Research Report

Alternative models of financing investigative journalism

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Executive Summary

This report aims to identify, evaluate, and discuss models to finance investigative journalism in the EU. To provide a thorough evaluation, we developed a set of criteria that cover six areas to that the financial source may exert an influence from high to low degrees. Those are (1) Independence, (2) Quality, (3) Market Structure, (4) Processes, (5) Sustainability, and (6) Competitiveness. This set of criteria is applied to eight representative financing models that stretch from the classical publishing house over innovative financing to publicly supported media. The analysis reveals that only a mixture of models allows the market to benefit best from each model's core asset. The diversity of finance models is a natural inhibitor of market concentration, when regulative interference is well dosed. Also, the pluralistic set of finance models supports independence in that power is spread over many market actors. This must stretch out from local and regional to European and international levels. We advocate for efficient structures to connect across those geographic entities and emphasize the importance of networks. Support in both directions on all levels (local ⇔ global) may serve as a valuable source of stabilization. Inside organizations, low barriers between the content production and content financing side may negatively impact the degree of independent reporting. However, we find positive examples of entrepreneurial journalists who take care of the fundraising and the writing and still achieve a big contribution to the "fourth power". Fostering transparency eases the way to monitor the sources and potential entanglements between content and its financial source. With respect to quality, the market is in need for financial sources to support, and not distort, competition. Especially governmental activities bear the responsibility to complement private activities with the overall goal to upkeep a transparent, balanced, and diverse news market.

Content

1. Introduction

A free press provides independent information on relevant subjects – and is the backbone of any democracy. Journalism is the foundation for the identification and coverage of issues and problems that are relevant for the society. An extension of this information function is the revelation of wrongdoings and scrutiny of those in power. Thus, journalists fulfilling this "watchdog" role and truthfully revealing socially relevant problems to their audiences perform a very important function in democracies (McNair 2008).

A special role plays investigative journalism which is characterized by (1) "watchdog" journalism, (2) exploration of how laws, regulations, or ethical standards are violated, and (3) making the powerful accountable (Coronel 2009).[1] Specifically, "investigative journalists attempt to get at the truth where the truth is obscure because it suits others that it be so" (de Burgh 2000: 28). Investigative journalism is the initiative of one or more reporters that work on an exclusive story that is new, matters of importance, and is only likely to be revealed when investigated by third parties.

The relevance of investigative journalism has been documented in various examples (de Burgh 2000). For example, the Pulitzer prize winning Watergate scandal revealed by Woodward and Bernstein, where the journalists investigated the facts about a newsworthy story for a long time and published the findings to inform the public. The publication of the investigative story ultimately led to Nixon's resignation. In that, the journalistic role manifests itself as the "fourth power".
However, investigating a potentially interesting story is risky and costly. It is economically risky, because the outcome of the investigation is often unclear and may lead to a non-result (which is a major difference to reporting a newsworthy event). Investigating stories that third parties prefer not to reveal publically also bears personal risks – especially when powerful individuals or organizations are confronted with their shortcomings. This personal risk is very high in non-democratic societies and may even lead to imprisonment of journalists. Nevertheless, also in democratic societies the risk is not zero for the investigative journalist. In addition to the risks, investigative journalism is costly, as it requires (much more than daily journalism) the acquisition of information (e.g., documents, databases etc.), the analysis and verification of these information, and the discussion of findings prior to producing the first copy of the content, and sometimes also legal examination and assistance (Ettema & Glaser 1998).

Economically, the first copy costs are very high, the outcome is highly risky, and requires a lot of time. Consequently, investigative journalism is considered to be expensive and therefore only few journalists can afford working on investigative topics for a long time; and not every journalist defines investigative reporting part of his or her professional role perception (Weaver & Willnat 2013). This means, that some news (oftentimes sports or finance reports) are based on already existing information (e.g., news agencies reports).

From a societal perspective, investigative journalism is potentially a merit good meaning that its allocation is socially highly desirable but often not profitable. This "built-in schizophrenia" (Weischenberg 2004, 171, own translation) shapes the journalism of western media systems, essentially determining the way journalists work between social responsibility and profit orientation, and governs the central *paradoxes of journalism* (Pörksen, Loosen, & Scholl 2008, own translation).

This paper focuses on financing models for investigative journalism in Europe. These models range from a continuum from receiving government funds to private funds and are evaluated using a set of evaluation criteria derived from the literature. We follow this approach based on two main reasons. Firstly, the costs of producing and marketing investigative content are not publically available and vary substantially depending on the specifics of the data and the story. In general, as newsrooms produce various forms of content, it is fundamentally difficult to deduce the costs of producing certain journalistic content, such as investigative journalism.

[1] We will rely on this definition of investigative journalism in this document.

Secondly, despite the general relevance of investigative journalism, academic research is not only limited in relation to explicit numbers, but also on the emerging field of investigative journalism developing outside traditional newsrooms as performed by nonprofit organizations such as ProPublica in the U.S. or Correctiv in Germany. As we focus on the impact of different financing models (that we present in section 4) on investigative journalism, we develop a set of criteria (section 3) based on interviews with industry experts, journalists and publishing houses as well as a systematic review of literature. We apply that set to compare the various models (section 5). Our criteria cover highly important aspects related to independence, quality, market structure, processes, sustainability, and competitiveness.

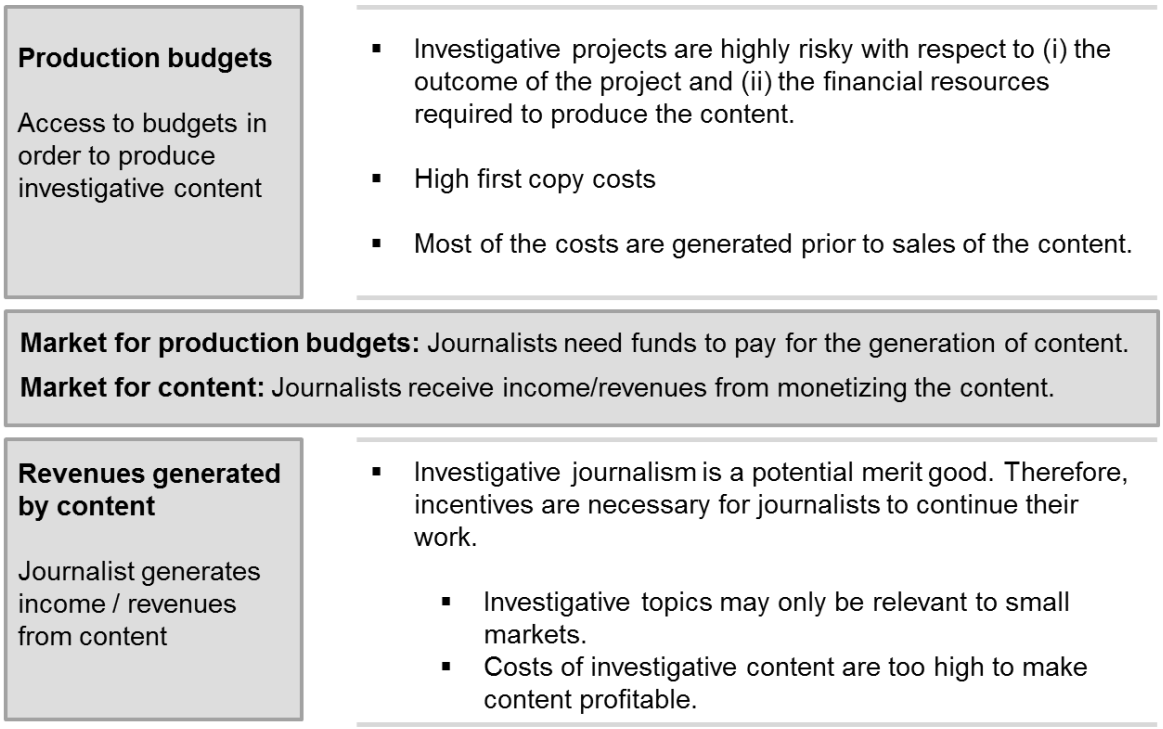
We discuss the models along a proposed set of criteria and argue that the EU should support multiple paths to increase the likelihood that individuals and also firms or other for- and non-profit organizations are taking the personal and financial risk to start the endeavor of investigative reporting. The role of the EU is very important, because the EU is able to provide basic funds and economic incentives for investigative journalism but also influences the regulatory framework across borders and may play a substantial role in supporting the fourth power – even outside of Europe.

In the following section two, we present the financial requirements for investigative journalism and build a framework that covers the economic challenges of merit goods in the context of multi-sided markets. In section three, we develop our criteria to compare the various financing models that we derive in section four. Section five is the main part of this study, as we compare the models along the criteria. The report ends with implications to support investigative journalism.

2. Financial requirements for investigative journalism

With recent issues being more complex and globally relevant more than ever, financing investigative journalism has become a global challenge. It needs to be supported across borders to provide journalists access to production funds and audience markets. Specifically, journalists need access to financial resources to produce and to market investigative content. In principle, journalists rely on two different markets: (1) market for production budgets and (2) market for content (Figure 1).

Figure 1: Market for production budgets and market for content



While media organizations may serve both markets (e.g., a newspaper provides the funds to investigate the story and also sells the outcome of the story via its news channels), individual journalists seek for funds to finance the investigation from venture capital providers, foundations, governmental or EU agencies, or other sources. These funds can be provided through equity, loans, or partially or non-refundable subsidies.[2]

After a journalist (or a group of journalists) has investigated and produced the content, he or she has to enter the market to distribute and monetize the story. The monetary attractiveness of the story depends on the size and quality of the target audience and, of course, on the investigative content and its exclusivity itself. However, once the story is sold and published, its exclusivity is obsolete resulting in a lower monetary value. The different types of revenues generated by sales to the public have an enormous impact on the content: For example, in Italy, where newspapers are sold daily and subscriptions are less prevalent, sensations are likely to make it to the front page in order to trigger immediate sales.

Both markets are interrelated. Firstly, when the likelihood of finding an interesting story for a wide audience is high and the costs to produce the story are low, it is very likely that players acting in the content market will provide the funds to produce the content, as the expected monetary value is high. However, the expected value of the story decreases with the likelihood of finding interesting content – which makes investments in producing the content by media corporations less likely. This effect is supported by the issue that the first copy costs for media content are very high and typically sunk at the time of delivery (Vogel 2015). Generally, the

[2] Subtypes and combinations of those forms are possible. For a list of examples see Nesta (2015).

likelihood that individuals will conduct investigative journalism is further reduced when they fear potential monetary or non-monetary personal consequences (e.g., law suits, imprisonment etc.).

Given the economics of merit goods, this will result in an overall lower level of investigative journalism than it would be optimal for society (Musgrave 1959). The economics of investigative journalism can also be compared to the economics of science. The outcome of science is also very uncertain. While many corporations operate their own research and development activities, scientific activities in basic research are typically conducted by universities that are sometimes funded by private but mostly by public sources and foundations.

Based on the merit good character of investigative journalism, societies need to provide additional finance models to incentivize research by journalists, because for-profit market players will not provide a sufficient level of budgets with their traditional cross-financing models in this high-risk market.

In practice, we observe many different funding options in the EU. Funds are provided by media corporations (e.g., El País / PRISA), networks of publishers (e.g., European Investigative Collaborations; eic.network), or even venture capitalists (e.g., Blockchain Venture Capital Group supports Civil). In some cases, rich individuals (e.g. Craig Newmark) fund investigative journalism (often via foundations; e.g., Bill & Melinda Gates Foundation) and also crowd funding (e.g., Project R) is an option to collect smaller amounts of funds from many individuals. However, many funding options are provided by public sources – e.g., obligatory (licensing) fees or from government agencies (e.g., German Federal Agency for Civic Education supports CORRECT!V). Thus, in many countries journalists have access to a wide range of potential funds that can also be used cooperatively in mixed investments.

We compare these options systematically using a set of evaluation criteria that we develop in the next section.

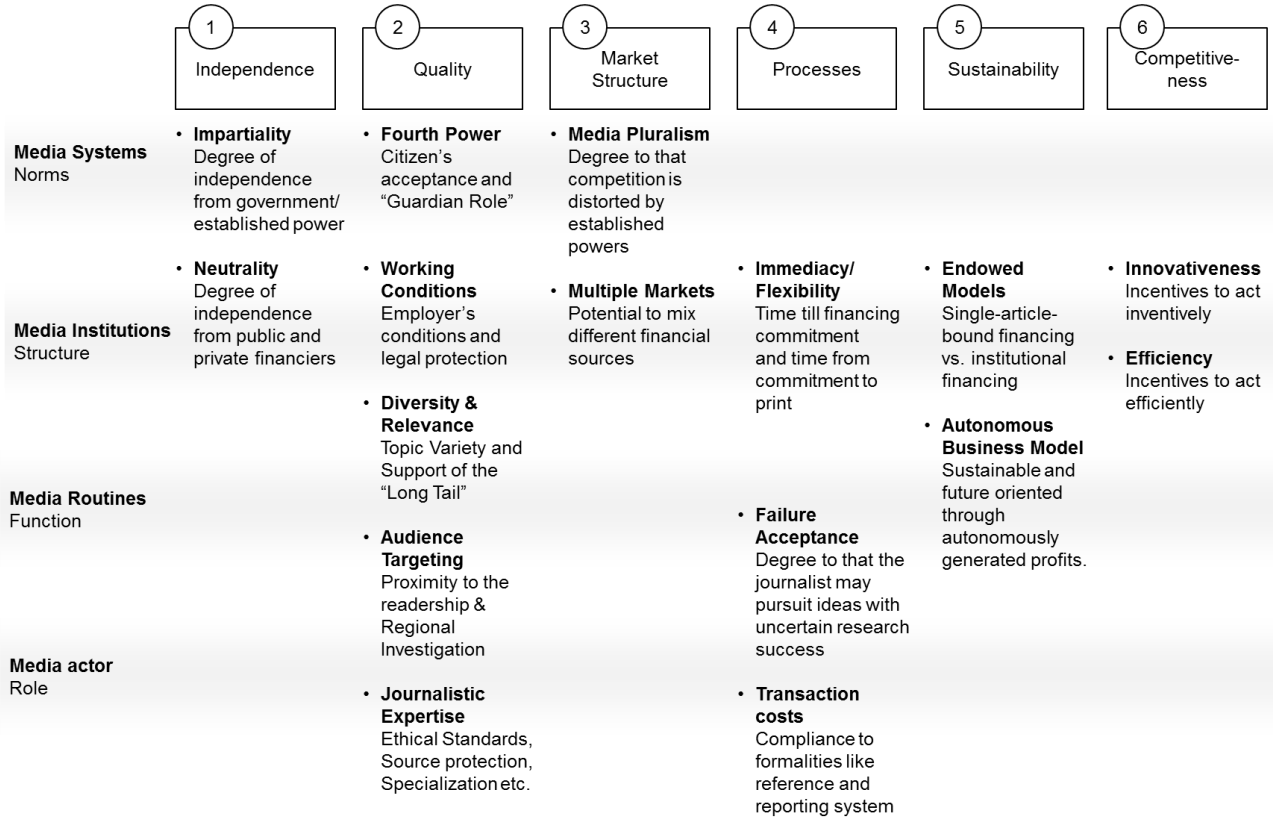
3. Evaluation criteria to compare funding options for investigative journalism

It is crucial to acknowledge the wider social context in which investigative journalism takes place (Chambers 2000). To do so, we developed a set of evaluation criteria covering six dimensions of impact from financial sources on investigative journalism. Each category represents one pillar in the figure below.

Our criteria build a framework to analyze the impact of different sources of funding. We derive four kinds of contexts based on the analytic schemes from Weischenberg (1992) and Shoemaker & Reese (1996) to establish a vertical systematic order. Starting with a general and more global perspective we advance to a more specific and individual level.[3] We use these contexts to systemize the evaluation criteria to compare funding options for investigative journalism and to point out that they are not independent of each other. With smooth transitions, some criteria apply to more than one context and are thus positioned in between (e.g., audience targeting).

We discuss the six criteria starting from the most general level (media systems) to the lowest level (individual actor).

Figure 2: Evaluation criteria to compare funding options for investigative journalism



[3] The criteria represent factors shaping journalistic communication (within a particular society with a particular media system) and by and large address questions concerning the preconditions a media system provides for of news production (media system/norm context), how media institutions/organizations constrain journalistic work (media institutions/structural context; what kind of media content is produced and by which means and routines (media output & routines/functional context), and what characteristics and attitudes media actors/journalists hold that are significant for news production (media actor/role context) (Weischenberg & Malik 2008: 162). For a more detailed description of this model, see Weischenberg (1992).

(1) **Independence**: The independence of journalistic work is of high importance for neutral investigative journalism and strongly shaped by the respective media system in which journalism is performed. Specifically, we reflect two dimensions.

Impartiality: The degree of (in-)dependence from an established power (e.g. the government). Both affects the neutrality of reporting as well as its impartiality. With journalists being dependent on dubious financial sources, being harassed or censored (e.g., in Sudan (Reporters without Borders 2018)) no free investigative reporting is possible.

Neutrality: The degree of (in-)dependence from private financiers (e.g. advertisers or readers) and public financiers (e.g. public broadcasting fees). Even the editor (as a financier for the journalist) may be a constraining factor for the journalist's freedom to report. Distinguishing between neutral reporting and critical reporting, the latter is certainly subject to the editor's decisive power.

(2) **Quality**: Quality is a key factor for the evaluation of investigative journalism. We distinguish five dimensions of quality that are relevant on different contexts.

Fourth Power: Investigative Journalism is crucial to a democracy. Citizens need to be well-informed to be able to make decisions and take part in the political process (Murschetz 1998). This is why secure and convinced democracies appreciate investigative journalism. This refers to the controlling role of other powers in charge as the fourth power, or watchdog role of journalism (Hanitzsch 2007). Therefore, a journalist's work serves to monitor and control those in power (e.g. government). That sometimes even requires to research against resistance. The financiers have the power to give or withdraw weight to this role.

Working Conditions: We consider the working conditions to influence journalistic quality because they have the power to relief the journalist's pressure. Stable working conditions allow focusing on research and quality. We consider stability in terms of continued salary safety and employee conditions (e.g. company benefits) next to legal protection including threat protection and legal freedom. That requires for laws guaranteeing the journalist's rights (Coronel 2009).

Diversity and Relevance: The choice of topics is a central quality criterion (Gibbons 2015). Next to globally relevant topics, it is the journalist's responsibility to provide reporting on all dimensions of the world. Consequently, journalists must not focus on large-audience topics but also secure diversity with topics that focus on a smaller group of interest like local politics. With a revealing character of a story, the topic generates impact notwithstanding the reach.

Audience Targeting: Media coverage for the major interest groups is one angle of view on quality. The whole picture, however, comprises the inclusion of minor audience targeted reporting, i.e. specialized content or regionally and locally relevant topics. This requires the journalist to be close to its readership in order to assess the relevance of happenings and adjust the content to the target group. Next to reporting (writing) style, this may also include the choice of language. This criterion may increase brand allegiance and thus directly influence the competitiveness and sustainability of the media outlet (see evaluation criteria (3) and (5)).

Journalistic Expertise: Only professionally produced pieces may reach the critical mass of the audience to monetize the content. Thus, journalists need to be able to translate complex topics to a general public (reducing complexity). On the other hand, there is a market for highly specialized content for elite audiences that require content to be specially tailored (e.g. Financial Times). Another dimension of quality that manifests itself in the journalist's work is credibility. For the credibility, it is crucial to protect sources and secure correct information via multiple sources, while maximizing transparency at the same time. This all sums up to the journalist's compliance to professional and ethical standards. Up-to-date reporting and originality are self-evident. The underlying assumption is that journalists who receive more training accomplish the above tasks better. The level of training depends to a certain degree

on the funding source. Higher financial resources allow for the acquisition of better educated or experienced journalists.

(3) **Market Structure**: Higher competition helps the above-mentioned dimensions of quality, for instance in fostering a competition for high-quality journalistic employees. Though in some dimensions it may elicit negative effects, e.g., “click-bait” culture. Competition pushes the need for innovativeness and creation of brand trust and allegiance. The structure of the market is shaped by governmental and non-governmental, as well as by for- and non-profit organizations.

Media Pluralism: Media pluralism is crucial for democratic discussions (Gibbons 2015). We distinguish competitive distortion and problems of media concentration evoked by (a) governmental involvement and (b) mechanisms in the private sector (e.g. leading to oligarchs or oligopolies). Both affect the market supply and diminish media pluralism (e.g., via crowding out risk[4]) even with a growing multiplicity of outlets (Schnedler & Bartsch 2017). This does not relate to the sheer amount of outlets, copying each other’s content, but to the number of investigative institutions fostering a competitive high-quality journalism.

Multiple Markets: Based on the assumption of a two-sided market and ignoring other kinds of funding, revenues stem from advertising sales and content sales. Dependent on the financiers and the subsequent business models, not all news media outlets act equally on both sides of the market as dominant market leaders attract more advertisers due to network externalities (Murschetz 1998). For public service outlets, competing on the advertising market is watched carefully by private companies that harshly criticize public actions. Specifically, they argue that public service outlets increase competition, which interferes with the business of private news companies who heavily rely on advertising revenues.

(4) **Processes**: Investigative journalistic work relies on flexible processes, failure tolerance, and efficient decision processes to be fast, impactful, and financially sustainable.

Immediacy / Flexibility: We distinguish between two types of time spans: The first refers to the time between the journalistic idea and a funding commitment, i.e. the greenlight to start the actual journalistic work in terms of research and writing. This is oftentimes a matter of single project funding and includes complex application processes that require a thorough knowledge in order to address the right funders, fill forms etc. The second time span captures the time from the above granted greenlight to the publication of the content (e.g. printing of the article).

Failure Acceptance: Investigative journalism involves not only published content but also content that never achieves publication. The high costs (time, money, and risk) are accompanied with very uncertain financial benefits. Hamilton (2016) compares the business with drilling for oil: Based on tips and suspicions the financier places bets. The degree to that journalists are given the possibility to invest time and effort in projects that might fail (dead-end-projects) influences the heterogeneity in media coverage. Some media environments encourage to pursue topics of own interest even with little chance for success.

Transaction Costs: With increasing requirements and efforts that a journalist has to fulfill, the chance for the emergence of new projects diminishes. We distinguish issues of bureaucracy related to (a) structural funding / project funding, e.g. start-up funding, and (b) journalistic research grants, e.g. for single articles or reports of interest. Bureaucratic obstacles may hamper the project emergence itself and the time and effort journalists may use for their core activities, i.e. research, writing. In that sense, compliance to formal aspects like reference and reporting systems binds working time.

[4] Crowding out effect is an economic theory that contemplates rising public investments critically because it has the potential to drive down or even eliminate private sector spending.

(5) **Sustainability**: Ideally, funding leads to sustainable production structures and markets that leverage the investment in investigative journalism for a longer time than just the funding period.

Endowed Models: This criterion identifies if a funding model aims to subsidize projects that do not (yet) operate on a self-created continuous monetary flow. Those can be distinguished in institutional / organizational support (e.g. for start-ups) or funding of single articles. The latter refers to the need of funding for specialized articles and their corresponding research. The former are funds for the creation of new journalistic businesses. In case of success, those models migrate to the Autonomous Business Model Group below. An example for this, would be the French start-up Mediapart, which developed to an autonomous media outlet. Investigative journalism may benefit from both motives, though this distinction has a big impact on all other dimensions of our evaluative criteria. If necessary, we make this distinction in the evaluation of each model in chapter 4.

Autonomous Business Models: This criterion focuses on the ability of a media outlet to stabilize its existence in the long run through secured financial streams in the future. With privately funded models this includes usually profit maximization and growth, which requires profitable customers on the advertising and content side of the market. With public models, it requires long-term legislative support, e.g. via obligatory (license) fees.

(6) **Competitiveness**: Ideally, funding options increase the competitive level of the initial journalistic work by the individuals or groups. Competition ensures that the supply (journalistic output) meets the demand. However, a prerequisite is a properly functioning market. Without this prerequisite, proper competitiveness may not arise (due to missing supply-demand equilibrium). Hamilton (2016) discusses market failure for investigative journalism.

Innovativeness: From a market perspective, the financing model should not inhibit innovativeness. With a success-independent stable monetary flow the necessity to adapt to the market in order to act competitively may decrease. “[…] traditional values such as public information access, good taste, information diversity, and social responsibility can be in conflict with the market success […]” (Leenders, Farrell, & van der Wurff 2017: 439). However, the authors show that innovativeness is not strictly connected to market orientation or social responsibility orientation of media firms. This means, that their data do not support a more market oriented behavior of innovative media firms.

Efficiency: This criterion captures the degree to which the funding model in question encourages efficient processes. A high degree of inefficiency might occur when demand and financing are completely independent from each other. The underlying assumption is that the probability of inefficiency and waste of funds increase the more profitability (which stems from demand) and funding mechanisms are decoupled from each other (Rainey, Backoff, & Levine 1976). This must not per se be the case; however the discussion about inefficiencies observed in publicly funded institutions is very common.

4. Financing models for investigative journalism

There are different funding sources for (investigative) journalism. These are likely to affect the journalism itself. We first develop an overview of the different funding options and then apply the previously developed set of criteria to identify the advantages and disadvantages of the various models in section 5. Specifically, we use the evaluation criteria from section 3 for a structured analysis of the representative models that we identified in the news market.

Generally, funding models range from traditional structures, like the publishing house, to more innovative models. This mixture also represents what we call the "transformation of journalism's organizational foundation", that is, emergence of new organizations (like start-ups), networks, and collaborations in the field of journalism beyond traditional newsrooms and media organizations (Hepp & Loosen 2018). We distinguish journalism funding options on a bipolar scale ranging from private to public funds, to governmental sources. Most models rely on more than one source, which is why some considerations overlap. Additionally, not all examples that we identified in the market, are representative for one category exclusively. For instance, some entrepreneurial start-ups evolve over time to a cooperative or participatory model.

We are aware of the possibility to finance specific topics. Journalists or groups of journalists can apply for grants to finance the research for a particular topic. This sometimes even results in project-based collaborations between different media organizations (NDR 2017). We keep the organizational perspective in the choice of the funding models below. Nevertheless, we account for the project-based funding especially when contemplating the entrepreneurial journalist. The funding sources for project support can potentially be provided by all market players.

Table 1 below lists representative financial sources from the production and demand side for each of the identified examples. We evaluate models of financing without separating them from organizational structures. For example, the cooperative model has similar financing sources as the participatory model or the publishing house. However, in this special case, the organizational structure is the crucial point affecting independency (and the other criteria). Though the models might as well be called financing model 1 – 8, we decided to use descriptive names to easily identify and distinguish the models. The names are based on the most apparent character of each model.

Table 1: Funding models

Funding model	Financial sources production	Financial sources demand
The publishing house	Equity and Dept Capital	Content and Ad Sales, Service Sales
The entrepreneurial journalist	Equity Capital, Dept Capital, and Foundations	Content and Ad Sales
The participatory model	Equity Capital, Venture Capital	Ad Sales, Service Sales
The cooperative model	Equity Capital, Venture Capital, Crowdfunding	Content Sales
The philanthropic model	Foundation Grants, Membership Fees, Private Donations and Public Funds	-
The (international) journalist networks	Foundation Grants, Private Donations and Public Funds	-
The public media	Compulsory Fees, Taxes	Ad Sales
The political controlled media	Taxes	State Advertising

4.1 The publishing house

Keywords: traditional journalism and branded outlets
Financial sources: grant and equity capital
Revenues: advertising and content sales, service sales
Example: The Washington Post

Publishers organized in (multinational) corporations form the most traditional model to finance journalism. Publishing houses are financed by private funds or listed on stock markets. The decision to fund investigative journalism by one or more journalists is made by editors (or sometimes even the top management of the comp any), who decide on relevant topics and use the publishing house's (equity) capital to (cross-)finance investigative journalism. As journalistic content is often bundled with other news to a newspaper or journal, investments in investigative journalism are less risky as other content (e.g., sports etc.) can be used to gather revenues from a willing-to-pay customer segment (balanced portfolio to reduce overall risk). Furthermore, investigative journalism may help to increase the brand image of the publishing house that can help to monetize other products from the same brand (e.g., TV magazines). Content-related revenues stem for example from subscription or single purchases from customers. This built-up reach is used to sell advertising space. Those financial streams can be used to subsidize merit character news, i.e., investigative topics. However, the foundation of cross financing investigative journalism is the assumption that it "pays off" for the company. This does not necessarily mean that the story itself is profitable, but that investigative journalism helps to build up brand image and brand awareness – if not, then investigative journalism may run into the merit goods trap. A comparatively new financial source is the organization of events and fairs (offline-events). Examples are Texas Tribune Festival or the eat&STYLE Festival organized by the German publishing Gruner & Jahr.

4.2 The entrepreneurial journalist

Keywords: entrepreneurship, free journalist, freelancer
Financial sources: equity capital, endowments
Revenues: content sales (advertising sales)
Example: Xavier Drouot, Richard Gutjahr, Edwy Plenel

A new generation of journalists enters the market and acts entrepreneurially, e.g., builds small businesses, cooperates or builds a "human brand" and embraces social media to do so (Singer 2017a, b). Journalists can serve as "influencers" – and a journalist who is able to uncover an interesting story can become a human brand. Human brands can sell their content directly – or they use the opportunity to publish for free (or for little costs) and then monetize their brand value by giving well paid speeches or do consulting (Molyneux, Holton, & Lewis 2017).

This pulls down the once so vigorously defended wall between editorial and economical sides of a media enterprise. Entrepreneurial journalists write directly for their audience and do not necessarily go through an editorial filter. The entrepreneurial journalist must be distinguished from the freelancing journalists, although they oftentimes work as a freelancer for other institutions or established media companies.

Facing declining numbers of permanent contracts, it becomes important to take care of the economic side of the profession and start with self-promotion, e.g. by establishing a human brand. Connecting journalism and entrepreneurship in Europe proceeds slowly. In 2012, a Reuters Institute/ Oxford University study showed that long established media groups

dominate the market of online-news and a few big companies control the advertising market. On top of that, the markets are rather small due to the variety of cultures and languages (Bruno & Nielsen 2012).

Financial sources are highly variable. Therefore, the journalist may use charitable funds, endowments, crowdfunding, direct investments or reinvest from advertising or content revenues. The entrepreneurial journalist's power to enforce democracy unfolds through their participation in bigger institutions who rely on them and the possibility to engage a specialist for a topic.

There is an emerging start-up culture in and beyond journalism in Europe. One successful example is the French start-up for investigative journalism Mediapart. It was founded by the entrepreneurial journalist Edwy Plenel who gathered initial investments of EUR 3 Mio. and refinances the model with content sales via subscriptions and a monthly fee of eleven Euro (no advertising).

One critic of the entrepreneurial journalism concept is the Italian journalist Stefano Tesi (2010), who fears the ethical consequences. According to him, the authority and credibility of a journalist is not compatible with entrepreneurship, which is why classical models keep those strictly separated. The French start-up Mediapart, which originates from the entrepreneurial journalist Edwy Plenel, is continuously being accused of being politically influenced, dependent on the sources of the financial donations, e.g. state subsidies (Versac 2007). We evaluate this in Table 5.1.

4.3 The participatory journalism concept

Keywords: interactive, community-based, local, citizen-reporter, technology-supported
Financial sources: venture capital and equity capital
Revenues: local digital advertising and classic banners, sponsored content from local companies, service sales
Example: Merkurist (Germany), Bellingcat (UK)

Working on demand of the citizens, the participatory journalism model uses newsreaders not only as recipients of news but also as co-creators. Users may propose topics. The newsreader serves as the idea source, co-creators in delivering material, e.g., pictures, gatekeepers in pushing the importance of the topic, or direct supporters and financiers. Different publishing houses or entrepreneurial journalists may cooperate, which makes this model also a network model. This model does not exclusively include investigative topics as the content is steered by the public interest. One example is the German Merkurist, which is hyperlocally orientated. Citizens become journalistic sources in sharing questions and topics of interest in a local community. They may give relevance to a topic by clicking an "interest"-button. The number of clicks serves as a proxy for public interest. When a certain threshold is surpassed, a journalist starts to research and write about the topic proposed. This potentially leads to the core idea: Read, what you really want to read. The model focusses on local topics like infrastructure, construction sites and the like. However, the integration of participatory and dialogue-oriented options is now more or less widespread in the journalistic field and indeed, established editorial offices, such as the Süddeutsche Zeitung, offer their readers the opportunity to decide which topic should be investigated further by journalists (Süddeutsche Zeitung 2018; Loosen & Schmidt 2017; Kramp & Loosen 2017; Loosen 2016). Another example with a more open organizational structure is Bellingcat, a UK service offering investigative citizen journalism with a focus on international topics (Bellingcat 2018).

The financing of this model is a combination of start-up venture capital and, in the long-run, equity capital generated from advertising and content sales. The example "Merkurist" is a German brand, which was founded in May 2015 in Mainz. The start-up was financed with 1.5 million venture capital and has 10 employees and 30 free authors (Hüfner 2016). Refinancing

works via advertising sales and sponsored content as well as a cost-efficient all-in-one-technology to portray the complete journalistic workflow in one system (from topic generation to monetization). Bellingcat offers services (e.g. workshops and trainings), where they “sell” their knowledge, which constitutes another financial source. Its starting capital was collected via private and crowd funding.

4.4 The cooperative model

Keywords: communal ownership, membership
Financial sources: venture capital and equity capital, crowdfunding
Revenues: content sales (membership fees, subscription)
Example: Project R / Republik (Switzerland), De Correspondent (The Netherlands), TAZ (Germany), Krautreporter (Germany), Follow the money (The Netherlands)

The idea of the cooperative model is a communal ownership. The origin of this model dates back to the seventies, where in Germany the TAZ was founded. The start-up financing comes from venture capital that is again bounded to a crowdfunding goal. The crowd funders are the (first) subscribers to the output of the profit oriented organization (e.g. digital magazine).

In the Netherlands, Follow the Money (FTM B.V.) is a journalistic movement with the vision of investigative journalism that was funded in 2010. Five individuals are invested in FTM Media B.V. that holds 100% of FTM B.V. FTM was founded by the stimulating fund for the press that provided a payment of 180.000 EUR and private investments of two founders (Van der Wal and Smit). FTM is also supported by the Muckraker foundation and other foundations and received 50.000 EUR from the Google Digital News Initiative. This example is a typical cooperative model.

The cooperative provides the start-up financing to get a profit oriented organization started with the mid-term goal of a self-supporting (and profitable) magazine. The degree of profit goals varies between the exemplary models under investigation. The magazine sells its content to subscribers. Those models usually do not rely on advertising revenues.

Since the early 2010s, crowdfunding has been seen as part of the solution to the financial crisis of journalism (Pasquay 2015). The heads of the German start-up "Krautreporter", for example, founded the crowdfunding platform "Steady". Overviews of the volumes spent by crowdfunding in journalism are rare. For the USA, an analysis of "Kickstarter", one of the largest crowdfunding platforms, is available (Vogt & Mitchell 2016). According to this study, a total of 658 journalism-related projects were launched between April 2009 and September 2015, and the number of funded projects per year has risen almost continuously over this period. Overall, the projects have acquired US$ 6.3 million and more than 60 percent of the projects have been implemented. Kickstarter itself quantified the success rate of submitted projects in the "journalism" category at 21.5 percent (Kickstarter 2018).

This model’s character lies in the combination of for- and non-profit parts. Pure non-profit models will be discussed next.

4.5 The philanthropic model

Keywords: membership, charitable organization, non-profit
Financial sources: Equity capital: charitable endowments, donations, membership fees
Revenues: none (non-profit)
Example: Correctiv (Germany), Civio (Spain), ProPublica (USA)

The philanthropic model is based on the model of the US example ProPublica, which is a nonprofit newsroom particularly dedicated to investigative journalism in the public interest (ProPublica 2018; Mölders 2015). In the EU-context, Correctiv is a nonprofit investigative newsroom founded in 2014. The self-conception is it to be the first charitable research center in the German area. It is independent in the sense that all content is published throughout different media and there are no fixed supply-demand relations (Lilienthal 2017). Correctiv provides investigative journalism for media organizations throughout Germany for free in a way that it encourages the media organizations to use the investigations and stories researched and written by Correctiv. The idea is for these media partners to ensure that the research results and the respective stories reach out to society (Lilienthal 2017). Correctiv is financed through charitable endowments and donations and membership fees from readers and users. The start-up financing of 3 million Euro for three years was provided by the Brost-Foundation (based in Essen, Germany). Another example is the Spanish Civio Foundation, which operates based on donations (non-profit) to monitor public authorities in using innovative methods to collect information and make them freely accessible.

Interestingly, some large newspapers that are embedded in multinational media corporations are unprofitable – however, sometimes the publisher decides to support the newspaper with cross subsidies. These subsidies may be a result of wrong business assumptions, but the motives to continue a well-established but unprofitable newspaper can also be a philanthropic motive by the owner(s) of the media corporation (e.g. the German daily newspaper Die Welt, has been cross-financed by other activities of the Axel Springer Group).

With the lately emergence of more and more philanthropic models, there are also entrepreneurial journalists entering the market with that spirit. One example is the crowdfunded start-up “Coda”, which is especially dedicated to cover topics beyond their crisis climax and consequently acts through continuity as a balancing counterweight to short-term event driven reporting (Coda 2018).

4.6 The (international) journalist networks

Keywords: global, network, international collaboration, national collaborations
Financial sources: Donations
Revenues: (non-profit organization)
Examples: International Consortium of Investigative Journalists (ICIJ), Reporters without Borders, The Bureau of Investigative Journalism

The low transaction costs online resulted in increasing collective efforts to overcome cross country borders in journalism. For example, the Bureau of Investigative Journalism and the International Consortium of Investigative Journalists (ICIJ) initiate transnational collaborations and builds network between journalists to encounter the growing need for transnational or even global investigative journalism. Their primary aim is to unveil topics for the global citizen and to have global impact with their topics, which lead to worldwide change in societies. Specifically, this includes to uncover offences by global powerful actors like politicians, international stars, or economic powers. They claim a global watchdog-role. The probably most known example is the Panama papers, where 376 journalists from 76 different countries researched and finally revealed in more than 4700 publication the involvement of politicians

and other people of public interest in dubious financial streams (ICIJ 2016). Worth mentioning is the mutual commitment for time-synchronized publications, which grants the authors the possibility to deliver exclusive content while sharing knowledge and research results. Next to established publishing houses, this serves also as a platform for independent journalists.

Another notable organization is the Reporters without Borders, a France-based non-profit, non-governmental organization that defends the freedom of the press with the primary goal to support persecuted journalists in dangerous areas, e.g., by providing material assistance to war correspondents, and defeat internet censorship. Their activities include the continuously monitoring and denouncing of censorship (Reporters without Borders 2016).

4.7 The public media

Keywords: public service
Financial sources: equity capital
Revenues: compulsory fees and advertising sales
Example: BBC (United Kingdom), ARD/ZDF

In order to carry out their public service task and secure economic and political independence most European countries have public broadcasting media that are financed by the public and whose output is for the public (for the benefit of society as a whole). They are oftentimes established by the law, but not party associated (non-partisan).

Citizens criticize and question why they are obliged to support those media outlets and not the ones of their own choice (Knight, 2016; Dragomir, 2017). This is to unite a basic supply for news with the requirement of separation of state and public media. There are essentially two ways of government-supported press: the direct support in terms of financial donations, which includes the grant of direct disbursements or value added tax reduction (e.g. in France 2.1% instead of 20%). Indirect support can be an adapted taxation of publishing houses or distribution support. Central critique is the distortion of competition, the political dependence, and the intransparency of the financial allocations (Wissenschaftliche Dienste des Deutschen Bundestages 2009). Examples for direct support in Europe are the British Broadcasting Corporation (BBC) or the German ARD/ZDF. Financial sources are either independent means of funding and obligatory broadcasting fees (e.g. Germany and Austria) or direct financing from state budget (government funding). The former is most prevalent in the EU and allows for editorial independence. The latter connects to government-controlled broadcasters that might be party associated (next paragraph). Commercial revenues from advertising are another possible source of financing.

4.8 The political controlled media

Keywords: State-owned media, political control, politician-owned media
Financial sources: taxes
Revenues: Content sales, advertising sales
Example: Ukraine, Hungary

Political controlled media may be either state-owned media or conventional media that are closely associated with the politics in power and appear to be regular outlets. The latter happens when individual politicians or leaders with political aspirations own media. This crucial point for this model is to be editorial and financially controlled by the forces in power. State-owned media is financed through taxes or indirect through regulatory mechanisms, e.g.,

exclusive advertising spaces. Politician-owned media are financed like any other private media, yet they might benefit from certain advantages granting them a competitive advantage.

Some general ideas of criticism on state-supported media also apply to state-owned media, though in a much more distinctive form. The support of opinion building capability through diverse and qualitative information tilts towards the distinctive exertion of influence on the public opinion building process. If the government finds content to be unfavorable (or illegal) it may censor and regulate it.

Formally, this works for instance through media companies who have close ties to the ruling party or even appoint political advisors. Sometimes the government even exerts influence on the appointment of government-friendly editor-in-chiefs. One example the Hungarian Prime Minister Viktor Orbán exerting more and more influence on the biggest daily newspaper (Reporters without Borders 2017). On the other hand, those media help politicians to stay in power like for example Silvio Berlusconi's broadcasting stations that promoted successfully his ambition as his country's Prime Minister (Reporters without Borders 2009, ACE 2012).

5. Evaluation of financing models for investigative journalism

5.1 Independence

The comparison of the proposed financing models with respect to the impartiality and neutrality as two key dimensions of independence reveals that all models offer to a certain degree the option that investigative journalism is influenced by financiers. However, the influence depends on the direct and indirect power by the financiers and their willingness to support or hinder certain investigative topics. Cooperative models, where several financiers are engaged, reduce the risk that one party becomes too powerful and influential – however, groups of financiers may team up and jointly control the content generation process. Concluding, the higher the level of variety of financing models, the less likely it becomes that only few financiers will be able to control the media. This does not only include local or national financing, but also European and global funding. Thus, competition across different forms will lead to higher levels of variety and flexibility in the case that private or governmental interests may drift away from supporting the free press. With respect to the four "geographic" levels local, national, European and global, the content production as well as the content financing should cross those borders (in both directions) to secure a stable level of independence. In that, European or global support may help stabilize local imbalances.

Table 5.1: Application of the independence criteria

	Impartiality	**Neutrality**
The publishing house	Formally independent from the government or an established power. Depending on the respective media system more or less (in)direct sources of dependence may occur, e.g. in the form of reduced taxes or politicians involved as financiers (equity capital).	Financing sources may either be advertisers, content sales and/or equity capital. It belongs to the fundamental guidelines of journalistic independence that editorial board and journalists are independent from the ad sales department. However, the pressure on journalists may increase dependent on the overall financial situation of the publishing house. Equity capital secures the independence from the alternative financial source (i.e. advertisers).
The entrepreneurial journalist	The entrepreneurial journalist is a rather risky solution to finance journalism. The concept of entrepreneurialism is conflating the previously separated roles of the publisher and the journalist and their orientations towards commercial and editorial interests. With the choice of the financial source, the journalist might be subject to (un-)intented impact on the content creation.	Based on the assumption that the financial source carries out some influence on the content that it pays for, models, where the border between the economic and the editorial side is permeable, are particularly subject to undesirable effects. Consequentially, the neutrality is highly case-dependent.
The participatory journalism concept	Formally independent from an established power (depending on the respective media system). Citizens may give hints on potentially investigative topics. However, in the case of the Merkurist the newsroom-technology is licensed, that is, once a journalist, entrepreneur or publishing house licensed it for a local region, this institution is given the possibility to function as a gatekeeper.	The main financing source apart from the start-up investors is the sale of (local) advertising space. One must assume a dependence, at least to a certain degree. On top of that, models like the Merkurist produce sponsored content from local companies, which denies the idea of independence in its core.
The cooperative model	Formally independent. The for-profit part of the construct is not directly dependent of main financiers of the cooperative.	Independent of advertisers, dependent of venture capitalists ("philanthropic equity") as long as the venture capitalists

		are holders. The level of dependence is conditional on the specific composition.
The philanthropic model	Formally independent. However, if a governmental foundation or a party provides a substantial part of the financing, the organization may act influenced, as it fears the loss of a main financier (existential threat). If the financier puts pressure on the organization, it depends on (a) the self-image of the philanthropic financier and (b) on the understanding of democracy and the role of journalism. In this case, impartiality is not guaranteed per se. A philanthropic model with funds, that are not geographically bound, may also act outside its country's borders and support the impartial reporting in other countries.	Even if advertising is an additional financial source (e.g. ProPublica), the proportion is rather small. As content is typically provided for free, the model is not dependent on the reader market. A potential source for non-neutrality is pressure from the main financiers, which in turn depends on financier's self-image and understanding of democracy and the role of journalism. Thus, neutrality is not guaranteed per se (Browne, 2010). Organizations like Correctiv and ProPublica ensure their credibility with statements regarding their policies, ("We do not accept money from people who want to tell us how to work") and with transparency, ("We list all donations of more than 1000 EUR on our website.").
The (international) journalist network	Global networks and collaborations are less subject to local party influences. The collaborative power enables journalists to encounter established powers or "global players", sometimes even yielding the uncovering of dubious activities. This emphasizes the need for funding across geographic levels (e.g. global funding for local topic or European funding for global topic).	Journalists working in such networks are bound to their employer, where they publish the articles like in any model before. A positive aspect is that networks do not inhibit additional control, but open up additional chances and resources for investigations. They rely on charitable foundations and financial support from the public and in case of the ICIJ they claim to have a "strict firewall between our editorial and fundraising. All editorial decisions are made independently, and no donor or institution influences ICIJ's coverage." (ICIJ 2018).
The public media	It follows the principle of distance from vested interests and is consequently formally independent from established powers (no direct support with taxes). The governmental support is not to affect or guide content and creation of single editorial publications. Ideally, those models allow for neutral and impartial media coverage. However, these existence of this model depends on the will of the respective government.	With a secured long-term income via obligatory fees, the dependence of the advertising and content sales market is low. Especially, the dependence on advertisers is lower than in traditional for-profit models, which makes advertisement also less prevalent.
The political controlled media	This model is the least independent of all above mentioned models. From a democratic perspective, there are no valid arguments for the press to be controlled by some political party.	Neutrality is not the declared goal of political controlled media. One way to cope with that is the commitment of financiers on a non-national level, i.e. European or global level.

5.2 Quality

The comparison of the various financing models with respect to the quality of investigative journalism (that consists of five sub-dimensions: fourth power, working conditions, diversity & relevance, audience targeting, and journalistic expertise) reveals that all models serve different needs leading to high level of quality competition. Economically, competition across the market for production budgets and the market for content increases quality – especially when non-profit market players or governmental agencies provide additional funds to overcome the merit goods trap by providing a higher level of quality differentiation that allows the targeting of smaller audience markets.

Due to the broad scope of quality criteria under scrutiny, we split the application to three sub-tables.

Table 5.2 a) Application of the quality criterion "fourth power"

	Fourth Power
The publishing house	A strong publisher's brand permits journalists to question the behavior of public figures without having to fear "losing their job". Additionally, the independence from public financiers secures an effective and credible "watchdog" role. However, the effectiveness of a publishing house always depends on financing options which are limited in principle by the media crises.
The entrepreneurial journalist	The institutional strength, which is granted through big media houses brands or international cooperations, is rarely an asset that the entrepreneurial journalist may claim for himself or herself. On the other hand, successful examples of journalists, who started their own business, prove their ability to expose secrets of the powerful, which sometimes reveal even more than traditional and established media houses. One example is the reporting on The Bettencourt and Cahuzac affairs (Arfi 2012) by the French Mediapart founded by the entrepreneurial journalist Edwy Plenel. Disregarding the revenue perspective, the philanthropic "Coda" model (below) delivers another example for start-ups creating impact.
The participatory journalism concept	The number of citizens asking for a specific topic to be investigated, certainly grants the investing journalist some power. Nonetheless, it cannot compete with strong and established journalistic brands, which also partly integrate such participatory concepts. Additionally, the model assumes that citizens are aware of potentially worthwhile investigative topics (which is not always the case).
The cooperative model	This construction has the potential to fulfill an effective and credible "watchdog" role. It is independent from public financiers. With a growing size of the editorial team, it can make a sufficient contribution to act as a fourth power.
The philanthropic model	Philanthropic financed journalism aims to fulfill a credible watchdog role and it has the potential to do so. However, the more substantial a single financing-source becomes, the greater the gateway for political influence or influence by established power on journalists work. As a counteractive power, crowdfunding can help to build a loyal audience particularly appreciating and supporting public interest journalism. One example is the pilot project on Russia's War on LGBTQ Rights from the start-up "Coda".
The (international) journalist network	Some data sources would be too large to be researched and thoroughly investigated by a small group of journalists. Global (or transnational) networks allow to leverage synergies and thus make it possible to deal adequately. For example, data leaks from *Panama Papers* were too big for a small group of journalists. With a growing network, also the credibility and impact of such organizations grow, like in the case of the independent watchdog group Reporters without Borders.
The public media	The watchdog role cannot be fulfilled with governmental supported media alone. Though the model supports important dimensions in terms of working conditions, diversity and quality the journalistic landscape also needs competitive privately funded media (see arguments above).
The political controlled media	The watchdog role cannot be exercised when journalists are bound to political financiers or supervisory authorities.

Table 5.2 b) Application of the quality criteria "working conditions" and "diversity & relevance"

	Working Conditions	Diversity & Relevance
The publishing house	Salaries and employment are rather fixed and secured (compared to, e.g., the freelancer). This allows for time-consuming research, trainings etc. and positively influences quality. The publishing house protects employed journalists against legal threats by providing legal protection. Usually a publishing house has a legal department and employs a law firm to represent the publishing house.	The mixed portfolio (see above) allows to pursue specific topics and supports the so-called long tail. That is, not only mainstream topics are researched and published but also topics that address smaller audiences. However, the more profit seeking the firm, the less likely they will target small audiences.
The entrepreneurial journalist	The entrepreneurial journalist is highly dependent on an article's success in terms of reach and impact. Even with successful start-ups like Mediapart in France, the conditions are not as secure as in the traditional publishing house (assuming an open-ended employment contract). On the other hand, individual journalists and start-ups can act more flexible than established media organizations.	The entrepreneurial journalist model is a way to foster diversity. Indeed, there are some examples showing how entrepreneurial journalists established their businesses in a niche, even though not necessarily in the field of investigative journalism. Latvian Agnese Kleina, a successful design and fashion journalist with an own blog (Mahoney 2016) or German journalist Nora Burgard-Arp who set up strong human brand in the niche of anorexia and occasionally uses this to publish paid articles in German brands like Die ZEIT or Spiegel Online (Burgard-Arp 2018; The European 2014).
The participatory journalism concept	Journalists from any of the other models may work in the participatory journalism concept. This makes the working conditions most variable.	Topics suggested by users can help to shed light on the blind spots of the media. Also other user contributions and feedback could foster diversity in terms of topics, voices, and perspectives. Moreover, individuals (whistleblowers) can play an important role in bringing important information from a secret or protected context to the public's attention. However, this model is rather a complement than a replacement for professional (investigative) journalism.
The cooperative model	Salaries and employment are usually fixed and secured. But as teams are rather small and the expectations from peers (other media outlets) and the large number of financiers (crowdfunding) are high, the journalists face a high level of pressure to succeed.	Variety is rather high. As it is part of the unique selling proposition (USP) to provide high quality journalism, the budget of the organization allows not only mainstream but also specific topics.
The philanthropic model	The journalists work under conditions that offer sufficient time to work on a story. There is no direct commercial pressure, enabling the journalists to allocate resources to less-popular topics (Browne, 2010). As an	These organizations are founded to provide societal relevant journalism (relevance in terms of impact, not foremost in terms of reach). Their reputation is their asset, as a good reputation (e.g. Pulitzer Price) also leads to more donations. Also, special initiatives for local and regional news organization ensure a high degree of

	organization, it provides legal protection to their employees.	diversity and relevance (e.g., ProPublica Local Reporting Network 2017).
The (international) journalist network	To the global powerful people, publicizing their dubious acts is a big threat to their power. Journalists might have to cope with menaces, repressions, censoring or even violence. A big network helps them to represent the collective interest even against resistance. Journalists in such a network enjoy, due to its public and global visibility, a certain degree of political safety. Higher safety and other network effects can act as a central incentive for journalists to become a member of a global network.	Topics researched from members of global journalistic networks, reside a certain tendency towards global topics. However, the reporting oftentimes stresses the back reference to national relevance. The underlying strategy named “native eyes on native names” ensures a transnational, yet local perspective on events.
The public media	Salaries and employment are usually well secured; the same is true for legal protection. Resources in terms of time and money usually allow for more in-depth research. The cross-financing of investigative and more audience-oriented topics grants a rather stable calculation and future planning.	The principles of government-supported media are, to maintain and encourage the structural variety and universal appeal as well as attention to minorities. That is, to also cover topics of interests for small markets and topics of social rather than commercial benefit. Consequently, the topic variety is high. Public media are less dependent of a broad audience reach (see (3) Competition).
The political controlled media	The working conditions are insecure, in the sense that the future of the media outlet depends to a high degree on the politically associated party. Up to this point, the existence of the outlet is (dependent on its obedience) secured.	Topic selection is highly intertwined with the ruling party. Though this extends mostly to political and economic topics, the importance of a detailed coverage of niche topics suffers from political control. Moreover, the reporting on some issues can be restricted or suppressed.

Table 5.2 c) Application of quality criteria "audience targeting" and "journalistic expertise"

	Audience Targeting	Journalistic Expertise
The publishing house	The business model of two sided markets only works, when publishers reach an audience that is attractive in two dimensions: Firstly, they are willing to pay for the content. Secondly, the targeted audience is attractive for advertisers. Local publishing houses secure the local investigation and might even consider language diversity. However, the developments over the last decade paint a picture of beginning market failure of local publishing houses. Alternative models might be more suitable to fulfill this role and ensure that the issues they report on are relevant for their audience (see "the participatory journalism concept" where readers are sources or even partners, co-creation).	For journalists it can be attractive to be employed at a publishing house, because it ensures a relatively high degree of income security. Thus, there is a strong demand for permanent positions. Furthermore, the leading positions (editor-in-chief) are highly demanded, as leading positions are rare (well-paid and high status). Finally, a strong brand of the publisher may help the journalist to increase their own human brand awareness (ingredient branding). As a result of the high competition the journalistic expertise is comparatively high. To upkeep a credible and profitable brand, the quality needs to be secured with well-performing journalists. On top of that, only well-written pieces may target a big enough audience to monetize the content. The audience of mainstream brands might be less educated in specific areas, which requires journalists to translate complex yet important topics to a general public. Some more specialized brands (FT or Politico) focus on elite audiences securing the high-end quality long tail.
The entrepreneurial journalist	Based on the assumption of building a targeted brand, the entrepreneurial journalist does best in conceding a high degree of audience targeting.	The choice of being an entrepreneurial journalist does, beyond general journalistic expertise, impose a particular degree in (personal) branding strategies. Naturally, higher expertise is likely to result in more success, i.e. reach and impact. However, in many instances private bloggers seem to believe that they act as journalists – with positive (e.g., initiating a discussion) or negative (e.g., fake news) external effects.
The participatory journalism concept	This model provides a high proximity to users, as it can foster relationships between journalists and audiences on different levels and stages of the news production process. In the ideal case this can be seen as a form of co-creation. Topic finding from the citizen and other participatory forms can enforce the bond between user and journalist.	This model is more or less reflected in the whole field of journalism with some outlets particularly addressing the participatory aspect. The model does impose a degree of expertise in audience engagement and participation, but due to the respective media outlet the expertise may be very well mixed.
The cooperative model	Readers are customers (of the for-profit part) as well as owners (of the cooperative). Therefore, the proximity to the target group is high. However, the possibility to attract new target audiences is limited, if the current active group has a high level of inertia.	The journalistic expertise is rather high. As the funding depends significantly on the attraction of owners and crowdfunders, the construction needs already a sufficient level of journalistic expertise to take off.

The philanthropic model	As Correctiv users can vote (donate) for certain topics to be researched, it is likely that the audience is closely linked to the organization. Correctiv and Propublica clearly focus on investigative journalism that attracts a rather small but well-educated readership. The circulation of stories in established media fosters further audience reach.	Without the pressure to directly monetize the content, journalistic expertise can be developed and played out on investigative topics for smaller audiences. Thus, as building and maintaining expertise takes time, this model supports finding the truth.
The (international) journalist network	The oftentimes synchronized publications do not only target the journalist's own country's national audience, but also create a global story. These networks make the interdependencies in an interconnected world present and also lead to a global perspective on the profession "journalist" (Reese 2008).	Collaboration on a global level may also serve to increase expertise and encourage to foster a collaborative will and a global mindset (Reese 2008). Journalists in these contexts open up to the idea of "radical sharing", although this is somewhat counteracting the traditional investigative journalistic approach of protecting exclusive content. A reciprocal fact-checking on transnational level and virtual newsroom technologies secures quality.
The public media	The public service idea requires the choice of topics that universally appeal to the public and not neglect interests of minorities at the same time. This enables local public service institutions. In Germany, for instance, there are nine local public service broadcasting institutions to ensure local coverage (e.g. NDR for the four northern federal states or BR for Bavaria), which is a historical result of decentralization efforts. Public service funds oftentimes support content in various languages. Examples include S4C, a Welsh-language broadcaster in Wales, or BFBS English-language radio station for British military staff in Germany. Dependent on the form of support, local and regional media benefit from governmental decisions. Reduced VAT equally supports the merit good character - nationwide but also locally.	To fulfill the public service task journalists need to satisfy high qualitative requirements. This also offers a supportive environment for investigative journalism.
The political controlled media	The adaptation of reporting in this model is more sender-driven than recipient-driven.	The journalistic expertise depends on the outlet under control. One might argue that journalists with a strong expertise and high ethical standards are less prone to work in such organizations, though they might not have the choice.

5.3 Market Structure

The comparison of the various financing models with respect to the two dimensions reflecting market structure (media pluralism and multiple markets) reveals a clear need for multiple finance models from all players in the market. It also reveals the high relevance of market regulation to avoid high levels of market concentration. This does not only include legal regulations. Also funding organizations may work as a balancing factor in carefully dosing the amount of funding and thus preventing an artificial distortion of competition.

Table 5.3: Application of the market structure criteria

	Media Pluralism	Multiple Markets
The publishing house	Publishing houses concentrate market power more than single journalists could. This way, they represent a counterpart to public media and form a viable competitive power.	The publishing house traditionally serves the content and the advertising market. Doing so, it is dependent from content worth selling to achieve reach and build an attractive advertiser's platform. Such dynamics might easily cause the chase for click-bate-topics. On the other hand, assuming a democratic interested public, to build long-term customer loyalty and ensure high quality, investigative topics are required. Most publishing houses act in this field of tension.
The entrepreneurial journalist	With more institutions being in the market, the chance for an independent and versatile media landscape grows. Thus, entrepreneurial journalists are one pillar for pluralism and decentralization.	Oftentimes entrepreneurial journalists do not have long-term commitments. That is, they change the source of financing and thus the market they work in. Still, content sales are more prevalent than the sales of advertising space. The latter requires large audiences and a close link to media agencies allocating the advertising across channels.
The participatory journalism concept	Models like the Merkurist are subject to distortion of competition like any other model. However, its highly localized focus adds to content diversification.	With its small, yet highly involved local, target group, content and advertising sales are likewise possible. The example model Merkurist currently relies on ad sales only.
The cooperative model	If the for-profit part of the construct becomes a self-financing organization, this model ensures media pluralism.	These models rely mainly on content sales. The advertising market plays a smaller role.
The philanthropic model	The philanthropic model exists because donors see a need of investigative journalism that is not (or only in a low amount) provided by the market itself. This model supports media pluralism as long as the financiers stick to it. However, the amount of funding needs to be carefully dosed in order not to distort healthy market competition (e.g., Open Society Foundation).	Philanthropic models are non-profit organizations. ProPublica opened up to the advertising market, but to a very small extent and with reservation regarding the advertised content.
The (international) journalist network	A working market structure on a macro level is crucial for a globally working collaboration. That is, it allows for and supports decentralized and less concentrated markets. The set-up of a network is not sufficient, but it also requires for coordination of	A transnational journalistic collaboration connects different content markets. The advertising market is less relevant in this model.

	processes like through the ICIJ. Pluralism is enhanced by the collaboration of complementary skills but also heterogeneous backgrounds of the participants in the network.	
The public media	Governmental support of media generally follows the principle of competition in good programming rather than quantity. It can be crucial to sustain journalistic work on non-profitable topics. Contrary, it might also generate windfall or dead-weight-effects, i.e. some publicly supported projects could as well have proceeded without governmental funds. This windfall effect supports subsidy mentality and discourages competitiveness, which directly undermines the need for creativity and innovativeness within public media organizations. Finally, from the economic point of view, governmental support distorts the competition with solely-profit-dependent news companies.	In terms of commercial activity, there are two contradicting positions: One states that public service broadcasting is incompatible with commercial objectives. The other advocates the idea that it can and should compete with commercial broadcasters in the marketplace. Some arguments for the latter philosophy include the necessity for additional financial support to publish expensive content (e.g. sport event licenses). The less dependent from ad revenues the more freedom for public broadcasters to include not commercially viable (mass market) products, e.g. documentaries or educational content.
The political controlled media	Advocates for freedom of expression are concerned about a conflict-of-interest with media ownership and control by wealthy political oligarchs that affects pluralism. Governmental control tends to decrease media pluralism by concentrating several newspapers under one supervisory power like, for instance, observable in Hungary. Also in the Ukraine politician-owned media became common practice. (ACE 2012).	Governmental media oftentimes use the benefits of content and advertising market equally. On top of that, they benefit from controlling the advertisers or their content. In Turkey, a substantial part of newspaper advertising comes from the state-run Press Bulletin Authority that “has the power to end the distribution of advertising to any newspaper as a sanction whenever it wants by claiming violation of media ethics.” (Yanatma 2016: 18).

5.4 Processes

The comparison of the various financing models with respect to processes (immediacy and flexibility, failure acceptance, and transaction costs) reveals two contradicting aspects concerning the superiority of processes. On the one hand, smaller organizations, groups, or even single journalists face the challenge of gathering funds, distracting them from the core activity to investigate and cover the story. Established, large organizations have dedicated employees who take care of the financials. On the other hand, organization science shows that smaller entities act much faster than large firms or public service broadcasters as the hierarchies are smaller (Girotra & Netessine 2013). In general, the more bureaucratic the organization, but also the funding application procedures, the higher are the transaction costs. The more likely that the organization runs out of budget, the less likely is the acceptance of failures. This applies particularly to organizations that are highly profit dependent and/or have limited options to cross finance investigative actions.

In many cases, investigative journalism is funded by more than one source. Thus, from the financier's perspective a close network structure is necessary to minimize transaction costs between local, national, European and international funding agencies on the one hand and between the applicants and the agencies on the other hand. One exemplary network is the Journalism Founders Forum. Though the set-up of such networks is a good initiative to ease the way for a successful funding from the content producer's perspective (minimize transaction costs, achieve critical mass), the definition of processes and commitment is crucial to achieve joint success.

Table 5.4: Application of the processes criteria

	Immediacy/ Flexibility	**Failure Acceptance**	**Transaction Costs**
The publishing house	With established processes and allocated budgets the time span between the idea and greenlighting for research, writing and publication is minimized. That is, the time to react to certain events is short and, consequently, flexibility and sustainability is higher than in models, where the financing is not dedicated and secured. However, more organizational complexity leads to bureaucratic obstacles at the expense of flexibility.	The composition of the portfolio depends on the degree of market-orientation and the corresponding business model that may increase financial pressure. Resources for well-researched reports (i.e. the journalist's time, research costs in general) diminish with increasing financial pressure. That is, tolerance for highly risky projects decreases.	Though affected by somewhat bureaucratic structures, the publishing house allows for rather simplistic collection of financial resources for journalists to start their research, given that the topic gathers enough interest from the editors.
The entrepreneurial journalist	In not being part of a bigger structure, the entrepreneurial journalists may act quickly and independently. On the other hand, financial shortcomings may prevent him from getting the necessities for investigation and consequentially inhibit immediate actions.	Again, not being part of an established and powerful organizational structure or of a more flexible organizational setting the entrepreneurial journalist usually masters his/her own decisions. Yet, missing financial revenues from unsuccessful work are the least forgiving mechanism of all.	The less established a structure, the higher the transaction costs. Bureaucratic obstacles increase time and effort the entrepreneurial journalist, especially at the beginning, has to invest to get funding or research grants. It takes working time that is bound elsewhere in bigger organizational structures.

The participatory journalism concept	The investigation of the topics is tied to the level of interest generated by the audience prior to the coverage. In this regard the flexibility is restricted. However, after the topic has been agreed on, the investigation can start immediately.	This model prevents journalists from pursuing topics of low interest. This creates some additional pressure, in case the journalist does not deliver the required content. However, the risk is predictable to a certain degree, as the public interest in the topic (and thus its potential demand) is known before investments in content generation are executed.	The combination of technology and network seeks to set up a cost-covering local journalistic reporting even in small cities and villages. The declared goal is the minimization of transaction costs (e.g., Merkurist).
The cooperative model	The flexibility is comparably high. The time span from the emergence of an idea to the financial commitment is small. Within the organization, processes are established and budget is allocated (subsidized by the cooperation).	The for-profit part of the construct may suffer under the market pressure, but the cooperative behind it provides budget for some intense research based stories.	Satisfying the preferences of many members of the cooperative leads to additional transaction costs.
The philanthropic model	Application processes in this model are based on substantial requirements with respect to the documentation. This can make the process rather slow and decreases the possibility for immediate coverage.	Acceptance of failure is rather high, as the aim of philanthropic models allows to cover even less popular topics.	Transaction costs are increased by the need to comply with special (foundation) requirements as transparency is very important to ensure the credibility.
The (international) journalist network	With the support of digital technologies, that facilitate the network structure of the team members, even transnational networks can now act flexible. Albeit, journalists have to commit to publication date agreements in exchange for other network participants' research. This is a specialized form of exclusivity restricting the flexibility.	The number and quality of journalists joining the network serves as an indicator of the relevance of the topic under investigation. Assuming this to be a predictor of impact, the chance for failure may be perceived smaller. In case of failure, the responsibility is distributed across many individuals.	On the one hand, a global network requires more accurate structuring of tasks and a thorough tracking and documentation, which intensifies bureaucratic work. On the other hand, it helps to acquire data, sources, etc. due to its powerful position and takes off some paperwork.
The public media	Flexibility and immediacy is mixed. The time span from idea to financial commitment can be rather short when there are allocated financial budgets and the journalist does not need to follow a financial application process. With efficient processes, competitive turnaround time can be achieved.	One declared goal of governmental support is diversity that grants the journalists the possibility to pursue projects with limited chances for success. Nevertheless, a high level of failure tolerance may lead to the perception of wasting public funds.	The basic transaction costs are comparable to those of regular publishing houses. On top of that, public media invest some time and effort reporting on their use of funds to ensure transparency and credibility. Additionally, known inefficiencies in public organizations

			increase transaction costs.
The political controlled media	With the closest ties to the political decision makers the potential for fast reporting is high. However, this advantage does not extend to undesired topics.	Similar to publicly funded media the financial pressure from the demand side is smaller than for regular private media. The goal to cover highly-risky topics is still scarce.	Satisfying the preferences of political parties leads to additional transaction costs.

5.5 Sustainability

The comparison of the various financing models with respect to the sustainability of the production structures to engage in investigative journalism reveals that size, experience, and long term budgets matters (tangible and intangible resources). Established market players that are able to generate sufficient cash flow (e.g. publishing houses) or that are continuously financed via foundations or government agencies are able to establish sustainable activities. Especially entrepreneurial structures or loosely coupled networks are typically less likely to sustain as they are either in the first stages of their life cycle (start-ups) or rely on ad hoc structures.

Table 5.5: Application of the sustainability criteria

	Endowed Models	Autonomous Business Models
The publishing house	Not applicable. Usually continuous financing through budget allocation (unless it is a start-up publishing house).	The publishing house pursues a long-term profitable and future oriented business model. This impacts editorial decisions such as the choice of topics or financiers. To some degree, investigative journalism is affected in the sense that "click-bait-topics" dispel investigative topics. To amortize expensive research, content is bundled with cheaper service stories, daily reporting or syndicated fillers (Hamilton 2016). Concluding, the profit orientation dictates a market-orientation that affects the topic selection – but it may lead to an autonomous business.
The entrepreneurial journalist	The entrepreneurial journalist may request start-up endowments or other funding sources. Oftentimes, single projects are funded (e.g., via crowdfunding). It is intended to also enable users to participate in the financing of journalistic projects (on a long-term basis) in a simple manner. Correctiv also offers crowdfunding (via the Startnext platform) for journalists; other crowdfunding platforms are Kickstarter (also journalism), writethatdown (journalism only), or Crowdspondent (journalism only). Although these platforms tend to reach rather small audiences, they have brought a notable movement into the journalistic field. Albeit, their sustainability remains to be seen.	There are a few positive examples of start-ups that became autonomous through the generation of profit (e.g., Mediapart). In the case of freelancing, the autonomy of the business model is not naturally given.
The participatory journalism concept	As one of the rather new models in this evaluation, the participatory journalism concept is in an early life cycle stage. That is, seed capital is necessary which can be endowed as well as venture capital.	The exemplary model of the Merkurist aims at profit generation via ad sales and sponsored content. Its future-orientation is unquestionable. However, relying solely on advertising revenues for online articles did not work as a sufficient financing source for publishing houses in the past. Thus, it seems worthwhile to consider the participatory model with content sales. It is very likely that this model will only serve a niche market in the long run.

The cooperative model	Starting a new cooperation required seed capital which can be endowed or collected as venture capital.	The cooperative nurtures the for-profit part to become financially autonomous.
The philanthropic model	The model depends on benevolence of financing foundations/donors. If a substantial financing source steps out, the existence is threatened.	This model is rarely intended to be a financially autonomous business model.
The (international) journalist network	Similar to the philanthropic model the network relies on donations and is highly dependent on the benevolence of its financiers.	This model is rarely intended to be a financially autonomous business model.
The public media	The public media are usually very well established organizations that rarely rely on endowments.	The public service model is (like philanthropic models) not solely profit-dependent as compared to privately funded models. Still, as long as public law is not about to change, the model is quite sustainable and long-term oriented. Continuous financing allows for long-term planning.
The political controlled media	Similar as to the public media, political controlled media rarely rely on endowments.	The long-term profitability of political controlled media is subject to the underlying model: (1) If it is private media that are owned by politicians, similar mechanisms as with the regular publishing house apply. (2) Tax-funding is a secure financial stream under the assumption of the ruling party to stay in power.

5.6 Competitiveness

The comparison of the various financing models with respect to the competitiveness (innovativeness and efficiency) of investigative journalism reveals two major findings: First, recent changes in the agitated media landscape force established news organizations to find coping mechanisms through inventive and efficient behavior, while new actors build up additional pressure. This intensification of competition fosters innovation and efficiency. Second, decoupling the long-term existence of a media outlet from its content creation and production is a source of lacking need for innovative and efficient behavior. This is why innovation is more prevalent in profit-dependent and new-to-the-market models.

Table 5.6: Application of the competitiveness criteria

	Innovativeness	Efficiency
The publishing house	Models that are dependent on their long-term profit creation have a high appeal to act inventively. However, the past ten years showed that innovative forces from long-established publishing houses are uncommon. However, during the last years they have also increasingly installed innovative units to promote innovation.	Models that are dependent on their long-term profit creation have a high appeal to act efficiently. As being independent from the governmental financiers and driven by profit aims, the publishing house has to work efficiently.
The entrepreneurial journalist	The entrepreneurial journalist itself is a model that can be seen as being an innovation in the journalistic market. A competitive advantage that helps the entrepreneurial journalist to become successful stems from innovative behavior, e.g. an innovative business model (like French Mediapart) or an innovative positioning of a human brand.	The success of the entrepreneurial journalist depends on the difference of the revenues generated and the cost generated. Inefficient behavior directly leads to failure as no buffers (e.g. cross financing in the publishing house) exists.
The participatory journalism concept	For any new profit-dependent model, to be able to act competitively, a high degree in technological innovativeness is required. Otherwise, it will be hard to outperform established models like public media or publishing houses. In the case of the Merkurist, a new newsroom-technology standardizes processes and minimizes manual work. They claim to be more advanced in this respect than any other German publishing house (Elsässer 2017).	The degree of efficiency is potentially high due to the high level of customer orientation and participation. However, not all ideas preferred by customers can be efficiently handled. Thus, heterogeneous customer preferences might lead to highly inefficient processes as the different resulting projects might not be helpful to generate economies of scale.
The cooperative model	As long as the (profit-oriented) organization is in the start-up stage, the motivation of the staff is high and the flat hierarchies provide a supportive environment for innovativeness. However, with financial support becoming more solid, the drive for innovative behavior may decrease, although this is highly case-dependent. Additionally, as any other profit oriented model, innovation is a key to compete in the market.	Even if there are financial streams from the cooperative to ensure high-quality stories, the for-profit part has to refinance itself, which requires for low costs coming from efficient processes.

The philanthropic model	In opposition to market driven innovation, it is particular research needs and desired impact that fosters innovation in this model. E.g. data-driven research, reporting and audience participation.	Demand is not crucial for these non-profit models. This can be a source of inefficiency. As reputation is extremely important, there is a tendency to spend most (financial) efforts on attention promising topics.
The (international) journalist network	Similar to the entrepreneurial journalist, the network model can be seen as an innovation by itself. With the growing number of transnational projects and challenges arising from datafication, the chances for innovation-driven journalists and other professional groups (e.g., data scientists) to come together are high. This is why funding needs to be open to non-journalists and teams to fully exert its investigative and watchdog-potential.	Cooperation, especially with a big number of people, allows for splitting tasks and increase efficiency in research processes. Considering the growing datafication many projects would have been unmanageable for a small group or even single investigative journalists (e.g. Panama papers). Still, a big network involves a lot of people, which is naturally a source of inefficiency.
The public media	Similar to the regular publishing house the drive for innovation is not as inherent as in new-to-the-market models. Still, public media need to vindicate their position and their financial support from obligatory fees. Providing innovative features can be a good way to do so, though it is a double-edged sword, as the reproach for the waste of funds is close in case of failure. However, during the last years they have also increasingly installed innovative units to promote innovation.	Efficiency may suffer through governmental intervention. First, the competitive pressure is lower than in privately funded media as the link between the existence of the medium and its profit generation is loosened. In Germany, public service media cannot directly generate commercial profits, as it is possible in other European countries. Second, some projects receive public funds even though they might have as well been pursued without those (dead-weight-effect). Guaranteed financial streams where demand is not crucial lead to inefficiency.
The political controlled media	As mentioned above, the need for competitive advantage fosters the necessity to act inventively. With models being less subject to competition, the drive for innovation is likely to decrease.	Again, efficiency is primarily encouraged by the economic need of survival. The more this need is decoupled from the content creation, the higher the potential for deficiencies.

6. Implications

The role of investigative journalism is substantial for societies – it identifies and covers wrongdoings and reports about hidden networks, issues, or decisions of interest to the public. Typically, legal or ethical misbehavior related to actions by large organizations or well-known individuals (e.g., politicians, managers, celebrities) are of key interest to journalists. Thus, investigative journalism serves as a control instrument against those in power, and it is effective as several resignations by presidents or managers are based on investigative findings.

However, many costly and risky investigations do not lead to substantial findings – thus, the economics of investigative journalism (merit good) can be linked to analogue mechanisms in basic science, where fundamental research projects are risky and costly and rarely funded by for-profit organizations. Investigative journalists and scientists alike seek for groundbreaking findings and their research is time consuming and expensive. Consequently, governments heavily support basic science directly and indirectly, while applied science is often co- or fully funded by private sources (e.g., companies). However, a strong focus on governmental funds to support investigative journalism is risky for societies in case the government (partially) restricts free press.

This paper focuses on models of financing investigative journalism in Europe. In most cases, these models refer to the very basic forms for financing journalism rather than investigative journalism specifically. They range from a continuum from receiving governmental funds to private funds. We developed a set of criteria that we applied to eight forms of financing investigative journalism.

With respect to **independence**, we argue towards a pluralistic set of finance models as more variety will reduce the likelihood of a few market players becoming too powerful. Thus, competition across different forms will lead to higher levels of variety and flexibility and increase the likelihood that they monitor each other with respect to the independence of the content. Consequently, we recommend to put effort on laws that regulate market concentration. In addition, we argue that independence is easier to achieve when multiple financial sources lead to a more even distribution of influential power. This is central to journalism in general and investigative journalism in particular, and consequently a clear recommendation to media outlets.

Regarding the **quality**, we argue economically that competition across both relevant markets (the market for production budget and the market for content) will lead to higher quality – especially when non-profit market players or governmental agencies provide additional funds to overcome the merit goods trap. Consequently, we recommend to foster market competition by providing additional funds. Furthermore, non-profit finance models provide a higher level of quality differentiation targeted at smaller audience markets as well. In addition to established models, journalist networks and entrepreneurial journalists are a valuable addition that can contribute in securing the role of the “fourth power”.

Media pluralism and multiple markets as key dimensions of the **market structure** will be in support of investigative journalism if low levels of market concentration can be achieved (e.g., via governmental market concentration regulations) and if regulations are in support of financing alternative non-profit activities (e.g., tax relieves for foundations). However, decisions for the support of non-profit activities have to consider the complex market dynamics and interdependencies between the behavior of the market actors.

The various financing models differ with respect to **processes** (immediacy and flexibility, failure acceptance, and transaction costs). While smaller units in some situations may act faster than large firms or public service broadcasters, their failure tolerance is lower when financial budgets are constrained. In general, the more bureaucratic the organization, but also the funding application procedures, the higher are the transaction costs.

The financing models differ with respect to the **sustainability** of investigative journalism. Especially, entrepreneurial structures or loosely coupled networks often face uncertainty about

their long term budgets as they are in their early stages of their life cycle (start-ups), funded on a project basis only, or rely on ad hoc structures (networks).

Innovativeness and efficiency as two major drivers of long term **competitiveness** differ across the financing forms. In particular, recent changes in the media landscape - and the associated changes in media use - have influenced the need for innovation across the entire field of journalism. While established news organizations are trying to adapt to a constantly changing media environment, an ever-increasing number of new actors are appearing on journalism landscape. Thus, the (felt) pressure to innovate is constantly increasing and some of the introduced models can be seen as being an innovation in the journalistic market in their own. This is basically a good time for investigative journalism, which is regarded as a central pillar of journalism and is also appreciated by the public.

None of the financing forms is dominant with respect to its superiority across all six evaluation criteria. However, if one decides to put most emphasis on the criterion “fourth power” our recommendation is in favor of the models where financing and production of content is separated (independency), and a self-conception as watchdog is fostered. Still, as the analysis in 5.1 and 5.2 shows, the strength of a watchdog role emerges from different sources within each model. Within the last decades the possibilities for journalists who dedicate themselves to investigative journalism, and thus foster a watchdog role, grew. For example, the international journalist network draws its strength from worldwide synergies. The cooperative model strives for independency from financiers. Some entrepreneurial start-ups, who dedicate themselves to investigative research, successfully scrutinize those in power (e.g. Bettencourt affair). Thus, the strength of investigative journalism is supported by the diversity of the models, which can be found in the market.

This development is also owed to the low transaction costs on the Internet that allow new forms of financing investigative journalism. On the other hand, the dynamic and technology induced challenges in the media industry lead to substantial challenges in monetizing investigative journalism. Thus, overall, we suggest the following implications to government agencies based on our analysis:

(1) **Investigative journalism is a highly relevant fourth power on a regional, national, European and global level. Thus, access to funds is necessary on all levels to all markets.** This implies that global funds need to be available not only to global but also to local teams addressing local topics. For example, if a group of investigators studies a local problem about corruption in a country without a free press, the likelihood that these journalists will be able to monetize their work is very small, because there is no market to sell the content within the country (see chapter 4.8 and 5.3). As a consequence, funds from foreign sources become very important to journalists investigating in countries with massive press restrictions (see network model in chapter 4.6 and 5.2.b). Therefore, it is necessary to support national (or even local) activities by insiders but also by outsiders (see chapter 5.1). Concluding, European activities are extremely important to ensure transparency within Europe, but also outside of Europe.

(2) **Funding agencies need to be globally networked.** In many cases, investigative journalism is funded by more than one source. Thus, a close network structure is necessary to minimize transaction costs between national and international funding agencies on the one hand, and between the applicants and the agencies on the other hand (see chapter 5.4).

(3) **Funding investigative journalism needs to be open to (a) non-journalists and (b) teams**. With the rise of big data and the necessary skills to analyze these data sets, it becomes very important that also non-journalists become aware of the potential to be part of a journalistic team. With the increasing availability of data (datafication) this seems of particular importance and is already reflected in the field of data journalism,

which is repeatedly linked to its investigative and watchdog-potential (see chapter 5.6. outlining the innovativeness within the journalist network).

(4) Despite the growing (technologically simplified) possibility to crowd finance investigative research, governmental support is still necessary. The EU should **support multiple non- and for-profit paths** to increase the likelihood that individuals but also firms or other for- and non-profit organizations are taking the personal and financial risk to start the endeavor of researching a potentially investigative story. Thus, market initiatives and foundations are necessary complements to governmental activities – and they are especially relevant if the investigation is targeting governmental wrongdoings.

(5) Similar to scientific funds, **support for individual investigative projects** (compared to funding large networks or organizations in general) is important. Project based funding is especially relevant in case of individual initiatives by entrepreneurial journalists, but is also a working method that is increasingly being used in established and across media organizations. Ideally, this should be channeled via independent organizations rather than via organizations tied to interests (e.g. governmental organizations).

(6) Loosening or even **decoupling content creation from the long-term existence (financial success)** of a media outlet through the generation of sufficient demand has positive and negative effects. It allows for the coverage of potentially unsuccessful investigative topics, which profit-dependent companies may only achieve with mixed calculations. In contrast, this separation decreases the need for success-driven and competitive behavior, which potentially sets off mechanisms resulting in inefficient behavior or worse audience targeting (see chapter 3.6 and 5.6).

(7) Supportive activities from governmental institutions should **complement and not crowd-out** private activities. The same is true for private foundations. Regulative interference moves in a field of tension between the support of diversity and the distortion of natural and healthy market competition. It needs to be transparent and well balanced (see chapter 5.3).

(8) The inclusion of **citizens as participants and co-creators** allows assessing public interest in a topic, and helps to detect blind spots of media coverage. It could foster a basic understanding in the sense and purpose of a free press and of investigative journalism in particular, and at the same time minimize the risk of unprofitable articles. That is, investing in topics with lacking public interest becomes a conscious decision.

(9) Content creating entities and content funding entities are intertwined and their interdependency and complexity of structures is highly varying. We recommend to upkeep a high level of variety of financing models because it makes it less likely that a few financiers will be able to control the media. Specific legislations to prevent media ownership concentration are difficult to put in place without the distortion of natural competition coming from the economic desire to grow. In order to prevent dubious acts, **transparency** is a crucial success factor and a feasible strategy. Many media outlets that rely on funding disclose their financiers (see chapter 5.1). Likewise, many financiers disclose their grantees (e.g., OSF). Nevertheless, there is still scope for fraudulent behavior, which could be handled with stricter regulations with respect to media ownership and transparency of funding.

Concluding, investigative journalism will always have to be cross-financed. With costs being high and potentially far-reaching consequences of publishing sensitive content, it is still a public good and its benefits spillover to anybody in the society – being a subscriber or not (Hamilton 2016). Thus, pure market mechanisms will not lead to a sufficient level of investigative journalism. Likewise, transparency with respect to the underlying financing structure of the

journalistic activity is of high importance – pure market mechanisms will not be sufficient to provide a high level of transparency to consumers.

The EU is able to provide economic incentives for investigative journalism across borders and should play a substantial role in supporting the forth power – inside and outside of Europe.

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