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Research Paper

The effect of ideological positions on job market interaction: A spatial analysis[☆]

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ABSTRACT

Reporters and editors may not have the same ideology. When an editor wants to employ a new reporter with a different ideology, they have to negotiate the price of moving from their own ideology to the other's ideology. We focus on the job market for reporters, where the agents negotiate over the ideological position to be reported and wage. We adopt a spatial model in which each agent suffers a utility loss as the agreed-upon position moves away from his/her favored one. Equilibrium determines a threshold ideological gap for a match to be formed. Our analysis generates a natural separation between extreme, mildly extreme and moderate ideologies. Furthermore, we find that agents that hold extreme ideologies compromise less than moderates. This formulation may be applied to other situations in which agents involve monetary and non-monetary considerations, especially a preference for social proximity. JEL Codes: J32, J44.

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"The hand that rules the press, the radio, the screen and the far-spread magazine, rules the country, whether we like it or not, we must learn to accept it."

Judge Learned Hand, 1942.

1. Introduction and literature review

Many diverse factors influence the content and characteristics of media coverage. In particular, the agents involved in the media industry – journalists, information suppliers, advertisers, government officials and shareholders – have their own monetary interests, ideological positions, political views, etc. These agents aspire to shape the report that is eventually presented to the general public in order to advance their interests.

In general, the economic literature offers two types of explanations for the determination of media coverage: supply side and demand side.

Demand-side explanations assume that media consumers have preferences regarding the contents of journalistic reports as well as the normative judgment suggested by media coverage. To maximize their profits, media outlets tend to adjust their reports to these preferences. For example, [Mullainathan and Shleifer \(2005\)](#) assume that readers hold beliefs which they like to see confirmed, and media outlets can slant stories toward those beliefs. They conclude that on topics where readers'

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beliefs diverge, newspapers segment the market and slant toward extreme positions.¹ [Gentzkow and Shapiro \(2006\)](#) assume that firms have an incentive to shape their reports in a way that is most likely to improve their reputations. They predict that bias would be less severe in cases of concrete predictions and immediately observable outcomes (e.g., weather forecasting, sports outcomes and stock returns). Greater bias is expected with outcomes that are difficult to observe and are often not realized until long after the report is made (e.g., coverage of a foreign war, the impact of alternative tax policies or summary of scientific evidence about global warming).

Supply-side explanations examine the way in which motives of agents that are involved in the media industry influence media content and coverage. Some papers focus on news providers (editors and reporters). For example, [Anderson and McLaren \(2012\)](#) claim that editors have political as well as monetary considerations. The tradeoff between these considerations leads them to withhold information that is damaging to their political agenda, provided that their agenda is not too far removed from the political mainstream. [Baron \(2006\)](#) argues that reporters may bias their reports if they expect this to enhance their career prospects. News organizations tolerate biased reports if it allows them to hire reporters at a lower wage and thus increase their profits (see also [Sutter, 2001](#)). [Dyck and Zingales \(2002\)](#) focus on the 'quid pro quo' relationship between reporters and their sources, eventually leading to deficient exposure of poor governance practices.

Similar to [Anderson and McLaren \(2012\)](#), other papers have suggested that political considerations play a major role in the determination of media content. For example, [Puglisi \(2004\)](#) shows that during elections, each candidate tries to induce news providers to publish stories on his behalf and disregard positive stories that are related to his opponent [see also [Vaidya \(2005\)](#) regarding possible collusion between media outlets and government].

Other supply-side explanations deal with the effect of patterns of ownership (e.g., [Djankov et al., 2003](#); [Prat and Stomberg, 2005](#)) and advertising considerations (e.g., [Ellman et al., 2009](#)) on media content. [Gentzkow et al. \(2014\)](#) study a two-sided model of news markets that combines theoretical and historical analyses of both the demand side and the supply side.

This paper examines the way in which ideological positions held by agents that participate in the media market affect media coverage. There is widespread evidence for such an effect.² In some cases, this effect is explicit, with media outlets expressing their ideological positions clearly (e.g., by endorsing a specific candidate during elections³ or taking a stand in an emerging public controversy). In other cases, while the agents' ideological positions are not explicitly manifested, they still influence media coverage (e.g., by choosing specific terminology or highlighting specific facts).⁴

The basic premise behind our model is that agents participating in the media market involve both monetary and ideological considerations in their decision-making.⁵ This is true for both sides of the job market, namely for employees (reporters) and their employers (editors). Specifically, we analyze how ideological positions affect both reporters looking for jobs and editors looking to fill vacancies. This formulation is best suited while describing the hiring of an opinion writer since a core element of his work is expressing his views and attitudes. In addition, we characterize the diversity of the ideological positions held by reporters and editors who reach an agreement, as well as the positions they report. Our analysis provides an additional supply-side explanation for the way in which media coverage is determined.

Focusing on the job market for reporters,⁶ we incorporate our basic premise by assuming that the utilities of reporters and editors consist of a monetary component as well as an ideological one. Regarding the latter, we adopt a spatial model in which each agent favors a specific position. An agent suffers a utility loss as the reported position moves away from his favored one. When a reporter and an editor meet, they negotiate over the ideological position that will be reported and the wage that will be paid. We attribute bargaining power to each of the negotiating agents and use the generalized Nash bargaining solution ([Harsanyi et al., 1972](#)) to characterize their agreement. We show that an efficient agreement requires that the adopted ideological position be a compromise between each side's favored positions. This position does not depend on the agents' relative bargaining power.

One basic feature of our model is that a bargaining process does not necessarily end in an agreement. An engagement is reached whenever its yielded surplus is high enough. We show that the surplus depends on the ideological gap between the favored ideological positions of the negotiating agents. As the ideological gap expands, the surplus is reduced. Equilibrium determines the minimal surplus required for an engagement that corresponds to a maximal ideological gap. If the ideological gap is wider, the negotiation fails and the utilities of the agents would be determined by their disagreement values. However, a meeting between a reporter and an editor with closer positions yields a job contract between them. In this case, the surplus

¹ See also [Yildirim et al., 2013](#) who adopt the model suggested by [Mullainathan and Shleifer \(2005\)](#) to examine how introducing an online edition to supplement a print edition affects the extent of the slant in news reporting.

² [Anderson and McLaren \(2012\)](#) offer as proof the fact that media organizations often suffer huge losses (e.g., the New York Post and the Washington Times).

³ For example, during presidential election campaigns in the United States, news organizations often publicly endorse one of the candidates. In most elections, these endorsements are consistent along party lines.

⁴ [Xiang and Soberman \(2014\)](#) deal with a related issue – the challenge of design. They describe design as modulating the quantity and form of the information presented to news consumers and analyze the factors that influence news providers when designing news programs.

⁵ See also [Jackson et al. \(2002\)](#) that extend [Baron and Ferejohn \(1989\)](#) and consider a legislature that must make a decision about both an ideological dimension and a purely distributive dimension. Equilibrium involves a proposal and approval of both dimensions simultaneously where the distributive dimension serves as an instrument for compromise.

⁶ For search theory papers, see for example [Burdett and Mortensen \(1980\)](#), [Diamond \(1982\)](#), [Mortensen \(1982\)](#), [Pissarides \(1984, 1985, 2000\)](#), [Wright \(1987\)](#), [Moen \(1997\)](#), [Delacroix \(2003\)](#), and [Blumkin et al., 2005](#), among many others.

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