

**ENDANGERED SPECIES? DISRUPTIVE CHANGE AND ORGANIZATIONAL  
ADAPTATION IN THE U.S. NEWSPAPER INDUSTRY**

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**ABSTRACT**

The U.S. newspaper industry is undergoing a tumultuous period of disruptive change and strategic upheaval. At the center of this disruptive change is the disconnect between the business model espoused by traditional print newspapers and the rapid change in technology, competition and customer taste witnessed in the last couple of decades. In this study, we seek to explain the various factors that led to the profound strategic shifts in the newspaper industry and the nature of effective organizational adaptation to changing external demands. Specifically, we draw from the Structural Contingency Theory (SCT) to develop a theoretical explanation of organizational responses to the strategic shifts that are taking place in the newspaper industry. We then discuss the successful organizational responses of three national U.S. newspapers using our theoretical framework.

**Keywords:** Newspaper Industry, Structural Contingency Theory, Business Model, Adaptation, Strategic Change, Industry Transformation

**INTRODUCTION**

“At their best, newspapers hold governments and companies to account. They usually set the news agenda for the rest of the media. But in the rich world newspapers are now an endangered species.” The Economist, August 24, 2006

The newspaper industry is undergoing a tumultuous period of disruptive change and strategic upheaval. At the center of this disruptive change is the disconnect between the business model espoused by traditional paper-based newspapers and the rapid change in technology, competition and customer taste witnessed in the last couple of decades (The Economist, 2011). With a declining circulation (newspaper subscriptions) and advertising revenues (Perez-Pena, 2008;

Pfanner, 2010), most national and local newspaper publishers are struggling to survive as viable business entities. Consider these numbers: According to the audit bureau of circulation, daily and Sunday newspaper circulations between 1990-2008 have declined by 30% and 26% respectively. Total print advertising revenues has declined by 53% from \$48.7 billion in 2000 to \$22.8 billion in 2010 while online newspaper advertising rose by 60% between 2003-2010, according to Newspaper Association of America. On the other hand, a recent report by Bureau of Labor Statistics showed that the newspaper industry has lost almost three times the number of jobs lost by the U.S. economy. Newspaper publishers have responded differently to these monumental strategic challenges. A number of newspapers have completely suspended their print operations and transformed to an electronic newspaper (such as Rocky Mountain News and Seattle Post-Intelligence). Others have successfully reconfigured their business model to integrate both paper and digital newspaper formats. Still others have failed to successfully adapt and gone out of business.

We believe that the newspaper industry represents an interesting research context for understanding the powerful influence of technology, competition and changing customer taste in shaping the strategic direction of an entire industry. This industry is also interesting because of the dual roles newspapers play in the society-namely as shareholder profit maximizing business entities and as a foundation of functioning democracy. Except some studies from the organizational ecology literature (e.g. Carroll & Delacroix, 1982; Carroll & Hannan, 1989; Dobrev, 2001), the newspaper industry did not receive an adequate scholarly attention among organizational theory scholars. In this study, we seek to explain the various factors that led to the profound strategic shifts in the newspaper industry and the nature of effective organizational adaptation to changing external demands. Specifically, we draw from the structural contingency (Lawrence & Lorsch, 1967; Child, 1972; Drazin & Van de Ven, 1985; Donaldson, 2001) to develop a theoretical explanation of organizational responses to the strategic shifts that are taking place in the newspaper industry. We also discuss the successful organizational responses of three national U.S. newspapers using our theoretical framework. In the next section, we start by first discussing the two theoretical foundations of the paper. Then, we briefly review the state of U.S. newspaper industry and present our theoretical model and propositions. Three prominent cases of effective organizational adaptation in the newspaper industry will be discussed next. Finally, we will conclude by discussing the contributions of the paper to the organizational adaptation literature.

## **LITERATURE REVIEW**

### **Structural Contingency Theory**

Structural contingency theory (SCT) is considered as one of the most prominent organizational theories in the management literature (Astley & Van de Ven, 1983; Donaldson, 1995). This theory has its roots in the voluntaristic approach that emphasizes both the active role of managers in shaping external contingencies and organizations' ability to adapt to changing external environment (Burns & Stalker, 1961; Lawrence & Lorsch, 1967; Thompson, 1967; Child, 1972; Donaldson, 2001). The central theme in contingency theories of organizations-including SCT, is

the concept of 'fit'. Fit is conceptualized as the successful alignment of organization's configuration to environmental contingency (Hrebiniak & Joyce, 1985; Miller, 1992; Donaldson, 2001). For instance, Burns and Stalker's (1961) work has indicated that organizations with a mechanistic organizational structure perform better in stable environment while those with organic structure perform best in dynamic environments. Similarly, Chandler (1962) observed in his study of large U.S. corporations that the growing level of product diversification (which is one type of external contingency variable) led to adopting a more decentralized multidivisional structure. Finally, Lawrence and Lorsch (1967) also observed that firms with high structural differentiation perform better in dynamic (unstable) environments.

Contingency theories of organization argue that, as Donaldson (2001) put it, "...there is a fit between the organizational structures and contingency that has a positive effect on performance. In formal terms, there is a trivariate relationship between structure, contingency, and performance. Where the structural variable is at the level that fits the level of the contingency, high performance results. Where the structural variable is at the level that does not fit the level of the contingency, low performance results." (p.10). SCT posits that the change in external contingency factors such as organizational size, technology and strategy leads to a state of 'misfit' which in turn leads to poor performance. The organization in turn responds to such poor performance by initiating change in the elements of its structure such as administrative intensity, formalization, centralization, standardization.

These changes in organizational structure leads to 'fit' which results in higher performance as the organization achieves optimal alignment with the new realities of its external environmental contingencies. This adaptive cycle repeats itself as the organization pursues a state of 'fit' and consequently high performance. This adaptation process has been termed as a Structural Adjustment to Regain Fit, or SARFIT (Donaldson, 1987). Similarly, Child (1972) supported the need for aligning organizational structure with the environment and further argues that the "...analysis of organization and environment must recognize the exercise of choice by organizational decision-makers". A number of studies have provided empirical support for SCT. Donaldson (1987), for instance, empirically tested SCT by, following Chandler (1962) and Rumelt (1974), examining various strategies and organizational structure matches that maximize performance. His analysis of data using France, Japan, UK, USA and Germany mostly supported his predictions. Similarly, Miller (1992) examined the concept of fit by exploring the interrelationship between internal and external fit. He convincingly argued that organizations often deal with a challenging tradeoff between developing an internal fit between structure and processes and external fit with the organizational task environment. His analysis of 97 Canadian firms indicated that firms that have successfully achieved external fit are, ironically, the same firms with less internal fit.

## **OVERVIEW OF NEWSPAPER INDUSTRY**

According to the Newspaper Association of America and Department of Labor reports, the U.S. newspaper industry is worth \$59 billion and employs around 356,000 people. The industry mainly consists of daily and non-daily newspaper titles. According to a recent Datamonitor report, daily newspapers are the dominant type of newspaper in the market holding roughly 61% of the market share compared to 39% share of the non-daily newspapers. The U.S. newspaper

industry is a highly fragmented industry with the top three major newspaper publishers in the U.S., by market share, being Gannet Company Inc (10.6%), Tribune Publishing Company (8.8%) and Dow Jones & Co. Inc. (8.6%) (Datamonitor, 2010). Convenience stores are the leading distribution channel in the U.S. newspaper market, accounting for a 69.7% share of the total market's volume. The industry is characterized by intense competition fueled by sluggish growth in revenues and high fixed costs as well as strong barriers to entry (such as economies of scale and brand loyalty). Perhaps the most potent force currently affecting the industry is the internet since this and other media outlets such as television have become users' choice for content including news (Datamonitor, 2011). With regards to business model, the traditional approach in the newspaper industry has been a strong reliance on reader subscription and classified and other types of advertisements as revenue sources. As such, newspapers with high circulation (more subscribing readers) tend to attract more advertisers and charge more for their advertising spaces. However, as we will discuss later in the paper, this business model is rapidly becoming unsustainable for most newspapers since the growing role of the internet and corresponding shift in customer taste.

### **Disruptive Changes in the U.S. Newspaper Industry**

The newspaper industry is experiencing disruptive strategic change that renders the current business model obsolete. While the newspaper circulation rates have been declining for decades (Meyer, 2004), the industry's rate of decline has substantially accelerated. According to a recent report from Pew Research Center's Project for Excellence in Journalism, print circulation for both daily and Sunday newspapers have declined by 13.5% and 17.5% respectively between 2001-2008. A number of powerful industry-wide factors have over time contributed to the decline of this industry. These factors include (1) the emergence of popular and ubiquitous technologies such as the internet and other mobile devices as sources of content; (2) the drastic change in the competitive landscape; and (3) The growing shift in customer taste as it relates to news consumption. We will discuss each of these factors below.

**Disruptive Role of Technology:** The newspaper industry has experienced fundamental structural changes as readers and advertisers migrated to the Internet often for free news and other relevant content. A recent study by University of Southern California's School of Communication found that 22 percent of readers suspended their print subscriptions in newspapers and magazines because of their free access to the content online. The internet has become phenomenally popular source for news mainly due to the convenience and wide access it provides to users. Indeed, the internet attracts a large number of local, national and international readers across the globe. According to the Newspaper Association of America, online news readership has increased by more than 10 percent in 2009. A 2010 Pew Research Center's study observed that 41 percent of Americans say that they get "most of their news about national and international issues" from the internet (Edmunds, Guskin & Rosentiel, 2011). Technology also played a disruptive role in the newspaper industry due to the introduction of mobile communication devices such as smart phones, e-readers and computers to the reading public. As many wireless and wired devices are introduced to the market, alternative sources of news and other information become more common and available to many readers. For example, Amazon.com released the e-reader Kindle, a device that can display books and newspapers on its

fairly large screen. In addition, the company has a close relationship with major newspapers, such as the Washington Post and the New York Times which enables it make a deal with these newspaper companies that will allow their customers to get a discount on the device if they sign up for a Kindle subscription (Bowman, 2009).

**Changes in Competitive Landscape:** The newspaper industry has become fiercely competitive in the last couple of decades primarily due to the emergence and wide availability of the internet and 24/7 cable television, among others factors. As alternative news sources emerge and become fairly popular with readers, newspaper publishers continue to struggle to sustain the high circulation level and advertising revenue they once enjoyed. Since the traditional business model for print newspapers rely heavily on reader subscription rates, which in turn dictate the level of advertising revenue, readers' migration to online and mobile devices for news entails a precipitous decline in revenue to print newspapers. Given that advertising, both classified and display, constitutes around 80% of newspaper revenues (Kirchhoff, 2009) coupled with the growth of competing news sources seems to accelerate the decline of print newspaper industry. As a recent report put it, "the core of the current newspaper's financial problem is because of the declining advertising revenues" (Edmunds et al., 2011). Newspapers have seen a deep reduction in advertising due to the poor economy. While other media have also suffered this dramatic drop in advertising, newspapers have had some of the sharpest declines (Clifford, 2009). Print and online revenues fell in 2010 and they fell almost 48 % since 2006. Online advertising, on the other hand, has been increasing steadily since 2003 (Edmunds et al., 2011). An important antecedent of the decline in advertising revenues is the decline in circulation. According to a Pew Research Report, Daily newspaper circulation, which was 62.3 million in 1990, fell to 43.4 million dramatically in 2010, a decline of 30%. On the other hand, Sunday circulation's decreasing rate is slightly better, falling from 62.6 million in 1990 to 46.2 million in 2010 (Edmunds et al., 2011). Finally, news aggregator websites such as the Huffington Post and Google News have rapidly grown as an important competitive threat to print newspapers by offering online readers with the convenient access of diverse and rich news content without the associated cost often attached to original reporting (Kirchhoff, 2009).

**Change in Customer Taste:** Since its introduction and wide spread use, more and more people report to using the internet to obtain and share their news (Kirchhoff, 2009). The internet has become an essential information medium for the majority of Americans with nearly 3 out of 5 Internet users reading newspapers online each month (ComScore, 2011). As more people use blogs and social media sites to gain their daily news online, traditional newspapers have struggled to maintain their market share and continue to be the main source of news and related content. According to a 2010 Pew Research Center study, 44 percent of Americans reported using the internet and mobile digital sources such as smart phones, social media sites, e-readers and podcasts and this trend is expected to grow significantly. In addition to obtaining daily news over the internet, more people have reported sharing news stories online. For instance, a 2010 survey of 2259 American adults by the Pew Internet and American Life reported that seventy five percent of the respondents received news that was forwarded to them through e-mail and posts on social networking sites. As the number of people that use online sources rapidly increase, print newspapers are facing a difficult challenge in terms of both maintaining their subscription base as well as advertising revenues. Accordingly, one of the most important

strategic challenges facing the newspaper industry is the transformation of the traditional business model that enables the development of a profitable internet-based news operation.

## **THEORETICAL MODEL AND PROPOSITIONS**

Given the important structural changes that are taking place in the newspaper industry, it is important to examine major organizational responses to such changes. In this study, we use SCT as a theoretical lens to explain the significant strategic shifts that have taken place in newspaper industry for the last couple of decades as well as the nature of effective organizational responses to these changes in the external environment. Our proposed theoretical model of organizational adaptation in the U.S. Newspaper Industry specifically focuses on four prominent types of organizational responses in the newspaper industry: (1) the shift to digital newspaper, (2) development of 'paywalls' to online content, (3) Aggressive emphasis on online advertising, and (4) Restructuring and staff reorganizations. We believe these four types of organizational responses are especially important because they represent a comprehensive and strategic effort by the newspaper publishers to essentially transform their traditional business model to regain fit. These four organizational actions, therefore, could potentially indicate a strategic reorientation in response to the disruptive change that is taking place in the newspaper industry. This is consistent with the Punctuated Equilibrium Model of strategic change that includes changes in strategy, structure, power distribution and organizational domain (Tushman & Romanelli, 1985; Gersick, 1991; Gordon, Stewart, Sweo & Lucker, 2000).

### **Organizational Responses to Disruptive Changes in the Newspaper Industry**

**Shift to a digital newspaper:** The shift toward a full-fledged digital newspaper operation has been one of the most important organizational responses to structural changes in the newspaper industry. As more and more readers read news and other content online, a number of newspapers have been forced to develop and manage complete electronic editions on their websites that serve the needs of their subscribers.

Major newspapers such as Christian Science Monitor, Rocky Mountain News and Seattle Post-Intelligence have either completely suspended or substantially reduced their print operations. The shift toward digital newspaper, often times, is more than having a functioning newspaper website that compliments the print edition. Rather, it involves a significant resource investment geared toward developing and managing online news content as a primary product. Accordingly, we propose that:

***Proposition 1:** Newspaper firms that adopt online business model (Web-based newspaper) achieve higher level of fit, which leads to higher performance.*

**Development of a 'paywall' to Online Content:** the second significant organizational response to the decline in traditional newspaper business model has been the 'pay-per-view' approach—an initiative that seeks to charge to premium online newspaper content. This approach restricts access to part or all sections of the newspaper's website online content only to paying subscribers. A number of national and international newspapers such as the Dallas Morning News, New York Times, Wall Street Journal and Financial Times have wholeheartedly embraced this approach in

order to boost their revenue stream and take advantage of the interest of loyal online newsreaders (The Economist, 2011).

The Wall Street Journal, for example, has been charging for its online content for more than a decade. In 2010, it reported having almost 449,139 paying digital subscribers, which is more than four times the second-placed Detroit Free Press. Similarly, the New York Times has also launched its digital subscription program in early 2011. Its initial plan involves offering 20 free articles for its online readers per month and requiring for subscription for more access to its various online content. While this 'paywall' approach could obviously help desperate newspaper publishers improve their revenue streams, it does not make up for the amount of revenue lost from paper-based advertisements such as classified and display ads (The Economist, 2011). Accordingly, we propose that:

***Proposition 2:*** *Newspaper firms that adopt online advertising strategy (Online focused advertising) achieves higher level of fit, which leads to higher performance.*

**Emphasis on Online Advertising:** A number of newspaper publishers are attempting to diversify their revenue base. Such effort often involves pursuing various types of media and internet ventures (Kirchhoff, 2009). Gannett, the nation's largest newspaper publisher, owns television stations and is investing in digital products, such as PointRoll, an internet advertising service business. The Washington Post Co., which owns the *Washington Post* and *Newsweek*, derives more than two-third of its revenues from its Kaplan Inc. educational institute and its Cable One cable company (Kirchhoff, 2009).

A growing source of revenue for traditional newspaper publishers is online advertising. Online advertising often involves selling advertisement space on newspaper websites. This shift of emphasis toward online advertising is partially driven by the rapidly declining classified advertisement revenue among print newspapers (The Economist, 2011). Traditionally, advertising represents roughly 80% of print newspapers' revenue (Perez-Pena, 2008; Kirchhoff, 2009). Such a heavy reliance on advertising revenue is increasingly threatening the survival of most newspapers especially due to the recent precipitous decline in classified advertisement revenues following the economic recession (Kirchhoff, 2009). Consequently, many newspaper publishers are actively seeking ways to cultivate the online advertisement model as an attractive alternative revenue source (The Economist, 2011). In this paper, we argue that newspapers that pursue aggressive online advertising strategy achieve a state of 'fit', which in turn leads to a higher performance. Accordingly, we propose that:

***Proposition 3:*** *Newspaper firms that adopt paywall strategy achieve higher level of fit, which leads to higher performance.*

**Staff Reorganization:** Another major organizational response to the decline in the traditional newspapers' business model has been an aggressive reorganization effort that includes layoffs, consolidation and downscoping newsroom operation. According to Newspaper Association of America, the newspaper industry reduced its workforce by 18% between 1990-2004 (The Economist, 2006). Indeed, the newspaper industry is undergoing significant restructuring that

impacts how news is reported and delivered. practical restructuring steps include "...trimming the size of the print newspaper, eliminating staff, or reducing the number of days the newspaper is delivered to subscribers." (Kirchhoff, 2009, p. 4). An important and interesting development in this area is the decision by some newspaper publishers to reorganize the online news operation by assigning more reporters and extended editorial staff to create high quality, original reporting for the e-editions. For instance, The Christian Science Monitor has introduced an employee buyout program for 85 news staff in 2010 in an effort to reduce its operating cost and improve the bottom line. Similarly, The New York Times restructured about.com, one of its division, in 2011 by cutting the number of staff positions. Accordingly, we propose that:

***Proposition 4:*** *Newspaper firms that initiated extensive reorganization (Staffing online experts, lay off, technology) achieve higher level of fit, which leads to higher performance.*

Having discussed the theoretical explanation of organizational adaptation in the newspaper industry, we now turn into presenting the organizational adaptive responses of three major U.S. newspapers, namely, The Christian Science Monitor, The New York Times and The Wall Street Journal. We will discuss each newspaper's case below.

### **The Christian Science Monitor (CSM)**

The Christian Science Monitor is a daily online newspaper that was founded by Mary Baker Eddy, the founder of the Church of Christ, Scientist in 1908. The Monitor is currently published online during weekdays and in print once in a week. It covers primarily U.S. and international events and issues. It provides in-depth reporting and analysis using its website, weekly magazine, daily news briefing and e-mail newsletter, according to the paper's website. The current newspaper circulation in 2011 was 75,052. The paper's website, CSMonitor.com, attracts almost 1.5 millions web visitors. The Monitor shifted to a web-only newspaper format in March, 2009, becoming the first national US newspaper to do so (Kirchhoff, 2006).

Subsequently, The Monitor introduced a weekly print edition and a daily e-mail newsletter for additional charge in April 2009 (Strupp, 2010). CSM recently experienced a strong growth in its web readership of national news. In fact, the rate increased to 1.1 million-page view in the month of June 2009 compared to 570,000 in May. In addition, overall Web traffic increased significantly by 25% on an annual basis (Kirchhoff, 2009). In 2010, The Monitor reported that the number of unique users of its website increased by 64% to 5.3 million compared to 2009. Similarly, monthly page visits to the website has increased by 87% to more than 14 million as of March 2010 (Strupp, 2010). Like other national newspapers, The Monitor has also struggled with maintaining and growing its circulation and advertising revenue stream. As such, the organizational responses to the overall decline in revenue include enhancing the contents on CSMonitor.com, launching a weekly print and daily e-mail editions, and ceasing the daily print format. Moreover, The Monitor has also introduced an employee buyout program for 85 news staff in 2010 in an effort to reduce its operating cost and improve the bottom line.

### **The New York Times (NYT)**

Founded in 1851, The New York Times is the third largest daily newspaper in the United States by circulation following The Wall Street Journal and USA Today. It is owned and operated by

The New York Times Company, which also publishes The Boston Globe and The International Herald Tribune. The Times is globally recognized as a premiere newspaper with excellent reputation for high-quality reporting and journalism as evidenced by more than 100 Pulitzer Prizes. The Times currently has 1150 news staff, 10 regional, 11 national and 26 foreign news bureau (NYTCO.com). The Times has a diverse readership including 1200 colleges and universities across U.S.

Launched in 1996, The New York Times website (nytimes.com) is the most popular online website, receiving more than 19 million newspaper visitors per month, according to Nielsen NetView data. The website offers a plethora of multi-faceted content using interactive and innovative delivery methods such as articles, videos and slideshows. The website currently carries 60 active blogs and more than 3000 videos (NYTCO.com). In 2006, The Times offered a digital version of the newspaper, Times Reader, in partnership with Microsoft. In March 2011, The Times has re-instituted its metered-paywall on its website content after an earlier unsuccessful subscription plan (TimesSelect) in 2005. According to the current digital subscription plan, readers who visit NYTimes.com are allowed to read 20 free articles a month. Once they exceed the 20 article limit, NYTimes.com requires readers to become digital subscribers, with full access to the site. The Times also allow access to readers who arrive at its Web site through search engines such as Google and social networking such as Face book and Twitter.

In addition to pursuing an aggressive digital strategy with its website, The Times is active in strengthening its presence in the mobile news market. Accordingly, The Times has developed the NYT Mobile, news applications that are targeted for mobile smart phones such as iPhones, iTouch, PalmPre and Blackberry. According to New York Times Co., NYT Mobile has witnessed a significant growth in page views from 500,000 in January 2007 to 85 million views in January 2010 (NYTCO.com).

### **The Wall Street Journal (WSJ)**

The Wall Street Journal is a global daily newspaper, published by Dow Jones & Co., a division of News Corporation. It was first published by Dow Jones Co. in 1889 in New York City. As of September 2010, it is the largest newspaper with more than 2 million subscribers in the United States and 3.5 million more around the globe (Dow Jones, 2011). The Journal maintains 750 news staff around the world and holds 33 Pulitzer Prizes for excellence in journalism. The journal has a strong web presence with a robust online service (Wall Street Journal Online) since 1996. It covers primarily domestic and international financial and economic stories along with general interest news coverage. The Wall Street Journal Online serves as the primary financial and business digital network comprising of marketwatch.com, Barrons.com, AllthingsD.com, FINS.com and SmartMoney.com (Dow Jones, 2011).

Despite the continuing decline in circulation among the major U.S. daily newspapers, The Wall Street Journal has surprisingly been able to maintain its subscription base in the last couple of years. For instance, in 2010, figures from the Audit Bureau of Circulation indicated that The Wall Street Journal was the only major newspaper to increase circulation by 0.5 percent while

the week day circulation for New York Times, Los Angeles Times and Chicago Tribune declined by 8.5%, 14.7% and 9.8% respectively. The Journal's comparatively robust circulation has been mainly attributed to the more than 414,000 digital subscribers (Plambeck, 2010). In November 2004, the journal launched an app that allows readers access content on mobile devices. In 2007, The Wall Street Journal has recently launched a worldwide expansion of its internet-based editions to include major foreign- language edition. The Journal was the first major daily newspaper to institute a "hard paywall"-an approach that restrict access to paying subscribers-in 1997 in an attempt to enhance its revenue stream.

## **DISCUSSION**

The purpose of this paper is to explore the disruptive change that is taking place in the newspaper industry and the various organizational actions directed toward successfully adapting to such changes. Specifically, we identified four powerful industry forces, namely, disruptive role of technology, drastic change in competitive landscape and shift in customer taste. We discussed in detail how these four factors shape the dynamics of the industry as exhibited by the precipitous decline in newspaper circulation and print advertising revenues. Drawing from Structural Contingency Theory (SCT), we explained that the above three factors represent the external contingency factors that lead the organization into 'misfit'. Accordingly, we proposed that several newspaper publishers in the industry have responded to the change in the three external contingency factors by re-aligning four organizational configurations: shift to digital newspaper, establishing 'paywalls' to digital content, aggressive emphasis on online advertising and staff reorganization. We then presented four propositions arguing that the implementation of these organizational actions results in restoration of the organization into a status of 'fit' that leads to higher performance as measured in growing print and digital circulation and advertising revenue.

In addition to proposing a theoretical explanation of the changes in the newspaper industry, this paper also presented three major cases of successful organizational adaptation to changing external environment by highlighting the Christian Science Monitor, New York Times and Wall Street Journal. While there are other notable examples of successful organizational adaptation in the newspaper industry, we believe these three newspapers represent the challenges and successes of overhauling major national U.S. newspapers. Overall, the core argument of this paper is that newspapers successfully adapt to the fundamental transformation of the industry, at least in the short term, to the extent that they develop a robust digital newspaper, pursue an aggressive online advertising program to diversify their revenue stream, establish a 'paywall' or digital subscription program as well as undergo staff reorganization to reduce operating expenses and boost the quality of web content. Despite the practical effectiveness of the above four organizational responses, it is also important that a number of newspapers are also responding to the structural shift in the industry in other significant ways. For instance, a number of industry experts, union officials and elected public representatives have expressed a desire to reorganize newspapers into a non-profit operation (Kirchhoff, 2009). The argument here, of course, is that allowing a non-profit status to newspapers "frees" them from a competitive, profit-oriented orientation to focus on in-depth reporting and high quality journalism. Another emerging alternative business models include diversifying newspapers' revenue stream by entering into TV

and internet ventures. This is certainly true for Gannet corporation, the largest newspaper publisher in the U.S., that diversified recently into an internet ad startup called, PointRoll. Similarly, The Washington Post Co., which owns The Washington Post and Newsweek, has diversified into Kaplan Inc., its educational services division, and Cable One cable division (Kirchhoff, 2009). Finally, a number of newspapers are also aggressively pursuing a distribution strategy that emphasizes the growing mobile market that includes tablet PCs and e-readers such as Amazon.com's Kindle. In such arrangement, newspaper subscriptions will be offered to consumers who are buying these products for a specified price.

## **CONCLUSION**

This paper explored the disruptive structural change that is taking place in the U.S. newspaper industry. More specifically, this paper focused on discussing three primary antecedents of this disruptive change in the industry as well as the four major types of organizational adaptive responses that are currently being implemented by major U.S. newspapers. Finally, the paper presented specific cases of adaptive responses by exploring the adaptation processes in three major U.S. newspapers.

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