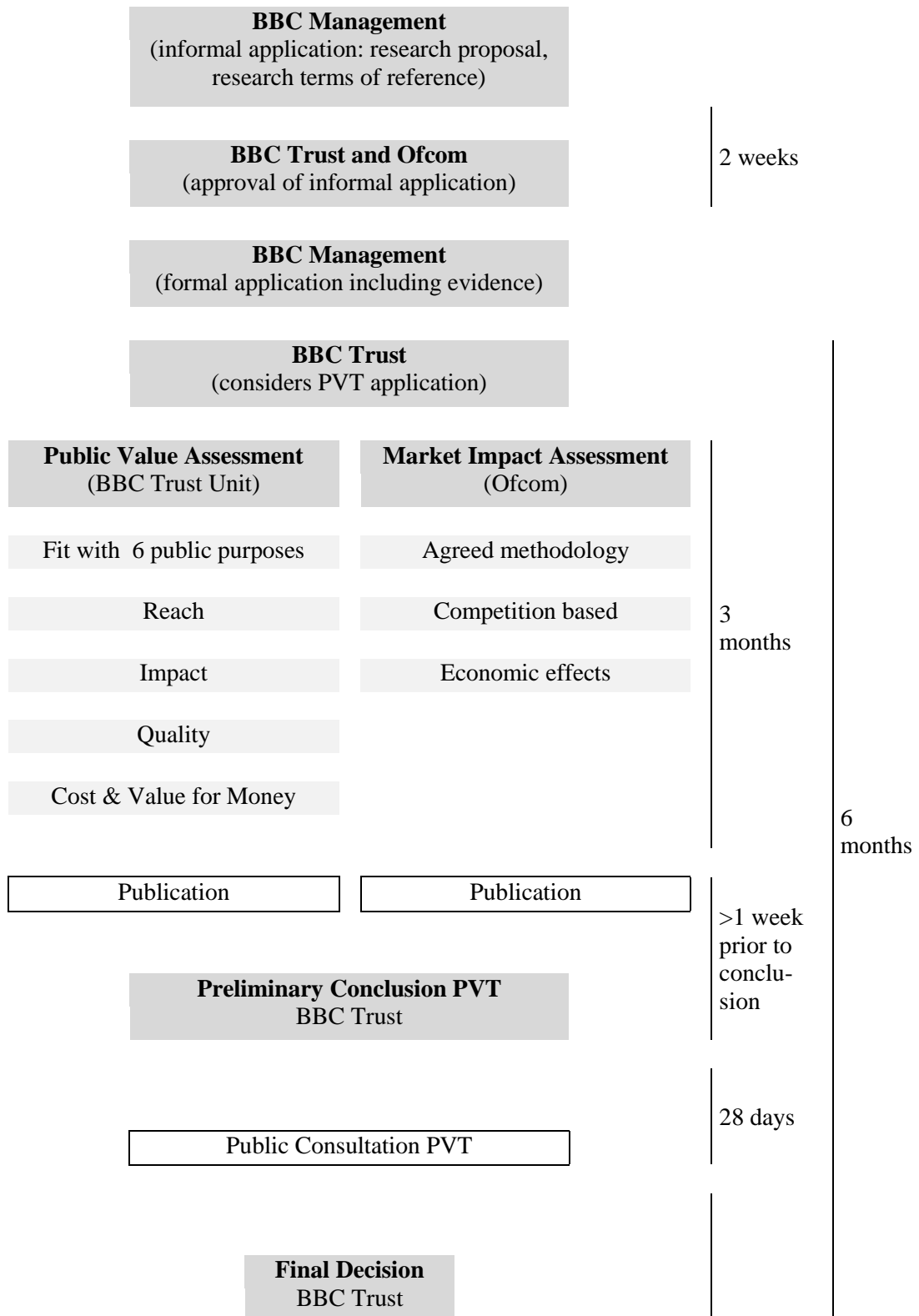
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Appendix A: The Public Value Test Process



A PVT must be applied to make any significant change to an existing or to introduce a new UK public television, radio or online service (DCMS, 2006c, article 25(1)). After the BBC Executive has submitted a proposal to the BBC Trust for consideration, the Trust judges the significance of the proposal to decide whether to launch a PVT based on criteria such as impact, financial implication, novelty, and the duration of the activity (*ibid.*, clause 25(2)(a)-(d), (3); BBC Trust, 2010, p. 69).

When the Trust decides to launch a PVT, a PVA is prepared by the Trust Unit to assess the public value of the proposal (DCMS, 2006c, clause 28), while Ofcom prepares a market impact assessment (MIA) overseen by a joint steering group (*ibid.*, clause 29(1)-(8)).

The MIA addresses the likely positive or negative short- and long-term impact of the proposal on the market, market competition, development, and consumer welfare (*ibid.*, clauses 30, 31; BBC Trust, 2010a, 73).

Upon completion of both assessments, which should not take longer than three months (DCMS, 2006c, clause 31), the Trust considers both PVA and MIA to reach a provisional conclusion, which is published and open for public consultation for 28 days (BBC Trust, 2007b, p. 19; 2010a, p. 76). Based on the input from the public consultation, the Trust reaches a final decision to deny or grant approval with or without conditions (*ibid.*), depending on whether the likely adverse impact on the market is justified by the likely public value of the proposed services (DCMS, 2006c, clause 26(6)). The Trust's decision on the PVT is final and comes into effect in the form of an amended or new service licence (BBC Trust, 2007b, p. 19). Proposal for the introduction of a new service are, however, subject to a procedural veto by the Secretary of State for Culture, Media, and Sport (DCMS, 2006c, clause 33).

Appendix B: Piloting and Methodological Reflexions

Piloting is a central procedural element in social science research to test the appropriateness of methodologies prior to the actual data gathering. One performance assessment document was selected randomly for piloting. Piloting proved very helpful as it showed that an initially devised, more formal process of content analysis, based on a coding frame, was not practical. A more formal coding process had originally been conceptualised as the belief was that assigning categories and being able to filter text according to these categories would make it easier to reduce and analyse the vast amount of data. This coding process was however rather work intensive and did not allow reducing the text to the desired degree as it was difficult to devise and assign coding categories that reflected the complexity of long and often ambiguous text passages. A less restrictive method of text reduction and analysis was thus developed, as described above, which allowed reducing the text while maintaining the complexity of the objectives under study (economic and non-economic regulatory rationales). The amount of data was generally challenging but could be handled well with the effective text reduction process. Further, the work intensity and readily available information differed for the two case studies. An overview of the assessment methodology was for example available for C4 (2009b, 2010b), which was used to supplement the analysis.

The interpretative nature of the study required a high degree of specialist knowledge on economic and non-economic rationales, which can negatively impact intersubjectivity. This was addressed by providing transparency and detailing the analytical steps and interpretative reasoning of the ideological classification in the empirical chapters. In addition, commonly accepted distinctions between economic and non-economic rationales informed the analysis. Internal validity was created by following systematic procedures and making sure that the research design served to answer the research question.

With regard to methodological reflections, a main challenge of the research design was to get access to the relevant interviewees. Triangulation was crucial in the process of reconstructing the developments, as it was also important to take into account that interviewees may have an agenda, in particular as the topic can be viewed as politically sensitive.

Another more analytical challenge was to find the right level of analysing something as highly theoretical as economic and non-economic regulatory rationales in their practical application, both in regard to document analysis as well as for the information gathered from interviews and desk research. An example here is the change in market failures, which was discussed in interviews on a fairly high level. A more detailed view on market failures, which explained why a shift in rationales had taken place, was derived from own analysis and was then blended into the discussion above. A further challenge was to make sure that even though the focus lay on the level of ideologies, the danger of over-interpretation was kept in mind in the sense that other central factors in these developments, such as political objectives and personal relationships which had only been marginally addressed in the analysis, were not forgotten when conclusions were drawn.

Appendix C: BBC Case Study – Aggregate Tables

Tables C.1 to C.5 are the aggregate tables for the RQIV drivers and the fit with public purposes for the four PVAs conducted by the BBC. This includes *reach* (C.1), *cost & value for money* (C.2), *quality & distinctiveness* (C.3), *impact* (C.4), and *fit with public purposes* (C.5).

Table C.1: Aggregate Table of the Driver ‘Reach’

Reach (OD)	Reach (HDTV)	Reach & Impact (GDS)	Reach (LV)
<p>Reach Total reach, % TV HH viewing 15min/week, % of HH downloading BBC content/week, for particular demographic groups (minority and underserved audiences) and content types (special interest content at margins of schedule), short/long-term, for proposal elements (different platforms), substitutive or additive to existing reach</p>	<p>Reach Reach as primary indicator of usage, projected reach and share % of HD enabled / all TV HH, average weekly / total reach, reach by genre, audience group, platform, compared to BBC and non-BBC services, consumption volume behaviour, technology adoption / projected demand depending and market developments, role of BBC in developing the market (take-up and provision, HH penetration and likelihood to become standard), current rate of adoption (sale of indicative technology), offers of competitors, audience research on expression of interest in technology by audience group, reach drivers (substitution, content, scheduling, cost of access limits reach),</p>	<p>Reach & Impact Reach, consumption levels, and impact for different audience groups (core, new audience, non-speakers), impact as new growth in use of language, potential increase of viewing, usage/week (quantitative audience research) (no projections given but evidence for increase/decrease), target audience size, reach as % of population (audience survey research), use and status of language (stakeholder views), reach and impact for total BBC and existing BBC services, impact by genre, BBC’s public purpose to “represent the UK, its nations and communities”, purpose remit priorities and purpose gap (difference between importance and delivery of purpose priorities derived from audience research), reach by platform (access, coverage, content range, appeal of platform features to audience groups, costs, linear/on-demand)</p>	<p>Reach Reach projections (average weekly reach) for audience groups (demographics, underserved audiences, geography), total reach and consumption of BBC content, factors influencing reach (operational, social, market, content range and quality and appeal, platforms), broadband availability and take-up (socio-economics, demographics, audiences, geography, costs, convenience of access and consumption for different audience groups), proposal’s ability to compensate for decline in reach</p>
<p>Consumption Volume Volume of content consumed, total consumption, consumption of proposal as % of BBC TV consumption, for particular demographic groups (minority and underserved audiences) and content types (special interest content at margins of schedule), short/long-term, for proposal</p>	<p><i>Risks</i> Distribution risk (spectrum capacity limitations), market risks (decline in share and reach), technology adoption (technology becomes replaced/obsolete, wrong standard), access cost and adoption by demographic groups (inequities), free ride of competitors who enter market with</p>	<p><i>Drivers / Risks</i> Access to platforms for different audience groups, age, geography (stakeholder views), content appeal to audience groups, content characteristics (fresh, professional, contemporary), operations (coherence of strategy, time scale, production capacity, quality, content</p>	<p><i>Evidence</i> Reach projections model, third party reports, audience research on likely usage</p>

elements (different platforms), substitutive or additive to existing consumption	lower cost (risk is inherent in the digital purpose)	range (stakeholder views), marketing & promotion, commissioning strategy, strategy to increase reach (leveraging BBC portfolio)
<i>Risks in forecast variables</i> Market scenario and service usages assumptions and adjustments, technology and service provision, costs	<i>Counterfactual</i> Long-term risk to reach due to audience expectations, reduced support for licence fee, slowed market development, public value foregone	<i>Evidence</i> Quantitative and qualitative (deliberative) audience research, no reach forecast, qualitative evidence for increase/decrease weekly reach, deliberative research, expert opinion
<i>Counterfactual</i> Total reach of BBC at risk due to changes in audience consumption patterns (linear to on-demand)	<i>Evidence</i> Reach projections, audience research (deliberative research), technical expert advice, third party independent market research, no assessment of consumption here (since TV viewing assumed to remain constant short-term)	
<i>Evidence</i> Adjusted reach model, assessment of robustness of reach model, quantitative and qualitative audience research on likely usage, trials		

Table C.2: Aggregate Table of the Driver ‘Cost & Value for Money’

Cost & Value for Money (OD)	Cost & Value for Money (HDTV)	Cost & Value for Money (GDS)	Cost & Value for Money (LV)
<p>Cost per user hour CPUH: cost of service proposal/hours of output consumed output-based measure, for the BBC as a whole with, without proposal, relative CPUH of proposal compared to CPUH of BBC services and alternative investments, for different consumption scenarios</p>	<p>Payback period Time it takes for the value to exceed the costs Consumer value measure Net consumer value or ICV: average value per HH* projected reach – costs Incremental value of viewing HD over SD (excludes content)</p>	<p>Cost Cost estimates, current and future costs, cost per hour, content output (hours TV content broadcast p.a. by genre), production cost by genre compared for services, cost per person for different audience groups, spend on minority language and proportion to representation in population</p>	<p>Costs Current local spend, predicted total local budget and investment increased by % for proposal, total cost, average annual cost, average headcount, efficiencies through reduction headcount vs. redeployment, production output/day, (regional) resource allocation, funding through efficiencies and savings within the existing budget, excess capacity, cost per hour, weekly cost per user hour (CPUH) to calculate the cost of proposal compared to BBC services, external spend for content</p>
<p>Value Yield Value attributed to service/cost of providing service Consumer worth measure, perceived monetary value of the service to consumer/cost of providing service (value generated per £ spent), relative compared to other BBC services, alternative investments</p>	<p>Value Yield Amount of consumer value generated for every pound of investment in service Consumer value measure Incremental consumer value (ICV)/cost, highlights ROI</p>	<p>Value Linked to or indicated by drivers reach and impact (contribution to long-term survival of language), cost of the proposal compared to the predicted reach for audience target groups and impact (increased expenditure cannot be justified if provides only better coverage to existing audience, needs to drive reach to new users)</p>	<p>Value Reach to key audience groups, access issues for non-broadband users, incremental production output for resources invested, content (genre range, output volume, multi-media, editorial perspective), content appeal (newsworthy), in context of existing commercial and BBC services</p>
<p>Cost estimates For proposal as a whole and separate elements, marginal cost basis, costs by types (start-up, operating expenditure, rights costs, cost as % of BBC’s total expenditure and impact on existing BBC services, impact on current or future income streams, relative and opportunity</p>	<p>Cost estimates For proposal and service elements, marginal cost (by platform/as a whole), total costs as % of total BBC expenditure and effect on provision of other existing services, relative cost p.a. (compared to other BBC services), cost types (distribution costs, spectrum constraints)</p>		

costs (cost proposal compared to cost of BBC services), content h/p.a. content related costs (connectivity, repeats, acquisitions), common costs (play out, marketing, team), platform specific costs, barker costs, capital expenditure, opportunity cost (alternative investment in original programming), comparison of HD channel cost with costs of output hours, indirect costs affecting other BBC services (cost of displaced channels, commercial return for BBC Worldwide), HD production budget and costs for different genre, cost infrastructure

<p>Efficiency Consideration of alternative methods to meet objectives more cost effectively</p>	<p>Efficiency Consideration of alternative more cost effective delivery of objectives, efficiency vs. universality</p>
<p><i>Counterfactual</i> VfM measures under different scenarios, for BBC output as a whole assuming proposal a) goes ahead, b) does not go ahead, c) does not go ahead but alternative investment made in content on linear channels</p>	<p><i>Counterfactual</i> Threat long- and short-term to CPUH for BBC as a whole and HD production</p>
<p><i>Evidence:</i> Cost estimates, external expert advice, audience research on worth</p>	<p><i>Evidence:</i> Cost estimates, third party evidence, model for measuring value</p>
<p><i>Evidence:</i> Cost estimates (limited evidence)</p>	<p><i>Evidence:</i> Cost estimates, trial data</p>

Table C.3: Aggregate Table of the Driver ‘Quality & Distinctiveness’

Quality & Distinctiveness (OD)	Quality & Distinctiveness (HD)	Quality & Distinctiveness (GDS)	Quality & Distinctiveness (LV)
<p>Quality User experience / interface technical features (picture quality, download speed, discounting effect of overlying content), viewing environment, content range and availability (% of BBC content available at launch, windows of availability), relevance and appeal to audience groups, qualitative audience research</p>	<p>Quality Focus on additional benefit (discounting the quality of the underlying content) of receiving content in HD over SD (audience recognition and valuation of “quality uplift”) technical features such as access, picture, sound, technical robustness, for different delivery platforms, range of content offered and perceived differential benefit by genre (which genre benefit most from HD), indicative schedule, broadcast times peak/off-peak, scope and interest in getting access at different price points, appreciation indices for programmes in indicative schedule by audience, quality reduced by SD repeats, differential access / three tier service may be perceived as negative (platform delivery proposal), impact on existing BBC services</p>	<p>Quality Of current output (audience appreciation, winner at TV Festivals, stakeholder views), level of investment as proxy for high quality, origin of content (commissioned, archive, BBC content, news core BBC competence), quality controls and BBC editorial standards, commissioning process / independent production sector, appeal to target audience group</p>	<p>Quality & Distinctiveness Seven distinctiveness criteria (developed by the Trust for the bbc.co.uk review)</p> <ol style="list-style-type: none"> 1) BBC editorial values (accuracy, independence, morality, taste and decency, fairness, independence, impartiality and accuracy) 2) Non-commercial (free from advertising or subscriptions especially for news genre) 3) Made for the UK (by definition) 4) Clear link to television or radio programme brands (no plans to exploit the BBC’s television or radio brands) 5) Level of creative and editorial ambition (breadth or depth of subject matter, production values, visual appeal, range, depth output level) 6) Fresh and original approach (fresh proposal elements: partnership proposals, development of digital media literacy, encouragement of participation in local democracy, % of content on local democracy and public policy issues, producer-assisted viewer videos, role of the community producer) 7) Uniqueness (no one else provides this content, UK-wide coverage ensuring plurality of provision). Further issue of distinctiveness is partnership (click-throughs, R&D, content syndication,

support local production, citizen journalism), scale of investment as proxy for quality

Evidence

Audience research, public consultation, third party reports

Distinctiveness

Free at point of use and without advertising (compared to commercial offerings in emergent market), 17 key features to assess distinctiveness, online experience / accessibility, content range

Distinctiveness

Subscription-free and without advertising, content range and origin (UK-originated), from competitors and services offered in emergent market, % population with HD ready TV sets, HD subscriptions, long-/short-term, platforms, audience perception of distinctiveness (trial)

Distinctiveness

Features of proposal are distinctive if they are not yet provided by the market (dedicated Gaelic TV channel, provision of daily television news in Gaelic, one-stop-shop approach to BBC Gaelic content), not distinctive if only enhancement of current availability (increased level of originations), tone and 'feel' of proposal (likely to be distinctive, stakeholder view)

Counterfactual

Lack of relevance among audience (audience expectations), lack of impact, risk to BBC reputation in regard to quality of content provision

Counterfactual

BBC could be seen to fall behind the market in technical progress and excellence (HD becoming standard) of quality and production values, damage to BBC's reputation, universal availability of technology

Evidence

Quantitative and qualitative audience research on audience perception of quality & distinctiveness and general view on whether BBC should invest in proposal (trial data, questionnaires, statements) and on evaluation of benefits of proposal to citizens and consumers (deliberative jury), reports commissioned to consider proposals from wider new media perspective, to review proposal and its features

Evidence

Quantitative and qualitative audience research on perception of quality and principle of BBC providing service (trial, deliberative juries), narrative evidence

Table C.4: Aggregate Table of the Driver ‘Impact’

Impact (OD)	Impact (HDTV)	Reach & Impact (GDS)	Impact (LV)
<p>Consumer benefit Consumption modus (control, flexibility, free from programming schedule, time and place shift qualities), potential for consuming more niche programmes, benefit reduced by cost of technology to access content</p>	<p>Consumer benefit User experience, benefit of free and universal access to content in new technical quality, substitutional consumption and no new content limit benefit</p>	<p>Reach & Impact Reach, consumption levels, and impact for different audience groups (core, new audience, non-speakers), impact as new growth in use of language, potential increase of viewing, usage/week (quantitative audience research) (no projections given but evidence for increase/decrease), target audience size, reach as % of population (audience survey research), use and status of language (stakeholder views), reach and impact for total BBC and existing BBC services, impact by genre, BBC’s public purpose to “represent the UK, its nations and communities”, purpose remit priorities and purpose gap (difference between importance and delivery of purpose priorities derived from audience research), public policy context, reach by platform (access, coverage, content range, appeal of platform features to audience groups, costs, linear/on-demand)</p>	<p>Impact Local news content has valuable social currency 1) Demand for local news: current market provision for different media/newspapers, interest in local news by age group, relevance is a determinant of reach, editorial agendas, content range and delivery platform 2) Expansion of BBC local remit: audience view on importance of BBC to improve depth and breadth of local coverage, current local provision by the market for different regions, on support for BBC proposal, audience appeal of delivery platform 3) Demand for broadband delivery platform: access and ease of use, demand for local news by delivery platform, audience group usage of delivery platform, demand by genre, cost, geographic coverage, active and passive consumption habits, role of delivery platform in provision of local news</p>
<p>Citizens benefit Direct promotion of public purpose 6 (digital purpose) Indirect promotion of public purposes 1-5 (content purposes) through increased opportunity for niche content</p>	<p>Citizen benefit Public purpose 6 (digital purpose) appeal to consumer justifies wide availability, stimulation of technology and markets through technology take-up and universal availability, enhance deliver platforms</p>	<p><i>Drivers / Risks</i> Access to platforms for different audience groups, age, geography (stakeholder views), content appeal to audience groups, content characteristics (fresh, professional, contemporary), operations</p>	<p><i>Evidence:</i> Quantitative and qualitative audience research, historical use data and survey data, consultation statements, third party reports, trials, narrative evidence</p>

consumption, benefit reduced by risk of solitary consumption

(Freesat), promotion of efficient spectrum use and standards stimulates markets, education of public on HD, prevent digital divide, universal access to consumer benefit
Public purposes 1-5 (content purposes) production of HD content, UK creative industries competitiveness, educational benefit from immersive consumption experience, societal value major national events and shared viewing, potential consumption of special interest content

(coherence of strategy, time scale, production capacity, quality, content range (stakeholder views), marketing & promotion, commissioning strategy, strategy to increase reach (leveraging BBC portfolio)

Worth

Worth to average person in terms of monthly monetary value (WTP study, deliberative jury) total worth, worth for proposal elements, relative worth (compared to other BBC services)

Worth

Relative monetary value HD over SD, value by platform by month, incremental consumer value (ICV) (consists of HD and scheduling value, discounts content value), compared to cost of proposal leads to net benefit for consumer

Evidence

Quantitative and qualitative (deliberative) audience research, no reach forecast, qualitative evidence for increase/decrease weekly reach, deliberative research, expert opinion

Risks

Solitary consumption

Risks

Impact on BBC services (public value foregone, reach, viewer hours, content type), alienation licence fee payers due to access costs, lack of interest, three tiered platform provision

Counterfactual

Lack of relevance

Counterfactual

BBC falling behind in technological development, output quality, holdup market development, consumer dissatisfaction, no universal access

Evidence

Quantitative and qualitative research on audience perception of consumer and citizen benefits (trials, questionnaires, deliberative juries) and worth

Evidence

Quantitative and qualitative audience research, deliberative juries

Table C.5: Aggregate Table of ‘Strategy & Fit with public purposes’

Strategy & Fit with Public Purposes (OD)	Strategy & Fit with Public Purposes (HDTV)	Strategy & Fit with Public Purposes (GDS)	Strategy & Fit with Public Purposes (LV)
<p>Strategy Maintain relevance and reach, audience expectations and demand, young audience, universality</p>	<p>Strategy Maintain relevance and appeal of TV output due to consumer exposure to HD technology (sales of equipment, competitor offers) and corresponding consumer expectations HD production strategy irrespective of HD channel, since licence fee funds HD strategy, payers should have tangible benefit</p>	<p>Strategy Minority language provision (Framework Agreement), supporting the future of the language as a case for intervention, public policy context BBC minority language provision proportional to representation in population, five factors for assessing the appropriate level of provision for indigenous minority languages (BBC Trust paper) Potential of proposal to generate sufficient value if it can reach wider audience (retain and recruit speakers)</p>	<p>Strategy Rationales 1) Shift from linear to on-demand content (audience expectations, gradual decline in reach due to long-term shift in consumption) 2) Heightened interest in local issues and news, local markets, commercial pressure and economics of local TV Sustain reach and impact of BBC local news and safeguard delivery of the citizenship and community purposes</p>
<p>Public purposes Public purpose 6 (digital purpose) direct contribution due to ability to encourage take-up of new products and technology Public purposes 1-5 (content purposes) indirect contribution due to potential to increase reach and consumption (new opportunity to access existing content, niche content, at margins of schedule), changes in consumption of linear TV and role of on-demand to mitigate change, reach and consumption for content types and genre, media literacy</p>	<p>Public purposes Public purpose 6 (digital purpose) short-term contribution (long-term less because then standard), consumer appeal as strong argument to make service as widely available as possible (Charter, Framework Agreement) Public purposes 1-5 (content purposes) long-term contribution (because short terms substitution of SD viewing)</p>	<p>Public purposes Primary contribution to content purpose <i>representing the UK, its nations, regions and communities</i>, wider public policy landscape Secondary contribution to other content purposes, digital purpose 6 is reflected in the service's reach and impact</p>	<p>Public purposes Content public purposes 1 and 4 (citizenship and community) Purpose gap in local provision due to increased interest in local and shift to on-demand news consumption</p>
<p>Risk Greater social disconnection, audience fragmentation due to solitary</p>	<p>Universality as fundamental principle, if proposal promotes public purposes then it must be provided free and as widely as</p>	<p>Evidence Audience research (on importance of proposal to region, heritage, culture, and</p>	

consumption, risk of underage exposure to offensive, inappropriate material	possible, platform neutral provision and ensuring long-term platform viability (due to audience expectations when technology is standard), public and private investments in platform, public policy context	support for provision of proposal by BBC), academic expert advice on impact of proposal to support survival of languages, reach by target audience (existing, new speakers)
<i>Counterfactual</i> Loss in reach and relevance (to particular audience group)	<i>Counterfactual</i> Risk of long-term inferiority of platform (DTT) and thus risk to reach and promotion of public purposes	
<i>Evidence</i> deliberative research and quantitative trial data, consultation responses stakeholders	<i>Evidence</i> Audience research on interest, valuation of proposal, WTP, trial	

Appendix D: C4 Case Study – Aggregate Tables

Tables D.1 to D.7 are the aggregate tables for each of the seven PIA assessment components. This includes the four purposes *nurture* (D.1), *challenge* (D.2), *champion* (D.3), *inspire* (D.4), and the three scale & impact measures *viewer impact* (D.5), *output & spend* (D.6), *creative economy impact* (D.7). The tables comprise the key measures used for each assessment component. In some cases, additional programme-specific research or other additional information is listed, which is not part of the key measures but is provided in the PIA texts for the assessment components. A colour code was devised to classify different measure types in the tables.

Legend:

- Output measure
- Input measure
- Consumption measure
- Audience perceptions

Table D.1: Aggregate Table of the Public Purpose ‘Nurture’

NURTURE

New and one-off programmes

- Number of new and one-off programmes in comparison to the main PSB channels (start time between 6pm and midnight, year-on-year) for individual episodes of non-continuous series

New talent strands on C4

- Number of hours (slot duration) of first-run originations in strands dedicated to talent (on-screen, presenters, actors, and off-screen, writers, directors) on C4 network (core and digital channels)

Originations on E4

- Number of hours of first-run originated programming on E4 focusing on new talent and ideas
- Average viewing in 000s, year-on-year, excluding Big Brother related programming, (spin-offs of programmes that were originally shown on the core channel and programmes that were entirely originated by E4)

Channel reputations

- Audience perception against statements, people who believed C4 is the channel to which the following statements most apply:
 - “Always trying something new” (2005-2009)
 - “Trend setting” (2005-2009)
 - “Takes risks with programmes that others won’t” (2008-2009)
 - “Is experimental” (2008-2009)

(C4, 2010a, pp. 18-19, 2009a, pp. 20-21, 2009b, pp. 4-5, 2010b, p. 5)

Table D.2: Aggregate Table of the Public Purpose ‘Challenge’

CHALLENGE

Commitment to long-form journalism

- Number of (national) long-form (45min or longer) news and current affairs programmes in peak time between 6pm and midnight, in comparison to main PSB channels, year-on-year

Audience reach

- Reach of C4 news (in million per month) year-on-year, as percentage of TV news viewers (all viewers, by age group 16-34, by ethnicity)

Independence of TV news

- Audience research: viewer perception of news programmes on British TV (BBC news, ITV News, Channel4 News, Five News, Sky News), percentage of regular viewers to TV news programmes who agree with statements:
 - “Is independent from government”
 - “Is independent from the influence of big businesses”

Commitment to documentary films

- Hours (slot duration) of first-run serious factual documentaries on C4 and more4 (running wholly or partially in peak 6-10.30pm, year-on-year), serious factual programmes are documentaries, education (sub-sets: deaf and disabled, health, history, nature and environment, science)

Range of international programming

- Hours (slot duration) of first-run programmes covering international topics (core channel and more4, excluding news)
- Genre (current affairs, documentaries, religion, history, science, other) covered by internationally themed originations on the core channel as percentage of total first-run hours, year-on-year
- Hours of international film from countries other than UK and US on film4 (in 2008)

Channel reputations

- Audience perception against statements (old and new online survey), people who believed C4 is the channel to which the following statements most apply (C4 lead over average for other main PSB channels):
 - “Being provocative” (old measure, for 2005-2008, 2006-2009)
 - “Show programmes that make me stop and think” (new measure)
 - “Challenge prejudice” (new measure)

Programme-specific research [from the introductory text]

- Range and depth of news coverage on the main PSB channels
- Average time devoted daily to international coverage by each news programme (minutes) (compared to BBC news, ITV news, C4 news, Five news, Sky news)
- Percentage of viewers who say they trust the news programme they watch regularly to be accurate and fair
- Number of unique viewers watched some or all of the programmes in the season
- Number of unique visitors to the website in the first month
- Number of people registered serious interest in adopting children featured in the season
- Focus group statements
- Percentage of viewers learned things they did not know before
- Percentage of viewers talked about issues raised in the programmes
- Percentage of viewers though the programme would encourage people to adopt hard-to-place children

(C4, 2009a, pp. 32-33, 2009b, pp. 6-7, 2010a, pp. 34-35, 2010b, pp. 4, 10)

Table D.3: Aggregate Table of the Public Purpose ‘Champion’

CHAMPION

Diversity output on the core channel

- Hours (slot duration) of first-run originations covering diversity issues (in peak-time)
- Breakdown by genre (education, current affairs, religion, documentary, drama and film⁴, other) in percent of total first-run originations covering diversity issues, year-on-year, with examples

Channel reputations

- Audience perception against statements (old and new online survey), people who believed C4 is the channel to which the following statements most apply (C4 lead over average for other main PSB channels):
 - “Caters for audience other channels don’t cater for” (2004-2008, 2005-2009)
 - “Allows people an alternative point of view” (2004-2008, 2005-2009)
 - “Shows different kinds of cultures and opinions” (new measure, 2008, 2008-2009)
 - “Shows the viewpoints of different ethnic groups” (all viewers, by ethnicity, by PSB channels, year-on-year)
 - “Shows viewpoint of gays and lesbians” (homosexuals, heterosexuals, all viewers, by PSB channels, year-on-year)
 - “Shows the viewpoint of disabled people” (disabled viewers, all viewers, by PSB channels, year-on-year)

Programme-specific audience research [from the introductory text]

- C4 commissioned YouGov to survey 2000 people, Muslim and non-Muslim about their perception of the *Islam Unveiled* season programmes:
 - “The majority of TV programmes about Muslims focus on negative issues”
 - “It presented Islam in a different way than usually shown on television”
 - “I learnt something from this programme”
 - “TV generally represents Muslims as radical or extremists”
 - “It represented Islam in a balanced way”
 - “It changed my opinions”
- C4 tracked (audience survey, small focus group) whether viewer attitudes to blindness changed during course of *Big Brother* series:

Percentage of all adults agreeing (strongly or slightly) with the following statements about British society and British television in general:

 - “Britain is a society that respects and caters for blind people”
 - “There are very few blind people shown on TV”

Percentage of *Big Brother* viewers agreeing (strongly or slightly) with the following statement at the end of *Big Brother*, Series 9:

 - “After a while I stopped thinking about Mikey being blind and just saw him as another housemate”

Percentage of *Big Brother* viewers agreeing (strongly or slightly) with the following statements at the start of *Big Brother*, Series 9, and at the end:

 - “I believe that blind people are able to live independent lives”
 - “I am aware of the challenges that blind people face in their day-to-day lives”
 - “I feel sorry for blind people”
- Survey on the portrayal of gays and lesbians on television, percentage of respondents who select each medium as influencing public attitudes towards gay men, lesbians and bisexuals (hetero, gay, by medium):
 - C4 is regarded by gay men and lesbians as being best for realistic portrayals
 - Gay men and lesbians regard C4 as being the channel that most helps people to be open about their sexuality and to come out

- Percentage of Asian and non-Asian viewers agreeing with the following statements about the programmes:
 - “I identify with the situation in the programme”
 - “My family shares similar dynamics, issues”
 - “The programme reflects modern life”
 - “The programme challenges prejudice”
 - Percentage of non-Asian viewers agreeing with the following statements about the programmes:
 - “I have learned something about Asian culture”
 - “The programme has changed my opinion about how Asian families in Britain live”
- (C4, 2009a, pp. 44-45, 2009b, pp. 7-8, 2010a, pp. 46-47; 2010b, p. 11)

Table D.4: Aggregate Table of the Public Purpose ‘Inspire’

INSPIRE

<p>Programmes covering leisure, life skills and hobbies</p> <ul style="list-style-type: none"> · Hours (slot duration) of originated programmes covering leisure interests, life-skills and hobbies (on core channel, on main PSB channels, between 6pm and midnight, year-on-year)
<p>UK and foreign-language films</p> <ul style="list-style-type: none"> · Number of British and foreign language films on C4, on main PSB channels (year-on-year, UK film council numbers)
<p>Diversity of Film4 channel schedule</p> <ul style="list-style-type: none"> · Percentage of output on Film4 channel devoted to British, other European, and international films, year-on-year · Percentage of output on Film4 channel by region of origin (UK, rest of Europe, US, rest of world, year-on-year)
<p>Engaging viewers online</p> <ul style="list-style-type: none"> · Number of comments on C4 hosted online forums, list of 10 busiest forums on channel4.com (by number of comments posted, 2008 metric only) · Programmes with most submitted comments on channel4.com and e4.com (2009 metric) (top 10 by number of comments) · Number of page views generated by top 10 highest-converting TV programmes (2008 metric only), C4 programmes with the highest conversion rate from TV audience to website visits (list of 10, visits in 000s, conversion from TV in %) · Average conversion rate from TV to online across the top 10 programmes converted programmes (2009 metric), focus on programmes in peak from 6pm to midnight, year-on-year
<p>Channel reputations</p> <ul style="list-style-type: none"> · Audience perception against statements (old and new online survey), people who believed C4 is the channel to which the following statements most apply (C4 lead over average for other main PSB channels): <ul style="list-style-type: none"> · “Gives me new ideas” (new measure) · “Makes me think about things in new and different ways” (new measure)
<p>Programme-specific audience research [from the introductory text]</p> <ul style="list-style-type: none"> · Percentage of <i>Embarrassing Bodies</i> viewers agreeing with the following statements (teenage and adult viewers): <ul style="list-style-type: none"> · “Programmes like this provide a useful opportunity for parents and teenagers to discuss important health issues” · “I learnt some things I didn’t know”

- User engagement with websites *Embarrassing Bodies*, *Embarrassing Teenage Bodies* and *Sexperience*:
 - page views, visits, video views, user contributions
 - Percentage of people saying they would self-check in the next month (viewers and non-viewers, men, women)
 - Percentage of *Embarrassing Bodies* viewers agreeing with the following statements (strongly, slightly):
 - “It offers an important service to the public”
 - “It was entertaining as well as informative”
 - “It’s a good series for C4 to do”
 - How *Embarrassing Bodies* has changed its viewers’ attitudes to health (a lot, a little, not at all, I already take an interest, don’t know)
 - Percentage of viewers of the *Big Food Fight* season who agreed with the following statements:
 - “It’s a good thing for C4 to do”
 - “TV programmes are a good way to raise awareness of food and health issues”
 - “The Big Food Fight season has changed the way I think about food”
 - “The Big Food Fight season has changed how I will buy food in the future”
 - Percentage of viewers of *Jamie’s Fowl Dinners* and *Hugh’s Chicken Run* who agreed with the following statements:
 - “It is very important that we make a stand to improve animal welfare”
 - “These programmes made me think about how I shop”
 - “The programmes were highly informative and taught me a lot about poultry farming”
 - “I will change my chicken purchasing as a result of watching these programmes”
 - Percentage of viewers who agree that over-fishing is one of the greatest issues facing the world (pre, post screening)
 - Percentage of viewers who agree with the following statements regarding the intention to purchase sustainable fish (pre, post screening)
 - Percentage of young adults who think *Hollyoaks* is the best soap for issues relevant to them
 - Percentage of binge drinkers agreed the storylines made them likely to consider whether they should drink differently
 - Percentage of viewers who agree that they have learnt about a topic from watching *Hollyoaks*
 - Percentage of viewers of *Hollyoaks: The Morning After The Night Before* who agree that the storyline (for less than monthly and monthly binge drinkers):
 - “Was good showing the consequences of excessive drinking”
 - “Showed the type of mistakes people my age make when they drink too much”
 - “Made you realise how easily a good night can turn bad”
 - “Made me likely to consider whether I should drink differently”
 - For different programmes: games played and videos viewed, comments made, time spent on site, page views, page visits
 - Programmes’ off-screen initiatives: registered users, video views, page views, page visits, games
- (C4, 2009a, pp. 56- 57, 2009b, pp. 8- 9, 2010a, pp. 58-59, 2010b, pp. 10-12)

Table D.5: Aggregate Table of the Assessment Component ‘Viewer Impact’

VIEWER IMPACT (Television, Portfolio)

<p>TV viewing share</p> <ul style="list-style-type: none"> · Viewing share across TV channel portfolio, year-on-year · C4 portfolio (core and digital channels) share as percentage of total TV viewing (5 year comparison) · Viewing share of digital channels (E4, film4, more4, 4music/the hits) as a percentage of total TV viewing (5 year comparison)
<p>Audience reach</p> <ul style="list-style-type: none"> · Average monthly reach of public service broadcasters’ TV portfolios (BBC, ITV, C4, five, over 5 years) · Percentage reach of individual TV Channels in C4 portfolio (E4, More4, Film4, 4music)
<p>Viewing to network originations</p> <ul style="list-style-type: none"> · Percentage of total TV viewing accounted for by network originations on C4’s TV channels (core and digital channels, for originations and acquisitions, year-on-year, new measure)
<p>Medium-term viewing trends</p> <ul style="list-style-type: none"> · Percentage change in TV Channel portfolio viewing share (5 year period, for PSBs) · Percentage change in viewing to main PSB channels (5 year period)
<p>Average daily TV viewing</p> <ul style="list-style-type: none"> · Average daily minutes of viewing to the PSBs’ TV channels (all viewers, age group 16-34, year-on-year)
<p>Medium-term viewing trends amongst young audiences</p> <ul style="list-style-type: none"> · Percentage change in viewing share of the PSB’s channel portfolios as a percentage of total viewing amongst 16-34 year olds (5 year period)
<p>Viewing by ethnicity</p> <ul style="list-style-type: none"> · PSBs’ portfolio viewing share amongst white and black, Asian, minority ethnic audiences as a percentage of total TV viewing by those audiences, year-on-year
<p>Making programmes available on demand [on demand viewing, streaming and download data]</p> <ul style="list-style-type: none"> · Average monthly number of full-length programme views initiated on demand (in million, year-on-year) · Average monthly number of video-clip views initiated on demand (2008 metric only, year-on-year)
<p>Engagement with C4 content online</p> <ul style="list-style-type: none"> · Average monthly visits to channel4.com, e4.com in millions (big brother separate, year-on-year) · Average monthly page views in millions (big brother separate, year-on-year)
<p>Channel reputations</p> <ul style="list-style-type: none"> · People who believe C4 is the channel to which the following statements most apply: <ul style="list-style-type: none"> · “Covers ground that other channels wouldn’t” (5 year period) · “Takes a different approach to subjects compared to other channels” (5 year period) · “Is youthful” (new measure)
<p>Section on top ten...</p> <ul style="list-style-type: none"> · Most viewed programmes on C4 (2008, in 000s) · Highest quality shows on C4 (2008) (score, % of viewers who agree strongly with the statement “this was a high-quality programme”) · Most original and different shows on C4 (2008) · Most complimented individual C4 programmes based on viewer enquiry contacts (2008) · Shows that people would most “talk to other people about” on C4 (2008) <p>Most criticised individual C4 programmes based on viewer enquiry contacts (2008)</p>

Section on on-demand viewing

- Number of views of full-length C4 programmes initiated across TV and online
- Number of episodes on 4od at year end
- % growth in views to 4od website year-on-year
- % of 16-34 olds who say that they use 4od on a weekly basis

(C4, 2009a, pp. 60-65, 2009b, pp. 9-12, 2010a, pp. 62-67, 2010b, pp. 14-18)

Table D.6: Aggregate Table of the Assessment Component ‘Output & Spend’**OUTPUT & SPEND****Volume of first-run originations**

- Average daily hours (slot duration) of first-run originations across C4’s TV channel portfolio (year-on-year, excluding Big Brother related live streaming)

Programming mix on core channel

- Percentage of output on the core channel accounted for by originations and first-run programmes (in peak, all day, originations first-runs and repeats, acquisitions first-runs and repeats, year-on-year)
- Network originations in C4’s TV schedules as a proportion of total broadcast hours (C4, More4, E4, in peak, all day, year-on-year, new measure)

Expenditure on originated content

- Total expenditure (in £ million) across network on originated content, year-on-year
- Digital TV and online expenditure (in £ million) on originated content, year-on-year

Originations by genre on core channel

- Genre: entertainment, drama, education, sport, other factual, news, documentaries, current affairs, quiz & game shows, arts & music, religion
- Total expenditure (in £ million) on first-run originations in key PSB genre, year-on-year
- Output (hours of programming based on slot duration) by genre for first-run originated commissions on the core channel (for year only)
- Year-on-year changes in first-run originated output transmitted on the core channel (hours and spend)

(C4, 2009a, pp. 66- 67, 2009b, pp. 12-13, 2010a, pp. 68-69, 2010b, pp. 19-20)

Table D.7: Aggregate Table of the Assessment Component ‘Creative Economy Impact’

CREATIVE ECONOMY IMPACT

<p>Broadcasters’ expenditure on UK originations</p> <ul style="list-style-type: none"> · Investment (in £ million) by broadcasters (BBC, ITV, C4, five, other) on first-run UK-originated TV programming, year-on-year · Total gross value added in the creative economy in £ million, year-on-year · Number of jobs supported across UK by C4 investment
<p>Broadcasters’ investment in the independent sector</p> <ul style="list-style-type: none"> · Investment (in £ million) by PSBs on first-run external commissions (core, digital channels, year-on-year)
<p>C4’s investment in the nations and regions</p> <ul style="list-style-type: none"> · Proportion of C4’s first-run originated output on the core channel made in the nations and regions, volume of output hours (in, out of London), investment in output in £ million (in, out of London), percentage of the value of first-run originations sourced outside London
<p>Broadcasters’ investment in the independent sector outside London</p> <ul style="list-style-type: none"> · Spend on production companies based outside London (in £ million, year-on-year) · Percentage of C4’s expenditure on the core channel outside London (by region, year-on-year) · Percentage of total investment in independent production companies based outside London for main PSB channels (2008 measure)
<p>Diversity of supply base</p> <ul style="list-style-type: none"> · Number of independent production companies supplying the PSB channels, C4 (BBC portfolio, ITV1, C4 portfolio, five, other, year-on-year)
<p>Contribution of Film4 to UK film production</p> <ul style="list-style-type: none"> · Total production budget (in £ million) of UK feature films supported by Film4, year-on-year · Funding sources (in £ million) for Film4 productions released theatrically (investment by film4 feature film released in cinemas and other funds makes total budget)
<p>Additional considerations</p> <ul style="list-style-type: none"> · 4iP: Digital innovation (digital media fund established at the end of 2008): <ul style="list-style-type: none"> · % of investment in talent new to C4, in companies based outside of London · Investment since launch in number of companies · Number of projects in development and currently live · Regional partnerships and regional funds (money from regional funds leveraged) · Investing in creative Talent: <ul style="list-style-type: none"> · Initiatives of 4talent, the learning and skills development arm of C4 · Spend (in £ million) on talent initiatives (examples: interaction with schools, work placement, partnerships) · Total investment in 2009: Types of support (dedicated on-screen talent strands, online talent strands, film, off-screen) funding (in £ million)

(C4, 2009a, p. 68-71, 2009b, pp. 13-14, 2010a, pp. 70, 75, 2010b, pp. 21-22)

Appendix E: List of Interviewees

Table E.1: List of Interviewees (33)

Group membership	Organisation (former or current)	Expertise
<i>Group 1)</i> <i>Government departments and agencies</i>	HM Treasury	Charter Review
	DCMS	Charter Review, Public Value, C4, BBC
	ITC, Ofcom	PSB Regulation
	Ofcom	PSB Regulation UK, EU
<i>Group 2)</i> <i>Case study organisations</i>	BBC Trust	PVT, Public Value
	BBC Trust	PVT, PVA
	BBC Trust	PVT, RQIV Framework
	BBC	Public Value, Charter Review, 2003 Communications Act
	BBC	Public Value, Charter Review
	BBC	Public Value, Early Charter Review
	BBC	Public Value, Early Charter Review
	BBC	Public Value, Early Charter Review
	BBC	Public Value, Charter Review
	BBC	Public Value, Charter Review
	BBC	Public Value, Charter Review
	BBC	Public Value, Charter Review
	BBC	PSB Regulation UK, EU
	BBC	Public Value, Charter Review
	C4	Public Value, PIA, Financial Review
	C4	Public Value, PIA, Financial Review
C4	Public Value, PIA, Financial Review	
C4	Public Value, PIA	
<i>Group 3)</i> <i>Public and private stakeholders</i>	Policy Insider	2003 Communications Act, Public Value
	Academic	BBC, PSB Policy and Regulation
	Academic	Public Management
	Academic	PSB Regulation UK, EU, PVT
	Academic	BBC, PSB Policy and Regulation
	Consultant	BBC, PSB Policy and Regulation
	The Work Foundation	Public Value Project
	Public Interest Group	PSB Policy, BBC
	Commercial Broadcasters’ Interest Group	PSB Regulation UK, EU
	Commercial Broadcasters’ Interest Group	PSB Regulation UK, EU
	European Commission	EU PSB Regulation

E.2: Contacting Interviewees via email

The initial contact with individuals was established via email. The email was structured into four sections (see next page).

The first paragraph briefly introduced the research and outlined the research project.

The second paragraph addressed the specific contribution they would make to this project by pointing to relevant positions they had held, work they had done, events and developments they had been involved in as well as referrals from third parties. It concluded by stating that all information from interviews would remain confidential and anonymous.

The third paragraph asked for possible dates for the interview.

The final paragraph offered to contact the researcher or the researcher's supervisor, who was cc'd in all emails, for further information. Referring to the supervisor as an additional contact person was helpful to establish credibility and legitimacy (Odendahl & Shaw, 2001, pp. 306, 312).

The response time was usually one day, in most cases less than one week. The interviewees were generally very polite and stated that they were happy to contribute. Some interviewees requested a more detailed outline of interview topics or a phone call to discuss the interview.

E.3: Email text

Dear Mr / Ms,

I write in order to request an interview with you as part of a PhD research project based at the London School of Economics. The interview will form part of my research into the notion of public value in UK media policy. The research examines the development of the public value notion in the UK.

As part of my research, I plan to conduct interviews with the 15 leading experts in this area, including those involved in the key decisions around the notion. (X, who I interviewed for this research, recommended that I contact you.) I am particularly interested in your (former) role at X and your work on X. I would thus very much appreciate the opportunity to hear your views on this. All information from interviews will be anonymous and treated confidentially.

Could I ask you to let me know if you would be available for a short interview (less than one hour) in month X / week commencing X?

My advisor on this PhD project is Dr Tambini. He is cc'd on this message. Both he and I would be happy to provide any further information on the project or the interview that you may require.

I look forward to hearing from you.

Sincerely,

Eva Marie Knoll

Appendix F: Interview Questionnaire

The semi-structured interviews addressed three main interview blocks: Block 1 focused on specific and more general developments in the PSB and media policy environment. Block 2 addressed the two case study organisations BBC (2.1) and C4 (2.2). Block 3 related the public value application to the media and PSB policy context.

The sequence in which blocks and questions were asked was adjusted for each interviewee. In addition, interviewee-specific questions were developed. Below listed are general questions from the three interview blocks.

The questions functioned as guidelines on topics for the interviews. Their formulation was often adjusted to suit the interview situation. The information listed behind the questions in brackets is for the interviewer only and addresses possible answers or points of interest for follow-up questions.

The development of the questionnaire was informed by a set of different documents, which included legislation (2003 Communications Act, Royal Charters, Framework Agreements, European Communications), institutional publications (press releases, public speeches, mission statement, strategy reviews, annual reports and accounts), policy and regulatory process documents (reports, reviews and consultation documents, draft legal documents, consultation responses, government records and meeting minutes). These documents were used to establish an understanding of the conditions in the policy environment and at the case study organisations. They were not analysed systematically but rather served to gather, collate, and corroborate information.

The interviews usually commenced with introducing the research project, explaining the focus of the interview and relating the interviewee's role to the research interest. Not all questions were asked to all interviewees.

The review of evolving media policy paradigms in chapter 5 provided the foundation for the development of research questions for the first block, which addresses characteristics of the policy environment. A chronology was compiled which shows developments in UK PSB policy (see Appendix D). Compiling chronological events is a frequent technique and major strength in case studies to trace events over time (Yin, 2003a, pp. 125, 127). Questions were devised to inquire

about interviewees' views of the media policy environment with regard to general trends and developments as well as more specific events, so called nodal points, which were viewed as having played a central role in the public value development and the use of different regulatory rationales.

The second block consisted of questions on two cases BBC and C4. They addressed motivations for the take-up of the notion with regard to policy and market developments, strategic objectives, and economic and non-economic rationales. Questions also addressed the notion's application in remit definitions and performance assessments.

The third block addressed questions on the interrelationship between the public value notion and the policy environment. These questions also tended to develop out of the conversation. In almost all cases, the block was addressed at the end of the interview to bring previous questions on the policy environment and the notion's application together.

Each block consisted of two sets of questions; general questions, which applied to all interviewees, and interview- or group-specific questions. The order in which blocks and questions were asked varied depending on the interviewees' expertise.

The advantage of semi-structured interviews is that a non-standardised agenda allows collecting a rich array of personal insights as questions can be adapted throughout the conversation. Interviewees often stated that their memory was coming back as the conversation progressed. An open interview structure provided flexibility for the exploration of these thoughts, while the interviewer had to decide when to re-direct the conversation without cutting off the thought process.

Generally, open questions were formulated to avoid interviewer bias, which can result from leading questions (Johnson et al., 2001, p. 293; Yin, 2003a, pp. 90-91). Phrasing was neutral to convey a professional, academic, and objective position. Effects of the order of questions on the reliability and validity of answers were also considered in that complex, very specific or sensitive topics, which might cause an interviewee to close-up or to terminate the interview, were left to the end (Johnson et al., 2001, p. 284).

Block 1: Regulatory rationales and developments in the policy environment

- 1) The distinction between the individual as consumer and as citizen was emphasised in the definition of Ofcom's remit in the 2003 Communications Act. How important was and is this distinction in media and PSB policy (2003 Communications Act as turning point after Davies report)?
- 2) Why was this distinction made during the passing of the 2003 Communications Act?
- 3) Did the citizen terminology become more important through the inclusion in the 2003 Communications Act?
- 4) How does the emphasis on the citizen relate to the market failure discourse and economic, NPM concepts of the 1990s, emphasised in the 1999 Davies report (did a shift take place, point when shift took place)?
- 5) It also seems as if the assessment of citizen value became more important (if so, when / where did it start, ITC studies, Foster et al. paper on CBA-style assessment and remit definition of PSB, WTP)? Can you see or trace a development here?
- 6) How has policy- or decision-making in media policy and regulation changed over the last years (with the advent of Ofcom etc., evidence-based, changes in PSB governance, policy actors and groups, tools and methods)?

Block 2: BBC and C4 Case Studies

2.1) BBC

- 7) Why did the BBC adopt the public value (PV) notion in the Charter review process (justification, market failures, remit expansion, language, LF settlement and Treasury)?
- 8) What is the BBC's understanding of PV (equivalent to public interest, way to define benefits to society and deliver, assessment framework PVT)?
- 9) How was PV used by the BBC (remit, public purposes definition, PVT)?

- 10) How does PV relate to remit definitions (such as the definition of public purposes, 5 types of value creation on three levels, the individual, society, and economic/value for money, first time public purposes defined)?
- 11) Why was it felt necessary to develop something like the PVT (competition concerns, EC State Aid)?
- 12) In terms of the PVT, what is new about it (methodology, PVA measures used, RQIV, trade-off with MIA)?
- 13) How are consumer and citizen interests represented or assessed in the four RQIV drivers of the PVA (impact the only one that directly addresses citizen interests)?
- 14) How is the integration of different economic, quantitative and incommensurable, qualitative measures handled in the PVT (value judgements, difficulty of adding-up RQIV assessments and final PVA to low, medium, high)?
- 15) How is the weighting of the RQIV drivers established?
- 16) How is the fit with the public purposes assessed?
- 17) How is the PVA compared to the MIA (difficulties)?
- 18) Why are measures such as impact or outcome included when it is so difficult if not impossible to assess, compare or add them up with other quantitative measures (effect on decision-making)?
- 19) In how far are market failures taken into account in PVT assessments?
- 20) Did the BBC benefit from adopting the PV idea (objectives achieved, expansion of scope, Charter review)?
- 21) Why did the PVT spread beyond the BBC in PSB (C4, EU)? How?
- 22) Why was the decision about the introduction of new services given to the BBC with the PVT (away from Secretary of State)?
- 23) How are the PVT and its process different from or similar to the previous process and decision-making under the Secretary of State?
- 24) Why was the PVT not given to an external body (Ofcom)?

- 25) Ofcom seems to have developed a similar model of PSB in its first PSTB review as the BBC, with its focus on a purpose-based remit and a corresponding measurement framework. What is the relationship between these two developments (Charter review and PSTB review, BBC PV development prior to or parallel with Ofcom, joint work, ITC studies)?
- 26) How did PV come to the BBC (Benington seminars, Cabinet Office paper)?
- 27) How influential was PV management theory (Moore, BBC, PMSU, TWF)?
- 28) How is the BBC's understanding of PV different from or similar to PV theory / these approaches?
- 29) With PV, the BBC seemed to focus more on the distinction between the citizen and the consumer (if true why, prioritising citizen over consumer, reduction in market failures, policy discourse 2003 Communications Act)?
- 30) The PV concept according to Mark Moore is a management approach. Is PV also used as a management tool at the BBC (beyond remit definition, PVT assessment, if so how, example, co-production, deliberation, stakeholders)?
- 31) Were any other alternative concepts to PV considered (social capital)?
- 32) How are the PVT and the use of the PV notion going to develop in the future?

2.2) C4

- 33) Why did C4 adopt or turn to the PV notion?
- 34) What features of the notion or its use in the PSB context (public discourse, measurement, BBC) seemed useful for or relevant to C4?
- 35) What was the motivation for C4 to use the PV notion in 'Next on 4'?
- 36) How important was PV in informing 'Next on 4'?
- 37) What is C4's understanding of PV (equivalent to public interest, way to define benefits to society, consumer, economy, public purposes)?
- 38) What are the central characteristics or core features of C4's PV notion (public purposes, assessment framework)?
- 39) How does PV relate to the definition of the public purposes (first time PP)?

- 40) How do the four defined public purposes (nurture, challenge, champion, inspire) relate to C4's statutory remit (little change since inception, inclusion in Digital Economy Act 2010)?
- 41) What is the relationship between the public purposes (remit definition) and the assessment framework (in practice, in their development)?
- 42) How was the notion used in the public value assessment framework?
- 43) In the assessment framework, how is PV or public impact assessed? How are difficulties related to the assessment of outcomes addressed (measures, value judgements)?
- 44) How does the measurement framework relate to existing reporting obligations to Ofcom (licence requirements) and measures used inside C4 (new measures)?
- 45) How is C4's understanding of PV different from or similar to the BBC's approach (why)?
- 46) Why was no alternative concept to PV used, something different from BBC?
- 47) The BBC's use of PV focused on scope and new services (PVT). For C4, what was the main issue (show what)?
- 48) How is the adoption of the notion related to funding difficulties of C4 and Ofcom's Financial Review of C4 (parallel developments, Ofcom's PSTB review, definition of PSB purposes, output-impact-value model)?
- 49) Did you work with any institution (BBC, TWF, Ofcom, etc.) to develop the notion or assessment framework?
- 50) How influential was PV management theory (Moore, BBC, PMSU, TWF)?
- 51) How important is a distinction between citizens and consumers for C4? In relation to public value?
- 52) How are the PIA and the PV notion going to develop in the future (now that C4 did not receive public funding)?

Block 3: Public value and PSB policy

- 53) How did the PV concept come to the UK (PMSU paper, Warwick seminars)?
- 54) How did the PV notion relate to the general developments and trends in PSB and media policy (better regulation)?
- 55) Is PV an isolated development or part of an overall development in media and PSB policy (key steps in development)?
- 56) It seems as if the PV notion was supported more widely beyond the BBC in PSB and also in the cultural policy context. Which institutions did play a role (DCMS, TWF, Ofcom, EC, think tanks)?
- 57) What impact did the PV notion have on the understanding and justification of PSB (in discourse and practice, impact on remit definition – from genre-based input/output measure to broader, outcome and purpose-based definition)?
- 58) How does PV relate to market failure (economic, non-economic rationales)?
- 59) How does PV relate to consumer and citizen interests?
- 60) How would you evaluate the PV development so far?
- 61) PV seems to be a successful, almost hegemonic concept in PSB - why (umbrella term, pseudo-economic)?
- 62) Why did the PV movement take place?
- 63) How important is the measurement aspect (PVT, PIA) in the PV development (PV reduced to measurement in context of PSB)?
- 64) European Commission: Why did the PVT seem useful or necessary to the DG Competition to propose it for inclusion in the revised communication?
- 65) What do you think is the future of the PV notion (in PSB, at BBC, C4)?
- 66) What do you think is the future of PV performance assessment frameworks, PVT and PIA (as practical tools)?
- 67) How would you define PV?

Appendix G: Interview Transcript

Prior to asking for permission to record the conversation, interviewees were assured that all information was treated confidentially and anonymously (Johnson et al., 2001, p. 273). This was important due to the politically sensitive topic and interviewees' ability and willingness to speak openly. The research project and the focus of the interview were briefly outlined at the beginning to signal preparation and background knowledge by referring to specific aspects which conveyed the level of interest and insight. It is generally important for interviewers to establish a certain level of authority by subtly communicating expertise (Odendahl & Shaw, 2001, p. 311), neutrality, and professionalism to obtain relevant, frank, and insightful information beyond the level of standard public relations.

Except for one interviewee, who requested that the interview was not recorded, all interviews were taped. For the unrecorded interview, notes were taken during the interview and written up immediately afterwards. Some interviewees requested to check quotations from their interviews prior to publication.

In order to ensure the anonymity of the interviewee (all interviews were conducted off the record), it is not possible to provide a full interview transcript. Instead, excerpts from one interview are shown below. The transcript sections shown here were chosen deliberately to address general rather than interviewee-specific topics.

<i>Interviewer</i>	EK
<i>Interviewee</i>	I (redacted)
<i>Group</i>	Case study organisations, BBC Trust
<i>Date</i>	30.10.2009
<i>Duration</i>	52:01 (full interview, below only excerpts)
<i>Location</i>	Interviewee's home
<i>Notes</i>	Specifics on PVT, PVA, relationship of RQIV drivers to each other and purposes, public value concept and motivations for its application, regulatory rationales and the policy environment

EK: The thesis looks at the application of the public value notion at BBC and C4, how the public value notion was introduced at the two organisations. I look at it primarily from the perspective of how citizen and consumer interests are represented in the public value idea, not so much from the perspective of public value management theory. The main area of questions I am interested in addresses the process and methodology of the PVT. But I would like to start off with a more general question: Why was the public value idea useful to the BBC in 2004 in the context of Charter review?

I: Well, clearly it was a time of crisis for the BBC and the new framework had to not only be but appear to be very rigorous. So I think having any kind of formal framework for new services was going to be essential. The change of governance at a time of crises like that was inevitable. And this was a framework that spoke to the values that the BBC wanted to make sure were sustained. It was consistent with BBC values, it would fit in with the BBC purposes and at the same time it would give people outside of the BBC the insurance of a much more rigorous process.

EK: So it was mainly in regard to governance and regulatory aspects?

I: Yes, definitely important as part of the new governance framework. But I wouldn't say it was unimportant in itself. It was an evolution or it incorporated measures that the BBC was already starting to use for its own internal performance measurement so as an internal performance measurement tool it is also useful. But at that time the formalisation was very important because of the governance issues.

[...]

EK: Do you think for example that developments such as in the 2003 Communications Act in regard to the incorporation of the representation of citizen interests for Ofcom in contrast to the previous Davies report, that there is a shift from market failure to citizen aspects?

I: I think there is a shift and I think that the shift is continuing.

EK: So do you see a connection between theses?

I: Yes. I think you can say it is part of a wider intellectual shift. The tide has been turning against extreme free-market arguments for some time, I think. It is not just very recent. And if you think the high tide of the free-market approach was 1980s, then a decade later that had already started to shift quite substantially and is still continuing of course because of the failures of free markets. And I think it quite

likely that we see the concept of public value diffuse more widely. It has been used mainly in the cultural sector so far and I think there is a revival of interest in it. Perhaps even the banking sector could use the concept.

EK: Some people say that public value is going to disappear as quickly as it arrived but it seems to have become stronger, also with the inclusion on the European level in regard to Communication on State Aid.

I: The debate has become very acute in broadcasting about whether. It is a real divergence of ways, isn't it? For a while now we have not had to make a decision between the kind of free-market argument that James Murdoch put in his recent speech and the kind of civic space created by PSB. And I think we are coming to a point where actually societies are going to choose one or the other. And the US has clearly gone free-market route and won't change but in Europe and especially the UK it is still an open debate. And there is also a link to the technological changes, a debate about what you mean by market failure anyway because the market failures have become different in nature and much more pervasive anyways because of the characteristics of online technology.

EK: Which market failures still apply?

I: Well, it is no longer just about genres of programming. Classical music isn't provided and therefore BBC should carry on providing BBC3. And that old 1980s debate looked at services and tried to narrow the BBC down to certain quite narrow genre.

EK: Everything that is a merit good?

I: Exactly. Now I think there are more subtleties in the market failure argument. In one of the chapters of the document I sent you, the nature of experience goods in general but also the dynamics of new markets and is there a role for a large state broadcasting in creating new markets, providing education, not in a narrow sense but in a wide sense of media literacy.

EK: Does the PVT in that sense address whether proposed services address any type of market failure or just whether the value created is greater than MIA?

I: MIA can look at positive impact as well. It can look at the evolution of the market.

EK: What were the main improvements of the PVT compared to the previous assessment under the Secretary of State?

I: I think it was partly the formalisation of the procedure that we spoke about earlier. I think it was part of the general trend under the Labour government to take decisions out of the political arena if they were not obviously political. So tax policy is obviously political and you are not going to hand that to an independent body but in competition and monetary policy there are now independent bodies of experts. I think it was part of that same trend as well that this was considered not inherently political decision-making. And having Ofcom involved was part of the guarantee of an objective evidence-based process.

EK: Was that proposed by the BBC?

I: I don't know but I very much doubt it.

EK: In regard to the PVT and non-service proposals, there, the BBC does everything?

I: Yes.

EK: But before the launch of a PVT, there is internal communication between BBC Management and the Trust because not all strategic ideas come with a proposal?

I: The test is based on clause 25 of the Charter, the significance of what management wants to do needs to be assessed so they have to look at that. Elements are permanence, cost, impact, if they think the proposal is significant.

EK: But the Trust decides whenever it wants to do a PVT?

I: Yes.

EK: So a PVT launch is not dependent on a submission of a proposal from management to launch a new service?

I: No.

EK: So have all the submitted proposals by management so far resulted in a PVT launch?

I: No, for example the children service reviews that we did resulted in some changes in service licences and some extra changes to TV programming and we put that through clause 25 and concluded that PVT is not needed.

EK: And management did not submit a proposal in that case?

I: No, they didn't. The wording is that there is presumption that they will do a test for a service. There are a lot of things that we put through the clause 25 process and decide that a PVT is not needed.

EK: So the Trust has guidelines on clause 25 and the Executive as well?

I: It is a shared understanding.

EK: The proposal submitted seems to be the same as the assessment later done by the Trust. Why was the decision made that it is necessary to do it twice, because the Trust reviews whether the assumptions made by BBC Executive were right?

I: That is part of that pitch. They look at it under the same headings to make their case. They look at RQIV and MIA and then we have to scrutinise the assumptions.

EK: Are the guidelines on the assessment still based on the interim rules? I found them online.

I: I make sure you have got the right ones. They might still say interim but they are not.

EK: In regard to the assessment of the fit with public purposes, they are assessed under impact. Then, in addition it is said that fit with the purposes is a prerequisite. So are only services considered which fit with the purposes in the first place or could the PVT also yield that they don't fit the purposes at all? So I am not sure which comes first, that is the question.

I: It is a prerequisite. I try to make it clearer over time that that is a first hurdle and that a proposal can fall at that hurdle before we even go on to make any further assessments.

EK: So before launching a PVT you could say we don't see a fit so we don't launch a PVT?

I: That would be exceptional. We don't try to shape what the Executive proposes in order to get it through the test because it is a regulatory process but the first question is always if it fits with the public purposes. In theory, it could be that we say no to that, tick all the other boxes but then turn it down.

EK: Would that then be an assessment under impact?

I: No, it is the first step, supposed to come before the assessment.

EK: In regard to the four PV drivers, they are the core performance measurement framework which is used in the PVT and the service licences. Where else are they used?

I: They are now used across the BBC for everything.

EK: Only these four?

I: Yes. And it has become much more widely used over the past three years. There has been a spillover effect from their use in the formal process, from their use as a management tool.

EK: Some of the measures have been used before. Which ones are new or came along with public value?

I: We have always looked at reach, always implicitly looked at quality, in the end impact. And of course they are not independent of each other. Reach will always affect value for money because the value for money measure is always per user or per user hour.

EK: In regard to the relative importance of the drivers and the low, medium, high contribution to public value, in the end, a value judgement needs to be made on this. There is no guideline other than you look at the methodologies attached to the four drivers, get the information and evidence and then make a decision?

I: You can't get away from the judgement in the end.

EK: But isn't that a point of critique? If you try to give evidence and then ideally make a quantitative judgement, then you have qualitative elements and how do you reconcile these different evidence bases? How does the Trust deal with that?

I: Well, the justification comes in publication. We publish every single piece we look at and people can track back from the judgement that we make in the final document to the reports, forecast and other evidence that we reference. But there is no escaping having to do that. Somebody might come up and say personally I would come up with a different judgement. But all regulatory decision-making is judgement in the end. It is true of competition policy as well. It is a quite similar process, collecting a lot of evidence of profit, sales, consumer choices, how they react to price changes. After you collect evidence you then have to make a judgement whether there is a reduction of competition or not. All regulatory processes are judgemental. The guarantor is being incredibly transparent about that.

EK: So is transparency part of the value creation process then as well?

I: Transparency is very important. Mostly people have accepted the judgements we have made in past PVTs with some exceptions. One exception was the restrictions on downloads of classical music in the iPlayer.

EK: In the [...] paper it says that developing metrics would refer back to strategic aims of the corporation. Which are these? The public purposes or do the metrics try to operationalisation public purposes so that it is possible to assess them?

I: I am not sure I understand the question. The RQIV metrics try to assess the six public purposes.

EK: I meant how the metrics relate to the strategic goals and what are these strategic goals?

I: I think it just means that the metrics differ depending on what kind of organisation you are talking about. I don't think it is trying to say that RQIV are linked to stimulating creativity or sustained citizenship.

EK: So they don't try to measure the remit and break it down? How would you then otherwise say whether the public purposes are met or reached? That is the connection I am missing.

I: There can't be a connection. I don't think between something as broad as sustaining citizenship and a specific metric in a test like what is the forecast audience for a particular service. So at the first step, you would think about would the service serve a public purpose? If you are thinking about new services, would this service serve purposes, it looks like it would, news is very important for citizenship and then you go on to the four RQIV drivers and the individual metrics that come underneath these headings. You would look at those then, having assessed the strategic fit as a first step. And then the feedback comes separately, purpose remit services every year. So it is a slow and indirect feedback loop. I think it is impossible to have any direct assessment about how a particular element or service effects something as general as one of the public purposes.

EK: I am particularly interested in the distinction between citizen and consumer interests and their representation in the test. Is it correct that impact is the only driver which addresses citizen benefits?

I: Impact always does a lot of the work but reach is also going to be important. Reach and the relevance of the audience is always going to be important as well for serving citizen interest.

EK: But isn't reach more about consumer value in the end? In the reach methodology individuals are never asked as citizen, it looks at how they use it for themselves, not about whether programmes contributed to better educated society.

I: I agree that impact is bound to be the most important one. I still think that for citizenship in particular, high reach amongst the relevant audience is important because you want it to be a shared experience. We are talking about shared space. It might be that it is programming for young people in low socio-economic groups and who have not been consumers of television and when they do it is not public service television, it is much more football on Sky, so in that particular example. I think reach would also do quite a lot of work.

EK: Ok, so not only impact is relevant in regard to citizen interests but also reach?

I: Mainly impact but also reach.

EK: And in regard to assessing citizen interest, there are a lot of different opinions about different methods, WTP, conjoint analysis. Which methods does the Trust use to assess citizen interests and how are problems in these methods addressed?

I: We tend not to do that kind of empirical assessment. I am sceptical about them because you get the answers entirely depending on how you framed the question. When we have money to spend on research that is not what we do.

EK: So how are citizen interests then assessed? Do you have an example of how it is done?

I: There is not an independent assessment apart from looking at the metrics and making the judgement. It is part and parcel of the judgement that we make.

EK: So in regard to deliberation, how is the public included into assessments as citizens?

I: Certainly qualitatively, we always do market research and often there is a qualitative element but not WTP and these kinds of studies.

EK: So citizen assessments are primarily qualitative?

I: Yes.

EK: In regard to making a decision on the PVA, if for example all four drivers would have medium value, is there a point where you decide this is enough or this is not enough value creation?

I: Yes, I mean, I think that is evident by the fact that we turned one down. And there was another one where in the provisional conclusion we said we have not had enough evidence that there is public value created here. So we need to get that from the consultation because we can't give it a go ahead.

EK: In the end, the decision is not only how much public value has been created but how that adds up with positive and negative market impact. How are these decisions made? How do you compare the public value created and the MIA?

I: It is a highly judgemental one.

EK: Ok. So there is, you look at both documents in that sense and then...

I: Yes, we definitely don't try to get a pounds million figure out of public value and a pounds million figure out of MIA and then compare them. We definitely don't do that approach. You could think about that in theory. You could actually suggest to do WTP assessments and you could get a figure for producer and consumer surplus out of the MIA and then you get numbers. But I think that is less meaningful than thinking about the evidence that goes into the two parts of that equation and making a judgement about that, because the figures are bogus, really. Calculating producer and consumer surpluses from a market based on new technology where we have no idea how consumers are going to use them, what the take-up will be and combining that with WTP assessments, which depend entirely on how questions are framed, you get a nice number that would look very authoritative but it would not be very meaningful.

EK: Who makes the final and the provisional decision?

I: It is a decision of the full Trust.

EK: It is not the Trust Unit?

I: No, they can make a recommendation but this is definitely the Trustees.

EK: In regard to the development that the PVT is much more evidence-based than before, before the PVT the evidence base, at least from what I have read, was much more limited in that sense. Why is that, do you think this is a more general development?

I: I think so. I think it is part of a wider public policy dependence of it, on evidence base. With the limitations that we were just talking about, that there is a limit about what evidence can actually tell you in these kind of decisions. I certainly think there is much more use of evidence than in the past when the BBC would make a pitch to the Secretary of State, he would think about it for either a short or a long time and make essentially a political decision about it.

EK: There are different elements to the public value idea the way the BBC has applied it. Which elements of it are most important or successful at the BBC?

I: Well, I think it has been helpful externally in starting to break down the barriers between the BBC and the rest of the, the BBC is so big and it has always been rather inward looking and I think the fact that this process has forced a dialogue with other stakeholders for the first time has started to change that relationship and that is a very positive development because the BBC makes a very strong contribution to the wider creative economy in the UK but it has done it by accident in the past but it would be nice if we could help it on purpose. So that is one positive benefit. Another is the fact that a decision has gone through this kind of process, which gives it a kind of robustness and it doesn't stop people complaining about BBC activities by any means but at least we are able to say there was this process, stakeholder had a lot to say about it, we took accountability of what they had to say. For the iPlayer, for example, it really diffused the potential criticism that there might have been if it hadn't happened with the PVT. So that is another benefit. The third kind of benefit is the realisation that this is actually a useful management tool as well. It is helping to prioritise and shape decisions within the BBC that don't come anywhere near the formal regulatory processes.

[...]

EK: Can you explain what the non-service approvals would be and who makes the decisions. What is a non-service approval or a non-service launch of a non-service PVT?

I: The Charter is pretty vague about it. So we decided that we would do the same process as the PVT analytically. So we look at the same four drivers, the strategic fit first, and the market impact. We do the same analysis. In reality there is very little difference between a non-service approval and the PVT because in either case, whether Ofcom does the MIA or the Trust Unit, a lot of it is given to external consultants. So the market research is done in the same way. The forecasts have been done and validated in the same way. There is very little practical difference between the two. You will see that when we publish the Canvas documents. They look the same as the PVT. The other area of approval that we have is commercial approvals, which have a completely different framework set out in the Charter. But actually, there is quite a lot of analytical similarity between how we think about commercial positions as well.

EK: But they are not being assessed in the same way?

I: It is not the same machinery of assessment but we still think about does it fit the public purposes, what does it do for RQIV, what is the MIA of that decision? So the analysis actually is the same. So what I am saying is whichever channel of approval something needs, is it commercial, is it non-service or a service and therefore needs a PVT, the thought process that we put into the assessment is the same.

[...]

EK: The Conservative party has criticised the Trust, what might lead to changes if they come into power. What do you think would...

I: If the Trust is abolished, either there will be a new governing body, which seems to be highly unlikely because this was the debate that we had at the time of Charter renewal, or Ofcom will do it. If we are abolished, Ofcom will do it.

EK: Do you think the public value notion or PVT would persist?

I: Yes, because what would they do? They would have to make an assessment. So suppose we are abolished, Ofcom takes over and the educational software companies complain about the BBC is developing new online educational services. What is Ofcom going to do? They will do an MIA but it will also have to assess the fact that BBC has an educational purpose, the fact that education is considered to be something that is sensible to spend public money on. So anyway it has to do a public value assessment. So I think they will do the same thing because it is a good machinery.

EK: So the public value notion, even if used or assessed differently, has become a concept that will remain in PSB?

I: Yes, and I think, as I have said earlier, I think it can grow outside of the broadcasting sector because it is a really useful way to think about the conflicting aims of public intervention and the impact of public intervention.

EK: The BBC's take on public value was new. It doesn't reflect the elements of public value theory necessarily. So it is something the BBC has created which has now become something more permanent in this context?

I: I think it, the BBC's approach isn't all that different from the approach developed by consultants who also...

EK: Which ones do you mean? The Accenture book?

I: Yes, I think they are both implementations of the original Mark Moore idea.

EK: I heard different views on this. Some people say they are different and that only a few Moore elements have been taken in the BBC approach.

I: What do people say has been left out?

EK: Co-production, for example.

I: I haven't read his book for so long, I can't remember.

[...]

EK: In regard to the inclusion of the PVT-style ex-ante test in the EU communication. I know from other interviews that there have been exchanges between the BBC Trust and representatives from the Commission. Can you tell me a bit more about that? Has there been an exchange about the methodologies and the conceptualisation of the PVT?

I: Yes, my colleague [redacted] has been involved. I don't know the detail. But he and the Chairman have been to Brussels a couple of times and explained the PVT and what we do and have sent documents about it. And there was a seminar in London that we hosted for the Commission two years ago, I think. I wouldn't say there has been a huge amount of exchange but there certainly has been.

EK: So the idea goes back to the BBC's approach?

I: I think so. I think it stemmed from [redacted] and the Chairman's first visit to Brussels when they explained the process and they said, by the way we had 10,000 people participation in the public consultation and that apparently struck them as very good validation of the process. If people were interested to take part on this scale it looked like a good process.

[...]

EK: Could you maybe say in one or two sentences, how you would define PV?

I: The benefit that citizens would derive from a public service both in their role as consumers and in their wider role as citizens, which is a distinction which survey evidence shows people do very clearly understand. They do understand the difference between individual preferences and wider benefits to society.

END

Appendix H: Analysed Documents (for chapter 9)

The documents listed in the table below were subject to a non-systematic document analysis, as described in chapter 6. The findings were used to inform and supplement the analysis of the wider public value process in chapter 9.

Document	Title
DNH (1992)	The Future of the BBC. A Consultations Document (green paper)
DNH	The future of the BBC: Serving the nation, competing worldwide (white paper)
BBC (1992)	Extending Choice: The BBC's role in the new broadcasting age
BBC (1996)	Extending Choice in the Digital Age
BBC (n.a. 1)	Proposed New Services from the BBC
BBC (n.a. 2)	BBC Proposed New Services. Additional information supplied by the BBC
European Commission (1999)	State Aid No NN 88/98 – United Kingdom. Financing of a 24-hour advertising-free news channel out of the licence fee by the BBC
Davies (1999)	The Future Funding of the BBC. Report of the Independent Review Panel, Chairman Gavyn Davies, July 1999
Ofcom (2004a)	Ofcom review of public service television broadcasting (PSTB) - Phase 1: Is television special?
Ofcom (2004b)	Supporting Document Volume 1: The role of television in society. Ofcom review of public service television broadcasting - Phase 1
Ofcom (2004c)	Ofcom review of public service television broadcasting (PSTB) -Phase 2: Meeting the digital challenge
Ofcom (2005)	Ofcom review of public service television broadcasting (PSTB) - Phase 3: Competition for quality
Lambert (2002)	Independent Review of BBC News 24
Graf (2004)	Report of the Independent Review of BBC Online
Gardam (2004)	Independent Review of the BBC's Digital Radio Services
Barwise (2004b)	Independent Review of the BBC's Digital Television Services

Appendix I: Chronology

The chronology focuses on central policy developments, documents such as Acts, Bills, policy and regulatory reports (DNH, DCMS, and Ofcom), and case study publications (BBC, C4) in the historic and contemporary context of the UK broadcasting ecology.

Year	Document	Reference
1869	Telegraph Act	
1904	Wireless Telegraphy Act	
1922	BBC incorporated	
1926	Founding and licensing of British Broadcasting Company, BBC established through a Royal Charter	
1927	First Royal Charter	
1935	Selsdon Report of the Television Committee	
1936	BBC One starts broadcasting	
1936	Ullswater report	Ullswater, 1936
1951	Beveridge report	Beveridge, 1951
1954	Television Act ITV and ITA introduced	
1955	ITV starts broadcasting	
1962	Pilkington report	Pilkington, 1962
1964	Television Act	
1964	BBC Two starts broadcasting	
1972	Sound Broadcasting Act IBA replaces ITA	
1977	Annan report	Annan, 1977
1980	Broadcasting Act	
1982	Telecommunications Act	
1982	C4 starts broadcasting Launch of satellite TV	
1983	First cable franchises awarded	
1986	Peacock report	Peacock, 1986
1987	Green paper (on radio)	
1987	BBC Strategy Paper: The next five years	
1988	White paper (on TV)	
1989	BBC Strategy Paper: Funding the Future	
1989	Sky TV begins satellite subscription broadcasting	
1990	BSkyB formed (merger of BSB and Sky)	
1990	Broadcasting Act ITC replaces IBA	
1992	The Future of the BBC: A Consultation Document (green paper)	DNH, 1992
1992	BBC Strategy Paper: Extending Choice	BBC, 1992
1994	The Future of the BBC: Serving the nation, competing worldwide (white paper)	DNH, 1994
1995	BBC Programme Strategy Review: People and Programmes –	BBC, 1995

	BBC Radio and Television for an age of choice	
1996	Royal Charter	DNH, 1996
1996	BBC Strategy Paper: Extending Choice in the Digital Age	BBC, 1996
1996	Broadcasting Act	
1997	Channel 5 starts broadcasting	
1998	Regulating Communications: Approaching Convergence in the Information Age (green paper)	DTI & DCMS, 1998
1998	BBC Strategy Paper: BBC Beyond 2000	
1998	BBC Choice starts broadcasting	
1999	Davies Report on the Future Funding of the BBC	Davies, 1999
1999	BBC Knowledge starts broadcasting	
2000	A New Future for Communications (white paper)	DTI & DCMS, 2000
09.2001	Approval of digital BBC services BBC FOUR, CBBC, CBeebies and digital radio channels	
02.2002	CBeebies and CBBC launch	
03.2002	BBC FOUR starts broadcasting	
2002	Draft Communications Bill	DTI & DCMS, 2002a
2002	Cabinet Office Publication 'Creating Public Value'	Kelly et al., 2002
2002	BBC licence fee settlement	
09.2002	BBC three approved by DCMS	
2002	Lambert report: Independent Review of BBC News 24	Lambert, 2002
02.2003	BBC THREE starts broadcasting	
2003	Communications Act Ofcom formed	
2003	Review of the BBC's Royal Charter	DCMS, 2003
04.2004	PSTB Review 1, Phase 1	Ofcom, 2004a
06.2004	BBC Charter Review Document 'Building Public Value'	BBC, 2004a
07.2004	Graf report: Independent Review of BBC Online	Graf, 2004
09. 2004	PSTB Review 1, Phase 2	Ofcom, 2004c
10.2004	Gardam report: Independent Review of the BBC's Digital Radio Services	Gardam, 2004
2004	Barwise report: Independent Review of the BBC's Digital Television Services	Barwise, 2004b
02.2005	PSTB Review 1, Phase 3	Ofcom, 2005
03.2005	A Strong BBC, Independent of Government (green paper)	DCMS, 2005
03.2006	A Public Service for All: The BBC in the Digital Age (white paper)	DCMS, 2006a
2006	Royal Charter	DCMS, 2006b
2006	Framework Agreement	DCMS, 2006c
01.2007	BBC Trust: PVA On-Demand Service Proposal	BBC Trust, 2007a
04.2007	C4 Financial Review	Ofcom, 2007b
	LEK Submission	LEK, 2007
	C4 Submission: C4's Unique Contribution to Public Service Broadcasting	C4, 2007
06.2007	C4 Financial Review	Ofcom, 2007c
09.2007	BBC Trust: PVA HDTV Proposal	BBC Trust, 2007c
11.2007	BBC Trust: PVA Gaelic Digital Service	BBC Trust, 2007d
03.2008	Strategy Review Publication 'Next on 4'	C4, 2008b
04.2008	PSB Review 2, Phase 1	Ofcom, 2008a
11.2008	BBC Trust: PVA Local Video	BBC Trust, 2008

<i>12.2008</i>	PSB Review 2, Phase 2	Ofcom, 2008b
<i>01.2009</i>	PSB Review 2, Phase 3	Ofcom, 2009
<i>2009</i>	Annual Reports and Account for 2008	C4, 2009a
<i>03.2010</i>	BBC Strategy Review: Putting Quality First	BBC, 2010
<i>2010</i>	Annual Reports and Accounts for 2009	C4, 2010a
<i>2010</i>	Digital Economy Act	DEA, 2010
<i>2010</i>	BBC Trust: The BBC's Strategy: Putting Quality First	BBC Trust, 2010c