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Strategic and Organisational fit in Corporate News Markets: A Principal-agent Approach to Studying Newspaper Mergers

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ABSTRACT


This article analyses strategic and organisational fit in corporate newspaper mergers in the context of the digitalisation of local newspaper markets. Using the 2019 acquisition of Nordsjø Media by Amedia in Norway as case, we analyse how eight editors-in-chief perceive the process of incorporating small, low-frequency, print-oriented monopolistic newspapers into one of Scandinavia's largest newspaper chains. The semi-structured interviews were analysed in light of perceived strategic and organisational fit in a principal-agent theoretical framework, the aim of which is to shed light on corporate ownership effects in consolidated newspaper markets. The analysis reveals the precarity of independent ownership in digitising news markets, to which corporatisation emerges as a necessary and welcomed solution. We find the strategic fit as perceived by editors to be tied to technological resources and scale economics, while organisational fit is hampered by the speed and pressure of corporatisation processes. While these results largely support findings from previous acquisition studies in the news industries, the contribution of this analysis lies primarily with the necessity of scale required by the technological transformation that forces independent newspapers to submit to larger chain operations and how it influences considerations of fit in disruptive digital news markets.

KEYWORDS

Agency theory; editor in chief; local journalism; media ownership; mergers and acquisitions; newspaper chains; news markets; news organisations

Introduction

In January 2019, one of Norway's few remaining regional newspaper chains, Nordsjø Media, was brought under the ownership of one of Scandinavia's largest news corporations, the foundation-owned Amedia. Subsuming Nordsjø Media's nine local papers raised Amedia's holdings to 72 titles, increasing its ownership dominance in the national news landscape. The acquisition was an amicable affair. Nordsjø Media had been seeking the "right kind" of buyer for some time, while Amedia was also looking for new investments. As a corporation with a long history of local newspaper ownership, Amedia presumably had the culture and history necessary to preserve and protect the identity of the Nordjø local newspapers. Moreover, Amedia's success in moving its local titles to a digital infrastructure (c.f. Olsen and Solvoll 2018a; Kalsnes 2019), and particularly its

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track record in creating viable digital subscription solutions (paywalls) (Olsen and Solvoll 2018b), promised to help the Nordsjø Media newspapers move into the digital future.

This is a familiar scenario in Nordic media markets. Across Scandinavia, local newspapers and newspaper chains are actively seeking corporate ownership (Leckner, Tenor, and Nygren 2019; Sjøvaag 2019). Independently owned, small-scale local publications that have been slow in moving to the digital platform (Sjøvaag et al. 2019) lack the digital infrastructures capable of linking the news economy onto emerging markets in programmatic advertising. The skill sets needed for this shift are, however, costly investments that these small operations can hardly afford. The solution sought to this infrastructural problem is, thus, consolidation aimed at upgrading competencies, cutting costs and preparing for a data-driven future. The observation that emerges from this scenario is one centred around scale in the digital ecosystem: As the barriers to entry rise due to the increasing software and knowledge costs of digital news production, survival for small operations becomes more difficult, rendering consolidated, corporatised newspaper chains in stronger positions to withstand this kind of disruption. On the tail-side of the coin, joining a corporation may lead to several drawbacks, including (but not limited to) greater distance between local journalists and corporate decision makers; forced strategic uniformity across regions and local markets; less attentiveness to market-specific concerns; and content homogeneity. Thus, as newspaper chains are increasingly seen as a viable form of organising journalistic production for the digitised future, how do affiliated editors of small, local newspapers perceive corporate consolidation as a strategic and organisational “fit” for their journalistic ventures?

Given this scenario, this case study presents a unique opportunity for analysing merger expectations and attitudes as consolidation occurs (e.g., Jemison and Sitkin 1986; Reddy 2015). Moreover, acquisition processes are prime occasions for analysing agency problems in principal-agency relationships, particularly relevant in a journalism studies context as an entry point to investigate the complex interplay between corporate ownership, editorial management and journalistic production (Napoli 1997). Linking the concept of “fit” as discussed in mergers and acquisitions theory (e.g., Jemison and Sitkin 1986; Bauer and Matzler 2014) with agency problems as discussed in the media ownership literature, contributes to broaden the conceptual basis upon which corporate ownership issues are analysed in the political economy of the media (c.f. Lowrey and Woo 2010). The study thus adds new insight into processes where agents are positive towards the new owners, assuming their benevolence (Lee and Taylor 2014). To that end, it contributes to agency theory on the alignment of goals between principals and agents (Eisenhardt 1989), adding context to what is essentially an increasing number of mutually sought merger processes in the news industries (Leckner, Tenor, and Nygren 2019). To inform these aspects, we interview the editors of the newspapers moving from Nordsjø Media (the agents) to Amedia ownership in the period when mergers were implemented (May and June 2019), including Nordsjø Media’s former CEO and three representatives of Amedia’s corporate management (the principals).

Literature review

Chain or group ownership is a common form of organising multiple newspaper ownership, creating economies of scale. Especially in digital markets, scale economics encourage

market expansion to engender network effects. The type of scale attained through chains enables synergies in the form of cross development and cross promotion, branding, segmentation and specialisation, diversification, joint ventures and risk reduction as a result of reduced competition (Croteau and Hoynes 2001). Newspaper chains therefore affect the organisation of news production in multiple ways, including budget control, resource allocation, paywall strategies, wire copy use and newspaper design (c.f. McManus 1994; Haught and Morris 2018; Edge 2019). Corporate chains typically exercise organisational control through the hiring of managers (Soloski 1989; Borgen 2017), and tend to shape editorial profiles (Entman 1989). It is usually expected to undermine local control and disconnect local branches from community needs (Yan and Napoli 2006). Corporate control is also assumed to influence journalistic autonomy (Reich and Hanitzsch 2013), and increase market-driven propensities in news provision (Weaver and Willnat 2016). Such influences are thought to manifest indirectly (McChesney 2003), being largely invisible to journalists and the public (Hanitzsch and Mellado 2011). Role expectations in chain newspapers are also sourced at a higher organisational level, creating corporate attachment, particularly among management roles (Parsons, Finnegan, and Benham 1988). To that end, chains are interesting because they offer a context where corporate influence is present, potentially affecting organisational culture, journalistic professionalism, and news content.

While research has investigated the impact of corporate ownership on content (Benson 2016; Humprecht and Esser 2018; Baum and Zhukov 2019), pluralism (Sjøvaag and Pedersen 2019), editorial autonomy (Østbye and Kvalheim 2009), and financial performance (An, Jin, and Simon 2006), mergers and acquisition studies of media companies are relatively scarce, and tend to analyse adverse rather than amicable processes (e.g., Rolland 2009), typically in highly stable environments (c.f. Ots 2015). However, ownership influence on journalism also depends on organisational arrangements and behaviours (Dunaway 2008; Ekayanti and Xiaoming 2018). Not least, foundation ownership has been found to exercise more ideal or charitable forms of control (Graves and Konieczna 2015), adhere to stronger public service values (Benson 2018), and have lower profit expectations (Kaye and Quinn 2010). To that end, while media ownership studies have shed important light on corporate effects, few studies have investigated how foundation ownership (c.f. Ohlsson 2015) is perceived by affiliated editors in merger processes. To that end, this study mobilises agency theory to account for cultural dimensions (Bauer and Matzler 2014) in perceptions of fit in a merger process that takes place in a digital environment that is perceived as highly volatile.

Theoretical framework

Agency theory is a component of mergers and acquisitions literature under the theory of the firm (Jensen and Meckling 1976). Agency is an important aspect in acquisition processes (Jemison and Sitkin 1986), relevant to the organisation of media industries and in the ownership and management of media companies (Ohlsson 2012), as it helps to reveal and explain the control mechanisms that may influence media content (Napoli 1997). Principal-agent relationships imply contractual relationships where one party (the principal) engages another (the agent) to perform some service that implies delegation of a certain amount of decision-making authority to the agent. Problems arise in these relationships because “the agent will not always act in the best interest of the principal”

(Jensen and Meckling 1976, 308). Agents and principals may have conflicting interests (Chan-Olmsted 2006). They may suffer from asymmetric information (Tjernstrom 2002; Lee and Taylor 2014), where the owner knows less than the manager, or shirking (Alchian and Demsetz 1972), where agents disregard the goals of the principal or avoid trying (Eisenhardt 1989).

These agency costs can be limited by establishing incentives that in turn are reliant on monitoring costs (Jensen and Meckling 1976; Lowrey and Woo 2010). Information and incentives structures are crucial in merger processes to ensure that the acquiring firm reaches its goals (Datta 1991), especially in markets with high uncertainty (Eisenhardt 1989). Incentives in this context refers to the rewards for compliance with company strategies, while monitoring refers to information systems such as budgets and performance criteria used to monitor agent behaviour (Ohlsson 2012). Such monitoring and incentive structures (Pratt and Zeckhauser 1985) are geared toward aligning interests between the parties. Control mechanisms, including inspection, performance measures and evaluation, can in turn serve to curb agent opportunism (Chan-Olmsted 2006; Lee and Taylor 2014).

Particularly in acquisition processes, which are “a sure predictor of a myriad of people-related problems” (Jemison and Sitkin 1986, 147), strategic visions of mutual benefits can be obscured by the acquisition process itself, particularly in cases where acquiring firms apply heavy-handed approaches to the subsidiary to obtain quick returns, or where the speed of integration comes at a cost (Bauer and Matzler 2014). Acquisition processes thus rely on a degree of strategic and organisational fit between the two entities. This fit is also conceptualised as similarity (Kim and Finkelstein 2009), “relatedness” (Datta 1991; Homburg and Bucerius 2006) or a merger of equals (Drori, Wrzesniewski, and Ellis 2011), and depends on shared cultures and values, fairness and mutual trust. Here, strategic fit refers to considerations in light of industry, market or technology concerns, while organisational fit refers to the match between companies relating to administrative and cultural practices as well as personnel characteristics (Jemison and Sitkin 1986). Fit is especially important for media firms, where direct principal supervision over the agent is characteristically lacking, where professionalism tends to allow a great deal of slack in the daily running of the operation (Napoli 1997), and where the amenity potential – the ability that staff have in influencing the type of goods produced by the firm – is high (Demsetz and Lehn 1985). Perceptions of fit thus influence the efforts needed for owners to understand, monitor and incentivise agents where they are not directly involved in the daily running of the operation.

As agency theory assumes that there is less oversight embedded in foundation ownership than private or public ownership of media (Picard and Van Weezel 2008), combining fit perceptions with agency problems should contribute to the knowledge of corporate ownership effects when agents largely perceive benevolence in the principal. Perceived benevolence can, in particular, affect the attitudes and behaviours of agents, as can organisational identification affect congruent behaviour. News editors also occupy dual roles (Lee and Taylor 2014) that can help to ensure alignment between the interests of the owners and the staff (Kolbeins 2015). To that end, how editors perceive the fit between themselves and the principal can illuminate to what extent editors pursue goals that are not in the interest of the owners (Picard 2005). The incentive-and-monitoring structure

that principals induce in this process is, in turn, important to understand how agents are expected to adjust to the new ownership.

Materials and methods

In order to map the perception of editors we opted for in-depth, semi-structured interviews as our primary data collection method. This is a preferred method to gain access to agents' opinions, experiences and understandings (Brinkmann and Kvale 2015). Perceptions are of interest in this case because our informants are in a particular position as both managers and editors (Andersson and Wiik 2013). Perceptions are contextual, and therefore not only contingent upon the particular takeover in process, but also shaped by the dual role that editors perform (Kolbeins 2015). Editors' perceptions therefore provide insight into the relationship between ideals and realities facing news ventures undergoing re-organisation, particularly as they constitute markets in transitions the observations from which can serve to inform theory (c.f. Reddy 2015).

The empirical data consists of interviews with the central stakeholders in the transition from Nordsjø Media to Amedia, a total of 12. The primary informants are the editors in chief of eight of the newspapers in the former Nordsjø Media, the agents in this principal-agent relationship. One of the nine newspapers undergoing merger, *Bygdebladet*, had a change of editors in the period and there was a gap before a new editor was in place. This editor is therefore not part of the data material. Additionally, we interviewed the former CEO of Nordsjø Media, who has been a vital stakeholder in the acquisition process. We also interviewed three representatives of Amedia's corporate management, representing the principals in this relationship. For a full list of interviewees see [Appendix 1](#).

The semi-structured interviews were conducted in May and June 2019, using an interview guide with a set of 11 questions (see [Appendix 2](#)). We also included the possibility for follow-up questions. All the interviews took place face to face, primarily at the editors' place of work, each one taking between 60 and 90 min. The interviews were digitally audio recorded and transcribed. The data management plan was pre-approved by the Norwegian Centre for Research Data. As the informants are editors in chief and thus often viewed as the public face and voice of the newspaper, they are identified by name through informed consent.

The editors differ in background, but they all have journalistic experience. They also differ in terms of how long they have held the post as editor in chief. Two of the editors have more than ten years' experience, while two of them have had less than a year in the position. Because of this variation in editor profiles, the relative difference in size and circulation among the newspapers, and different characteristics of the local communities they serve and the competitive news landscape in which they find themselves, this must be described as a heterogeneous sample. While the editors are all representative of "smalltown" local newspaper operations, their realities are decidedly different. This diversity of backgrounds and contexts nevertheless renders a rich material for analysis, not least because this offers multiple insight to the process, adding complexity to the question of ownership effects, although they are in a similar position as agents.

We structured the interview data using thematic analysis pertaining to principal-agency theory, organising the data into perceptions of strategic and organisational fit from an acquisition process perspective. Agency problems were not operationalised, as questions

were open-ended. Note, however, that we asked these questions at a particular moment in time, when their newspaper operations were in the process of porting to a new digital platform, and their newsrooms were brought under Amedia's organisation, and thus their monitoring and supervision. The weakness of this approach is that momentary, practical issues might be heightened and exaggerated, leaving structural or process-oriented concerns less attainable. The strength of this approach is, however, that it allows for a close look at consolidation at a time when expectations, results and consequences are still uncertain, illuminating the complexities concerning questions of ownership, scale economics, digitalisation and the fit between local newspapers and large corporate structures.

Results

The analysis presents findings from the interviews regarding agency problems in acquisition processes, seen through monitoring and incentive systems as established by the principal, operationalised as perceptions of strategic and organisational fit.

Strategic fit

Strategic fit refers to the overall strategic targets of the organisation in relation to industry and market considerations, their customers and products (Jemison and Sitkin 1986), and the assumption that combining the entities will create synergistic benefits in scale and scope (Datta 1991; Bauer and Matzler 2014). While most mergers and acquisitions research considers this from the vantage point of the buyer, this analysis focuses on the targets of acquisition, considering their high willingness to be bought. That is, agents' incentives to merge in this case is sourced primarily at the level of industry and market concerns.

"If we were not part of a corporation today, I would be terrified" – this according to Eugen Hammer, chief editor of *Gjesdalbuen*. Kirsten Marie Myklebust of *Jærbladet* agrees, "You can't be small now." This sentiment is shared by the principals, expressed by Amedia executives: "Being on your own is increasingly hard. The basic requirements for market entry are so substantial you have to be part of a corporation." As Gunnar Kvasheim of *Dalane Tidende* puts it: "In an ideal world, every newspaper should stand on its own with local owners. But this would be madness in a world like ours, in which you compete against Google and Facebook." This basic sentiment is echoed in various forms across our informant interviews: The future for small, local Norwegian newspapers is corporate. Local ownership is in the past. There are two main reasons for this perception: Changes in advertising strategies in the retail industry, and planning for life after print.

The first, and arguably most imminent, incentive for incorporation is advertising. Briefly stated, the informants perceive that retailers increasingly become part of chains, and chains prefer to deal with their own kind. As Hammer notes,

Business in Ålgård used to be local business owners owning their own shops. Today, all you see is [national/international chains] Skoringen and Cubus, who plan their advertising strategies from [the capital] Oslo.

Hammer's newspaper *Gjesdalbuen* cannot easily approach these retailers and offer advertising space. The centralised advertising firms need to deal with companies that can handle coordinated campaigns. Amedia has the size, scale, organisation and technology

to offer such a platform. Here, advertising firms can bulk-purchase advertising in more than 70 local markets at a time. Kristen Munksgaard of *Avisen Agder* compares the prospect of going independent to the Brexit conundrum: “I can’t negotiate with [national grocery chain] Rema 1000 about full page ads. Even if I were to exit Amedia, I would still have to cooperate with Amedia.” Meaning, he would still have to rely on Amedia to negotiate advertising on behalf of *Avisen Agder*. Thus we see that the concentration of ownership in local newspapers mirrors a perceived concentration of advertising strategies in business at large.

As for life after print, all of the former Nordsjø newspapers rely heavily on their print edition for generating revenue. However, as advertising revenue is declining, most recognise the need for the digital platforms to carry a bigger financial load. The inexpensiveness of online publication have made journalism easier to publish, but it also made it harder to monetise, which leads to a paradox: As the barriers of entry to the market are lowered, the barriers to sustainability seem effectively higher. Thus newspapers that thrived on their own as independents throughout the print era, now deem it imperative to join big corporations. Hammer says:

We have been doing fine in Nordsjø Media over several years, because the print-based economy has sustained us. But in the upcoming years we will grow ever more dependent on digital revenues and a digital business model.

To that end, economy and technology are deeply interconnected in questions concerning these newspapers’ futures. Big corporations are integral to the success of their business models, Hammer claims, because of ad-effect documentation and online editorial strategies. He perceives that online advertisers expect ad-effect documentation (“how many people saw the ad and the like”), relying on technological tools, know-how and infrastructure that require scale to justify investment and maintenance.

Likewise, utilising audience analytics in order to generate online subscribers also reward scale. Amedia claims that their tools are able to predict with 72 percent certainty whether or not a story will generate three or more conversions before the story is even published. Such analyses are only possible because of the volume of data Amedia is able to analyse across their newspaper roster. Audience analysis does not dictate editorial decisions, reflecting a degree of amenity (Demsetz and Lehn 1985) in journalistic operations. However, they are perceived as helpful tools to generate sufficient conversions to compensate for declining ad-revenue, and subscriber growth would presumably be too slow without Amedia’s analytical insights. Hence, scale is currently perceived as vital to efficiently monetise both the advertiser-market and the reader markets online. Part of the incentive to integrate is thus the strategic fit that Amedia’s infrastructure provides.

Amedia has clear strategies in place for ensuring the strategic compliance of the Nordsjø papers. Enforcing a company-wide “digital first” strategy, Amedia instructs their newspaper editors to make digital products their number one priority. Some of the editors, though not all, express concern about downgrading the relative importance of the print edition. Frode Gjerald’s (*Sandnesposten*) perspective is that he and his staff were given total freedom by the previous owner, and rewarded them with what he characterises as “exceptional growth.” Confident that the newspaper will continue to grow based on revenue from the print edition, he is concerned that Amedia will tamper with his success formula by enforcing digital first. Hence, the amenity potential that was realised

under the previous ownership is here seen as a limitation to achieving goals, pointing towards lower levels of strategic fit between the agent and the principal. Munksgaard of *Avisen Agder* remains convinced that digital first is the wrong strategy for his area. A firm believer in the print format, he maintains: “I want print first, and then we’ll publish online in due time.” Identifying himself as “Amedia’s last village original,” he states: “We have to take care of our print paper. When a 20-something executive arrives from Oslo to tell me how to make news here ... it doesn’t impress me much.” Lars Rekaa of *Lyngdals Avis* accepts the need for digital development, but says he will continue to prioritise the print edition:

[The print edition] should be relevant, it should provide the readers something new. Those who want to may subscribe to the digital edition only, but I am still going to make sure those who receive the print edition reap some reward. And I think this is important with regards to advertisers, too. If we disregard the print edition, I believe there is a danger advertisers will no longer feel they have an environment in which to present their ads. I still think this is important. There is too much money involved to disregard it.

As the fit between principal and agent strategies regarding print is not fully aligned, there is a risk of shirking on the part of the agent (Alchian and Demsetz 1972), focusing on print over digital. However, Amedia has strong information and monitoring practices in place to entice compliance from the agents. Jens Bjørheim of *Strandbuen* observes that it is difficult to effectively muster a counter-argument when your opponent has all the facts:

The worst thing is, you cannot argue with them, because they can back up their claims, they can point to surveys and facts that show which way the business is heading. That is where you need to go to keep up. It is a matter of fact, not merely within Amedia, it applies to all media, that advertising revenue for print is failing. So is the case within Amedia. But they can prove that their digital strategy compensates the decline, by getting more subscribers, digital subscribers, alleviating damage to the bottom line. And we simply have to deal with it. Even in Jørpeland, we have to assume that Jørpeland is about the same as the rest of the country. So Amedia’s corporate level has found a way to halt the negative development. But it puts demands on us old-timers, it is never easy to teach old dogs new tricks, we have been doing things our way for a hundred years, and now we have to think afresh.

Hammer, editor of *Gjesdalbuen*, represents the less reluctant strand, confident that digital first is ultimately the right way to go:

I believe digital success will be crucial in the upcoming years, it is the first commandment, so, sure, if it is up to each individual newspaper to distribute priorities between digital and print, then I believe the Amedia-model is the correct one.

In summary, the newspapers have all struggled to monetise their digital products, even in the very recent past, and editors are concerned about abandoning the print edition. In general, with one exception, they do however accept “digital first”. The corporation provides documentation on how to change and why. A media provides software, tools and infrastructure, and a powerful incentive to make the change sooner rather than later by removing the option not to by corporate decree. The strategic fit thus largely aligns expectations of synergy benefits from the scale and scope that Amedia’s technology provides, while shirking is avoided through monitoring systems, incentivising congruent behaviour (Lee and Taylor 2014).

Organisational fit

Organisational fit refers to how two firms integrate their daily operations, and the underlying impediments to effective consolidation (Jemison and Sitkin 1986). Crucial in these processes is the match between corporate cultures (Appelbaum, Roberts, and Shapiro 2013), professional and administrative practices (Bauer and Matzler 2014) and personnel characteristics (Homburg and Bucerius 2006) that can hamper motivation and productivity during acquisition, creating high costs in the merging process. Agency costs in the merger analysed here are thus tied to managerial, editorial and journalistic work processes. Monitoring and incentives are particularly important in this case, because while the two companies share culture (identifying as “local”), their organisational practices are different – the principal being digital-first while the agents’ operations are print oriented. Getting the agents on board with the digital strategy is essential to the principal’s expectations of strategic fit. Editors are particularly important here, as they occupy dual roles (Lee and Taylor 2014) that can ensure alignment of interests between owners and the staff (Kolbeins 2015). To that end, Amedia’s centralised “editorial development” team constantly monitors their newspapers, analysing the metrics of each story published. This tool is not only important to utilise each publication’s potential for profit, it also feeds back performance information to the agents. Several of the editors have already had their coverage analysed by the team. According to Hammer, editor of *Gjesdalbuen*:

We have had feedback that we write way too much about sport, more than our readers are really interested in. And if sport is important for us – how can we angle or present the story to make it more interesting?

This monitoring structure to some extent informs agents’ perception of their own amenity potential – the discretion each employee has in influencing the type of journalism that is produced. Even if sales-awareness or awareness of the range-potential of stories is informative, several of the informants also stress that this insight will not make them completely “click bait”-oriented or keep them from cover community concerns: “We will not downgrade coverage of local politics even if other topics are more read”, says Kvasshheim. Monitoring can thus reveal shirking – agents following self-interest above company policy – reflecting costs beyond technology costs.

The editors claim the transformation to a digital first strategy will alter journalism as well as priorities – a change both in work processes and in the mindset. The editors of *Strandbuen* and *Sandnesposten* both express concern about this point, largely because their economies are overwhelmingly tied to the print product. Editors also point out, however, that the transformation to new digital platforms has given journalists more time to concentrate on the content. As the editor of *Gjestdalbuen* contends, “The transformation to the Amedia system has resulted in the fact that we produce more journalism. We have simplified the working processes.” Hence, while organisational fit may not be perceived as completely congruent, agents are motivated to follow company policy, incentivised by added value in journalistic production.

In addition to the market conditions that render incorporation crucial – the strategic fit discussed above – the informants mention other factors that make chain ownership beneficial to the local newspaper organisation, including centralised training of temporary staff, software investments and tech-support. They do, however, identify drawbacks as

well. As these interviews were conducted in an early phase of acquisition, many of the concerns relate to the transition process itself, and are presumably short-term concerns. Job insecurity for employees whose tasks are typically centralised in the Amedia system were a source of stress for several organisations. Migration to the Amedia platform involved new software, new hardware (switching from Mac to Windows), and new skills required to utilise them. Munksgaard of *Avisen Agder* advises Amedia to “sprint a little slower”, while *Jærbladet*'s Myklebust says:

We should not under-estimate the costs in terms of time, resources and human relations that boosting competency requires. It is interesting: The marketing managers gathered the other Friday, and one after another said, ‘Do you know what? I don’t sleep at nights’. This coming from people I would never expect to hear it from. (...) We have been living quiet lives, and now the locomotive arrives, and everything has to happen in a relatively short while. It has deprived more people of sleep than I would have guessed.

In the long term, informants express concern that they will be subject to corporation-wide directives that may not be ideal for each individual newspaper. Despite the increased geographical distance to the decision-makers, Gjerald of *Sandnesposten*, for example, believes the new owner will make more decisions that affect his staff, not less. However, the decisions made will be less tailored to the specific needs and interests of the individual organisations, because Amedia might insist that all their newspapers follow the Amedia formula, effectively shortening the amenity potential of each agent. This sentiment is echoed by Helene Pahr-Iversen of *Solabladet*:

We are 72 newspapers now, and they are not the same. We are not the same kind of newspaper as *Jærbladet* or *Romerikets Blad* or *Lofot-Tidende*, and I just hope that a much more remote corporate headquarters have faith that we actually know our communities and our newspapers. And that they allow us to do what we think is best in order to achieve our goals. (...) I hope we are allowed to work autonomously, allowing for flexibility, that not every entity is centrally governed and the same routines are enforced, because they might not suit everyone.

Although the informants have yet to experience the Amedia formula first hand, they assume it will involve some degree of individual performance measurement compared to relevant benchmarks (i.e., other Amedia newspapers in comparable market conditions). Though performance analysis in online newsrooms is hardly new anymore, being compared to other newspapers in different (though similar) markets – being told not simply how you performed today compared to how you performed yesterday, but also how you performed compared to a corporate standard – represents something new to local journalists in the former Nordsjø-roster. The editor-informants express a positive attitude towards performance measurement on a personal level, though they acknowledge ambiguity among staff members. Bjørheim of *Strandbuen* puts it thus:

Now people can check and see what Jens Bjørheim wrote, what [name redacted] wrote, compare it to set targets, we are being monitored in an entirely different way. Of course, it is to guide and help us, and I believe in that, but some will be concerned about it. You have been living peacefully here, worked on your own, with nobody sitting on your shoulder. Now Amedia possesses the tools to check and see if we reach our goals. I claim we have more professional owners than ever before. And I don’t mind it, personally, I’m just saying that some interpret it as a kind of ‘big brother sees you’-mentality. (...) We have to deal with it. But for

members of staff who have been working autonomously and never had to worry about others in their lives, I can see how they would find it unpleasant in the long run.

Confident that Amedia will leave it to the individual editors to determine how the performance analysis is used in-house, Kvasshheim of *Dalane Tidende* concludes that it will be “inspiring” and “stimulating” to gain access to Amedia’s knowledge and analytic tools. To that end, the data-side of the new ownership situation is also an issue of organisational fit, not least because of the uncertainty of how individual staff members in small newsrooms will react and how their reaction will affect the newsroom. When asked if the new ownership will affect the journalism or the content in any way, for the majority of the editors the answer is yes. The editors emphasise that Amedia’s user data and performance metrics will influence how stories are presented, but also to a certain degree which stories should be prioritised. As Kvasshheim of *Dalane Tidende* says,

Yes, I think it will [influence journalism], because you get more knowledge about how the readers perceive and use what you publish. It may influence what you prioritise and how the stories are written and presented.

Jærbladet’s Myklebustis of the same opinion: “Yes, I’m convinced it will have an influence, because the transformation to user-based financing will necessitate better journalism”. Pahr-Iversen of *Solabladet* thinks it has already affected their journalism:

Yes, it does. No doubt. And it has already done so because we seem to be much more concerned about what sells. Journalists have become more of a salesman, concerned about having their story sold.

Some of Amedia’s strategies and content priorities have already had an impact. The editors refer to Amedia’s priority concerning live transmissions, especially of sports events. Amedia has acquired the rights to transmit the Norwegian football league’s third tier games. For newspapers covering an area with a team in this league, it seems imperative that they utilise these rights. In order to do so, they need to ensure that they have the necessary technological competence and equipment: “It’s obvious; expensive sports rights can’t just sit on the shelf, it must be produced and transmitted”, says Gjerald of *Sandnesposten*. To that end, *Solabladet* has already started with live streaming. According to the editor, this represents a huge cost:

When the team plays at home we are three persons working; me doing the old fashioned job of photographing and interviewing coaches and players, one live commentator, and one filming.

Consequently, a live, digital first strategy also implies a more organised schedule of evening and weekend coverage. Some of the editors will need to reorganise their newsrooms as well as their shift schedules to ensure that there are always journalists on duty outside normal working hours. This entails a change in the production structure that most likely will have an impact on journalistic content as well as on the volume and frequency of news coverage.

While access to new content may change working procedures and newsroom organisation within these newspapers, the editors are positive towards how Amedia’s takeover might change the content, presentation and prioritising of stories. The data and competencies that Amedia’s team provides is useful and “unbeatable” as one of the editors

express it. Access to data tools and analytic metric knowledge have been long awaited in these local newsrooms, and represents a boost both journalistically and economically. The editors also seem to have faith in Amedia's expressed strategy of putting journalism at the core of the organisation, aligning with their own cultural and professional strategies. For some of the newspapers this has even made it possible to hire more reporters. On the other hand, the editors stress that this is still early stages. Even if they see this as a wanted and positive development, and claim that their voices are also heard, a main concern is what the long-term effect will be on journalism: "So far we don't know how it will turn out. What's interesting is of course how this will affect journalism and how we prioritise", says Pahr-Iversen.

According to Amedia's management, their approach is to give the newspapers a framework in which journalism can function. Incentives are based on the core purpose of Amedia, Pål Nedregotten, Head of Innovation, says: "In many ways we set the frames based on our role to make Norwegian local communities a better place to live, stay and work in. And that is closely linked to what we need to succeed economically." Stig Finslo, Vice President of Communications, follows up:

We are very aware of the fact that we are local newspapers. The local content is the backbone to secure progress, and for making people willing to pay to get the information that is unique for that specific local community.

And while Amedia may be interested in securing organisational fit, they will not "streamline journalism by making all the papers write the same", Finslo says. "They should develop based on knowledge and insight". When it comes to content, Nedregotten emphasises that "we don't deliver decrees. All we do is to highlight a toolbox that the editors can choose from." Still, the uncertainty remains, and many editors are experiencing rapid changes on a wider scale. "We're in the middle of the chaos", as one of them puts it.

Hence, the cultural dimensions (Drori, Wrzesniewski, and Ellis 2011; Appelbaum, Roberts, and Shapiro 2013) of organisational fit aligns the companies' values in terms of local identity and purpose. While owners support the amenity of editors, shirking from the digital first strategy is mitigated through monitoring and information systems that change content priorities, e.g., in the sports coverage. To that end, corporate ownership influence can already be seen through the organisational fit dimensions.

Discussion

The fact that ownership effects in themselves are generally met with very low degrees of suspicion among these informants, simultaneously points to the possible futures of these newspapers (had they not been acquired by Amedia), to the combined scale advantages of Amedia's organisational strength and technological resources, and to the local identity of the corporation. The strategic and organisational fit between agent and principal is generally well aligned. But while they share professional as well as managerial goals, editors are still concerned about their future amenity potential, or how chain ownership will impact on their journalism or influence their own strategic goals of keeping the print product alive. To the extent that corporate ownership is expected to undermine local control (Yan and Napoli 2006), and increase market-orientation in the news (Croteau and Hoynes 2001; Weaver and Willnat 2016), editors do express awareness of these

potentials. Amedia clearly exercises typical modes of ownership control (c.f. Benson 2016), including resource allocation, content strategies, platform prioritisation and audience adjustment (e.g., Entman 1989; Soloski 1989; McManus 1994). However, perceived editorial autonomy and local identity seem to be largely unaffected, as of yet, by the organisational changes imposed by the new ownership, referencing Amedia's foundation ownership form (c.f. Benson 2016).

The acquisition investigated here can thus be seen as a case of positive agents merging with what is perceived as benevolent principals. Agency problems are largely mitigated though monitoring and incentive structures imposed by the principal. Shirking from the digital first strategy is mitigated through information and monitoring systems that analyse the newspapers' performance and compare them to other outlets in the group. Moreover, these organisational structures are also integral to the strategic fit between the companies – bracing for the digital future. The editors do, however, bring up two points in particular that suggests that strategic and organisational goals are not fully aligned between the principal and agent: The digital first strategy that aligns strategic fit between the companies, and the speed of integration that aligns organisational fit.

Ownership is in itself, however, of much less importance to our informants than their finances. While the newspapers in question do not report any immediate financial difficulties, the downward trajectory of print advertising (c.f. Ohlsson and Facht 2017) is recognised as a legitimate cause for concern by most of the agents. They do not necessarily share Amedia's judgment that it is imperative to plan for an immediate future (five years, in Amedia's terms) without print editions, but the editors agree that monetising digital output is crucial for the local newspaper business model. In order to successfully achieve digital monetisation, the informants see consolidation as a matter of necessity.

To that end, the editors express clear expectations of a distributed structure of authority within the organisation. While cautious about the future, none of the editors express any immediate concern that Amedia will infringe on editorial autonomy in any substantial way. In fact, whenever the topic arises, the editors address editorial autonomy in a taken-for-granted manner: This is how journalism works. Even when discussing Norwegian newspaper owners that are not perceived as "benign" owners, ownership influence is mainly discussed in terms of resource allocation and demands for profit, not in terms of infringements on editorial autonomy to communicate the interests of the owners. As such, while the merger and acquisition process analysed here reflect typical corporate ownership effects as revealed in previous research, foundation ownership is also perceived as less controlling than other forms of ownership, largely due to aligned strategic and organisational interests.

Conclusions

In this article we have presented the findings from an interview study analysing how eight local newspaper editors in the south-west of Norway perceive their recent incorporation into a large corporate newspaper chain, Amedia. Our analysis investigates how editors perceive the merger by looking at the strategic and organisational fit between themselves and Amedia. In terms of strategic fit, informants are highly optimistic that integration will help them monetise digital output in ways that would be virtually impossible without the help of a large corporation. Informants are similarly optimistic that the

economies of scale will allow access to tools and datasets that would otherwise be beyond the scope of a small local newspaper. In terms of organisational fit, we detect some concern that a large corporation might be inclined to force every newspaper to adhere to the same formula, and that corporate decision-makers will be less inclined to accommodate exceptional requests relating to the particular requirements of individual newsrooms. As organisational fit is a more long-term issue than the immediate strategic fit that merged these companies, future conflicts could mobilise agency problems down the road that introduces more control mechanisms to mitigate shirking from the company's digital publishing strategies. However, while the editors express uncertainty about how the merger will influence journalism in the future, Amedia's incentives-and-monitoring structure is also linked to strategic fit. The rewards for compliance with the effects of monitoring (audience and content analytics) are also an incentive to align with the owner to maximise fit.

The interviews thus reveal that strategic and organisational fit is factor for both principal and agents in this merger process. Strategic fit, however, comes across as of greater importance to the new owner than the editors of the acquired newspapers, who are more concerned with how the organisation will adapt to new systems and standards. Investigating agency problems in news managers' relationship to corporate ownership (c.f. Napoli 1997) thus adds insight into how media organisations deal with merger processes. Not least, assuming the perspective of agents in this process also contributes to knowledge concerning the balance between interests in such transitions, and the importance of cultural identity to enable strategic and organisational fit between the two industry parties. This study thus informs how agency problems in mergers and acquisition processes can be mitigated through cultural and organisational dimensions when agents assume benevolence on the part of the principal. Crucially in this context, corporate ownership effects are not only feared to impact on news operations negatively, they are also expected to have a positive effect, as scale advantages in digital news markets are strategically important to these small, local newspapers to survive the digital future.

Further research should thus interrogate how acquisition processes compare and differ between various ownership forms in relation to agency problems, especially as foundation ownership spreads across the Nordic region. As this study highlights the precarity of local newspapers' position in regards to the digital future, further research would add to our knowledge of the principal-agent relationship in the news media industries by including journalists in the analysis.

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Appendices

Appendix 1: List of 12 interviewees

Lars Rekaa, Editor in chief of *Lyngdals Avis*
 Kirsten Marie Myklebust, Editor in chief of *Jærbladet*
 Kristen Munksgaard, Editor in Chief of *Avisen Agder*
 Jens Bjørheim, Editor in Chief of *Strandbuen*
 Eugen Hammer, Editor in Chief of *Gjesdalbuen*
 Helene Pahr-Iversen, Editor in Chief of *Solabladet*
 Frode M. Gjerald, Editor in Chief of *Sandnesposten*
 Gunnar Kvasshem, Editor in Chief of *Dalane Tidende*
 Ivar Rusdal, Former CEO of Nordsjø Media
 Stig Finslo, Vice President Communications, Amedia
 Pål Nedregotten, Head of Innovation, Amedia
 Ole Morten Ona Ringdal, Regional Director of Nordsjø Amedia

Appendix 2: Interview guide

1. What was your view of the acquisition process where Amedia bought Nordsjø Media?
2. Do you see any advantages with the merger?
3. What do you think the relationship to corporate management will be? Will the distance to power and decisions increase?
4. What do you see as possible disadvantages or challenges?
5. Will this affect the journalism or the content?

6. What do your journalists and other employers think about this?
7. What has been some of the reactions in your local community? How do readers react?
8. How will the merger affect the digital infrastructure of your newspaper?
9. How does the collaboration between editors within the old Nordsjø structure function before and after the merger?
10. What are your expectations? In relation to income, readers, digital subscriptions, content, collaboration or consolidation?
11. What are your thoughts on media ownership in general? How does it affect journalism?