

# Impact of conglomeration on cultural industries



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Cultural industries are a major source of generating information and knowledge in societies. The concentration in ownership over them, in the recent years by private corporate houses has brought in changes, in the way they operate and function in society. In this article, we see why cultural industries are important, what the functions carried out by them are and how they are affected by the conglomerate style ownership which is prevalent in society today.

### **WHAT ARE CULTURAL INDUSTRIES?**

Cultural industry as a concept had first been put forward by German critical theorists of the Frankfurt School, Theodor Adorno and Max Horkheimer.

While in exile from Nazi Germany in the 1940s, they wrote the *Dialectic of Enlightenment* through which they popularized the concept. In it, they wrote about the life in capitalist United States and felt it was rather meaningless and shallow. According to them, culture had become commodified in the capitalist societies, which was why they coined the term Culture Industry.

(pg24) The complexities which have arisen in society over time have metamorphosed the singular field spoken about by the two proponents and led to the creation of 'cultural industries'. The different ways in which society is influenced has led to the creation of different types of cultural production. (pg24)

The continuous changes in the culture, economy and society make it important to understand cultural industries in the present day context.

Cultural industry, in simple terms, refers to the activities which are interrelated with symbolic goods, i. e. those goods whose economic value is determined by their cultural value. This definition of cultural industries is

relatively fluid as they respond to the changing dynamics of societies.

Cultural industries comprise of ' classical' cultural industries like broadcast media, architecture, music, films, etc. and traditional arts such as theatre, visual arts, literature, galleries, etc. (1) In the present day the term cultural industries is often used synonymously with media industries.

### **ROLE OF CULTURAL INDUSTRIES IN SOCIETY**

Cultural industries have certain distinct functions to play in the present day modern societies. Firstly, cultural industries affect our views and knowledge about the world by creating and circulating different products. The media have a major contribution in this regard, not only through newspapers and broadcast news programmes but also through entertainment like films, television series and music. They help frame our views on what is right or wrong, determine how people live together in society, how far democratic functions are carried out and justice and rights upheld. These texts are disseminated by powerful corporations whose major motivation is to earn profits. Often theorists debate over whether cultural industries operate to carry out the interests of these elites in the society. Through cultural industries they try to accustom the common man towards a particular way of thinking which would eventually help serve their interests. (Pg 4)

Secondly, the cultural industries tend to promote a particular type of work in society. Cultural production in societies takes place according to the type of audience. The texts produced in the system may sometimes be mediocre and not enriching for the people because the motivation is not to promote the creativity in society. Rather it is to preserve the power of the business elites and promote consumerism. The contemporary sufferings and

inequality of the capitalist societies are said to be the fallout of these cultural industries. The heads of corporations generally decide the freedom given to the workers or artists and thus control the potential of the workers. (pg6)

Thirdly, cultural industries are an important source for determining the source of wealth and employment in the societies. Scholars say that it is the brand name of the businesses which are of actual value and have motivated further spread of knowledge in societies. In recent years other sources developed, such as the internet. The massive boom in communication technologies provided an opportunity for the growth of credit based economic growth. Thus, cultural industries act as instruments of economic and social change. (Pg8)

### **INTERESTS OF THE CORPORATIONS**

It is important to understand what the interests of the executive and owning class actually are to understand how and why corporations function as they do in contemporary capitalist societies. The prime interests of companies are to maximize their profits and revenues. Although some companies provide better conditions to their workers and offer many benefits but the target of the companies is to maximise their profits by minimising the costs. The owning class of companies try to collaborate with companies like their own. Despite the competition between the two, they try to unite in lobbying and campaigning against certain government legislations which are in support of the working class. For their business to prosper, the corporate owners require stable economic and political conditions. They might be against certain reforms which the government wants to introduce which might be beneficial to the consumers and workers. Thus they try to influence the

government by donations in the election campaigns and show their support to certain political candidates which will help create an atmosphere in the system which is needed for their business to boom and enlarge. (pg76-77)

## **OWNERSHIP OF CORPORATIONS**

Around the 1960s, in the United States, conglomeration became one of the basic features of ownership of corporation. Diverse business and industrial houses that originally had interests limited in oil and financial services only, had now started investing more into the media industries. These industries primarily had private ownership. In the late 1980s a new form of cooperation emerged whereby there was cross -promotion and cross-selling between the different corporations so that there would an increase in the overall sales.

With the developments in technologies new sources of cultural production emerged making the ownership more complex. In many of these industries such as radio, television and films, there was the emergence of oligopolistic ownership emerging which was leading to the creation of huge conglomerates. (pg195) In the USA, for instance, large corporations such as the RCA (Radio Corporation of America) became one of the leading companies overtaking the various media forms like publishing and newspaper companies and Hollywood studies emerged as an oligopoly which was integrated vertically. This vertical integration led to the development of certain new technologies such as recording and playback. There was also cross media ownership which made the system very complex. Film studios like MGM (Metro-Goldwyn-Mayer) also held considerable interest in music industry. In the 1980s media houses began to invest more into consumer electronics companies. (pg72) For instance, Sony bought over CBS Records

and Columbia Pictures Entertainment whereby it could use rock music and cinema which were popular in the US to promote the sale of CD and thereby increase their cultural productivity. (pg198)

With the emergence of IT giants in the new millennium, telecommunications industries ventured into the broadcasting market. But it must be noted that these companies did not have significant cultural production. Their focus was more on gathering data on consumers which would help them to increase their sales. One of the most important ventures into cultural industries by the IT companies was that of Google who purchased YouTube in 2006.

Google had recognized the relationship of circulation and distribution with that of culture and communication. The basic idea was that the greater the number of consumers who visit YouTube and the more number of pages they view, the greater will be the promotion of certain ads by YouTube. This led to the major clash over copyright between Goggle and other cultural industries. (pg 198)

### **IMPACT OF CONGLOMERATE STYLE OWNERSHIP**

There was an increasing emergence of small companies which took part in the cultural production though it was at a much smaller scale. These small industries brought to the fore concerns regarding the domination of big business houses over cultural production. It was argued that ownership in the big business and corporate houses belong in the hands of a few. As it was explained earlier, the different shareholders especially in the media industry have started acting as moguls. They have control and ties with other powerful institutions and people who help spread and propagate their particular interests in society.(pg 73) Some scholars dispute that there has

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emerged a 'managerial revolution' in the nineteenth century which has led to delegation into the hands of the managers who have different interests from that of the owners. Thus, interests of the corporations become varied as different classes involved become more diverse. Critics say that the managerial class also belongs to the wealthy higher stratum of society and so they may share interests with the owning class. (pg 75)

There can be many harmful effects on the democratic practices in the nation if there is concentration of corporate ownership over the media and cultural industries. The media is one of the main sources of information for the people today. It is responsible for enlightening the people and providing them with vital information. But if there is increased corporate interest in media coverage, then there can be a major impact on what the media covers and does not cover. The media can no longer provide unbiased information and always has to bear in mind that the information that they generate does not in any way offend the owners. Thus, the media and other cultural industries become bound and shackled by the chains of the interests of the executive and corporate heads. The common man in turn is denied access to accurate and unbiased information. If he could use it he could make informed decisions. This has a direct fallout on the democratic political system in the society. (3)

Another significant issue is that the knowledge that is generated and the culture that is produced become uniform and standardized. The information that is generated is that which can help retain the power and position of the corporate giants and tycoons. This compromises the ability of the common man to develop his or her ability to the fullest potential because what is

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popular in society is controlled and decided by a few who belong to the elite class. The inequalities in society are legitimised by the cultural industries like media which help retain the power and wealth domination of the corporate heads. Thus we see that the control exercised by the giant corporate houses is not direct, but through their ownership and control over the media and other cultural industries. (4) There have often been debates whether cultural industries under the influence of private ownership have concentrated more on commerce rather than creativity.

With increase in corporate interests in cultural industries and media whose primary motive is earning large profit and returns, many scholars feel that there has been a compromise in the quality of news generated. Journalism must maintain high quality but with new budget cut downs to reduce costs there has been a decline in the resources available to the journalists. Also, there has been a shift of concentration from important political and economic events to gossip on the lives of celebrities and the entertainment world as this proves to be more lucrative for them. Thus, there is concentration on public taste and what the public want to see, which some scholars point out is rather good than concentration on what the elites want people to see.

Ben Bagdikian in his work *The Media Monopoly* listed the number of media companies in different industries like newspapers, magazines, motion pictures and television in the US market. In 1983, he found that there were 50 major corporations but their number continuously dwindled over the years and ultimately became only 5 in 2004. This clearly manifested the



scope of influence that these corporation have in influencing the cultural industries. (pg205)

Many critics point out corporations may become victims of the environment they exist in. For this reason many of them have adopted the policy of 'de-convergence' in recent years, whereby they concentrate on their primary business areas and have sold off their other business operations. But conglomeration continues to exist as one of the main features of cultural industry.

## **CONCLUSION**

After careful scrutiny of the important role of cultural industries and the impact of conglomerate type of ownership on them, one observes that the latter limits the autonomy of the cultural industries in various manners. It is imperative that initiatives be taken to liberalize them from the corporate interests which bind them. It must be noted, that this form of ownership can have positive impacts as well. For instance, the corporate houses can control and keep a check on the government and limit them from acting arbitrarily or biased decisions. They also help promote healthy competition in the society. But after weighing the positive and negative impacts of conglomerate ownership over cultural industries one can conclude that there is need to take positive action in form of diversification of ownership.

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