The Political Economy of Provincial TV Stations in China

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Abstract

My master thesis aims to examine how a Chinese political economy context has shaped the media landscape in China, especially in the domain of provincial television. The key issues are: 1) what the role of private profit accumulation is for provincial TV stations in China; 2) Whom the ownership of provincial TV stations in China belongs to; 3) how global capitalism influence provincial TV stations today; 4) how government regulation influence provincial TV stations today. Theoretically, we follow a political economy framework developed by Wasko (1994), Meehan (2005), and Mosco (2009) and relate western theories to a Chinese social context, by referring to a range of academic works focusing on the Chinese media and a political economy context in China (e.g. Bai, 2005; Zhao, 2008). Based on a case study of Hunan provincial satellite television (Hunan PSTV), the results show that: 1) advertising is the main contributor to the total income of provincial TV stations; 2) provincial TV stations are state-owned according to the party-state’s definition, but they have started to gain some capitalistic characteristics as they are increasingly driven by audience-rating and advertising revenue; 3) party-state can support the commercialization of provincial TV stations by taking a series of reforms, and at the same time, it can readily suppress the development of provincial TV stations, by issuing legal decrees.
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1. Introduction

1.1. The emerging neo-liberal logic for Chinese television industry

The media industry has been largely influenced and controlled by the Chinese government. The media has been regarded as the “mouthpiece” of the communist party for a long time, and the media’s educational and propagandist function has been stressed. Since the 1900’s, the Chinese television industry has been highly influenced by commercialization, or “neoliberalism” ideology. Harvey (2005, p.2) defines neoliberalism as “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade.” Relating to a Chinese context, Zhao (2008, p.9) has discussed a concept called “neoliberal governmentality.” “The defining characteristics of neoliberal governmentality, that is, the infiltration of market-driven truths and calculations into the domain of politics, have in many ways characterized China’s post-1989 accelerated transition from a planned economy to a market economy”. Thus, an influence by the neoliberal logic has been stressed to encourage a “money-making” capability, which is another function of the media. The party-state has taken a series of reforms, ranging from a Dual-track System Reform to a Cultural System Reform, to promote the commercialization process of the television industry in China. Nevertheless, we can readily find strong contradictions between the communist party’s socialistic logic and neoliberal logic, regarding the Chinese television industry.

On the one hand, the party-state wants to transform the TV stations into a “money-making machine.” All of the TV stations in China are owned by the state, because the government has provided the initial capital for their establishment, for such things as office buildings, the electronic facilities, etc. Though TV stations are allowed to run as private companies and earn profit from the free market, the domestic government can take a large part of the advertising revenue from the TV
stations. This is the reason why the government encourages the commercialization of the television industry. On the other hand, the party-state not only requires TV stations to make profits, but also expects them to provide information-oriented programming as their major content. The government can regulate the television industry’s commercialization process by issuing legal decrees at any time.

1.2. Motivation for the research

Recently, a well-known decree has been published by the State Administration of Radio, Film and Television (SARFT), which is called an 

Entertainment Cutback Order in most western media outlets. According to the Propaganda Office’s announcement online (Sarft.gov.cn, Entertainment Cutback Order), the order highlights five points: 1) Provincial Satellite Television (PSTV) should be a news-based programming channel, and the share of programs concerning news, economics, culture, education, children, documentaries, etc. should be enlarged; 2) the amount of air time received by the seven kinds of entertainment programs will be limited, including talk shows, variety shows, reality shows and the other four program forms concerning dating, competitions, life stories and games; 3) for PSTV channels as a total group, less than 9 entertainment programs (the length of which should be less than 90 minutes) can be broadcasted from 19:30 to 22:00 every day; for every individual PSTV channel, less than 2 entertainment programs are allowed to be broadcasted every week; 4) PSTV channels shouldn’t regard their audience rating as the only indicator to measure the quality of their programs; 5) all of the programs should go through three examinations by different levels of administration. PSTV channels will be subject to serious punishment if their programs cause problems related to the political direction or value orientation.

Looking at the Entertainment Cutback Order, one can readily perceive the contradictions between “socialism with Chinese characteristics” (Zhao, 2008) and
neo-liberal logic. This order, with a series of similar decrees, created a strong storm that rearranged the program content of PSTV channels. It forced provincial TV stations to face a dilemma: to follow the market principle or to follow the party principle. How does the neo-liberal logic influence Chinese provincial television today? How does the Party’s socialistic logic influence Chinese provincial television today? What’s more, how do these two different ideologies contradict each other and how are Chinese provincial televisions being affected by this kind of contradiction? Those problems are crucial to the development of Chinese provincial televisions in the future, which is highly related to the Chinese society and economy. To contribute to the solution of those problems became the initial motivation for me to conduct this research.

Hunan TV Station which has been recognized as the most commercialized TV station in China by a range of scholars (e.g. Bai, 2005; Zhao, 2008; Zhong, 2010), is at the center of the storm. It is because that Hunan Provincial Satellite Television (Hunan PSTV), which is one of Hunan TV Station’s satellite channels, is famous for its entertainment-oriented programs. Zhong (2010) points out that Hunan PSTV’s strong performance has threatened China Central Television (CCTV)’s monopoly status in the Chinese television market; Chinese government has been intentionally suppressing Hunan PSTV’s leading position among PSTVs for a long time, by issuing a series of legal decrees. As a researcher who was born in Changsha, the capital city of Hunan province, I am familiar with Hunan TV Station’s development since 1990s. How did Hunan PSTV become such a successful case in the Chinese television market? Is Hunan TV Station owned by the state? How has Hunan TV Station been affected by the trend of commercialization? How does the governmental regulation have an influence on Hunan TV Station’s development? Hunan TV Station is an exceptional case and it is for that reason interesting to choose Hunan TV Station for a case study. My personal interest is the second reason that motivates me to conduct this research.
1.3. Research questions

The main research question of this thesis is: **What are the main characteristics of provincial TV stations in China and how are they influenced by changes in the Chinese economy and society?**

There are also four sub questions, these are:

1). *What is the role of private profit accumulation for provincial TV stations in China?*
2). *Whom does the ownership of provincial TV stations in China belong to?*
3). *How does global capitalism influence provincial TV stations today?*
4). *How do government regulation influence provincial TV stations today?*

1.4. Structure

Apart from this chapter, which forms the introduction, my master thesis is structured into five chapters: Chapter 2 discusses the theoretical framework of the political economy (Wasko, 1994; Meehan, 2005; Mosco, 2009) for media studies; Chapter 3 reviews the history of television’s commercialization process in China, focusing on important events that have promoted the television industry’s development; Chapter 4 introduces the method of this research, a case study of Hunan PSTV, which covers the discussion of the case selection, propositions, scope, and data sources; Chapter 5 provides a presentation and analysis of the data collected, according to the five formulated propositions in the method chapter; and finally, in Chapter 6, based on the results from the data analysis, a theoretical interpretation is provided. The significance of my research will be discussed in the last chapter.
2. Theory

2.1. Television research

There are different main streams in TV studies, including popular cultural studies--“a movement primarily grounded in varieties of ‘literary’ analysis and determined to take seriously works considered underappreciated” (Newcomb, 2005, p.19); cultural studies, which “drew heavily on a range of Marxist social and cultural theory, as well as on other ‘continental philosophies’” (Newcomb, 2005, p. 20); critical sociology, which “viewed television as the latest in a line of culture industries spreading false consciousness, turning masses of popular culture users into mere fodder for pernicious political control” (Newcomb, 2005, p.21); film studies, in which “many analytical approaches were modifications of literary studies”; audience studies that concentrates on audience activity; and “feminist approach” focusing on gender distinctions (Newcomb, 2005, p.22). Unlike Newcomb, who tries to use researching objects, such as popular culture or film, to classify television studies, Butler chooses to organize his framework by following a timeline. Butler (2011, p.498) says that the first-generation television studies scholars, ranging from Robert Allen to Jane Feuer, “often proceeded from auteurist studies of Sirk, to genre studies of melodrama, to more general interests in the serial narrative form, to the television soap opera and the positioning of its viewer.” “In the late 1970s and early 1980s, the focus of TV studies turned to be ‘a critical time’ in both UK and USA, and much of this activity swirled around the soap opera and feminist criticism” (Butler, 2011, p.498). Butler (2011, p.498) refers to Allen’s book *Channels of Discourse: Television and Contemporary Criticism*, in which nine approaches are mentioned: “semiotics, narrative theory, audience-oriented criticism, genre study, ideological analysis, psychoanalysis, feminist criticism, British cultural studies and postmodernism.” Though Allen did not purposively take a quantitative, empirical approach to television, “1980s television studies [were] not wholly resistant to empirical study of real viewers and their actual responses to television” (Butler, 2011, p.499). Charlotte Brunsdon and David Morley, for example, were publishing the results of their ethnographic study of the audience of the
Toby Miller divides television studies into two parts, Television Studies 1.0 and Television Studies 2.0. “Television Studies 1.0 derived from the spread of new media technologies over the past two centuries into the lives of urbanizing populations, and the policing questions that posed to both state and capital” (Miller, 2010, p.25). According to Miller, Television Studies 1.0 covers mainly three approaches: psy-function (psychology, psychiatry, and psychoanalysis), political economy, and critical theory. “For Television Studies 2.0, by contrast, TV represents the apex of modernity, the first moment in history when central political and commercial organs and agendas became receptive to the popular classes” (Miller, 2010, p.25). TV Studies 2.0 is “a very specific uptake of venerable and profound UK critiques of cultural pessimism, political economy, and current-affairs-oriented broadcasting” (Miller, 2005, p.28). He concludes that “despite their complicity with many dominant ideas from neoclassical economics and the psy-function, TV Studies 1.0 and 2.0 are frequently associated with the more critical, textual, political–economic and ethnographic side of my summary” (Miller, 2005, p.28).

This chapter is going to present and discuss how a political economy approach can be applied to the communication field, mainly guided by Mosco (2009), who describes the political economy of the media industry through three dimensions: commodification, spatialization, and structuration. These three process are, in terms of his explanation, “starting with commodification, the process of transforming use to exchange value, moving on to spatialization, the transformation of space, or the process of institutional extension, and finally to structuration, the process of constituting structures with social agency” (Mosco, 2009, p.11). The definitions and theoretical foundations of the political economy of communication will be introduced in subchapter 2.1. Mosco’s theoretical framework will also be presented in subchapter 2.1. Then we will relate the political economy of communication to a TV studies realm in subchapter 2.2. Two theories will be introduced: one is from Meehan (2005)
and the other is derived from Wasko (1994). Finally, a summary will be provided in subchapter 2.3.

2.2. Why take a political economy approach?

“Capitalism is more global than ever, not only in North American and Europe, but expanding to other parts of the world, including China and other key locations” (Wasko et al., 2011, p.2). The Chinese television industry, as not only a crucial family member of the cultural industry in China, but also a significant part of the global political economy, is playing a more and more important role. “There is a universal belief that the cultural or ‘creative’ industries are no longer peripheral, but occupy a central role in the economy, but the analysis of this phenomenon is often problematic and inadequate” (Wasko et al., 2011, p.3). Wasko, Murdock and Sousa (2011, p.3) claim that the critical political economy seems to be the important and most appropriate way to understand the development and globalization of capitalism. Since China has become an important part of the global political economy of capitalism, critical political economy would be an appropriate way to understand how the Chinese media relates to the developments in media and communication worldwide.

Indeed, “along with the developments, the tension between private interest and public good has been significantly exacerbated” (Wasko et al., 2011, p.2). The western academics express their concerns of the abuse of private power with the deregulating of government (Golding and Murdock, 1997, p. xiii-xiv; Wasko et al., 2011, p.2). Thus, this thesis is going to apply a political economical approach to Chinese TV studies. It will discuss the concept of political economy, its definition and characteristics, the theoretical foundation, as well as the theoretical framework developed by Mosco (2009). Political economy stresses the point that “globalization and industrial restructuring mutually influence four major patterns of government restructuring”: commercialization, privatization, liberalization and internationalization.
These processes also have relevance for the Chinese television industry. Thus, it is important to apply a critical political economy approach to media studies in China, for it stresses:

- Power structure and ideology critique.
- Market structures, regarding the interrelationship between viewers, advertising and programming.
- An institutional perspective concerning media expansion and reorganization that helps to understand conglomerates and capital concentration.
- The globalization and internationalization of media.

2.2.1. What does political economy mean?

In *Political Economy of Communication* (2009), Mosco has introduced two definitions of political economy with different ranges of studies. “In the narrow sense, political economy is the study of the social relations, particularly the power relations that mutually constitute the production, distribution, and consumption of resources, including communication resources” (Mosco, 2009, p.2). This definition calls for attention to the whole production process of the communication industry. “The definition directs the political economist to understand the operation of power, a concept that addresses how people get what they want even when others do not want them to get it”; “it also leads us to think about what it means to be a producer, distributor, or consumer, and to appreciate the growing ambiguity about what constitutes these categories” (Mosco, 2009, p.2). What’s more, Mosco (2009, p.3) provides us with a more general definition that “political economy is the study of control and survival in social life.” Control means how society organizes itself; survival means how people produce what they need to reproduce themselves and to keep their society going (Mosco, 2009, p.3). “Control is a political process because it shapes the relationships within a community, and survival is mainly economic because it involves the process of production and reproduction.” This definition gives political economy “the breadth to encompass at least all of human activity,” but it can also lead one to overlook what distinguishes human political economy from general
processes of control and survival in nature (Mosco, 2009, p.3, p.25).

Wasko, Murdock and Sousa (2011, p.1-2) describe political economy in a different way. Adam Smith and Karl Marx, according to their views, represent the first two different streams in political economy studies. “For its early practitioners, like Adam Smith, theoretical and empirical questions about how to organize economic life and balance markets against state intervention were inextricably bound up with questions about the constitution of the good society” (Wasko et al., 2011, p.1). Marx, however, “as a critique of political economy, shared this ethical concern, but argued forcefully that it could only be pursued by abolishing capitalism” (Wasko et al., 2011, p.1). In addition, Wasko, Murdock and Sousa (2011, p.1) argue that political economy is “a more gradualist approach, in which the negative impacts of capitalist dynamics would be disciplined by strong public regulation and countered by substantial investment in public services”.

There are some distinctions between critical political economy and two other relevant approaches, cultural studies and critical studies. Critical political economy is “critical in the crucial sense that it draws for its analysis on a critique, a theoretically informed understanding, of the social order in which communications and cultural phenomena are being studied”; “this is a characteristic which it shares with another major tradition of research – cultural studies” (Curran and Gurevitch, 1997, p.61). “Whereas critical political economy has been institutionalized within faculties of social science, and draws its major practitioners from the ranks of people trained in economics, political science and sociology, departments and programs of cultural studies are still mostly situated in humanities faculties and mainly pursued by scholars drawn from literary and art history studies, and from anthropology as well as other disciplines concerned with the micro politics of everyday meaning making” (Golding and Murdock, 1997, p. xiii). Williams has been regarded as one of the founding figures in cultural studies (Johnson, 1987, p.38). Williams (2005, p. ix) criticizes technological determinism, and holds a view of cultural materialism that “technologies emerge and
are shaped by the most powerful forces present in society”. Critical research, as another important approach, “situates the media within the broader context of social life and interrogates its structure, goals, values, messages, and effects”; “it develops critical perspectives by which media are evaluated and appraised” (Kellner, 2005, p.29). Miller (2006) distinguishes critical theory from political economy. According to him, critical theory calls for “a resistive consciousness through artistic rather than industrial texts”, but political economy calls for “diverse ownership and control of the industry” (Miller, 2006, p.26).

2.2.2. Theoretical foundations
There are two branches of foundational work in the political economy of communication: the first is called North American research, which is initially contributed by two founding figures, Dallas Smythe and Herbert Schiller; the second branch is European research, which is “more concerned to integrate communication research within various neo-Marxian and institutional theoretical traditions” (Mosco, 2009, p.6-7).

As the founding figures of North American research in the political economy of communication, Smythe and Schiller’s approach to communication draw on both institutional and Marxian traditions. On the one hand, they are concerned with “the growing size and power of transnational communication business,” which belongs to the institutional tradition; on the other, they are also interested in researching the “social class and in media imperialism,” which is from the Marxian tradition (Mosco, 2009, p.7). They are concerned about the increasing manipulation power of the media that influences individual consciousness and the wider society (Schiller, 1973), and they try to ask academics to pay more attentions to “the economic and political significance of mass communication systems” (Smythe, 1977). “The North American researchers have been driven more explicitly by “a sense of injustice that the communication industry has become an integral part of a wider corporate order which is both exploitative and undemocratic” (Mosco, 2009, p.7). Wasko, Murdock and
Sousa (2011, p.xv-xvi) also addresses Smythe and Schiller’s fundamental contributions in communication research, and in their perspective, after these two, “political economy approaches to communications developed alongside the emerging nexus of work in ‘cultural studies’, both reacting against positivist social science and conservatively orthodox cultural analysis.”

European research is linked to movements for social change, but at the beginning, the leading work mainly tried to “integrate communication research within various neo-Marxian and institutional traditions” (Mosco, 2009, p.7). According to Mosco (2009, p.7), there are two principal directions in this region. The first one, which emphasizes “class power and the fundamental inequalities that continue to divide rich from poor,” is derived from the Frankfurt School and the Raymond Williams’ cultural studies’ tradition (Mosco, 2009, p.7). Williams breaks down the myth of the all-powerful media, and addresses the influences of political, economic and social power. Williams (2005, p.133) argues that “technological determinism is an untenable notion because it substitutes for real social, political and economic intention, either the autonomy of invention or an abstract human essence.” “The Frankfurt School was one of the first neo-Marxian groups to examine the effects of mass culture and the rise of the consumer society on the working classes, which were to be the instrument of revolution in the classical Marxian scenario” (Kellner, 2005, p.31). According to this branch of thought, government power has been considered as the dominant force that pushes the developing process of the media industry, which has helped to increase the division of the social classes.

Mosco (2009, p.8) holds the view that the works of Armand Mattelart contributed to the second stream of European research. On the one hand, Armand Mattelart focuses on an ideology critique and class power; on the other hand, he concerns about the problems of inequalities attributed to the establishment of a new social order with the advent of advanced technology, but he takes a more global view by considering the people outside the western world, especially in the Third World (Mattelart, 1984;
Mattelart, 2011). “His work has demonstrated how people in the less developed world, particularly in Latin America, where Mattelart was an advisor to the government of Chile before it was overthrown in a 1973 military coup, used the mass media to oppose Western control and create indigenous news and entertainment media” (Mosco, 2009, p.8).

Influenced by the contributions made by fundamental theorists, many scholars in modern times have developed classic perspectives and approaches towards the political economy of communication (Wasko, 1994; Meehan, 2005; Mosco, 2009 Zhao, 2008). Among those works, it is not hard to see both a strong geographic inclination towards American television studies that focuses on its commercial development model and the deregulation from government (e.g. Meehan, 2005; Mosco, 2009), and an increasing concern towards the television industry outside the western world (e.g. Zhao, 2008; Bai, 2005). In the next chapter, Mosco’s (2009) political economy model of media studies will be presented and discussed.

2.2.3. Mosco’s model of political economy of communication

Commodification

Mosco (2009, p.129) defines commodification in this way: “Commodification is the process of transforming use values into exchange values” and holds a view that “commodities ensue from a wide range of needs, both physical and cultural.”

Mosco (2009, p.130) claims that “there are two general dimensions of significance in the relationship of commodification to communication.” “First, communication processes and technologies contribute to the general process of commodification in the economy as a whole” (Mosco, 2009, p.130). If a media corporation, such as internet firms or television stations, get stronger, it will exercise a favourable influence on other industries that are outside the media field. For example, if computer business became booming, companies in other industries can take advantage of this advanced technology to improve their productivity (Mosco, 2009,
Second, “commodification processes at work in the society as a whole penetrate communication processes and institutions, so that improvements and contradictions in the societal commodification process influence communication as a social practice” (Mosco, 2009, p.130). This means that social transformation will shape the communication industry as well. Using the computer firms’ example again, the emergence of the computer technology could be attributed to the economic development of the society. When the people are facing more and more complex, growing amounts of information, computers become a useful and necessary tool for them to deal with such kind of problems.

“When it has treated the commodity, political economy has tended to concentrate on media content and less so on media audiences and the labor involved in media production” (Mosco, 2009, p.12). Mosco argues that the political economy of communication has neglected the commodity of audiences and labor, and he thinks that all of the three forms, commodification of content, audience and labor, should be paid enough attention. A lot of political economists will take media content into consideration when they think about the commodity forms of communication. Some of them choose to focus on the ideological dimension of media content. “Communication is taken to be a special and particularly powerful commodity because, in addition to its ability to produce surplus value (thereby behaving like all other commodities), it contains symbols and images whose meaning helps to shape consciousness” (Mosco, 2009, p.134). Mosco (2009, p.134) thinks that “the mass media in capitalist society have expanded the process of commodity production by, among other things, producing messages that reflect the interests of capital.” Some theorists, notably Garnham and Smythe, are inclined to adopt a “consumer model of communications” (Mosco, 2009, p.134-135). Garnham and Mosco endow mass media dual roles: a direct role of commodity production, and an indirect role, by taking advantages of advertising media in the process of commodification (Mosco, 2009, p.135). Furthermore, Longstaff argues that “digitization provides enormous gains in transmission speed and flexibility over earlier forms of electronic
communication which were largely reliant on analog techniques” (Mosco, 2009, p.135). “Each step toward the digitization of television has refined the commodification of content, allowing for the flow to be captured or, more precisely, for the commodity to be measured, monitored, and packaged in ever more specific or customized ways” (Mosco, 2009, p.136)

“Dallas Smythe (1977) took these ideas in a different direction by advancing the claim that the audience is the primary commodity of the mass media” (Mosco, 2009, p.138). “According to him [Dallas Smythe], the mass media are constituted out of a process which sees media companies producing audiences and delivering them to advertisers” (Mosco, 2009, p.138). Smythe tries to clarify a communication process, which “brought together a triad that linked media companies, audiences, and advertisers in a set of reciprocal relationships” (Mosco, 2009, p.137). “Media firms use their programming to construct audiences; advertisers pay media companies for access to these audiences; audiences are thereby delivered to advertisers” (Mosco, 2009, p.137). It is an interesting argument because the focus of the commodification process has been changed from the consuming relationship between the content and the audience to the audience and the advertiser. Digitalization also speeds up the commodification process of audiences, because “companies can package and repackage customers in forms that specifically reflect both their actual purchases and their demographic characteristics” (Mosco, 2009, p.137). What’s more, some scholars have noticed the distinctions between the audience activity, which makes them a “co-producer,” and the traditional labor process. They have emphasized the significant role of capital according to both the audience activity and the labor process. “As with traditional labor, which the literature on work demonstrates brings a wide range of responses to the point of production, from full compliance to withholding labor power, the audience exercises power, but also like labor, it is power circumscribed within terms largely set by capital” (Mosco, 2009, p.138).

The third form, commodification of labor, has been neglected by lots of political
economists except Braverman (1974). According to him, “labor is constituted out of the unity of conception, or the power to envision, imagine, and design work, and execution, or the power to carry it out” (Mosco, 2009, p.139). “In the process of commodification, capital acts to separate conception from execution, skill from the raw ability to carry out a task, and to concentrate conceptual power in a managerial class that is either a part of capital or represents its interests” (Mosco, 2009, p.13). “In the extreme, and with considerable labor resistance, this involved the application of detailed and intrusive ‘scientific management’ practices” (Mosco, 2009, p.13).

Spatialization

Mosco (2009, p.14) explains the concept of spatialization and tries to argue the importance of applying this concept to communication studies. “Spatialization builds upon ideas offered by sociologists and geographers to address structural changes brought about by shifting uses of space and time” (Mosco, 2009, p.14). “Communication is central to spatialization because communication and information technologies and processes promote flexibility and control throughout industry, but particularly within the media, communication, and information sectors” (Mosco, 2009, p.14).

“Spatialization encompasses the process of globalization, the worldwide restructuring of industries, companies, and other institutions” (Mosco, 2009, p.14). In addition, this process of globalization and industrial restructuring mutually influence “four major patterns of government restructuring”: commercialization, privatization, liberalization and internationalization (Mosco, 2009, p.14-15). Mosco (2009, p.15) uses the television industry in North America as example, arguing that it has gone through the whole four steps. At the very beginning, the television system was built by the state not only as a public service unit, but also to help to increase state revenue (Mosco, 2009, p.15); privatization takes this a step further by turning state-owned television stations into private businesses, partly due to the decreasing number of governmental subsidises (Mosco, 2009, p.15); liberalization gives the television industry the state’s
approval to move into open markets for access to widespread market competition (Mosco, 2009, p.15); finally, “internationalization links the state to other states thereby shifting economic and political authority to regional authorities that bring together several countries in one geographical area” (Mosco, 2009, p.15).

“The political economy of communication has traditionally addressed spatialization as the institutional extension of corporate power in the communication industry” (Mosco, 2009, p.15). The institutional extension, to some extent, means the growth of media firms in “assets, revenue, profit, employees, and stock value” (Mosco, 2009, p.15). Mosco maintains that institution extension includes two directions: horizontal and vertical. Horizontal integration takes place “when a firm in one line of media buys a major interest in another media operation that is not directly related to the original business,” and a cross-media concentration is a good example of this kind of integration (Mosco, 2009, p.15). “Vertical integration describes the amalgamation of firms within a line of business that extend a company’s control over the process of production, as when a major Hollywood film production studio purchases a distributor of film or when a software company buys a social networking site” (Mosco, 2009, p.15).

**Structuration**

“Structuration describes a process by which structures are constituted out of human agency, even as they provide the very ‘medium’ of that constitution” (Mosco, 2009, p.185). This means that, according to Mosco (2009, p.185), “society and the individual create one another.” The process of structuration shows that human agencies and social structure are influenced by each other.

“The process of structuration amounts to a contemporary rendering of Marx’s view that people make history, but not under conditions of their own making” (Mosco, 2009, p.16). “In other words, social action takes place within the constraints and the opportunities provided by the structures within which action happens” (Mosco, 2009,
p.16). This point of view has helped to turn our focus from social activity to a social context. “Research based on structuration helps to balance a tendency in political economic analysis to concentrate on structures, typically business and governmental institutions, by incorporating the ideas of human agency, social process, and social practice” (Mosco, 2009, p.16).

“Political economy brings an emphasis on power to the structure–agency dualism,” for “structures constrain individuals by using economic, political, and cultural power” (Mosco, 2009, p.209). The consequence of this use of power is “the establishment of social class, gender, race, and other social categories that make up the major divisions in the social field” (Mosco, 2009, p.209). “But social class and other divisions are not just a consequence of structural pressure, they also result from the agency of individuals and social groups who use their own power to constitute themselves in the world and in relationship to others” (Mosco, 2009, p.209). Following this point of view, Mosco (2009, p.16-17) has discussed three different perspectives, regarding the “structure-agency” dualism. According to Mosco (2009, p.16), the “structure” means the social structure or context established by business and governmental institutions, and “human agency” refers to human practices and activities.

The three perspectives include: a categorical view, a relational view and a formational view, which describe the interrelationship between “structure” and “human agency” at three different levels. First of all, according to the categorical view, class is defined in terms of “what some have and others do not” (Mosco, 2009, p.16). In this way, the social structure plays a more dominant role to diagnose which social class the human agencies belong to. The workers, who are marginalized by the new information and communication technology, play an increasingly weak role. Their lack of acknowledgment of new technology or lack of access to use these communication tools constrains their career development and causes inequalities in the communication system. The second perspective is called the relational view, which defines class “according to those practices and processes that link social class
categories, such as the relationship between business and labor” (Mosco, 2009, p.17). This perspective emphasizes the significance of employee’s practices, and it links those human activities to their social context. The interrelationship between the human agency and structuration has been addressed. Mosco (2009, p.17) refers to the work contributed by McKercher and Mosco (2007), arguing that “the working class is not defined simply by its relative lack of access to the means of communication, but by its relationships of harmony, dependency, and conflict with the capitalist class”. Thirdly, “a formational conception of social class views the working class as producer of its own identity in relation to capital and independently of it” (Mosco, 2009, p.17). In this perspective, though the influence of capital still exists, human agency turns into a dominant way of forming workers’ identities.

2.2.4. Summary
In summary, this paper has presented Mosco’s framework of the political economy of communication studies, which consists of three dimensions: commodification, spatialization and structuration (Mosco, 2009, p.11). In structuration, he provides a dialectic of structuring process and human agency, so the interrelationship between them has been stressed. In the dimension of commodification, he introduces the commodification of content, audience and labor. The first form has been thoroughly discussed by political economists, but the other two forms, according to Mosco, are equally important to pay attention to. The model regards the audience as a commodity, and transfers the academic focus from the trading relationship of “content - audience” to “audience – advertiser.” He also mentions the “co-producer,” which confirms the
active role of the audience in the production chain, especially in the realm of digital media. Lastly, the spatialization dimension tries to analyze the television industry from externality to internality. He claims that the institutions will experience four stages made of governmental restructuring, including commercialization, privatization, liberalization and internationalization. The fourth stage, internationalization, shows how the dimension of space influences the dimension of time. Furthermore, Mosco has discussed the internal expansion that takes place in institutions, vertical expansion and horizontal expansion, a point that is quite useful for contemporary television studies. Nevertheless, this framework, to some extent, has ignored the inner connections between commodification, spatialization and structuration. These three dimensions are naturally related to each other, because they all contain the activities of the human agency or the institution.

2.3. Political economy of TV studies

Mosco tries to provide a comprehensive, general and conceptual theory for media and communication studies; and in contrast, Wasko (1994) and Meehan’s (2005) theories specialize in TV studies and therefore are more relevant to my research. Their studies contain many empirical cases that could work as a good supplement as well as a critique to Mosco’s model which we have introduced earlier.

2.3.1. Studies of the American TV industry by Meehan

In Meehan’s view, the political economy of American TV studies mainly covers three aspects. “The research literature addresses the political construction of American television as an industry, the economic structures comprising that industry, and the programming delivered via television technologies” (Meehan, 2005, p.239). Meehan’s article Watching TV: A Political Economic Approach (2005) has mainly focused on the politics and ideology aspect, and her views have been developed in her book Why is TV Not our Fault (Meehan, 2005). She also discusses television from an economic and marketing perspective in her article Market in Theory and Markets in Television.
Meehan provides the point of view that there are three interlinked markets in television industry: “the markets for advertising,” “the market for viewers that advertisers want” and “the market for programs that attract the viewers that advertisers want to reach” (Meehan, 2005). In other words, the length of advertising, the audiences, and the audience-rating are sold as products in these markets. The three markets that comprise broadcast television in the United States include “the market in which networks commission and select programs; the market in which advertisers demand and buy audiences; and the market in which the A. C. Neilsen Company (ACN) sells ratings to advertisers and networks as proof that networks’ programs deliver the demanded audiences in acceptable numbers” (Meehan, 2005, p.241). In her recent work, she (2011, p.70) reminded us of the incentives of each player, the “advertisers’ inflexible demands for consumers drive the market in which ad agencies compete for exclusive contracts and the market in which audience assemblers compete for advertising dollars,” and has further discussed the crucial elements to experience success in the market. “For agencies and networks, the problem is how to demonstrate their effectiveness in reaching people with the disposable income, access to retail outlets, and desire to buy name brands whose prices are inflated by branding and advertising”; “For advertisers, the problem is how to evaluate agencies’ and networks’ necessarily biased accounts of their success ”; “For advertisers and networks, this is complicated by their conflicting interests about how advertisers’ access to audiences should be priced” (Meehan and Torre, 2011, p.70).

To examine the market for its rating and its inception, Meehan tries to identify six elements that set the parameters for nationally distributed, commercial programming (Meehan, 2005, p.242). “These six elements shape the market for ratings, audiences, and programs – regardless of the technology delivering ads and programs” (Meehan, 2005, p.242). Her analysis of the market for broadcast ratings serves as a useful model for Television studies. “Radio’s genres, character types, and formats became the bases
for television’s programming because television ratings depended on ACN’s prewar radio sample” (Meehan, 2005, p.244). First, “advertisers want bona fide consumers,” who are with the desire and ability to afford the products that advertisers want to sell (Meehan, 2005, p.243). Second, “networks want to produce what advertisers want to buy”; it also increases the networks’ demands to know who should be counted as bona fide consumers (Meehan, 2005, p.243). Third, “conflict over prices between networks and advertisers introduces discontinuity in demand, which opens space for companies to struggle over industrial definitions” (Meehan, 2005, p.243). For example, “CBS is waging a campaign to redefine the premium audience as upscale consumers in their 40s and 50s who have access to the Internet” (Meehan, 2005, p.243). Fourth, “structural wiggle room allows the ratings producer to be more than a slave to demand; like its clients, the ratings producer can creatively manipulate discontinuities and rivalries for its own benefit” (Meehan, 2005, p.243). ACN, for example, gets an eventual monopoly status in rating the market by taking business strategies (Meehan, 2005, p.243). Fifth, markets for ratings, audiences, and programs are interlocked: “neither the ratings producer nor the networks nor program producers have any economic interest in producing commodities that are unresponsive to advertisers’ demand for bona fide consumers” (Meehan, 2005, p.244). Sixth, “the smooth and inexpensive operations of these three markets require a single source of ratings” (Meehan, 2005, p.245).

Meehan discusses the stability and dynamism in the interlinked markets, and concludes that those markets have not been destabilized by deregulation (Meehan, 2005, p.246). Meehan thinks that “the markets for audiences, programs, and ratings have been remarkably stable in terms of the structure of demand” (Meehan, 2005, p.245). Both the advertisers and the program producers demand ratings that measure the advertiser’s target audiences to satisfy their own profit. To attract advertisers, networks and channels need to reach a higher rating in their target audiences, and “this fosters the practice of limited creativity in the market for programs” (Meehan, 2005, p.245). However, though their relationships are stable, there are “discontinuities
opening spaces for strategic behavior, which provides the basis for the television industry’s dynamism” (Meehan, 2005, p.246). Meehan (2005, p.246) argues that, “strategic behavior encourages rivalries between networks as each strives to be number one in the ratings, to earn the most revenues by producing the most demanded demographic.” “Much has changed in the United States from 1942 to the present day,” she (2011, p.73) argues, “yet the institutional structure of the ratings market has remained.” According to her description, “demand is still shared and bifurcated”; “the ratings monopolist still serves at the pleasure of its buyers”; “challenges are still based on new ways to produce fungible ratings won out over the telephone as scientific breakthroughs” (Meehan and Torre, 2011, p.73).

“These markets and the corporate relationship constituting them are profoundly influenced by governmental and administrative policies” (Meehan, 2005, p.122). According to Meehan, deregulation has brought about three impacts on the television industry in the United States. Firstly, the deregulation from the government contributes to the trans-industrial conglomerates integrating network, cable, and satellite television. “Deregulation has fostered vertical integration of production, distribution, and networking within each of the Big Five conglomerate; it has encouraged horizontal integration achieved via the ownership of multiple production subsidiaries in four cases and multiple networks in two cases” (Meehan, 2005, p.250).

Secondly, though the deregulated polices give companies the most freedom, it doesn’t bring more rivals into the market to compete. The conglomerates’ interests become intertwined with each other. Because of the deregulation, the conglomerates can sell programming to their rivals, and sometimes, they cooperate with each other as co-producers (Meehan, 2005, p.248-249). Thirdly, deregulation encourages companies to “own as much media outlets and to operate across as many media industries as possible” (Meehan, 2005, p.250). “The oligopoly in television networks overlaps the oligopoly in television production with Disney, GE, Viacom, News Corporation, and Time Warner serving as major forces in both oligopolies” (Meehan, 2005, p.250). However, the integration of the television industry has caused some
social problems. “That process focuses corporate attention on overall revenues for brands and franchises; on recirculation, repackaging, and recycling to feed other operations and earn multiple revenues; and on tactics and redeployment that lessen the need for new titles adapted to specific media markets” (Meehan, 2005, p.122).

2.3.2. Studies of the American media/entertainment industry by Wasko

“We may need to stop thinking about and study the television industry, with its networks, channel, ratings, and programs and start considering and researching the entertainment/information sector, its hierarchy of transindustrial media conglomerates, their array of revenue sources, and their brands and franchises that cross traditional lines between entertainment, news, and advertising” (Meehan, 2005, p.122). Wasko (1994, p.3) also mentions the significance of studying this area: “media/entertainment industry has grown considerably during the last few decades, and increasingly attracts the attention of financiers, investors and companies outside the traditional entertainment world.” In her article Hollywood, New Technologies, and Europe 1992, she provides a global perspective to focus on the penetration of Hollywood’s entertainment industry in the European market, regarding the principal economic and political changes of Europe. Wasko (1991, p.184) quotes Bernstein’s statement that “thanks to technological developments and commercial motivations, Hollywood is more than just movies seen in theaters; the major corporations in Hollywood are transnational conglomerates, often involved in a wide range of media activities, producing and distributing cultural products throughout the world, and dominating a global ‘leisure empire’ ”.

In Wasko’s point of view, there are several favorable conditions in Europe that enhanced Hollywood’s prosperousness: “the development and proliferation of new technologies, privatization and deregulation actions, a unified European market, and events in Eastern Europe” (Wasko, 1991, p.186). She also discusses the internal agents of Hollywood’s success, including the high quality of their products, wealth resources, experiences, historical strengths of international distribution, other mergers’
support, etc. (Wasko, 1991, p.186-188).

She mainly concentrates on two arguments in her book *Hollywood in the Information Age*, which was published in 1994: first, “the myriad of technological changes that have prompted discussions of a new age of information has been introduced into societies which remain fundamentally the same”; second, “it might be noted that many of the new technologies associated with an information age have been introduced an employed for leisure-time activities or entertainment” (Wasko, 1994, p.1-2). She admits that deregulation and globalization tendencies have brought about new technological development as well as a new era for Hollywood. New technologies, ranging from the VCR to cable, mean new ways of distributing media outlets, they make the revenue diversified, and help to spread the risks (Wasko, 1994, p.242-243). There are also new trends in film financing, such as pre-licensing deals and new sources of funds (Wasko, 1994, p.243). However, she argues that some characteristics in the information age are actually continuities derived from early times. As before, Hollywood still tries to create more commodities as well as more channels for advertising (Wasko, 1994, p.246-247). In addition to this, the introduction of cable, home video, or satellite communication has not alerted “the accepted perception of culture as property” (Wasko, 1994, p.247). What’s more, according to Barnouw’s view, “technologies are often envisioned as new possibilities for enlightenment and democracy” (Wasko, 1994, p.246), but “the dominant use of the new media forms is entertainment” (Wasko, 1994, p.246).

Wasko (1994, p.249-252) has also discussed three myths in the film industry: more competition, industrial conflict, and more diversity. Wasko and Meehan hold the same view that the new technologies won’t encourage more competition and industrial conflicts, because of mergers and acquisitions activity, along with the increasingly shared interests. Nevertheless, she also mentions that some companies are suffering in hard times. “At least in film production/ distribution, a number of companies have attempted to compete in recent years, but with great difficulty” (Wasko, 1994, p.69).
In addition, Wasko shows concern about the reproduced content in the creative industry. Unlike Meehan, who has a more optimistic view regarding the dynamism in the television industry, Wasko worries about the decreasing diversity in the media industry, for more and more media outlets are taking advantage of the same content. The most attention is given to “determining diversity of access,” but television’s task of providing “a variety of political and cultural ideas” is neglected (Wasko, 1994, p.73).

In Wasko’s recent article, *The Death of Hollywood: Exaggeration or Reality*, she develops her perspectives of the changes and continuities happening in Hollywood and specifically points out that Hollywood is facing a lot of new challenges. Wasko (2011, p.321-326) has briefly mentioned five continuities in Hollywood: first, it continues to be a profit-driven industry; second, it “continues to produce films as commodities”; third, it “continues to attract sizable revenues”; fourth, it continues to “dominate the US film business”; finally, it continues to “dominate most film makers around the world.” Except for those features that have not been changed, she lists a series of changes, in other words, challenges that threaten Hollywood’s future. “The first change to the most important companies – finding new funding sources for the very pricey films that Hollywood tends to produce” (Wasko, 2011, p.309). The second change is the threat coming from independent film makers, thanks to the development of digital technologies (Wasko, 2011, p.309). Wasko (2011, p.327) quotes Erickson’s (2010) definition in her notes: “the film makers has full creative and distribution control, investors have no involvement with the film outside of providing financing, and the filmmakers undergoes substantial risk to produce and distribute the film.” The third change comes from the emergence of new forms of digital promotions, ranging from websites to social media (2011, p.310-311). “Some Hollywood marketers even wonder whether the new forms of promotion are actually that effective” (Wasko, 2011, p.311). Wasko (2011, p.311) argues that “it seems clear that digital promotion definitely has not taken over from traditional Hollywood marketing strategies – at least, not yet.” Fourth, she mentions some new technologies in film distribution, such
as the internet, videogames consoles, YouTube, the iTunes Store, etc., which can not only “offer significant savings, but also helps the studios to replace the retailers to make decisions on price (Wasko, 2011, p.311-313). Except the threat from independent film makers, she (2011, p.313) also doesn’t neglect the threat from their distributions. “The ‘threat’ of independently, produced, inexpensive, Internet-distributed films that will compete with and, some would argue, ultimately undermine the entire Hollywood system” (Wasko, 2011, p.313). Sixth, there are also changes in film exhibitions, which include three aspects: the appearance of technological innovations like digital cinemas, 3D, and IMAX; the “enhanced theatrical environment”; and the “new home exhibition technology” (Wasko, 2011, p.315-317). The problem of piracy as well as “the developments in global film production and distribution” are the last two problems that threaten Hollywood’s tomorrow, according to Wasko (2011, p.317-320).

2.3.3. Summary
In summary, Meehan (2005) and Wasko’s (1994) theories mainly cover the first two dimensions in terms of Mosco’s model, the commodification and spacialization in the American television industry. Meehan focuses on the market structure as well as the ways in which the governmental deregulation supports the television markets’ development. According to her, the TV markets in American covered three aspects: the market for viewers, the market for advertiser, and the market for programs. This market is well connected to the rating’s function, which is stable as well as dynamic. In addition, she attributes the newly established order to the government’s regulation. Comparing to Meehan, Wasko’s theory is based on Hollywood, which contains a group of conglomerates owning multiple media outlets. She addresses the changes and continuities that the media/entertainment industry has made, with the advent of new technologies, such as cable, VCR, etc. She agrees with Meehan that all of these changes or continuities are derived from the deregulation of government. Furthermore, Wasko points out that the new changes derive from digitalization as well as globalization, which are both challenging the future of Hollywood in her new article.
Nevertheless, though they point out a range of social problems, which are brought about by the integration of firms, they show little concerns about the increasing labor issues in the media industries. They have mentioned that viewers can be sold as commodities to advertisers, but they don’t talk about the influence of humans on the market. They treat viewers or media workers as passive agents in the new information era, and have ignored the bidirectional relationship between human agencies and the social structuration.

2.4. Conclusion

This thesis takes a political economy approach, especially its application in the media industry. It has talked about what a political economy approach is, in terms of its definition and its distinctions from other related approaches, as well as the theoretical foundations in this research area. Then this thesis introduces Mosco’s theory of the political economy of communication studies, and how a political economy approach specifically applies to TV studies by referring to two authors’ works: Meehan (2005) and Wasko (1994). Mosco’s model contains three dimensions: commodification - the process of transforming use to exchange value, spatialization - the transformation of space, and structuration - the process of constituting structures with social agency (Mosco, 2009, p.11). The commodification in the media industry includes three aspects: viewers, content and labor. Relating to TV studies, Meehan and Wasko mainly address the commodification of programs and viewers. Furthermore, the spatialization covers two aspects: the government structuring process and the institutional extension. The regulation of the government may lead media companies to experience four stages: commercialization, privatization, liberalization and internationalization. The extension process, which contains vertical and horizontal extensions, has been elaborately discussed in Meehan and Wasko’s cases in the American TV or film industries. The dimension of structuration, which addresses the interrelationship between the political economical context and human agencies,
however, hasn’t been discussed much by Meehan and Wasko, for they concentrate on the analysis of political power and economic structure that are the dominant agency in terms of their views.

In conclusion, political economical power is one of the most influential powers according to the perspectives of theorists in political economy of media and communication studies. It aims at exploring how this kind of power has shaped or is shaping the television industry. We can consider applying these political economy theories to television studies by taking some steps. In order to understand how government regulation influences the television industry, we can first examine its development process, in terms of commercialization, privatization, liberalization and internationalization. What’s more, we can examine the extension, including horizontal and vertical extensions, in the television industry, as well as pay attention to the integration activities of major conglomerates. It is equally important to discuss the interrelated markets in the television industry, the market for viewers, for advertisers and for programs. Their relationship and conflicts can be regarded as a significant consequence of governmental regulation. In addition, the television industry can no longer be regarded as an independent industry, but a part of the broader context - media/entertainment industry and a part of the increasingly globalized market.

Chakravartty and Zhao (2008, p.3) provide a new perspective towards “transcultural political economy of global communication,” “by offering a theoretical driven and empirically grounded discussion of global communications as understood through key vectors of state, market, and societal power and multiple sites of domination and contestation.” Unlike the traditional research deriving from North America and Europe researchers, their book contains many case studies from other parts of the world, including Russia, Singapore, Latin American, Africa, and China. It is important to pay attention to the context outside North American and Europe. In the next chapter, we will therefore try to discuss the development of the Chinese television industry, in relation to the political economy of the Chinese context.
3. The political economy of Chinese television

In the preceding chapter, we have discussed a theoretical framework derived from Mosco (2009), Meehan (2005) and Wasko (1994), which could be good models to apply to Chinese television studies. Since we have only discussed the political economy theory from a western perspective, it will be a good supplement to look at what Chinese theorists think about their own country’s political economy.

As we mentioned before, more and more Chinese political economists have started to show interest in research on the television industry in China (Liu, 1994; Yu, 1999; Bai, 2005; Zhang, 2007; Zhao, 2008; Qiu, 2009; Zhong, 2010). Some theorists offer strategies to expand the economic structure by taking an institutional perspective (e.g. Yu, 1999; Sun et al., 2001; Bai, 2005); some are inclined to study the tensions between local and central authorities through the lens of the media (e.g. Liu, 1994); and both domestic and foreign theorist take a global perspective to explore the new changes brought about by foreign companies as well as the ways in which the Chinese media respond to challenges (e.g. Zhang, 2007; Zhao, 2008; Stanton, 2009). Not surprisingly, one of the most principal trends is to focus on the process of the commercialization of the Chinese media, which is attributed to political structuring (e.g. Akhavan-Majid, 2004; Winfield and Peng, 2005; Bai, 2005; Zhao, 2008), though there are some different voices claiming that the increasing commercialization will gradually decrease the dominant status of governmental control (e.g. Zhao, 1999).

Thus, this paper will be based on the literature concerning the commercialization process of the Chinese media (Akhavan-Majid, 2004; Winfield and Peng, 2005; Bai, 2005; Zhao, 2008), and it will try to describe the Chinese political economy context. I have tried to organize the historical background of the Chinese television industry’s commercialization into chronological order, but I found that it would be difficult for readers to maintain a general impression of the most important concepts and historical events in the history of Chinese television. The complexity of the Chinese
broadcasting system and the long time span has made it difficult to keep the background brief and clear. I found that in a lot of academic works concerning Chinese television or the background of the Chinese media (e.g. Bai, 2005; Zhao, 2008; Harvey, 2005), several important historical events have been emphasized: *Dual-track System Reform*, Decentralization Reform (some books prefer to call it “a transformation to a four-tier television system”), Recentralization Reform, and Cultural System Reform. Those events, which basically happened in chronological order, are the key phases to answer my research questions as well as to get access to the history of the Chinese media. Except for the “internal” context, there are also “external” elements that connect with the Chinese political economy (Harvey, 2005), the interaction between Chinese television and foreign companies.

Subchapter 3.1 try to portray the political structuring stages in terms of Chinese historical events, including *Dual-track System Reform, Decentralization Reform, and Recentralization Reform* that Chinese media has been through. The process of internationalization of Chinese television will be includes in this subchapter. In subchapter 3.2, I will provide a literature review of three previous studies, which are highly relevant to my study.

**3.1. Governmental structuring**

3.1.1. Dual-track system reform
The initial step that the government has taken since the 1900s is called “*Dual-track System Reform,*” it started in the press systems, and then applied to the broadcasting and television systems (Zhao, 2008, p.77).

What is a “dual-track system” or a “dual pricing system” (Harvey, 2005; Zhao, 2008)? A dual-track system means that “the practice of ‘cause-oriented undertakings managed as business-oriented enterprises’ (shiye danwei, qiye guanli)” (Zhao, 2008, p.77). “The term *shiye* refers to enterprises that concentrate on the production and
provision of public goods and services and as a result traditionally require preferential
tax treatments and subsidies; the term qiye, on the other hand, refers to enterprises that
provide private goods and services and are not in a position to receive tax breaks and
subsidies” (Zhao, 2008, p.77). Under this system, “media and cultural institutions had
been defined as undertakings that provide public goods and were thus eligible for
subsidies and tax breaks; however, they were to be operated as businesses, raising
revenue through market-oriented activities” (Zhao, 2008, p.77). In Harvey’s (2005,
p.129) opinion, the dual pricing system is “awkward” and “short-lived.” Because on
one hand, TV stations need to earn their own revenue instead of depending on
government subsidies; on the other hand, the government can still exercise control
whenever it wants to. Is a TV station a state-owned entity or a private-owned entity?
Is it running according to the government’s order or the rules of the free market? The
hybrid identification of TV stations makes its proprietary ownership unclear.

“The uniqueness of the Chinese media transformation is that rather than privatizing
existing party-state media outlets or liberalizing entry by private media firms from the
outset, party-state organs themselves have spearheaded the process of
commercialization, adopting and containing the market mechanisms within the
existing structure” (Zhao, 2008, p.79). In order to make a profit as well as keep the
original system, the government came up with “dual-track reform,” which gave TV
stations a hybrid identity that is inconsistent with western economic theories.
Nevertheless, the statement that “all of the TV stations are owned by the state” has
been written into Chinese college textbooks for media major students, and is
recognized by the Chinese people as a fact.

Besides, Dual-track System Reform, to some extent, can’t be realized without the fast
development of advertising, because through Dual-track System Reform, the domestic
governments don’t need to pay subsidies for TV stations, but also they are able to
receive a large part of the advertising revenue as “shiye income.” In Zhao’s (2008,
p.77) point of view, “the introduction of advertising in broadcasting in 1979” was the
following step of a Dual-track System Reform. In addition, some scholars prefer to regard it as the initial point of the Chinese media’s commercialization (e.g. Winfield and Peng, 2005). “In the soaring of advertising revenue for several consecutive years, the proliferation of market-oriented institutional as well as journalistic improvisations, the sharp increase of media outlets, the craze of media to increase revenue by diversifying into other businesses, and above all, the changed ethos of the Chinese media” (Bai, 2005, p.2).

3.1.2. Decentralization reform
Broadcasting provision was centralized at national and provincial levels in the 1980s (Akhavan-Majid, 2004, p.559; Bai, 2005, p.2; Zhao 2010, p.95). However, “in a crucial 1983 policy, the central state, incapable of providing the huge financial investments necessary for increased national television coverage, allowed municipal and county governments to mobilize their own resources to build full-scale radio and television stations” (Zhao, 2008, p.95).

The Decentralization Reform “allowed the establishment of broadcasting stations at four levels of government—central, provincial, municipal/prefectural, and county—leading to the entrenchment of a four-tiered broadcasting structure and a proliferation of television stations at the municipal/prefectural and county levels”, according to Guo’s perspective (Zhao, 2008, p.95). In other words, there is a one-to-one correspondence between four-tiered party-state organs and the broadcasting structure. Furthermore, this reform, to some extent, has decentralized the authority of central state television administration. “Based on this new scheme, only the CCTV and its affiliated stations in the 30 major provinces of China remained subject to central party supervision, with all other stations relegated to lower-level authorities” (Huang in Akhavan-Majid, 2004, p.559). “The economic arrangements between the local broadcasting authorities and the broadcasting stations under their jurisdiction resemble those in the land contract system” (Akhavan-Majid, 2004, p.559). “For example, Beijing TV pays a portion of its profits to the Beijing municipal
Radio-TV-Film authority, which is also nominally the owner of Beijing TV’s broadcasting facilities” (Akhavan-Majid, 2004, p.559).

The decentralization policy, however, directly led to intense competition between media outlets owned by various levels of TV stations. “Because neither CCTV nor provincial stations provided any financial compensation for county-level stations to transmit their programming, some county-level stations either refused to carry these programs or inserted their own advertising during transmission” (Zhao, 2008, p.96). One of the consequences of the disordered market was the duplication and redundancy of content on the screen. It “had undermined core central and provincial media outlet and overrode the market rationality of the central party-state planners” (Zhao, 2008, p.96). In fact, the competition shows the contradictions between various levels of party-state bureaucracies who take control of the media outlets. Thus, those fresh competitors didn’t bring energy; instead they brought disorder, competition, as well as duplicated and redundant content to the Chinese television market.

3.1.3. Recentralization reform
In response to the problems that were caused by decentralization, “the central party-state adopted a two-pronged strategy to rationalize and consolidate the media market: administrative campaigns aiming at media recentralization,” and “the creation of conglomerates to achieve the optimal integration of political control and market efficiency” (Zhao, 2008, p.96). The reform of recentralization actually helps the conglomerates to sever ties with local governments (Bai, 2005, p.5). “Chinese media have, in a strict sense, become the Party’s assets rather than local government’s assets” (Bai, 2005, p.5).

In 1996, the broadcasting administration launched the recentralization campaigns to revert the existing four-tiered structure to the previously two-tiered structure, in order to build national and provincial-level conglomerates. Zhao (2010, p.99) concludes that the intentions of the central state planners was “to consolidate radio, over-the-air
television, and cable operations—encompassing program production, broadcast, and distribution over different technological platforms, and other related business areas—under one organizational structure at the central and provincial levels and to downsize municipal and county-level broadcasting operations.” This campaign tried to eliminate the cable networks which were under provincial or national level, and to integrate their assets into provincial conglomerates. “By the end of 1998, county-level broadcast consolidation resulted in the elimination of 2400 of 4147 broadcast outlets and the re-licensing of 2216” (Bai, 2005, p.3). At that time, the county-level television stations had been deprived the authority to decide their transmitted content, and had been redefined as transmission stations for broadcasting stations at higher levels.

As a consequence, the national and provincial television stations grew in size and provided the foundation for media conglomeration in China. “In December 2000, the first provincial-level broadcasting conglomerate was launched in Hunan Province, which had created the most successful commercial broadcasting system through a single-minded pursuit of entertainment-oriented programming; the seven channels operated by three separate television stations, Hunan Television, Hunan Economic Television, and Hunan Cable Television, were brought together under the single entity of Hunan Television” (Zhao, 2008, p.99). Sequentially, it was followed by “the formation of seven more conglomerates in 2001, including the national broadcast conglomerate that has CCTV at its core” (Bai, 2005, p.4). “On December 6, 2001, just a week before China officially joined the WTO, the SARFT - the State Administration of Radio Film and Television - announced the establishment of the China Radio, Film, and Television Group, a national-level media conglomerate that aimed to combine the resources of China Central Television, China National Radio, China Radio International, the China Film Group Corporation, and related Internet and broadcasting production and distribution operations” (Zhao, 2008, p.100). Thus, it means that the wave of conglomeration had reached its climax.

Not surprisingly, the top-down media restructuring strategies had met a new round of
difficulties. As we mentioned before, “the overwhelming majority of media outlets are locally based” (Bai, 2005, p.2). “In fact, the sector-specific nature of the groups reveals the limits of centralized party-state power in overcoming vested bureaucrat interests and in implementing any abstract and idealized market rationality” (Zhao, 2008, p.100). The SARFT can hardly realize its objective of market consolidation to transform the functions of county-level TV stations and to integrate them into the provincial networks. According to Zhao’s (2010, p.100-101) description, “county-level television operations, especially those in the economically developed regions, involved considerable infrastructure investments by local governments, tens of millions in advertising revenue, and substantive jobs, not to mention their propaganda function for local authorities.” Except for the reason that the top-down integration process can’t influence on domestic bureaucracies effectively, there is another problem that concerns the ambiguous definition of conglomerates’ corporate identity. “While these conglomerates are no longer considered party-state departments, they are not registered with the state’s industrial and commercial administration as independent businesses” (Zhao, 2008, p.102). Zhao points out the ambiguity of conglomerates’ property rights. “Although the party-state’s media assets are considered ‘media capital’, they do not have clearly delineated property rights and the legal status as free-flowing ‘capital’,’” which means that these groups have no corporate status, as well as no legal status to conduct business transactions involving the transfer of property rights (Zhao, 2008, p.103). It means that those institutions can’t expand as western media corporations have done, such as conducting mergers or takeovers.

In addition, Bai (2005, p.4) comes up with more barriers: geographical-administrative barriers, cross-media-administrative barriers, barriers to media capitalization, barriers that prevent television programming from being contracted internationally. However, according to Zhao (2010, p.104-106), the vested bureaucratic interest serves as the major barrier, which directly leads to other impediments. Nevertheless, Zhao mentions the struggling efforts of the media managers who have been made to
infringe upon administrative boundaries and challenge the existing party organ structure, such as the reforms that happened in the Hunan and the Zhejiang province, though their innovative attempts which encountered problems within the institutions themselves (Zhao, 2008, p.106).

3.1.4. Cultural system reform
Before we look at the Cultural System Reform, it is necessary to briefly review the Chinese economic reform, which is the foundation of the Cultural System Reform. “The year of 1992 has been generally recognized as ushering in a higher degree of media commercialization, as it was in this year that Deng Xiaoping made his speech about ‘taking bolder steps’ in economic reform and the goal of building a socialist market economy was sanctified by the Party’s top decision-makers” (Bai, 2005, p.2). “Deng’s remarks broke down the ideological barriers to commercialization by arguing that the market is only a mechanism for economic development” (Winfield and Peng, 2005, p.259). After Deng’s speech, the Chinese market was gradually opened up, and since then the Chinese media, except for keeping its mouthpiece identity, started to gain commodity values.

“Unhappy with the pace of marketization and frustrated with the inability of a bureaucratically conflicted media sector to realize the promise of Document No. 17, state planners devised a more sweeping program, under the name of “cultural system reform” (wenhua tizhi gaige) to provide the new conceptual and policy framework for accelerating the restructuring and development of the media and culture sector” (Zhao, 2008, p.108). According to Zhao (2010, p.108), the Party is very cautious of starting a media reform, because it has been regarded as “a key component of political reform,” and the new phrase “Cultural System Reform,” however, subtly avoids the risk of touching the political foundation directly. The No. 17 document, in Bai’s (2005, p.4) view, has set forth “general principles for media development.” “These principles, though not backed with concrete measures, encourage cross-regional and cross-media
expansion and restrictions over media capitalization seem to have relaxed” (Bai, 2005, p.4).

The origin of this reform can be traced to the “Report of the Party’s 16th National Congress” in October 2002. As one of the consequences, “it subsumed the news media, which have always had a special political significance, under the rubric of the broader realm of ‘culture’” (Zhao, 2008, p.108). What’s more, it redefined the ambiguous corporation identities of media institutions and distinguished the “public interest–oriented undertaking” from “market-oriented undertaking” (Zhao, 2008, p.109). According to Zhao, the aim of this report is not only to dissolve the political dimension of the media into the less politicized area of “culture,” but also to define the party’s political interest as the “public interest” (Zhao, 2008, p.109-110). However, another scholar, Bin Zhao (1999) disagrees with Yuezhi Zhao (2010), arguing that because of the trend of commercialization and marketization, the political control of media is less than before. “Television’s political role as the Party’s mouthpiece has been increasingly eroded by ever more powerful pressures for commercial success; as a consequence, the resulting tension between state control and market dynamics has become the defining feature of Chinese television, and indeed of the entire cultural sphere in post-Mao China” (Zhao, 1999, p.292).

According to Bai (2005, p.4), the No. 17 document is to “set forth general principles for media development.” “These principles, though not backed with concrete measures, encourage cross-regional and cross-media expansion and restrictions over media capitalization seem to have relaxed” (Bai, 2005, p.4). In other words, this policy gradually opens the doors to private capital and transnational capital. The 16th Party Congress sent out a warm signal to private capital (Bai, 2005, p.5). Bai (2005, p.5) identifies several changes: (1) “private companies, once properly licensed, are allowed to make programs for television”; (2) “television stations are encouraged to spin off programming or channel management by setting up companies, which can then enter into business arrangements with private companies”; (3) “transnational
media giants are allowed to set up joint-ventures with television stations to co-produce certain types of programs – at present, this seems to be the closest media TNCs can come to the core media business in China”; (4) “at appropriate times,’ media conglomerates will be allowed to enter the stock market.” In addition, “government subsidy to media continues to dwindle” (Bai, 2005, p.5). What’s more, in 2003, “the government ended the favorable revenue tax policy regarding broadcast outlets, which aimed to further push the broadcast members to the market” (Sun in Bai, 2005, p.5).

Except for the four changes Bai (2005) has listed, another economist Yu Guoming, a well-known professor in Renmin University of China (RUC), has also provided plenty of cases to show the ways of absorbing capital for pursuing market-oriented expansion. The first way is Initial Public Offering (IPO) (Yu, 1999). It means “the first sale of stock by a company to the public, which can be used by either small or large companies to raise expansion capital and become publicly traded enterprises” (Wikipedia, Initial Public Offering). For example, “the Hunan provincial broadcasting authority managed to list its programming and cable transmission assets under a subsidiary in the Shenzhen Stock Exchange in 1999” (Zhao, 2008, p.116). But this expansion in capital was too pioneering to be accepted by the central authorities at that time, “leading the SARFT to issue an order to prevent imitation by others” (Zhao, 2008, p.116). Secondly, media institutions can consolidate with companies outside the media industry to establish a joint venture (Yu, 1999). For instance, Urumchi Cable Television established “Urumchi Cable Television and Radio Limited Liability Company,” by cooperating with four institutions in different fields (Yu, 1999). Youhao Group, who is running supermarkets (chain type) in the Xinjiang province, has invested 20 million CNY, which is 16.7 percent of the initial share (Yu, 1999). What’s more, stock acquisition is the third way of getting access to capital in the media industry (Yu, 1999). Sichuan Electric (Sichuandianqi), for example, bought 93 percent of Chengdu Commercial News Distribution Limited Company’s stock and got a 10-year distribution right of Chengdu Commercial News (Yu, 1999). Fourthly, some
companies sign contracts with other companies to establish a joint venture or to run a cooperative business (Yu, 1999). A company named “Hunan Investment” (Hunantouzi), for example, contracted with Brand Times, a sub-product of Economic Daily in Beijing, was going to invest 100 million CNY to get a 15-year distribution right (Yu, 1999). In addition to Yu (1999), the integration between TV stations, which was hard to realize because of the bureaucratic barriers (Bai, 2005; Zhao, 2008) became another way for TV stations to expand in capital and scale. For example, on 27 March, 2010, Hunan TV Station bought a 49 percent stock of Qinghai PSTV, while Qinghai TV Station had 51 percent (Baidu, Qinghai PSTV).

As a result of the policies mentioned above, private firms started competing with traditional state-owned media members (Yu, 1999; Bai, 2005). During the mid-1990s, private media firms made a living by producing television drama. In Bai’s (2005, p.6) paper, Zhao and Mao argue that “the majority of television drama production companies today were established from 1997 to 2000”. “It was also in this latter period that companies specializing in making entertainment programs other than television dramas came into existence” (Bai, 2005, p.6). “Aside from these production-oriented media firms, some big domestic businesses, including both state and private businesses, are apparently taking an interest in the media sector, but they seem to have even more ambitious business plans than the previous group”; “they have holdings in various kinds of media businesses ranging from movie and television program production, distribution, theater chains, to newspaper and magazine publishing” (Bai, 2005, p.6). According to Bai (2005, p.7), neither the small firms nor the big cross-industrial businesses are production-oriented. He (2005, p.7) distinguishes the production-oriented entities from companies “affiliated with state-owned television stations.” “Business operations are highly streamlined so that program investment decisions are made in the shortest possible period of time whereas in television stations or their subsidiary studios, the review process often involves multiple departments, which can take months and more” (Bai, 2005, p.7).
3.1.5. Internationalization

According to Harvey (2005, p.137), “China’s external trading relations” have mutated since its participant in WTO in 2001. “While accession to the WTO in 2001 has had a lot to do with it, the sheer dynamism of Chinese economic growth and the shifting structures of international competition have made a major realignment of trading relations inevitable” (Harvey, 2005, p.137). “With China’s media investment policies being considerably relaxed in recent years, by cooperating with the Chinese media in various ways including copyright cooperation, buying shares in the field of media industry, program exchanges and cooperative production of programs, many foreign media corporations have entered the mass communication market in Mainland China with their products, businesses and capitals” (Zhang, 2007, p.80). “Among them there are the global media giants: News Corporation, Bertelsmann, Disney Co., Viacom, AOL-Time Warner and Hachette Filipacchi. Take for example News Corporation” (Zhang, 2007, p.80).

As soon as Murdoch’s News Corporation bought Star TV from the Star Group, it established a joint venture “Phoenix Satellite Television holdings Ltd” with another two Chinese investors, Liu Changle and Chen Yongqi; in 1996, Phoenix Satellite Television repackaged Star TV into a new channel called Phoenix Chinese Channel (Baidu, Phoenix Television; Wikipedia, Phoenix Television). It has 6 different television channels (see Table 1), the Phoenix Chinese Channel and the Phoenix InfoNews Channel, according to Zhao, the group “has been providing information and entertainment for an elite Chinese audience since 1997” (Zhao, 2008, p.159-161). Phoenix TV has become one of the most influential and commercially successful television organizations in China, judging from its coverage as well as its revenue. “During these years, the development of satellite allowed them to expand their broadcast to 53 countries and regions with more than 20 million viewers worldwide, of which more than 62% are Chinese-speaking people; it now covers over 150 countries and regions around the world with an estimated 300 million audience, among which, over 42 million households with more than 150 million viewers from
the Mainland China” (Wikipedia, Phoenix Television). “The Chinese-language channel of Phoenix TV in which News Corporation owns a large percentage of shares was in Oct. 2001 allowed to enter the cable TV network in the Pearl Delta region of Guangdong Province in China” (Zhang, 2007, p.80). “By 2004, income from China had accounted for approximately 75 to 80 percent of Phoenix TV’s total advertising revenue of HK$1 billion, making it the fourth-largest Mandarin television network, just behind CCTV, Beijing TV, and Shanghai TV” (Zhao, 2008, p.160).

Table 1: Channels of Phoenix Television

<table>
<thead>
<tr>
<th>Time</th>
<th>Name of the Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996.03</td>
<td>Phoenix Chinese Channel</td>
</tr>
<tr>
<td>1998.08</td>
<td>Phoenix Movies Channel (Prepaid channel)</td>
</tr>
<tr>
<td>1999.08</td>
<td>Phoenix Chinese News and Entertainment Channel (Overseas)</td>
</tr>
<tr>
<td>2001.01</td>
<td>Phoenix InfoNews Channel</td>
</tr>
<tr>
<td>2001.01</td>
<td>Phoenix North America Chinese Channel (Overseas)</td>
</tr>
<tr>
<td>2008.01</td>
<td>Phoenix Emerald Channel</td>
</tr>
<tr>
<td>2011.03</td>
<td>Phoenix Hong Kong Channel (in Cantonese)</td>
</tr>
</tbody>
</table>

*the data was collected from Wikipedia, Phoenix Television.

News Corporation is interested in not only satellite TV production, but also cable television and program exchanges. In 2001, “Star TV, an entertainment channel of Star Group Limited, which is a branch solely owned by News Corporation, got the approval to broadcast in Guangzhou, thus becoming the first foreign-funded cable TV channel to broadcast in Mainland China” (Zhang, 2007, p.80). “News Corporation has also practiced program exchanges with Chinese media since the end of 2001” (Zhang, 2007, p.80). What’s more, except for their expansion in the television industry, News Corporation tried desperately to seize their market share by establishing subsidiaries for a variety of businesses. Zhang (2007, p.80) quotes Jiang’s argument that “towards the end of 2002, the website www.phoenixtv.com established by Phoenix TV in 1998,
joined hands with China Network Communications Group Corporation in opening the Phoenix short message service, thus entering the market of mobile network in China”.

“In 2001, NDS, a subsidiary of News Corporation, declared the establishment of NDS Technology (Beijing) Co. has become a supplier of end-to-end digital TV solutions, set-top boxes and so on for China’s cable TV network” (Zhang, 2007, p.80).

In general, foreign companies are developing rapidly in both satellite television and cable television. “By early 2003, the Chinese state had made available as many as 31 overseas and Hong Kong–based specialty satellite television channels to selected audience markets, including CNN, BBC World Service, HBO, CNBC Asian Pacific, Bloomberg Asian Pacific, ESPN, MTV Mandarin, and Discovery” (Zhao, 2008, p.161). “The officially approved cable landing of Phoenix TV Chinese and InfoNews channels, Sun TV, Star TV’s Mandarin entertainment channel, and Time Warner’s China Entertainment Television (CETV, Time Warner later sold its controlling share to Tom.com, a Hong Kong firm controlled by billionaire Li Ka-shing) in the Pearl River delta has further expanded the access of foreign- and Hong Kong–invested television channels” (Zhao, 2008, p.161). As a foreign scholar, Stanton (2009, p.41) observed that “Chinese television had a huge appetite for imported TV programmes, especially television drama.” Stanton (2009, p.42) quotes the statistics from China Broadcasting Yearbook 1998 that “in 1997, it was estimated the annual demand for terrestrial broadcasting programmes was 3,114,384 hours, but the annual production by domestic television stations was only 616,437 hours.” Stanton (2009, p.42) argues “this left a large difference between supply and demand.” Referring to Yin, Stanton (2009, p.42) argues that “to cover this shortfall, TV stations imported between 10,000 and 20,000 hours of programming annually.”

Every coin has two sides. The new open policies let foreign companies set foot in the Chinese media market, but also allow the domestic television “to translate and repackage foreign content, from documentaries on the Discovery Channel to cartoons on Nickelodeon” (Zhao, 2008, p.161-162). “In this broad international context and
with China’s open and reform policies, in recent years, China has recognized the urgent need for ‘letting the world know China better and letting China know the world better’” (Zhang, 2007, p. 80). In order to fulfill this task, the Chinese media tries to establish a comprehensive international communication system, covering different media outlets (Zhang, 2007, p.81). “The central-level news media outlets specializing in international communication consist of the English-language China Daily, the overseas edition of the People’s Daily, Channels 4, 9 and 16 run by the Overseas Service Center of CCTV, China Radio International, the overseas service section of China National Radio, the overseas service section of Xinhua News Agency, and China News Agency” (Zhang, 2007, p.81).

Zhang has described the transformation of broadcasting media in Shanghai to show how the local media responds to the challenges from globalization. Zhang (2007, p.81) mentions the English language news services which are part of Shanghai’s broadcasting media, by taking Shanghai Dragon TV as example, which contains “9 programs for foreigners (mainly for foreigners in Shanghai).” “Most of these programs are very new, being established after the year 2000” (Zhang, 2007, p.81). Zhang has also described a transnational integration between the Shanghai Broadcasting Network and STV-Japan. “In Dec. 2001, Shanghai Broadcasting Network (later called Oriental Broadcasting Network, and now known as Shanghai Dragon TV) reached an agreement with (the Japanese TV company) STV-Japan for telecasting programs in Japan of the Shanghai Broadcasting Network” (Zhang, 2007, p.82). “According to the agreement between the two sides, STV-Japan is responsible for the transmission of the programs of the Shanghai Broadcasting Network” (Zhang, 2007, p.82). In addition, “Shanghai Media and Entertainment Group (SMG) has, since its founding in 2001, enthusiastically promoted international exchanges between Shanghai’s broadcasting media and foreign broadcasters” (Zhang, 2007, p.82). “In April 2003, SMG and the Singapore-based CNBC Asia Pacific, internationally renowned for business and financial news service with its channels available in more than 25 million homes across the Asia-Pacific region, signed an agreement to set up a
strategic partnership” (Zhang, 2007, p.82). “According to the agreement, SMG would provide Chinese business news for CNBC's television network, while CNBC would provide international business news for the financial channel of the Shanghai TV Station under SMG” (Zhang, 2007, p.82).

3.2. Hunan TV Station

“Hunan Broadcasting System [Hunan TV Station] first aired on October 1, 1970 as a local television station in Changsha, Hunan province, China” (Wikipedia, Hunan Broadcasting System). The technology of satellite television was established on the Chinese mainland in the 1980s, the first PSTV station was allowed to be established in the Yunan province, which means that the programs made by Yunan TV station can reach audiences all over China (Wikipedia, Chinese Provincial Satellite Television). As we mentioned before, it was not until 1998 when all of the provincial bureaucracies established at least one PSTV, and in 1997 Hunan province, which is located inland, established its own PSTV called Hunan Provincial Satellite Television (Hunan PSTV) (Wikipedia, Hunan Broadcasting System).

Hunan PSTV tried to position itself as the “first entertainment channel in China” targeting the Chinese youth with entertainment (Liu and Jiang in Bai, 2005, p.9). Hunan PSTV has produced a lot of popular entertainment programs, which have got a very high audience rating nationwide. “Hunan Broadcasting System's [Hunan TV Station’s] nation-wide channel Hunan Satellite Television (Hunan TV) [Hunan PSTV] created Happy Camp, one of China's first variety show” (Wikipedia, Hunan Broadcasting System). “Happy Camp remained as China's highest-rated TV show, until its ratings were overtaken in 2008 by Jiangsu TV's If You Are the One” (Wikipedia, Hunan Broadcasting System). “Hunan TV [Hunan PSTV] is also known for Super Girl, a national singing contest” (Wikipedia, Hunan Broadcasting System). “Hunan TV also aired many highly-rated dramas including Palace and Scarlet Heart”
Thanks to the popularity of Hunan PSTV’s entertainment programs, “Hunan TV [Hunan PSTV] is currently China's second most-watched channel, second only to CCTV-1, owned by China Central Television, although Hunan TV occasionally overtook CCTV-1 in ratings” (Wikipedia, Hunan Broadcasting System).

Except for producing entertainment programs, listing in the stock market is another strategy for Hunan TV Station to strengthen its status in the television market. “While some, including CCTV and the Shanghai broadcasting authority, have managed to list their peripheral operations in the stock markets, the Hunan provincial broadcasting authority managed to list its programming and cable transmission assets under a subsidiary in the Shenzhen Stock Exchange in 1999 without the approval of central authorities, leading the SARFT to issue an order to prevent imitation by others” (Zhao, 2010, p.116). Since 1998 when Hunan TV Station’s stock (which is called Dianguangchuanmei) was listed on the stock market, Hunan TV Station has been absorbing public investment through the issuing of shares. The biggest shareholder of Dianguangchuanmei is Hunan Radio and Television Centre, which is one of Hunan TV Station’s subsidiary companies. “Hunan TV & Broadcast Intermediary Co., Ltd. [Hunan Radio and Television Centre] is principally engaged in the design, production, agency and releasing of domestic and foreign advertisements, as well as the production, releasing and distribution of television programs” (Chinese stock.org, “Hunan TV & Broadcast Intermediary Co Ltd). “The Company [Hunan Radio and Television Centre] is also involved in the provision of network transmission services, hotel operation business, tourism business and real estate business, among others” (Chinese stock.org, “Hunan TV & Broadcast Intermediary Co Ltd).

In 2000, Hunan TV Station had transformed into the Hunan Radio, Film and Television Group, the first conglomerate established in China (Zhao, 2008, p.99). “The first provincial broadcast conglomerate was established in December 2000, and was followed by the formation of seven more conglomerates in 2001, including the
national broadcast conglomerate that has CCTV at its core” (Bai, 2005, p.4). “The newly created groups have business interests in terrestrial, cable and satellite television, radio, film studios, cable networking, newspapers, production and distribution of cultural products, advertising, real estate and so on” (Bai, 2005, p.4). There were 18 broadcasting conglomerates up until the end of 2003 (China Journalism Yearbook 2004 in Zhao, 2008, p.100), some of these were established by the capital city of each province to be classified as vice-provincial level, such as the Nanjing Radio, Film and Television Group, which was the first vice-provincial conglomerate established in December 2002 (Nan Jing Guang Bo Dian Shi Ji Tuan, Preface). In fact, Ou (2009, p.10) argues that most of these conglomerates are only “virtual” entities. The transformation is largely attributed to political order, and the original bureaucratic structures of the provinces have been saved (Zhao, 2008, p.96). All of a sudden, almost every province claimed that they have established their own conglomerates, in order to show their loyalty to the conglomeration trend from centre. It is doubtful, at least for some of them, especially those located in the less-developed areas that don’t really know how to perform this reform. Xu Guangchun, who is the vice-director of the Propaganda Department, the director of SARFT, and a member of the Management Board of Broadcasting Conglomerate, points out that most of those conglomerates are lacking in the expected dynamic (Wang, 2003, p.26). However, the Hunan Radio, Film and Television Group, which is also called “Golden Eagle Broadcasting System” (GBS)¹, is the first conglomerate, but it’s also one of the strongest compared to other provincial conglomerates. The Hunan Radio, Film and Television Group, according to Zhao (2008, p.99), “had created the most successful commercial broadcasting system through a single-minded pursuit of entertainment programming,” which makes it an interesting case to focus on.

¹ According to the latest news, in 2010, Golden Eagle Broadcasting System (GBS) has transformed into Hunan Mango Media Co., Ltd (Wikipedia, Hunan Broadcasting System). To keep consistent, Hunan media conglomerate will be called as Hunan Radio, Film and Television Group in this thesis.
3.3. Previous studies of Chinese provincial television

I am going to review three previous studies concerning Chinese provincial televisions. All of these studies chose case study as their principal research method. Both Bai (2005) and Zhong (2010) selected Hunan PSTV to do a case study, which is the same case as I have chosen. However, Chongqing PSTV, which is the case in Lu’s (2011) study, is an exceptional case that is totally different from Hunan PSTV. The purpose of reviewing those papers is to show that there are different perspectives regarding Chinese provincial television research. Their new ideas serve as supplements to my research. What’s more, their ways of conducting research shows that doing a case study is a useful and popular method for Chinese television studies.

3.3.1. Political economy and entertainment culture

Bai (2005) takes a political economy perspective regarding “Chinese television entertainment culture.” His paper argues that “the ascendancy of television entertainment in China from the late 1990s onward is mainly the result of media restructuring and the subsequent deepened media commercialization, to which the party-state’s proactive participation is central” (Bai, 2005, p.2). He chiefly discusses three aspects: first, “the structural changes of the Chinese media” since the late 1990s,” which “led to a new media landscape that is now occupied by three kinds of major players – state-owned media conglomerates, private capital and transnational capital” (Bai, 2005, p.17); second, the linkage between “media restructuring” and “the craze of entertainment” (Bai, 2005, p.17); and third, “the role of the party-state in the rise of entertainment in China” (Bai, 2005, p.18).

He takes literature review as the major research method. In order to explain “the link between the coming to dominance of entertainment and commercialization,” he also chose Hunan Television to do a case study (Bai, 2005, p.2). What’s more, he focuses on Hunan PSTV’s two entertainment shows, both with high audience ratings, “Citadel of Happiness” and “Date with Rose,” and analyzes their demonstration effect upon
other broadcasters. He comes to the conclusion that media restructuring has provided
“a more stable institutional base on which commercialization can be carried out on a
more fundamental level than previously” (Bai, 2005, p.17). He (2005, p.17) argues
that “such institutional base entails partly the formation of media conglomerates,
which are increasingly more of business and less of government institution, and partly
the legalization of outside capital participation in the media.”

3.3.2. Commercialization and Hunan PSTV
Zhong (2010) has chosen Hunan PSTV as a single case, for he finds regional
broadcasting is being increasingly commercialized. This not only helps to defend
foreign media invasion, but also threatens the domination and legitimacy of the
national network. “Regional outposts used to “be content acting as satellite outposts
of CCTV” (Zhong, 2010, p.44). Nowadays however, CCTV not only needs to
compete with foreign media but has also been threatened by domestic and provincial
satellite television, which can also reach nationwide audiences. In his work, he wants
to present the changes of relationship between CCTV and PSTVs by showing the
commercialization process of Hunan PSTV.

He has used statistics to show the hurdles Hunan PSTV Station has met, “including
prohibitive costs, market inaccessibility and political censorship” (Zhong, 2010, p.45).
After describing the hurdles, he turns to explore how Hunan PSTV has become
commercialized from three aspects (Zhong, 2010, p.48):

- The privatization of Hunan TV & Broadcast Intermediary Co Ltd (HTBI) [this is
  the same company I mention in my paper when discussing “Dianguangchuanmei,”
  whose biggest shareholder is Hunan Radio and Television Centre]. In addition, he
  also examines Oriental Satellite Television’s (OSTV) shareholding structure as
  comparative data.
- The commercial success of HSTV – except for comparing the information of two
  stocks that are respectively relevant to HSTV and OSTV, another variable,
  revenue, has been examined.
• The ratings success of Super Girls (a reality show in which normal people act as singers).

Through his research he has found that HSTV is rising over China, and at the same time, “Communist China, together with its media establishment, has been and will continue to be under the tight control of the Party state, which can ‘break you or make you’, depending on what it wants” (Zhong, 2010, p.52).

3.3.3. Market Socialism and Chongqing PSTV
Compared to entertainment-oriented Hunan PSTV, which is largely supported by advertising revenue, Chongqing PSTV runs conversely. “Chongqing Satellite TV would become a public-interest channel and that it would receive annual government subsidies of 0.15 billion Yuan while eliminating advertising revenues of 0.3 billion” (Lu, 2011, p.662). “The transformation of Chongqing Satellite TV is very much related to the widely debated reform of governance in Chongqing (the so-called Chongqing model), and thus is inevitably controversial” (Lu, 2011, p.662). By discussing the critical commentary from both the “official/civilian” side and the “academic/political” side, Lu (2011, p.662) wants to understand the public media in China, in the case of Chongqing PSTV. He is interested in exploring the model of public service television.

Lu has done a comparative analysis between the “Chongqing PSTV Model” and “Western Public Service Television Model.” Through comparison he gets a result that “government subsidies to public television do not imply loss of independence, but rather assistance to public TV, in a market environment, so that it can achieve mainstream status or simply survive” (Lu, 2011, p.664). Moreover, he stresses the importance of social context and its connection to the phenomenon by reviewing literature. It seems to be a necessary step for Chinese media studies, because of the “Chinese characteristics” that differ from western theories. By examining the context, he argues that “China must find its own mode of development of public TV within the
context of the existing social and political environment” (Lu, 2011, p.665). “The media pattern of market socialism, or liberal socialism, could provide a focus for considering the reform of Chongqing Satellite TV” (Lu, 2011, p.665).

In the next Chapter, I will discuss the method of my research. I chose Hunan TV Station as the subject of a single case study. Hunan TV Station is just “an inland provincial television station that was in relative obscurity due to the bland economy of the province” (Bai, 2005, p.9). However, it turned out to be the first provincial-level broadcasting conglomerate in China and has created the most successful commercial broadcasting system by focusing on the production of entertainment programs (Bai, 2005, p.9; Zhao, 2008, p.99). How did it become so successful? Why is it regarded as one of the most commercial televisions organizations? Why did it choose to bet on entertainment? In order to answer these questions, it might be interesting to take a close look at this specific case.
4. Method

In the previous chapter, we have discussed how governmental force functioned to shape the Chinese television industry, ranging from commercialization to internationalization. The governmental regulation has gone through the process of decentralization to recentralization. Decentralization helps to erase the financial burden of the central party/state, and it results in multiple levels of bureaucratic organizations that hinder the further development of the television industry in China; whilst recentralization tries to counterbalance the authority of bureaucracies by establishing state-owned conglomerates. Those conglomerates are enjoying an increasingly open economic environment and have started to become the core players in the competition in this cultural industry. As we mentioned before, Hunan TV Station, which has now transformed into Hunan Radio, Film and Television Group, is one of the most influential conglomerates, which spares no efforts to produce entertaining programs. It will be interesting to do a case study to explore the characteristics of Hunan TV Station, which, to some extent, can help to reflect on the commercialized television industry in China.

Baxter and Jack published an article, *Qualitative Case Study Methodology: Study Design and Implementation for Novice Researchers* (2008), which has elaborately discussed a complete process of conducting a case study step by step. They have evaluated the theories of Stake (1995) and Yin (2003, 2006) to help the novice to get the whole picture of how to design a case study in an appropriate way. Based on their framework, I have designed my case study using six steps:

1) Determining the case;
2) Making propositions;
3) Limiting the research scope;
4) Discussing data sources;
5) Analyzing the case;
6) Reporting the results.
In subchapter 4.1, the definition of a case study and the techniques for case selection will be introduced. After briefly discussing the theories of how to conduct a case study, the following sub-chapters will cover the first four steps I have mentioned above. In subchapter 4.2, I will discuss the case I have selected and explain the reasons why I select it. The research scope will be discussed in this subchapter too. I will first introduce the propositions I have formulated, and then explain the scope of my case study by listing the variables I am going to explore. The subchapter 4.3 will discuss the data sources, and the principles of collecting the data according to the variables I am going to examine. Finally this will be followed by the subchapter 4.4, in which the strengths and limitations of my research method will be discussed.

4.1. Case study theory

4.1.1. Definition
Baxter and Jack (2008, p.543) hold the view that the two key approaches guiding case study methodology come from Robert Stake (1995) and Robert Yin (2003, 2006). In this sub-chapter, I will mainly discuss the definitions provided by these two as well as discussing the significance of doing a single case study.

Yin (2003) tries to define a qualitative case study in terms of its study scope, which is the object of the study and the techniques required during the research process. The first part of a definition is that “a case study is an empirical inquiry that investigates a contemporary phenomenon within the real-life context, especially when the boundaries between phenomenon and context are not clearly evident” as (Yin, 2003, p.13). This means that you may want to choose this method because you think that the contextual conditions are significantly relevant to the phenomenon you are interested in. You may want to take advantage of this method to clarify the causal links between the phenomenon and the context that it is involved in. In this case, when the links are not clear enough, it is necessary to rely on other techniques to evaluate the connections between the phenomenon and the context. Those techniques or strategies,
as he says, include “data collection and data analysis strategies” (Yin, 2003, p.13). Yin (2003, p.13) provides the second part of the definition as follows: “The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis.” Thus, Yin (2003) not only stresses the significant influence of the context on the phenomenon that we research, but also tries to find the links between the phenomenon and its context; this is sometime not very clear, by taking advantages of techniques such as data collection as well as strategies of data analysis. Woodside (2010, p.1) wants to broadened Yin’s (2003) definition, and he thinks that case study research is “an inquiry that focuses on describing, understanding, predicting, and/or controlling the individual (i.e., process, animal, person, household, organization, group, industry, culture, or nationality).” Compared to Yin (2003), Woodside holds the view that case study research “is not limited to contemporary phenomenon or real-life contexts, especially when boundaries between phenomenon and context are not clearly evident,” but “lies in the supreme importance placed by the researcher on acquiring data resulting in describing, understanding, predicting, and/or controlling the individual case”(Woodside, 2010, p.2).

A case study has often been classified as a “single case study” and “multiple-case studies” or a “cross-case study” (Yin, 2003; Gerring, 2007). Nevertheless, many scholars regard a single case inquiry as the central feature of a case study (Stake, 2005; Gerring, 2007). Instead of focusing on more than one case, Stake (1995) stresses the importance of the interaction between a single case and the circumstance which surround it. Stake (1995, p.xi) defines a case study as “the study of the particularity and complexity of a single case, coming to understand its activity within important circumstances.” Gerring also thinks that a single case can be more intensively studied in comparison to multiple case studies. “A case study may be understood as the intensive study of a single case where the purpose of that study is – at least in part – to
shed light on a larger class of cases (a population)” (Gerring, 2007, p.20). “The fewer cases there are, and the more intensively they are studied, the more a work merits the appellation ‘case study’” (Gerring, 2007, p.20).

4.1.2. Techniques for case selection

Gerring (2007, p.88) has identified nine case study types: “typical, diverse, extreme, deviant, influential, crucial, pathway, most-similar, and most-different” and “each of these techniques is normally practiced on one or several cases (the diverse, most-similar, and most-different methods require at least two).” Gerring (2007, p.88-89) aims to show “how case-selection procedures upon an analysis of a larger population of potential cases.” “The case(s) identified for intensive study is chosen from a population, and the reasons for this choice hinge upon the way in which it is situated within that population; this is the origin of the terminology just listed – typical, diverse, extreme, and so on” (Gerring, 2007, p.89).

“A potential vulnerability of the single-case design is that a case may later turn out not to be the case it was thought to be at the outset” (Yin, 2003, p.42). This limitation stresses the significance of case selection. “Single-case designs therefore require careful investigation of the potential case to minimize the chances of misrepresentation and to maximize the access needed to collect the case evidence” (Yin, 2003, p.42). Yin (2003) has summarized five rationales for doing a single case study to help researchers to select the appropriate cases. “These five rationales serve as major reasons for conducting a single-case study” (Yin, 2003, p.41):

1) “One rationale for a single case is when it represents the critical case in testing a well-formulated theory” (Yin, 2003, p.40). The single case needs to “meet all of the conditions for testing the theory,” in order to “confirm, challenge, or extend the theory” and “determine whether a theory’s propositions are correct” (Yin, 2003, p.40).

2) “A second rationale for a single case is when the case represents an extreme case or a unique case” (Yin, 2003, p.40). “Either of these situations commonly occurs
in clinical psychology, in which a specific injury or disorder may be so rare that any single case is worth documenting and analyzing” (Yin, 2003, p.40). According to him, an extreme case can be used to “determine the precise nature of the face recognition deficit but also to ascertain whether related disorder exist” (Yin, 2003, p.40).

3) “A third rationale for a single case is the representative or typical case” (Yin, 2003, p.40). This means that the case is assumed to “capture the circumstances and conditions of an everyday or commonplace situation,” and to be “informative about the experiences of the average person or institution” (Yin, 2003, p.40), which is contrary to the second rationale.

4) “A fourth rationale for a single-case study is the revelatory case” (Yin, 2003, p.41). “This situation exists when an investigator has an opportunity to observe and analyze a phenomenon previously inaccessible to scientific investigation” (Yin, 2003, p.41).

5) “A fifth rationale for a single-case study is the longitudinal case: studying the same single case at two or more different points in time” (Yin, 2003, p.41).

What’s more, Gerring (2007, p.91) provides a case selection technique called a “typical-case approach,” which means “it must be representative of a broader set of cases,” but he also mentions that “cases with atypical scores on a particular dimension (e.g., very high or very low) may still be typical examples of a causal relationship; indeed, they may be more typical than cases whose values lie close to the mean” (Gerring, 2007, P.91). However, Flyvbjerg (2006) argues that a typical-case approach is not the only method of case selection. “When the objective is to achieve the greatest possible amount of information on a given problem or phenomenon, a representative case or a random sample may not be the most appropriate strategy; this is because the typical or average case is often not the richest in information” (Flyvbjerg, 2006, p.229). “Atypical or extreme cases often reveal more information because they activate more actors and more basic mechanisms in the situation studied” (Flyvbjerg, 2006, p.229).
4.2. Determining the case

“Instead of studying a thousand rats for one hour each, or a hundred rats for ten hours each, the investigator is likely to study one rat for a thousand hours” (Skinner in Woodside, 2010, p.2). In my research, a single rat – Hunan TV Station – will be researched. What’s more, Flyvbjerg’s (2006) atypical or extreme case approach will be applied to this single case study. This subchapter will firstly explain the atypical characteristics of Hunan TV Station to show why I chose it to do a single case study, and then the propositions and research scope of the case study will be discussed.

4.2.1. Why choose Hunan TV Station?
First and foremost, it is necessary to compare the regional competitiveness of the Hunan TV station’s provincial satellite channel, Hunan PSTV, with the provincial satellite TV channels of other provinces. An article published in People.com, the official website of the People’s Daily, says that there were 37 PSTV channels in China by 2005 and this number is still increasing (Jiang, 2006). Jiang (2006) holds a view that this huge number means that there are an equally huge amount of competitors, and that only a few of them get to an influential status nationwide. As we have mentioned before, “Hunan PSTV has become the second most-watched channel, second only to CCTV-1” (Wikipedia, Hunan Broadcasting System). Since CCTV-1 is a national-level channel, it means that Hunan PSTV is the most-watched channel among PSTVs. As we mentioned before, Hunan PSTV has produced a lot of entertainment-oriented programs with high audience rating. According to the Chinese Broadcasting and Television Yearbook 2005 ~ 2011, Hunan PSTV’s market share for viewers took the first place from 2003 to 2010. As Doyle and Wong (1998, p.531) “Clearly there is a strong correlation between marketing share and business performance.” Hunan PSTV’s outstanding performance in market share for viewers

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2 This means that the value of audience rating of a specific TV channel is divided by the audience rating of the total channels (CSM.com.cn, InfoSys TV Terminology).
shows that Hunan TV Station is one of the most competitive provincial TV stations in China.

Secondly, Hunan TV station tried to absorb capital by entering the stock market. Since 1998 when Hunan TV Station’s stock (which is called Dianguangchuanmei) was listed on the stock market, Hunan TV Station has started absorbing public investment through the issuing of shares. The biggest shareholder of Dianguangchuanmei is Hunan Radio and Television Centre, which is one of Hunan TV Station’s subsidiary companies. Hunan Radio and Television Centre “is principally engaged in the design, production, agency and releasing of domestic and foreign advertisements, as well as the production, releasing and distribution of television programs” (Chinese stock.org, “Hunan TV & Broadcast Intermediary Co Ltd). Thirdly, in 2000, Hunan TV Station had transformed into the Hunan Radio, Film and Television Group, which is the first conglomerate established in China (Zhao, 2008, p.99). As we have discussed in the theory chapter, companies can expand the scale of their business activities through establishing a conglomerate. Since then, except for its original businesses of program production and distribution, Hunan TV Station expanded its business to tourism, real estate, hotels, theme parks, exhibitions, etc.

In summary, this paper will select Hunan TV Station for the following reasons:

- Hunan PSTV shows a strong competitive capability because it ranks highly in audience rating as well as it owns the largest market share of viewers, compared to other PSTVs.
- Hunan TV Station tries to absorb capital by listing itself on the stock market.
- Hunan TV Station owns the first-established conglomerate in China, which is market-driven and entertainment-oriented.
4.2.2. Propositions and scope of case
A lot of scholars hold the same view that it is necessary to place boundaries on a case to prevent the explosion of research objectives (Stake, 1995; Yin, 2003; Gerring, 2007). Baxter and Jack (2008) find out that it is effective to apply propositions or hypotheses to a case study. “When a case study proposal includes specific propositions it increases the likelihood that the researcher will be able to place limits on the scope of the study and increase the feasibility of completing the project” (Baxter and Jack, 2008, p.551). “The more a study contains specific propositions, the more it will stay within feasible limits” (Baxter and Jack, 2008, p.551). The propositions were formulated on the basis of the research questions of my study, these include a main research question and four sub-research questions. The main research question is: what are the main characteristics of a provincial TV station in the Chinese TV industry and how are they influenced by changes in the Chinese economy and society? And four sub-research questions are:
1). What is the role of private profit accumulation for provincial TV stations in China?
2). Whom the ownership of provincial TV stations in China belongs to?
3). How does global capitalism influence provincial TV stations today?
4). How do government regulation influence provincial TV stations today?
<table>
<thead>
<tr>
<th>No.</th>
<th>Hypotheses</th>
<th>Testing variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The revenue of Hunan TV Station from advertising has steadily increased over the years, whilst the subsidy from the government has steadily decreased over the years. Finally, the advertising revenue is a lot larger than the governmental subsidy.</td>
<td>Governmental subsidy, Advertising revenue</td>
</tr>
<tr>
<td>2</td>
<td>The advertising delivery, market share of viewers, and audience rating of Hunan PSTV have steadily increased over the years. These three variables are positively related with each other over the years.</td>
<td>Audience rating, Market share of viewers, Advertising expenses</td>
</tr>
<tr>
<td>3</td>
<td>The share of entertainment-oriented programming of Hunan PSTV has steadily increased over the years and the share of information-oriented programming has steadily decreased over the years.</td>
<td>The length of classified programs of Hunan PSTV</td>
</tr>
<tr>
<td>4</td>
<td>The stock holdings of private capital have steadily increased over the years and the stock holdings of state capital have steadily decreased over the years.</td>
<td>The stock holdings of major shareholders</td>
</tr>
<tr>
<td>5</td>
<td>After the Entertainment Cutback Order was published, the program structure of Hunan PSTV has changed: entertainment-oriented programming has steadily decreased and information-oriented programming has steadily increased.</td>
<td>Daily program list</td>
</tr>
</tbody>
</table>
To better answer those questions, I have formulated five hypotheses (see Table 2). *Hypothesis 1* has been formulated to understand the initial capital accumulation of Hunan TV Station as well as to show the changes brought by the commercialization transformation in the Chinese television industry. It means that hypothesis 1 is related to sub-research question 1. It is interesting to examine the governmental subsidy and the advertising revenue of Hunan TV Station, because the dominant method of capital accumulation can decide what the entity’s main task is: to serve the public interest or to make a profit.

*Hypothesis 2* is that it is relevant to test whether Hunan TV Station is successful in audience commodification by measuring three variables which are correlated with each other. This hypothesis is formulated to answer sub-research question 3. The first variable is the audience rating, which is used to measure how many people have watched specific programs in a percentage of the total population of the audience (the population can be limited by specific conditions, e.g. age 4 to 14) (CSM.com.cn, InfoSys TV Terminology). The second variable is the market share of the viewers, which means the audience rating of Hunan PSTV divided by the audience rating of the total channels, and the larger the value is, the stronger the channel is when competing with all of the other channels (CSM.com.cn, InfoSys TV Terminology). For example, if the total population of the audience is 100, but at the moment only 15 people are watching the TV, and only 1 person chose to watch a program produced by Hunan PSTV, we can calculate that the audience rating is 1/100 or 1%, and the market share for viewers is 1/100 divided by 15/100, or 1/15 which equals 6.7% (Baidu, Market Share for Viewers). Finally, the third variable is the amount of Hunan PSTV’s advertising expenditure, which is to show Hunan PSTV’s capability of attracting advertisers. Thus, by measuring those variables we can understand its competitiveness in the commercialized TV market.

*Hypothesis 3* is that it is relevant to explore the Hunan PSTV’s content structure. In other words, how many percent of Hunan PSTV’s content has been commercialized
and how many percent hasn’t. I divided the content into two parts: entertainment-oriented programs and information-oriented programs. The definition of these two categories will be provided in the next subchapter. Hunan TV Station will be considered as an entertainment-oriented and highly commercialized TV station, when the share of entertaining or commercial programs is a lot larger than the share of programs concerning public interests. Answers for both sub-research question 3 and sub-research 4 can be gotten by testing hypothesis 3.

*Hypothesis 4* will examine the capital structure of Hunan TV Station’s stock in order to evaluate how Hunan TV Station has been influenced by the privatization structuring of the government. This hypothesis is formulated to answer the sub-research question 2. By portraying the shareholdings of Hunan Radio and Television Centre (Hunan TV Station’s subsidiary), we can get access to Hunan TV Station’s nature of business, in other words, how much of it is owned by Hunan TV Station and how much of it is owned by others. What’s more, by examining the changes and reforms of the share types, we can track the opening-up process of the stock market, in which stock can be traded freely.

*Hypothesis 5* is that it will be interesting to examine the program structure of Hunan PSTV, to see how Hunan TV Station has been influenced by the government’s regulation. In this case, this thesis will mainly focus on a newly published policy which is called the *Entertainment Cutback Order*. As we have discussed in Chapter 1, the order aims to suppress entertainment programs and transform PSTVs into news-based programming channels. By examining the daily program lists during different periods, we will see whether the order is effective or not. This hypothesis is related to sub-research question 4.

In Table 2 the variables examined to test the five hypotheses and answer the four sub-research questions are listed. For Hypothesis 1, 2, and 3, the variables will be tested by using second-hand data from yearbooks; for Hypothesis 4 and 5, the data
will be collected directly from the internet. The data sources and the principles of how to collect data will be further explained in subchapter 4.3.

4.3. Data sources

4.3.1. Books
Yearbooks are one of the principal data sources of this thesis. The data is mainly derived from two series of yearbooks. The first is called *Hunan Radio and TV Yearbook (1998 ~ 2007)* and the second is called *China Radio and TV Yearbook (2005 ~ 2011)*.

Hunan TV Station was established in the 1960s, the first satellite television channel, which is called Hunan PSTV, was broadcast since 1997 (Baidu, Hunan TV Station). So the data will be collected starting from 1997, and ending in 2006, because there were no yearbooks published after 2007. In *Hunan Radio and TV Yearbook (1998 ~ 2007)*, I have found the data that represents the financial income of the radio and the television industry in the Hunan province from 1997 to 2006 (the data of 1997 and 2001 was not shown in the yearbooks). I will only focus on two kinds of financial income: governmental subsidies and advertising revenue. This data will be collected chronologically (see Table 3).
The length of classified programs produced by Hunan PSTV from 1997 to 2006, according to Hypothesis 3, will also be collected from *Hunan Radio and TV Yearbook*. The yearbooks have classified the programs into five categories from 1997 to 2003: “News,” “Features,” “Education,” “Entertainment,” “Commercials,” and “Service.” These categories of television programming are based on the organizational structure of the broadcasting and the television entities in China (Su, 2011, p.2). This kind of classification is good for the examination and management of programs, but those categories can’t show the individual characteristics of television as a media (Su, 2011, p.2). Thus, those categories have been adjusted in 2004. The editors of the yearbook changed these categories into: “news,” “features,” “variety shows,” “TV drama series,” “commercials,” and “other programs” (which mainly refers to service and educational programs). In addition, the data will be collected according to two main types of programming in this paper: information-oriented programming and entertainment-oriented programming. This thesis uses the concept

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<table>
<thead>
<tr>
<th>Year</th>
<th>Governmental Subsidy</th>
<th>TV Advertising Revenue</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Share</td>
<td>Amount</td>
</tr>
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<td>1998</td>
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<td>2006</td>
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</table>

*the data from 1997 and 2001 is not available.*
“information-oriented programming”, a concept related to public service programming or public service broadcasting.

“Public service broadcasting (PSB) has an important role to play in providing access to and participation in public life; especially in developing countries, PSB can be instrumental in promoting access to education and culture, developing knowledge, and fostering interactions among citizens” (Banerjee and Seneviratne, 2005, p.13).

Though both information-oriented programs and public service broadcasting stress the same point that the produced content should mainly service for public interests instead of market revenue, those two concepts differ from each other. Information-oriented program only refers to a category of program, whose content is about information and education. Public service broadcasting, however, stresses not only the content concerning public service, but also the relationship between the public intervention and the management of the whole broadcasting system. According to Armstrong (2005), public service broadcasting is a kind of public intervention to affect the provision of television broadcasting services, in contrast to commercial broadcasting.

In this thesis, programs that aims at informing or educating the public will be considered as information-oriented programming, such as such as news, features, education, service, etc. On the contrary, programs that aim at pleasing audiences to increase audience rating and make a profit will be considered as entertainment-oriented programming, including programs of entertainment in general, variety shows, or TV drama series. The data from the commercials will not be collected (see Table 4).
Table 4: The Length of Hunan PSTV’s Programs from 1997 to 2006 (unit: hour)

<table>
<thead>
<tr>
<th>Year</th>
<th>Information-oriented programming</th>
<th>Entertainment-oriented programming</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>News</td>
</tr>
<tr>
<td>1997</td>
<td></td>
<td></td>
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<tr>
<td>1998</td>
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<tr>
<td>2003</td>
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</tbody>
</table>

*the data from the commercials has been excluded.

What’s more, hypothesis 2 contains three variables (advertising delivery, market share for viewers and audience rating), which are vital elements to show Hunan TV Station’s commercialization. The data concerning the first two variables can be found in yearbooks. From *China Radio and TV Yearbook* (2003 ~ 2011), the data of advertising delivery from 2004 to 2010 and the lists of the top 20 channels in terms of market share of viewers from 2002 to 2010 will be collected. Except those two variables, audience rating from 2004 to 2010 will also be collected from Internet.
4.3.2. Internet

In order to test Hypothesis 4, I chose to examine the top 10 stakeholders of “Dianguangchuanmei,” whose biggest stakeholder is Hunan TV Station. This information is transparent and can be found online. I choose to collect data from Sina.com, “a Chinese online media company for Chinese communities around the world” (Wikipedia, Sina.com). Dianguangchuanmei was listed in the stock market in March 1999, so the data will be collected from 31th Dec, 1998 to 31th Dec, 2011. I will focus on the biggest stakeholder, Hunan Radio and Television Industry Center, which is a subsidiary of Hunan TV Station, but I will also look at the other major stockholders. I will record the proportion of the top 10 stockholders’ shareholdings over the years. “A typical listed company in China has several types of share outstanding: (i) common shares that are only tradable on stock exchanges, (ii) restricted institutional shares (RIS) that are not tradable and can only be transferred privately or through irregularly scheduled auctions, and (iii) state shares that are only transferable privately” (Chen and Peng, 2001). This paper will identify the shares as Common Shares (CS), Restricted Institutional Shares (RIS), and State Shares (SS) (see Table 5). “These types of share are identical in every aspect, except that market regulations make state and RIS shares almost totally illiquid” (Chen and Peng, 2001). The more CS there is, the more active the stock market is. The increasing amount of CS is directly related to the major shareholders’ interests, because when their stockholdings are transformed from SS and RIS to CS, they are able to trade their shareholdings for financial gain. On the contrary, if the biggest shareholder’s shareholdings belong to SS or RIS, which is untradeable, they would spend less energy on improving the business performance of the company, because even though the price of their stock has increased they can’t sell them to make a profit. Thus, the amount of common shares can be regarded as a significant variable to examine the privatization process of Hunan TV Station.
Table 5: The Share of the Top Ten Stockholders of Dianguangchuanmei from 1998 to 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th</th>
<th>6th</th>
<th>7th</th>
<th>8th</th>
<th>9th</th>
<th>10th</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>SS:50%</td>
<td>SS:20%</td>
<td>RIS:10%</td>
<td>SS:8%</td>
<td>…</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>SS:51%</td>
<td>…</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>…</td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>…</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*CS = Common Shares, RIS = Restricted Institutional Shares, SS = State Shares, and U = Unknown. The statistics presented in the table are just examples and are not real.

The daily programs list of Hunan PSTV can also be collected through the internet. Many websites provide daily program listings of the different TV stations nationwide. I chose TVmao.com to collect the data, which claims to be the most comprehensive website that publishes TV program listings (Baidu, TVmao.com). Since the Entertainment Cutback Order took effect on the 1st January, 2012, it would be reasonable to collect data respectively before and after the effective date. I chose to examine the daily program list in November 2011 (when the public had just become aware that an Entertainment Cutback Order would be published), January 2012 (when the order started to take effect), and March 2012 (the order has been taking effect for three months). What’s more, the categories to distinguish programs will generally stick to the categories mentioned in *Hunan Radio and Television Yearbook 2005~2007*: news, features, service, education, variety shows, and TV drama series. However, those categories are not comprehensive enough to include all of the programs. Raymond Williams (1990, p.75) has classified the programs into 12 categories:

- News and Public Affairs
- Features and Documentaries
- Educational programs
- Art and Music
Children’s programs

Drama

Movies

General Entertainment

Sport

Religion

Publicity (internal)

Commercials

Basing on Williams’ (1990) classification of programs and well as the actual program structure of Hunan PSTV, this paper is going to classify the programs of Hunan PSTV into the three major categories: News and Public Affairs, Features and Documentaries, and General Entertainment. Art and Music, Drama and Movies, Sports have not been considered as the major categories, because they are entertainment-based programs, according to the typology provided by Hellman and Sauri (1994, p.56). Educational programs will not be considered as one of the major categories, because they seldom appeared in Hunan PSTV’s program list, by observing the data in advance. Williams (1990, p.72) distinguish Educational programs with “formal educational intention” from the other kinds of programs with “educational elements”. The entertainment programs containing educational elements like morality, culture, natural science, technology, etc. will also be regarded as General Entertainment. In addition, other programs for groups of minorities, ranging from Children’s programs to Religion programs, will be counted individually, if there are any.

Television programs like “news bulletins, general news magazines, news magazines for particular ethnic groups, and public affairs” (Williams, 1990, 72) will be considered to be News and Public Affairs in this paper. News of specialty, such as sports news or entertainment news, will be included in this category. A program is classified as Features and Documentary “when a substantial part of it is offered as direct presentation of the substance of a problem or an experience or a situation”
(Williams, 1990, p.72). Programs are classified as *General Entertainment* if they are TV drama series, variety shows, talk shows, reality shows, concerts, galas, sports, etc. In sum, the first two categories (*News and Public Affairs* and *Features and Documentaries*) will be counted as information-oriented programming, while *General Entertainment* will be considered as entertainment-oriented programming in this paper.

4.4. Strengths and limitations

Phil Hodkinson and Heather Hodkinson (2001) have discussed about the strengths and drawbacks of case study. According to their perspectives, “one of the inherent characteristics of case studies, is that they operate with a severely restricted focus” (Hodkinson and Hodkinson, 2001). “One of the prime reasons for so restricting the scope of the research, is that it facilitates the construction of detailed, in depth understanding of what is to be studied” (Hodkinson and Hodkinson, 2001). In order to restrict the research scope, I have formulated five hypotheses, in terms of the four sub-research questions I have mentioned before. Behind each of the hypotheses, I came up with some variables from the available data sources. With the restricted research scope, it is easier for researchers to focus on the most important aspects of the chosen case, and to be able to complete a detailed and in-depth study. However, the limited scope of case study also means that “they cannot answer a large number of relevant and appropriate research questions” (Hodkinson and Hodkinson, 2001).

“Case study investigations also permit the examination of the exceptional, as well as the typical” (Hodkinson and Hodkinson, 2001). In my case study, I chose an exceptional or “atypical case” (Flyvbjerg, 2006) for my research. “Such cases are often excluded from other forms of investigation, which concentrate upon common patterns and themes in the data” (Hodkinson and Hodkinson, 2001). I have discussed why I chose Hunan TV station as my single case by describing its exceptional
performance in media market. Hunan TV Station, as one of the leading and pioneering entities in Chinese television industry, performs much stronger than most of the other provincial TV stations. It comes as no surprise that some of the results derived from Hunan TV Station are not applicable to other cases, but some of the patterns as well as problems revealed by Hunan TV Station’s case, are prospective and significant for the development Chinese television industry. Though a case study can help researchers to concentrate on atypical patterns, some researchers hold a view that “they are not generalisable in the conventional sense” (Hodkinson and Hodkinson, 2001). “By definition, case studies can make no claims to be typical”, but this limitation makes many researchers to regard the findings of case study “as of little value” (Hodkinson and Hodkinson, 2001).

“Existing theories can be brought up against complex realities, and the very richness of the data can help generate new thinking and new ideas” (Hodkinson and Hodkinson, 2001). The richness of data can fill the gap between existing theories and the complex realities and provide new ideas to explore the phenomenon. In my study, I selected both books and internet as my data sources. Except for the second-hand data collected from yearbooks, I also collect the daily program lists myself. Another limitation of the case study is that “when case studies are successful in revealing some of the complexities of social or educational situations, there is often a problem of representation” (Hodkinson and Hodkinson, 2001). “They [case studies] are strongest when researcher expertise and intuition are maximised, but this raises doubts about their “objectivity” (Hodkinson and Hodkinson, 2001). How to select data? How to collect data? How to analyze data and present results? This process is planned and conducted by myself and it is unavoidable that my personal inclination will affect the objectivity of the results.

In the next chapter, I am going to continue the last two steps by analyzing the case and reporting the results. I will present the data in the ways I have planned in this
method chapter, as well as analyze the data in order to test the hypotheses that I have formulated. The results will also be reported in the analysis chapter.
5. Data analysis

At the very beginning of the previous chapter, I listed the six steps of carrying out a case study: determining the case, making propositions, limiting the research scope, discussing data sources, analyzing the case, and reporting the results. After finishing the first four steps, I am going to conduct the last two steps in this chapter. I will first analyze the data, in terms of “five-hypothesis structure.” Then, in the last subchapter, the result will be presented.

5.1. Subsidy versus advertising revenue

Table 6 shows the share of governmental subsidy as well as advertising revenue collected by Hunan TV Station from 1998 to 2006. Except for the subsidy and advertising revenue, the total income of Hunan TV Station over the years has also been calculated (this is presented in the far right column). The total income may include other income streams such as the advertising income of the radio station, because in China, provincial TV stations are in charge of broadcasting and television systems. In 2000, the organizational structure of Hunan TV Station was rebuilt and Hunan TV Station was transformed into a conglomerate called Hunan Radio, Film and Television Group. Since then, the income streams derived from the businesses outside television industry, such as tourism, film production, etc., are also calculated within the total income.

From Table 6, we can see that although the amount of government subsidy has steadily increased over the years, the share of it has decreased in general. For advertising revenue, the amount has increased in general (see Figure 2). Figure 3 shows that the contribution from advertising revenue to the total income is much larger than the other income streams, which means that Hunan TV Station, to some extent, is a profit-driven commercial TV station (because it largely relies on advertising revenue to keep it running). Figure 3 also shows that the share of
advertising revenue in the total income has decreased over the years, which means that other than advertising revenue, other income streams, such as the revenue from tourism or film production, have increased and increasingly contributed to the total income of Hunan TV Station. In other words, the diversity of the income structure of Hunan TV Station has increased over the years. What’s more, there are outliers that appear in 2002, when Hunan TV Station was transformed into Hunan Radio, Film and Television Group over the period of two years.

In summary, the amount of advertising revenue has steadily increased over the years and is much larger than the governmental subsidy. The share of advertising revenue, however, has steadily decreased in recent years. The amount of governmental subsidy stayed at a low level and didn’t change much over the years.

Table 6: Financial Income Structure of Hunan TV Station from 1998 to 2006 (unit: 10 thousand)

<table>
<thead>
<tr>
<th>Year</th>
<th>Governmental Subsidy</th>
<th>Advertising Revenue</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Share</td>
<td>Amount</td>
</tr>
<tr>
<td>1998</td>
<td>295</td>
<td>3.0%</td>
<td>9151</td>
</tr>
<tr>
<td>1999</td>
<td>309</td>
<td>2.2%</td>
<td>10764</td>
</tr>
<tr>
<td>2000</td>
<td>305</td>
<td>0.9%</td>
<td>26281</td>
</tr>
<tr>
<td>2001</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2002</td>
<td>214</td>
<td>0.9%</td>
<td>1206</td>
</tr>
<tr>
<td>2003</td>
<td>1011</td>
<td>2.0%</td>
<td>45598</td>
</tr>
<tr>
<td>2004</td>
<td>2927</td>
<td>2.8%</td>
<td>94738</td>
</tr>
<tr>
<td>2005</td>
<td>1317</td>
<td>1.4%</td>
<td>70474</td>
</tr>
<tr>
<td>2006</td>
<td>-</td>
<td>-</td>
<td>135076</td>
</tr>
</tbody>
</table>

*the data was collected from *Hunan Radio and Television Yearbook 1998 ~ 2007* and the data from 2001 and the data from governmental subsidy in 2006 is missing.
Figure 2: The Amount of Government Subsidy and Advertising Revenue of Hunan TV Station from 1998 to 2006 (unit: 10 thousand)

*the data was collected from *Hunan Radio and Television Yearbook 1998 ~ 2007* and the data from 2001 and the data from governmental subsidy in 2006 is missing.

Figure 3: The Share of Subsidy and Advertising Revenue of Hunan TV Station from 1998 to 2006

*the data was collected from *Hunan Radio and Television Yearbook 1998 ~ 2007* and the data from 2001 and the data from governmental subsidy in 2006 is not available.
5.2. Audience rating, market share of viewers, and advertising expenditure

5.2.1. Audience rating

From Figure 4, we can see the rank of the audience rating of Hunan PSTV Station from 2004 to 2010. Rank A and Rank B represent different scopes: in Rank A, both provincial-level channels – PSTVs and national-level channels - CCTVs have been included; in Rank B, national-level channels - CCTV have been excluded from the ranking and it includes only relevant PSTVs. From Figure 4, we can see that the Rank A of Hunan PSTV has been greatly increased from 2008 to 2010, and the Rank B of Hunan PSTV always keeps first place throughout the years. This means that Hunan PSTV is the most popular channel comparing to the other PSTVs, but also shows a strong potential to compete with CCTV in recent years.

As we have mentioned in the method chapter, the audience rating is used to measure how many people have watched specific programs in a percentage of the total population of the audience (CSM.com.cn, InfoSys TV Terminology). In other words, the numerator refers to people who are watching Hunan PSTV at the moment, and the denominator refers to the total Chinese population. In Figure 5, although the distribution of audience rating of Hunan PSTV shows no regularity in Figure 3, the statistics have largely increased from 0.325 in 2004 to 0.524 in 2010. This means that Hunan PSTV is an audience-driven channel that aims to produce programs that attract a growing audience. It is also another sign to show that Hunan TV Station has been highly commercialized.
5.2.2. Market share of viewers

Table 7 shows the rank of PSTVs in the nation-wide ranking of the TV market share of viewers. This ranking also includes nation-wide broadcasters such as CCTV. The
ranks are presented in the second column and are not counted from 1<sup>st</sup>, 2<sup>nd</sup>, etc., because the channels of CCTV (national-level channel) are also regarded as contributors to this list. The rank data of Hunan PSTV is linear and shows a tendency to increase (see Figure 6). Hunan PSTV didn’t appear in the list in 2002. From the third column, we can see that except for 2002, Hunan PSTV has taken first place among all of the other PSTVs every year. This means that not only Hunan PSTV but also Hunan TV Station perform strongly in the television market.
<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
<th>Channel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>6th</td>
<td>TV drama series Channel of Shanghai TV Station</td>
</tr>
<tr>
<td></td>
<td>8th</td>
<td>Shandong PSTV</td>
</tr>
<tr>
<td></td>
<td>9th</td>
<td>News Channel of Shanghai TV Station</td>
</tr>
<tr>
<td></td>
<td>10th</td>
<td>Anhui PSTV (1st channel)</td>
</tr>
<tr>
<td>2003</td>
<td>5th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>8th</td>
<td>TV drama series channel of Shanghai TV Station</td>
</tr>
<tr>
<td></td>
<td>9th</td>
<td>Anhui PSTV (1st channel)</td>
</tr>
<tr>
<td></td>
<td>10th</td>
<td>Shandong PSTV</td>
</tr>
<tr>
<td>2004</td>
<td>5th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>9th</td>
<td>Anhui PSTV (1st channel)</td>
</tr>
<tr>
<td>2005</td>
<td>4th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>10th</td>
<td>Anhui PSTV (1st channel)</td>
</tr>
<tr>
<td>2006</td>
<td>6th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>9th</td>
<td>Anhui PSTV (1st channel)</td>
</tr>
<tr>
<td>2007</td>
<td>6th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>7th</td>
<td>Anhui PSTV (1st channel)</td>
</tr>
<tr>
<td>2008</td>
<td>6th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td>2009</td>
<td>2th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>7th</td>
<td>Zhejiang PSTV</td>
</tr>
<tr>
<td></td>
<td>9th</td>
<td>Jiangsu PSTV</td>
</tr>
<tr>
<td>2010</td>
<td>2th</td>
<td>Hunan PSTV</td>
</tr>
<tr>
<td></td>
<td>6th</td>
<td>Jiangsu PSTV</td>
</tr>
<tr>
<td></td>
<td>7th</td>
<td>Zhejiang PSTV</td>
</tr>
</tbody>
</table>

*the data was collected from *Chinese TV Rating Yearbook 2003~2011*, and the data of national-level channel – CCTV – has been excluded.
Figure 6: The Rank of Hunan PSTV’s Market Share from 2002 to 2010

*the data was collected from Chinese TV Rating Yearbook 2003–2011.

5.2.3. Advertising expenditure

Table 8 shows the amount of advertising expenditure that advertisers have invested in PSTVs (top 10) from 2004 to 2010. Hunan PSTV always takes the first place in the ranking except for 2007 when it took the third place and 2010 when it took the second place (see the marked number in Table 8). From Figure 7, we can see that its advertising expense has steadily increased over the years, except for 2010, when the number dropped from 6140 million to 5930 million. Figure 8 shows the distribution of PSTVs’ share (top 10) of advertising expenditure. According to Figure 8, the statistics of the top four are larger than 10%, whilst the last six range from 7% to 10%. The share of Hunan PSTV’s is much larger than other PSTVs. Thus, the statistics shows that Hunan PSTV is good at attracting advertisers for investment.
Table 8: Advertising Delivery of the Top 10 PSTV from 2004 to 2010 (unit: 100 million)

<table>
<thead>
<tr>
<th>Rank</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20.7</td>
<td>25.1</td>
<td>28.4</td>
<td>31.1</td>
<td>45.8</td>
<td>61.4</td>
<td>65.4</td>
</tr>
<tr>
<td>2</td>
<td>17.1</td>
<td>21.5</td>
<td>24.3</td>
<td>30.4</td>
<td>40.3</td>
<td>52.6</td>
<td>59.3</td>
</tr>
<tr>
<td>3</td>
<td>16.2</td>
<td>21.2</td>
<td>24.2</td>
<td>29.4</td>
<td>35.0</td>
<td>46.8</td>
<td>55.7</td>
</tr>
<tr>
<td>4</td>
<td>14.5</td>
<td>17.4</td>
<td>21.3</td>
<td>28.0</td>
<td>33.7</td>
<td>40.9</td>
<td>50.7</td>
</tr>
<tr>
<td>5</td>
<td>14.2</td>
<td>17.3</td>
<td>20.0</td>
<td>25.2</td>
<td>29.2</td>
<td>37.3</td>
<td>41.8</td>
</tr>
<tr>
<td>6</td>
<td>13.5</td>
<td>17.0</td>
<td>19.9</td>
<td>23.6</td>
<td>27.7</td>
<td>36.0</td>
<td>38.3</td>
</tr>
<tr>
<td>7</td>
<td>12.9</td>
<td>16.0</td>
<td>19.9</td>
<td>23.0</td>
<td>26.8</td>
<td>31.3</td>
<td>37.5</td>
</tr>
<tr>
<td>8</td>
<td>12.5</td>
<td>15.1</td>
<td>19.5</td>
<td>22.7</td>
<td>26.2</td>
<td>31.3</td>
<td>35.9</td>
</tr>
<tr>
<td>9</td>
<td>12.0</td>
<td>13.6</td>
<td>18.7</td>
<td>21.7</td>
<td>25.6</td>
<td>31.2</td>
<td>35.1</td>
</tr>
<tr>
<td>10</td>
<td>12.0</td>
<td>13.3</td>
<td>18.1</td>
<td>20.3</td>
<td>24.9</td>
<td>30.9</td>
<td>34.8</td>
</tr>
<tr>
<td>Total</td>
<td>145.6</td>
<td>177.5</td>
<td>214.3</td>
<td>255.4</td>
<td>315.2</td>
<td>399.7</td>
<td>454.5</td>
</tr>
</tbody>
</table>

(*the data was collected from Chinese TV Rating Yearbook 2003~2011).

Figure 7: Advertising Delivery of Hunan PSTV from 2004 to 2010 (unit: 100 million)

(*the data was collected from Chinese TV Rating Yearbook 2003~2011).
Figure 8: The Share of the Top 10 PSTVs in Advertising Delivery from 2004 to 2010

*the data was collected from *Chinese TV Rating Yearbook 2003~2011.*
5.2.4. Comparison of different ranks

Figure 9 has compared how Hunan PSTV ranks in audience rating, market share of viewers, and advertising expenditure among the PSTVs in China. It shows that the three lines are almost overlapped in a straight line, which means that Hunan PSTV almost takes the first place by measuring those three variables over the years. It is also interesting to see how Hunan PSTV ranks in the national market, which means that provincial-level channels and national-level channels – CCTVs are included in the ranks. Since Hunan PSTV is the leader of the PSTVs, all the channels that rank before Hunan PSTV belong to CCTV. Figure 10 shows that the rank of the audience rating and market share of viewers of Hunan PSTV in the national market are both positively related, and follow a similarly increasing pattern. We can see that from 2004 to 2008, Hunan PSTV is comparatively weak to those two variables. However, from 2008 to 2010, its rank has largely increased, which means that Hunan PSTV has threatened CCTV’s dominant status in the Chinese TV industry. In summary, the distribution of the three variables are highly related and can serve as important evidence that shows how much Hunan TV Station has been commercialized.

Figure 9: The Rank of Hunan PSTV of Three Variables from 2004 to 2010 (provincial-level channels)

*The blue line is invisible, because it is overlapped with the green line.
5.3. Information-oriented programming versus entertainment-oriented programming

Table 9 shows the length of different programs that are made by Hunan TV Station over the years. The categories of programs stick to the ones used by *Hunan Radio and Television Yearbook* (the categories have been changed once in 2004). Those categories have been classified into two groups by the author: information-oriented programming and entertainment-oriented programming. The total length of all categories of programs can also be found in the table. Figure 11 shows that in 1998, 2000 and 2006, the statistics for the total length of programs reached three higher points. In 2000, Hunan TV Station had changed its strategy of “program-oriented” to “channel-oriented,” which means that it aimed to build an influential channel instead of influential programs. In addition, the pyramid management structure had also been flatted so that every channel became individual entities with autonomy. This reform of institutional structure, to some extent, has influenced the amount of programs made by Hunan PSTV, because some programs have been allocated to other subdivided channels. Furthermore, the total length of programs has decreased from 2000 to 2003
and steadily increased from 2003 to 2006. In a similar way, the length of information-oriented programming has decreased from 2000 to 2003 and increased from 2003 to 2006, so does the length of entertainment-oriented programming during these two periods.

Figure 11 also shows that the deviation between information-oriented programming and entertainment-oriented programming is comparatively small in 1999, 2000 and 2006, and quite large in 1997, 1998, 2001, 2002, 2003, 2004 and 2005. The changes of deviation between information-oriented programming and entertainment-oriented programming can be attributed to governmental regulation as well as the reforms to institutional structure over the years. However, though the distribution of these two kinds of program we can see no clear pattern over the years. From Figure 12, we can see that since 2001 the gap between the share of information-oriented programming and the share of entertainment-oriented programming has steadily declined and that those two kinds of programs nearly reached a balance in 2006. In other words, from 2001 to 2006, the share of information-oriented programming has steadily decreased and the share of entertainment-oriented programming has steadily increased. Because the production of *Hunan Radio and TV Yearbook* had already been stopped during 2007, yearbooks for recent years are not available; therefore the data from 2007 to now will not be included.
Table 9: The Length of Hunan PSTV’s Programs from 1997 to 2006 (unit: hour)

<table>
<thead>
<tr>
<th>Year</th>
<th>Information-oriented programming</th>
<th>Entertainment-oriented programming</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>News</td>
<td>News Features</td>
</tr>
<tr>
<td>1997</td>
<td>2842</td>
<td>860</td>
<td>988</td>
</tr>
<tr>
<td>1998</td>
<td>9152</td>
<td>1282</td>
<td>884</td>
</tr>
<tr>
<td>1999</td>
<td>2223</td>
<td>548</td>
<td>1168</td>
</tr>
<tr>
<td>2000</td>
<td>4571</td>
<td>1590</td>
<td>2586</td>
</tr>
<tr>
<td>2001</td>
<td>2006</td>
<td>1410</td>
<td>349</td>
</tr>
<tr>
<td>2002</td>
<td>1560</td>
<td>818</td>
<td>156</td>
</tr>
<tr>
<td>2003</td>
<td>1084</td>
<td>818</td>
<td>156</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Information-oriented programming</th>
<th>Entertainment-oriented programming</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>News</td>
<td>News Features</td>
</tr>
<tr>
<td>2004</td>
<td>2181</td>
<td>1453</td>
<td>418</td>
</tr>
<tr>
<td>2005</td>
<td>2385</td>
<td>1460</td>
<td>350</td>
</tr>
<tr>
<td>2006</td>
<td>3423</td>
<td>623</td>
<td>286</td>
</tr>
</tbody>
</table>

*the data was collected from Hunan Radio and Television Yearbook 1998 ~ 2007 and the data from TV drama series in 2005 is missing.
Figure 11: The Length of Information-oriented Programming and Entertainment-oriented programming of Hunan PSTV (unit: hour)

*the data was collected from *Hunan Radio and Television Yearbook 1998 ~ 2007* and the data from TV drama series in 2005 is missing.

Figure 12: The Share of Information-oriented Programming and Entertainment-oriented programming of Hunan PSTV (unit: hour)

*the data was collected from *Hunan Radio and Television Yearbook 1998 ~ 2007* and the data from TV drama series in 2005 is missing.
5.4. Hunan TV Station and the stock market

Table 10 presents the share of the top ten stockholders of Dianguangchuanmei from December 1998 to December 2011. As we have mentioned before, the Chinese stock market is used to classify stocks into three categories: Common Shares (CS), Restricted Institutional Shares (RIS), and State Shares (SS). Those acronyms will be used in Table 10 to represent those three categories. When the stock was not classified or recorded by Sina.com, it will be shown as “Unknown” in Table 10. As this table shows, the first two years (1998 and 1999) after Dianguangchuanmei was listed in the stock market, most of the shares have been marked as “U,” which means “unknown.” By observing the data, we can see that from 2005 to 2011, all of the shares have been marked as “CS,” which refers to common shares. This is a result of the “The Nontradable Share Reform” in 2005.

The largest stockholder of Dianguangchuanmei is Hunan TV Station’s subsidiary, “Hunan Radio and Television Industry Centre,” shown in the second column (titled “1st” in Table 10). Figure 13 has portrayed its distribution from 1998 to 2011. We can see that its shareholdings was more than 50% from 1998 to 2003, and it is marked as “SS” during this period, which means that the shareholdings owned by Hunan Radio and Television Industry Centre couldn’t be traded. The large share of SS has ensured the state-owned identity of Hunan Radio and Television Centre. In 2004, the statistics declined to 35.92%, which is still shown as SS in Table 10. However, it sharply declined from 35.92% to 19.45% from 2004 to 2005, and the statistics has been maintained at around 20% from 2005 till now. Furthermore, its shareholdings have been transformed into CS in 2005, because of the “Nontradable Share Reform.” The changes in the statistics have shown how governmental regulation influenced the capital structure of Dianguangchuanmei over the years. The reform in 2005 can be

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3 “Nontradable shares (NTS) are an unparalleled feature of the ownership structure of Chinese listed companies and represented a major hurdle to domestic financial market development” (Bortolotti and Beltratti, 2006). “After some failed attempts, in 2005 the Chinese authorities have launched a structural reform program aiming at eliminating NTS” (Bortolotti and Beltratti, 2006).
regarded as a sign of the opening up of the stock market. Since then, Hunan Radio and Television Centre can hardly be regarded as a state-owned company, because all of its shareholdings are classified as CS, which means that they can be traded freely in the stock market. This reform has helped Hunan TV Station to become more commercialized than before; by improving its business performance, the price of Dianguangchuanmei will be increased, and then its shareholders can trade shares to make a profit. Nevertheless, “Hunan Radio and Television Centre” is only one of subsidiaries of Hunan TV Station and can’t represent a full picture of Hunan TV Station. Thus, the conclusion can’t be reached that Hunan TV Station is not state-owned anymore.
Table 10: The Share of the Top Ten Stockholders of Dianguangchuanmei from 1998 to 2011

(CS = Common Shares, RIS = Restricted Institutional Shares, SS = State Shares, and U = Unknown)

<table>
<thead>
<tr>
<th></th>
<th>1st</th>
<th>2nd</th>
<th>3th</th>
<th>4th</th>
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<th>7th</th>
<th>8th</th>
<th>9th</th>
<th>10th</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>U:63.29%</td>
<td>U:1.9%</td>
<td>SS:1.27%</td>
<td>U:1.27%</td>
<td>U:0.83%</td>
<td>U:0.83%</td>
<td>U:0.63%</td>
<td>U:0.63%</td>
<td>U:0.63%</td>
<td>U:0.23%</td>
</tr>
<tr>
<td>1999</td>
<td>U:63.29%</td>
<td>CS:5.13%</td>
<td>CS:2.11%</td>
<td>U:1.9%</td>
<td>U:1.27%</td>
<td>SS:1.27%</td>
<td>CS:1.07%</td>
<td>CS:0.78%</td>
<td>U:0.63%</td>
<td>U:0.49</td>
</tr>
<tr>
<td>2000</td>
<td>SS:50.31%</td>
<td>CS:2.21%</td>
<td>RIS:1.51%</td>
<td>CS:1.25%</td>
<td>CS:1.16%</td>
<td>CS:1.05%</td>
<td>SS:1.01%</td>
<td>SS:1.01%</td>
<td>CS:0.97</td>
<td>CS:0.95</td>
</tr>
<tr>
<td>2001</td>
<td>SS:50.31%</td>
<td>RIS:1.51%</td>
<td>CS:1.43%</td>
<td>SS:1.01%</td>
<td>CS:0.65%</td>
<td>RIS:0.5%</td>
<td>RIS:0.46%</td>
<td>RIS:0.43%</td>
<td>CS:0.36%</td>
<td>CS:0.33%</td>
</tr>
<tr>
<td>2002</td>
<td>SS:50.31%</td>
<td>RIS:1.51%</td>
<td>SS:1.01%</td>
<td>RIS:0.5%</td>
<td>RIS:0.46%</td>
<td>RIS:0.43%</td>
<td>CS:0.27%</td>
<td>CS:0.23%</td>
<td>CS:0.21%</td>
<td>CS:0.2%</td>
</tr>
<tr>
<td>2003</td>
<td>SS:50.31%</td>
<td>RIS:1.51%</td>
<td>SS:1.01%</td>
<td>RIS:0.5%</td>
<td>RIS:0.46%</td>
<td>RIS:0.43%</td>
<td>CS:0.31%</td>
<td>CS:0.2%</td>
<td>CS:0.15%</td>
<td>CS:0.12%</td>
</tr>
<tr>
<td>2004</td>
<td>SS:35.92%</td>
<td>RIS:1.95%</td>
<td>SS:1.3%</td>
<td>RIS:0.65%</td>
<td>RIS:0.6%</td>
<td>RIS:0.55%</td>
<td>CS:0.4%</td>
<td>CS:0.23%</td>
<td>CS:0.21%</td>
<td>CS:0.2%</td>
</tr>
<tr>
<td>2005</td>
<td>CS:19.45%</td>
<td>CS:1.95%</td>
<td>CS:1.3%</td>
<td>CS:1.04%</td>
<td>CS:0.9%</td>
<td>CS:0.65%</td>
<td>CS:0.6%</td>
<td>CS:0.55%</td>
<td>CS:0.39%</td>
<td>CS:0.29%</td>
</tr>
<tr>
<td>2006</td>
<td>CS:19.45%</td>
<td>CS:4.73%</td>
<td>CS:1.95%</td>
<td>CS:1.5%</td>
<td>CS:1.3%</td>
<td>CS:1.06%</td>
<td>CS:0.95%</td>
<td>CS:0.65%</td>
<td>CS:0.6%</td>
<td>CS:0.59%</td>
</tr>
<tr>
<td>2007</td>
<td>CS:21.16%</td>
<td>CS:4.72%</td>
<td>CS:4.66%</td>
<td>CS:4.48%</td>
<td>CS:2.56%</td>
<td>CS:2.42%</td>
<td>CS:2.1%</td>
<td>CS:2.06%</td>
<td>CS:2.01%</td>
<td>CS:1.32%</td>
</tr>
<tr>
<td>2008</td>
<td>CS:21.16%</td>
<td>CS:4.48%</td>
<td>CS:4.14%</td>
<td>CS:3.23%</td>
<td>CS:2%</td>
<td>CS:1.98%</td>
<td>CS:1.88%</td>
<td>CS:1.88%</td>
<td>CS:1.85%</td>
<td>CS:1.83%</td>
</tr>
<tr>
<td>2009</td>
<td>CS:21.53%</td>
<td>CS:2.44%</td>
<td>CS:2.42%</td>
<td>CS:1.8%</td>
<td>CS:1.48%</td>
<td>CS:1.33%</td>
<td>CS:1.16%</td>
<td>CS:1%</td>
<td>CS:0.99%</td>
<td>CS:0.96%</td>
</tr>
<tr>
<td>2010</td>
<td>CS:21.52%</td>
<td>CS:1.74%</td>
<td>CS:1.39%</td>
<td>CS:1.08%</td>
<td>CS:0.92%</td>
<td>CS:0.91%</td>
<td>CS:0.86%</td>
<td>CS:0.62%</td>
<td>CS:0.5%</td>
<td>CS:0.47%</td>
</tr>
<tr>
<td>2011</td>
<td>CS:21.52%</td>
<td>CS:1.36%</td>
<td>CS:1.35%</td>
<td>CS:1.07%</td>
<td>CS:0.98%</td>
<td>CS:0.96%</td>
<td>CS:0.91%</td>
<td>CS:0.91%</td>
<td>CS:0.83%</td>
<td>CS:0.74%</td>
</tr>
</tbody>
</table>

*the data was collected from Sina.com.*
5.5. The *Entertainment Cutback Order*’s influence

Figure 14 shows the share of *News and Public Affairs*, *Features and Documentaries*, and *General Entertainment* respectively during the selected months. As I have mentioned in the method chapter, November, 2011 was selected because it was the first month after the government had announced that there would be an *Entertainment Cutback Order* published on 25th October, 2011. This month was chosen to work as a comparing period with the other two months when the order had already taken effect. January 2012 is the month when the order started to take effect, and March in 2012 is the month when the order has been taken into effect for more than two months. I am going to compare these two periods to examine the effects of the order during these different periods. As Figure 14 shows, the share of programs which are *General Entertainment* has largely decreased from 80% to 67%, from November 2011 to January 2012; and the percentage didn’t change much from January 2012 to March 2012, maintaining around 66%. The share of programs of the other two categories, on
the contrary, has largely increased from November 2011 to January 2012: the share of these two kinds of programs has increased from 20% to 33%. The difference between January and March in 2012 is still not that significant either. The changes of the different categories of programs mean that after the Entertainment Cutback Order has taken effect, the amount of General Entertainment was largely decreased, and the amount of the other two categories (Features and Documentaries, and News and Public Affairs) had largely increased. In other words, the Entertainment Cutback Order had largely increased the amount of information-oriented programming and helped to decrease the entertainment-oriented programming in a short time. Even though the share of information-oriented programming had increased and entertainment-oriented programming has decreased, the share of entertainment-oriented programming is still more than 65%, which means that it still takes a dominant place in programming compared to information-oriented programming.

Figure 14: The Share of Different Kinds of Hunan PSTV’s Programs

*the data was collected from TVmao.com.*
In Figure 15, the major three groups in Figure 14 have been divided into eight subcategories by the author, in order to further understand the changes of the different kinds of programming content during the three different periods in time.

From Figure 15, we can see that the share of news and entertainment news didn’t change a lot from November 2011 to March 2012, and the principal contributor to the increasing amount of information-oriented programming is two newly created subcategories: news magazine and documentaries. What’s more, the main reason that entertainment-oriented programming has largely declined is that the amount of variety shows, talk shows and TV drama series have decreased from November 2011 to March 2012. However, from January 2012 to March 2012, we can see that the amount of talk shows and TV drama series have increased slightly. A new subcategory, reality shows, has been created in January and this new kind of program has increased from January to March.

From Figure 15, the share of the different subcategories from November 2011 to March 2012 has been presented. We can see that TV drama series, which belongs to entertainment-oriented programming, took the largest share during the three periods when compared to other subcategories. TV drama series is a kind of entertainment program which doesn’t belong to the order’s limitation range. The large share of TV drama series shows a fact that Hunan PSTV decided to maintain a large amount of TV drama series in order to entertain the audiences and to get a high audience rating. What’s more, the share of variety shows and talk shows were also very high in November, 2011, but they have significantly decreased, due to the Entertainment Cutback Order which has clearly announced that all of the PSTVs should limit the amount of programs in these two subcategories. Another result that can be found from the figures is that Hunan PSTV has done adjustments to both information-oriented programming and entertainment-oriented programming. News magazine and reality shows are two subcategories that were newly added to Hunan PSTV’S program structure after the order took effect, and the share of these two programs has expanded
from January to March in 2012. The share of documentaries has also increased from November 2011 to March 2012.

Figure 15: The Share of Different Kinds of Hunan PSTV’s Programs during Different Periods

*the data was collected from TVmao.com.

Figure 16 shows the program structure during the three periods. In November, 2011, Hunan PSTV has made 3 kinds of news programs, 1 entertainment news program, 1 Documentary program, 8 talk shows, and 11 variety shows. In March 2012, we can see that the diversity of information-oriented programming has largely increased: News programs have increased from 3 to 5, news magazine has increased from 0 to 2, and documentaries have increased from 1 to 2. The diversity of entertainment-oriented programming, on the contrary, has decreased: there used to be 11 kinds of variety shows and 8 different talk shows in November 2011. In March, 2012, there were only 9 variety shows and 7 talk shows left. Thus, by examining the program structure of Hunan PSTV, we can draw a conclusion that the diversity of information-oriented programming has increased, which means that more choice has been provided for the audience to watch. The newly produced programs, which belong to news magazine and documentaries show that Hunan PSTV started focusing
on providing more in-depth-report television news. For example, *News Public Lecture* is one of the new programs belonging to news magazine programs. It provides college students with a chance to talk about the “breaking news” with senior media experts such as editors of newspapers, journalists, etc. It is interesting to see fresh opinions from the young people to contrast sharply with sophisticated and professional ideas from the experts. *The Metamorphosis* (which has borrowed the name of Kafka’s novel) is another newly created program which is in the form of both a documentary and a reality show (in this paper, the author has classified it as a documentary). This program is about “role reversal” (e.g. a country girl changes her role with a girl who lives in the urban city). The process of exchanging identities will be maintained for a week and all of the daily details will be recorded to make a documentary, in order to explore some of the social problems.

What’s more, we can also see that the diversity of entertainment-oriented programming has largely decreased, but its diversity is still larger than the information-oriented programming. Nevertheless, some commercial programs’ themes, especially the newly produced ones, are related to morality, legal system, culture, etc. Although these programs are using the format of entertainment programs, they are encouraged by the *Entertainment Cutback Order*. This means that the political regulation can affect the content of Hunan PSTV.
Figure 16: The Program Structure of Hunan PSTV

5.6. Result

The main-research question of the study was to describe the main characteristics of provincial TV stations in China and how they are influenced by changes in the Chinese economy and society. Four sub-research questions have been formulated. What is the role of private profit accumulation for provincial TV stations in China? Whom does the ownership of provincial TV stations in China belong to? How does global capitalism influence provincial TV stations today? How do government regulation influence provincial TV stations today? In order to explore the general patterns of provincial TV stations, Hunan TV Station has been chosen to do a single-case study. This chapter has conducted statistical analysis of Hunan TV Station, and the five Hypotheses have been tested.

Hypothesis 1 - the revenue of Hunan TV Station from advertising has steadily increased over the years, whilst the subsidy from the government has steadily decreased over the years. The advertising revenue is also much larger than the governmental subsidy.
This hypothesis is formulated in order to explore the role of private profit accumulation for Hunan TV Station. It has been proved that the revenue of advertising has steadily increased and is much larger than the governmental subsidy. It means that advertising revenue is playing an increasingly important role in profit accumulation. Nevertheless, the advertising revenue as a percentage of total income has steadily declined from 2004 to 2006. This means that, except for advertising revenue and subsidy, other incomes’ share of total income has also increased. Those incomes include Shiye\(^4\) Income, Jingying Income\(^5\), Loans, and other incomes. Advertising revenue is a part of Shiye Income, and the yearbooks didn’t clearly point out what other parts of Shiye Income refer to. What’s more, the hypothesis that governmental subsidy has steadily decreased over the years has been disproved by the statistics. Both the amount and the share of governmental subsidy didn’t change greatly over the years. The statistics stayed at a very low level compared to advertising revenue. It means that governmental subsidy hasn’t played a significant role in contributing to the profit accumulation of Hunan TV Station between 1998 and 2006.

Thus, we can conclude that Hunan TV Station is not relying on governmental subsidy to keep running, during the studied period. It is a profit-driven TV station, in which advertising revenue has played a significant role in contributing to the total income. However, the share of advertising revenue of total income has steadily decreased in recent years, which means that other incomes, except for governmental subsidy and advertising revenue, have played an increasingly important role in Hunan TV Station’s profit accumulation.

\(^4\) Shiye: “the term shiye refers to enterprises that concentrate on the production and provision of public goods and services and as a result traditionally require preferential tax treatments and subsidies” (Zhao, 2008, p.77).

\(^5\) Jingying Income: the income earned when Shiye entities do business activities, which doesn’t involve “independent accounting”, in other words, the activities that are out of governmental financial budget (Baidu, Jingying Income). It is similar to the income of regular enterprises in Western culture, the only difference is that it is earned by Shiye entities.
Hypothesis 2 - the audience rating, market share for viewers, and advertising expense of Hunan PSTV has steadily increased over the years. These three variables have been positively related to each other over the years.

This hypothesis contains three different variables (audience rating, market share for viewers, and advertising expense). It aims to show how much Hunan PSTV has been commercialized as well as showing its competitiveness compared to other PSTVs, by measuring those variables. It has been proved that the national rankings (in which both PSTVs and national-level channels are included) of these three variables have steadily increased over the years. It means that Hunan PSTV’s performance in the national television market is quite strong. Moreover, within national-level channels – CCTV has been excluded from the ranking list, Hunan PSTV shows significant strength compared to other PSTVs. Since all of the three variables are related to the commercialization process of the television industry, Hunan PSTV’s strong performance in these three aspects can serve as evidence to prove that Hunan TV Station has been highly involved in a market-oriented system and has strongly adapted the marketing principles, compared to other provincial TV stations.

What’s more, through analysis of the rankings of the three variables, this analysis shows that the three variables are positively related to each other. Its high audience rating means it is good at attracting audiences, in other words, Hunan PSTV’s content can be reached by a larger population compared to other PSTVs. In terms of the calculation rules we have discussed in the method chapter a high audience rating will determine a high market share for viewers. The high value audience rating as well as market share for viewers means that this channel is good at attracting audiences, and it makes advertisers willing to spend more money on it or in other words, a higher advertising expenditure. A channel with a high audience rating and market share means that the advertising can reach a larger audience. Thus, Hunan PSTV is a good choice to deliver advertisings for it can effectively help its clients to sell their products or strengthen their brands.
Hypothesis 3 - Hunan PSTV’s share of entertainment-oriented programming has steadily increased over the years and the share of information-oriented programming has steadily decreased over the years.

How does global capitalism influence provincial TV stations today? How do government regulation influence provincial TV stations today? This hypothesis was formulated to answer those two research questions. From 1997 to 2000, the distribution of the amount of programs produced by Hunan PSTV shows no regularity, because during the initial period, Hunan TV Station experienced reforms that transformed its institutional structure, which directly influenced the amount of programs produced. Nevertheless, it has been proved that Hunan PSTV’s share of entertainment-oriented programming has steadily increased over the years and the share of information-oriented programming has steadily decreased from 2001 to 2006. The share of entertainment-oriented programming was 12% in 2001, increasing to nearly 60% in 2006. There is also a tendency that entertainment-oriented programming will continue to increase and will be much larger than information-oriented programming after 2006. This means that Hunan PSTV has increasingly adopted a program structure which focuses on entertainment and thereby appeals to investments by advertising clients. The statistics show that its core content has transformed from information-oriented programming to entertainment-oriented programming. Thus, through examination of the content, we can conclude that the influence of government regulation for Hunan TV Station has become weaker and at the same time the influence of global capitalism has become stronger. However, the author could only obtain the data from 1997 to 2006. The latest data is not available in the yearbooks. In order to test this Hypothesis, the data of recent years is required to do a comparison. In addition, the data collected to test Hypothesis 5 can serve as a supplementary data source.

Hypothesis 4 - the stock holdings of private capital have steadily increased over the years and the stock holdings of state capital have steadily decreased over the years.
Not only the content produced by Hunan PSTV, but also the shareholdings of major stockholders can show how public service logic and neo-liberal logic influence Hunan TV Station. In hypothesis 4, I want to examine the different types of shareholdings (CS, RIS, and SS) to see what kind of capital has taken a dominant place in the management of Hunan Radio and Television Centre (Hunan TV Station’s subsidiary). It is because if the shareholdings marked as SS were larger than CS, the governmental regulation will play a more important role in influencing Hunan TV Station than global capitalism, and vice versa. The stock holdings of state capital, which were represented by State Shares (SS), are more than 50% between 2000 and 2003, and decreased slightly from 2003 to 2004. It means that the shareholdings of state capital were much larger than private capital during this time. To some extent, governmental regulation was playing a dominant role in influencing Hunan TV Station from 2003 to 2004, and the role of global capitalism is comparatively weaker during these years.

However, since the Nontradable Share Reform in 2005, the three categories (CS, RIS, and SS) have been eliminated, making it difficult to distinguish the shareholdings of state capital from private capital. Thus, this Hypothesis can’t be tested with the existing data. What’s more, Hunan Radio and Television Industry Centre, who is the largest stockholder of Dianguangchuanmei, is only a subsidiary of Hunan TV Station and the full picture of capital structure of Hunan TV Station cannot be shown by the limited data.

*Hypothesis 5 – after the publication of the Entertainment Cutback Order, the program structure of Hunan PSTV has changed: entertainment-oriented programming has steadily decreased and information-oriented programming has steadily increased.*

How does government regulation influence provincial TV stations today? In order to answer this question, I choose to explore how the government policy, Entertainment Cutback Order, exerts influence on television’s content. I have examined Hunan PSTV’s daily program lists for three selected months: November 2011 - when the
order hadn’t taken effect, January 2012 - the first month the order took effect, and March 2012 - when the order had been in effect for three months. By examining the data, we can conclude that the share of information-oriented programming increased and entertainment-oriented programming decreased, after the *Entertainment Cutback Order* was published. However, the share of entertainment-oriented programming is much larger than the share of information-oriented programming during these three periods. This result can be attributed to several reasons. Firstly, TV drama series, as a subcategory of entertainment-oriented programming, is not limited by the *Entertainment Cutback Order*, and Hunan PSTV tries to maintain its amount at a high level to attract audience attention. Secondly, though the amount of variety shows and talk shows has decreased, its total proportion of programs is still very high. Lastly, new programs consisting of positive elements encouraged by socialist ideology, even though they are in commercial programs’ format such as Reality Show, have been created. Not only do these new programs get a high audience rating, but are also not limited by the *Entertainment Cutback Order*.

Furthermore, except for the result that the share of information-oriented programming has increased and the share of entertainment-oriented programming has decreased, we can reach another conclusion that the diversity of information-oriented programming has increased and the diversity of entertainment-oriented programming has decreased. More information-oriented programs are produced and provided for audiences to watch. And the newly produced programs, which are news magazines and documentaries, show that Hunan TV Station started focusing on providing in-depth-report of television news. Nevertheless, though the diversity of entertainment-oriented programming has largely decreased, its diversity is still larger than information-oriented programming. In summary, government regulation has played a significant role in influencing the content produced by TV stations, but the large share and high diversity of Hunan PSTV’s commercial programs can still serve as evidence to show that Hunan TV Station is profit-oriented and that the *Entertainment Cutback Order* can’t change it in nature.
6. Conclusion and Discussion

The results that come from the case study of Hunan TV Station can be related to the political economy of all the provincial satellite televisions in China. In this chapter I will present a theoretical interpretation of the results with a view to understanding the general principles that can be applied to Chinese provincial television studies.

6.1. Theoretical interpretation

Mosco (2009) has developed a comprehensive model for media studies which includes three aspects: commodification, spatialization, and structuration. In the third chapter of this paper, some of my arguments have been related to the spatialization aspect of this framework to portray and explain the background of the Chinese television industry. Spatialization mainly concerns two kinds of processes: the first is the process of governmental structuring, including the commercialization, liberalization, privatization and internationalization; the second is the process of institutional expansion, which can be divided into two categories including vertical expansion and horizontal expansion. This chapter will apply Mosco’s (2009) political economy framework to theoretically interpret the results I have found through data analysis. In addition, when talking about content, audiences, and advertising, Meehan’s (2005) theory about “three interlinked markets” will also be referred to. Moreover, in order to get access to the characteristics of Chinese social context, this chapter will also involve opinions from academic works written by Chinese political economists (Liu, 1994; Yu, 1999; Bai, 2005; Zhang, 2007; Zhao, 2008; Qiu, 2009; Zhong, 2010).

6.1.1. Governmental structuring

According to Mosco (2009), there are four major patterns of government restructuring process, which includes commercialization, privatization, liberalization, and internationalization.
Commercialization

“Commercialization establishes state functions, such as providing mail and telecommunications services, principally along business or revenue-generating lines” (Mosco, 2009, p.15). It stresses “market position and profitability” among state and public service broadcasting and telecommunication firms (Mosco, 2009, p.176). Talking about Chinese provincial TV stations, which are state-owned and used to focus on public service broadcasting, its process of commercialization has mainly experienced two stages. The first stage began with “Dual-track System Reform.” “The commercial revolution in the Chinese media system started at the very top of the party press structure with the implementation of a business-oriented cost-accounting system” (Zhao, 2008, p.77). It is called “dual-track pricing system” or “dual pricing system” by Harvey (2005, p.129). What is the dual pricing system? By observing Hunan TV Station’s financial income structure, I found that except for government subsidy, loan and other financial supports, the major income mainly consists of two parts: Shiye Income and Jingying Income. The most important difference between these two kinds of incomes is that Shiye Income is included in the governmental financial budget, but Jingying Income isn’t. Though the Hunan TV Station is nominally a state-owned entity or “Shiye entity,” it was encouraged to establish certain subsidiaries to run as private companies or “Qiye entities” to earn Jingying Income in the free market. Hunan Radio and Television Centre, for example, was such a subsidiary and ran the advertising business for the whole Hunan TV Station at the beginning (now its business has been expanded to program production and distribution, cable TV businesses, tourism, real estate, hotels, theme parks, exhibitions, etc). However, the majority of the advertising revenue, which is earned in the free market, hasn’t been accounted as Jingying Income but Shiye Income. Thus, the dual-track pricing system means that the state-owned TV stations are allowed to make a profit by running private companies, but the greater part of the revenue (e.g. advertising revenue) should be accounted as Shiye Income, which will be spent through the governmental financial budget. Nevertheless, the remaining part of the advertising revenue or other Jingying Incomes still serve as incentives for the Hunan
TV Station and other provincial TV stations to get a better performance. The fact that advertising revenue (both Shiye Income’s part and Jingying Income’s part are added together) has been steadily increased can be explained by this.

The second stage of media commercialization in China started with Deng Xiaoping’s famous speech in 1992 (Bai, 2005, p.2). Bai (2005, p.2) concludes that, “in the soaring of advertising revenue for several consecutive years, the proliferation of market-oriented institutional as well as journalistic improvisations, the sharp increase of media outlets, the craze of media to increase revenue by diversifying into other businesses, and above all, the changed ethos of the Chinese media.” In the case of Hunan TV Station, It has been proved that the advertising expenditure has steadily increased over the years. What’s more, through examining Hunan TV Station’s financial income structure, I observe that the advertising revenue percentage of Hunan TV Station’s total income has steadily declined from 2004 to 2006. This can be explained by Hunan TV Station’s strategy of increasing revenue by diversifying into other businesses. Taking Hunan Radio and Television Centre (Hunan TV Station’s subsidiary) for example, after it has turned into a “limited liability,” which means this company can have “two to fifty shareholders” (Harvey, 2005, p.129), its business has largely been expanded to cover a range of areas including: advertising agencies, program production and distribution, cable TV businesses, tourism, real estate, hotels, theme parks, exhibitions, etc.

Privatization
“Privatization takes this a step further by turning these units into private businesses” (Mosco, 2009, p.15). As we have mentioned before, in terms of Hunan TV Station’s financial income structure, the advertising revenue is much larger than the government subsidy, loans and other financial support, and accounts for most of Hunan TV Station’s total financial revenue. It doesn’t matter what percentage of advertising revenue has been classified as Shiye Income or Jingying Income. What matters is that nowadays Hunan TV Station largely relies on advertising revenue to
run on. Though all the provincial TV stations in China are state-owned entities according to the Communist Party and government’s definitions, the fact is that Hunan TV Station, or at least some of its subsidiaries have already got certain characteristics of private companies. The Hunan Radio and Television Centre operates businesses which follow the principles of the free market, but it is still under the charge of the bureaucratic Hunan Broadcasting System. Moreover, TV stations will be allowed to enter the stock market “at appropriate times” (Yu, 1999; Bai, 2005).

Since 1998 when Hunan TV Station’s Dianguangchuanmei stock (whose biggest shareholder is Hunan Radio and Television Centre) was listed on the stock market, Hunan TV Station has been absorbing public investment through the issuing of shares. The gradual elimination of State Shares (SS), Restricted Institutional Shares (RIS) and increasing Common Shares (CS) mean that the government wants to open the stock market to private capital and foreign capital step by step. The opening-up process builds up toward a climax with the “Nontradable Share Reform.” It transformed SS and RIS to CS in 2005, which means that all the shares of Dianguangchuanmei can be traded freely on the Chinese stock market. Since then, the shareholdings of Hunan Radio and Television Centre have steadily decreased from the initial 63.29% in 1998 to around 20% in recent years. In other words, the shareholdings owned by Hunan TV Station or the state have largely decreased, and the rest of the shareholdings can be traded freely on the stock market. This opening up of the stock market is an important step for the provincial TV station’s privatization.

**Liberalization**

“Liberalization gives the state’s approval to opening markets to widespread competition” (Mosco, 2009, p.15). Chinese government has increased the number of competitors in the market though top-down order. It firstly decentralized the broadcasting system’s two-tier structure (provincial-level television and national-level) into a four-tier structure (county-level, city-level, provincial-level and national-level). However, this strategy not only couldn’t effectively stimulate the market, but also caused a lot of problems, such as duplicated and redundant content, so the
government decided to recentralize the market and to return to the two-tier structure as before. In response to recentralization, the national-level and provincial-level television stations have grown in size and provided the foundation for media conglomerate in China. For instance, during this period, Hunan TV Station has been transformed into Hunan Radio, Film and Television Group, which is the first established conglomerate in China and its business has been expanded to media outlets other than television (horizontal expansion), such as cable TV, newspaper, etc and to businesses outside the media industry (vertical expansion) such as exhibition, tourism, etc.

In addition to increasing the number of companies in the market within the internal broadcasting system, the government has set up a series of principles for opening up the media market to private capital and foreign capital at the same time. The well-known No. 17 document as well as the 16th Party Congress sent out a warm signal for private capital and transnational capital (Bai, 2005; Zhao, 2008). “Private companies, once properly licensed, are allowed to make programs for television” (Bai, 2005, p.5). “Television stations are encouraged to spin off programming or channel management by setting up companies, which can then enter into business arrangements with private companies” (Bai, 2005, p.5). Hunan TV Station, for example, has set up a range of subsidiaries, such as Hunan Radio and Television Centre (or Hunan TV & Broadcast Intermediary Co., Ltd), Happigo Limited Liability Company, Hunan Golden Eagle Media Limited Liability Company, etc. Furthermore, “transnational media giants are allowed to set up joint-ventures with television stations to co-produce certain types of programs – at present, this seems to be the closest media TNCs can come to the core media business in China” (Bai, 2005, p.5). Lastly, entering the stock market is another way for TV stations to absorb private capital and foreign capital. Hunan TV Station has had great success after entering the stock market by absorbing enough investment to make programs of high quality.
“Internationalization links the state to other states thereby shifting economic and political authority to regional authorities that bring together several countries in one geographical area” (Mosco, 2009, p.15). WTO is one of the most important links for the internationalization of the Chinese media industry. China has to compromise with “the neoliberal rules of international trade set up through the WTO, which China joined in 2001” (Harvey, 2005, p.123). After Deng Xiaoping’s famous speech in 1992, “the whole of China was opened up, though still under the watchful eye of the party, to market forces and foreign capital” (Harvey, 2005, p.125). Hunan TV Station has established a cooperative relationship with overseas network operators to deliver the Hunan International Satellite Channel to the Chinese audiences who live outside of China (Hunan TV World, Preface). For example, by cooperating with KyLinTV, Hunan International Satellite Channel can be received by audiences in Holland, Spain, Italy, Austria, Germany, Poland, England, American, Canada, and Singapore (Hunan TV World, Preface).

Opening up policies encourage domestic television “to translate and repackage foreign content” (Zhao, 2008, p.161-162). However, the “weak legal protection for capitalist enterprises” (Harvey, 2005, p.130) has left foreign companies in an unfavorable position. ITV, for example, has had a dispute with Hunan TV Station because it thinks that some of Hunan PSTV’s programs have plagiarized its entertainment formats. SARFT becomes the interceder between foreign companies and Chinese TV Stations. In response to ITV’s complaint, “Hunan Television, the TV and satellite broadcaster in China, and ITV STUDIOS, one of the world’s leading independent production companies and a division of ITV Plc, the UK’s largest commercial broadcaster, today announced a ground-breaking deal to develop and license a series of entertainment and other unscripted formats for original broadcast on Hunan Satellite Television from 2010, reaching more than 58 million viewers domestically” (ITV.com).
6.1.2. Content, audiences, and advertising

Through data analysis, we have found that the audience rating, market share for viewers, and the amount of expenditure that advertisers invest in Hunan PSTV were steadily increased in the nationwide market (CCTVs included) between 2004 and 2010. And when the data of CCTVs has been excluded, the majority of the time, Hunan PSTV is the champion in terms of these three variables. It has also been proved that the variables are positively related to each other. We have also found that the share of Hunan PSTV’s entertaining programs has steadily increased and the share of information-oriented programming has steadily decreased from 2001 to 2006 (the data after 2006 is unavailable because Hunan Radio and Television Year Book stopped publishing then). In order to interpret these results Meehan’s (2005) “three interlinked markets” theory will be introduced for analysis.

Meehan (2005) concluded that there are three interlinked markets in the television industry and that in those markets, “programs, audiences, and television ratings are sold” (Meehan, 2005, p.238). According to her explanation, these three markets are interlinked with each other through audience-rating. The programs that are attractive to audiences will get a high audience rating. The high audience rating will catch advertisers’ attentions; because more people will see their advertising if they choose a program with a high audience rating. This explains that Hunan PSTV’s increasing audience rating, which is derived from its entertaining content, can help it to attract advertisers’ investments. It can also explain why Hunan PSTV’s entertainment-oriented programming is increasing and information-oriented programming is decreasing. Under the profit-driven system, TV stations will choose to increase the programs with high audience ratings, such as entertaining shows, and to decrease the programs with low audience ratings, such as information-oriented programs.

Also, according to Meehan’s theory, the advertisers also want to know who the programs’ target audiences are. It might be awkward to see a car commercial shown
in a Children’s program because children are not the advertisers’ major clients. Regarding Hunan PSTV’s content, it has been proved that the share of Hunan PSTV’s entertaining programs has steadily increased and the share of information-oriented programming has steadily decreased from 2001 to 2006. This can be explained because the target audience group of information-oriented programming, compared to entertainment-oriented programming, is much smaller. For example, an educational program for high school students is less popular than a variety show. Because nearly every social group can watch entertaining shows; it matters not whether you are highly-educated or illiterate, old or young, male or female, etc. Thus, entertaining programs, to some extent, can reach a broader range of audiences.

However, “the party would have easily countenanced the active reconstitution of capitalist class power in its midst” (Harvey, 2005, p.122). As we have mentioned before, the TV stations in China belong to the state-party and not themselves. “Communist China, together with its media establishment, has been and will continue to be under the tight control of the Party state, which can 'break you or make you', depending on what it wants” (Zhong, 2010, p.52). Zhong (2010) uses an interesting “empire analogy” to describe the landscape of television in China. “I see SARFT as the patriarch emperor, CCTV as the royal heir, regional television operators as the other princes, and HSTV [it refers to Hunan provincial satellite television in Zhong’s paper] as that prince who has survived in the harsh frontier and has grown into a menacing internal rival” (Zhong, 2010, p.52). In order to maintain its authority, SARFT has issued a lot of decrees to “shoot down” Hunan PSTV’s increasing power (Zhong, 2010, p.52).

On January 1st 2012, SARFT issued a decree, which is called Entertainment Cutback Order by most western media. By comparing the share of different types of programs during three periods, I observe that after the publication of the Entertainment Cutback Order, the share of information-oriented programming has increased, the share of entertainment-oriented programming has decreased, and the share of
entertainment-oriented programming is way larger than the share of information-oriented programming during these three periods. By observing the data, I discovered that TV drama series account for nearly 50% of all programs, because there are no limitations concerning TV drama series in the *Entertainment Cutback Order*. I also found that the amount of variety shows and talk shows is still very high at around 20%, though their share has already fallen by 10%. Moreover, Hunan PSTV has produced some new programs to achieve a balance between political order and marketing needs. These new programs take entertaining formats, such as reality shows or talk shows, with themes such as education, children, news, documentaries, etc, which SARFT encourage broadcasting. To summarize, that information shows the conflict between capitalistic rules that drive PSTVs to pursue profit and governmental rules that encourage the production of information-oriented programming. There is also another conflict that we can’t ignore; that between CCTV and PSTVs. This is because CCTV, whose backup is SARFT, can “shoot down” PSTVs by issuing decrees. For example, the limitation scope of the *Entertainment Cutback Order* is especially for PSTVs, and CCTV, the “royal heir,” is not included.

6.1.3. Conclusion
What is the role of private profit accumulation for provincial TV stations in China? What is the ownership of provincial TV stations in China? How does global capitalism influence provincial TV stations today? How do government regulation influence provincial TV stations today? I would like to review the major points of theoretical interpretation, in order to answer those research questions.

Firstly, Advertising is the main contributor to the total income of provincial TV stations. Chinese provincial TV stations largely rely on advertising revenue instead of government subsidy. Actually, the amount of advertising revenue has steadily increased over the years, and it is much larger than government subsidy. What’s more, many provincial media conglomerates have been established by the domestic governments. Except for advertising, provincial TV stations has expanded its business
to program production and distribution, cable TV businesses, tourism, real estate, hotels, theme parks, exhibitions, etc. It is the second change brought about by commercialization that TV stations have been expanded vertically and horizontally.

Secondly, Provincial TV stations are state-owned according to the party-state’s definition, but they have started to gain some capitalistic characteristics as they are increasingly driven by audience-rating and advertising revenue. Since provincial TV stations no longer rely on government subsidy, they turn into profit-driven entities. What kind of programs will bring them profit, information-oriented programming or entertainment-oriented programming? The answer is certainly entertaining programs, because it usually has a high audience rating and as such can bring TV stations more advertising investment.

Lastly, Party-state can support the commercialization of provincial TV stations by taking a series of reforms, and at the same time, it can readily suppress the development of provincial TV stations, by issuing legal decrees. As we know, provincial TV stations’ property ownerships belong to the party-state’s branch of domestic government, so these domestic governments can affect the TV stations’ managers’ decisions at any time. However, the domestic government is not the only boss of provincial TV stations. They are also under the charge of SARFT, the central regulation administration in television industry. The Entertainment Cutback Order is one of the decrees that SARFT has issued to regulate the television market. This order has successfully made PSTVs increase the amount of information-oriented programming and decrease the amount of entertainment-oriented programming. However, the Party’s logic runs counter to the principles of the free market, which leaves PSTVs with a dilemma to overcome. In addition, the Entertainment Cutback Order only works on PSTVs; the national-level television CCTV is not included in the limitation range. Again this goes against marketing principles, because the party-state made CCTV to become the only state monopoly, with SARFT’s backup.
6.2. Afterthoughts

6.2.1. Contributions

The media in China has long been regarded as a governmental organ. Its educational and propagandistic function has been emphasized by the party-state, which has led to the result that TV stations’ major content should be information-oriented programs. With the advent of a commercialization trend, the Chinese government has gradually been recognizing the media’s other function, its money-making capability. During the commercialization process, TV stations, especially provincial ones, have felt the contradiction between socialistic logic and neo-liberal logic in both economic and political fields. However, there is a lack of research exploring how the contradictions help to shape provincial TV stations and how many new characteristics they have obtained from this process. On one hand, it is hard for researchers to collect relative data in China. The low transparency of financial reports and strict censorship in the publishing system has increased the difficulty of examining the commercialization of the Chinese media. Zhong (2010, p.649) has described his experiences whilst doing a project concerning the Chinese media and commercialization:

“When I interviewed staff at Chinese broadcasters, including very senior managers, no matter how sincere or how helpful they looked or tried to look, they were unable to provide detailed up-to-date information. When I looked up webpages of annual reports, I often received responses reading apologetically that ‘we regret that the information requested is currently not available’. It was very hard to find out, for example, the remunerations of the managerial staff, the budget allocated to a channel/show or the dividends/taxes paid by a broadcaster to different governments or government departments. Even seasoned financial analysts share my misgivings” (Zhong, 2010, p.649).

On the other hand, there is a big difference between western and Chinese social context. Some concepts with Chinese characteristics, such as the “Dual-track pricing system,” seem obscure for the western theorist to understand. And due to the
complexity of the Chinese broadcasting system, foreign scholars rarely pay much attention to the provincial TV stations in China, which are the major forces for Chinese television’s development. To fill this shortage, I choose to conduct research that focuses on the domestic media, provincial television, and to try to examine how provincial television has been shaped by both socialistic logic and neo-liberal logic during the commercialization process. In order to avoid the difficulty of finding the financial reports from TV station’s websites, I choose yearbooks as my major data sources. Besides, stock information and program lists from the internet have also been used for political economy research.

Through my research, I find out that provincial television’s development has faced a dilemma that party-state not only expect them to make a high profit through advertising business, but also hope for them not to be too commercialized, in other words, less entertainment programs and more information-oriented programs. According to the party-state’s definition provincial televisions are owned by the state, though they contain a lot of the characteristics of private companies. The managers of provincial TV stations have been given a lot of freedom in management but they should listen to the domestic government’s intervention at crucial times. Except for the domestic government’s regulation, provincial TV stations should also listen to the decrees issued by SARFT, the central government’s regulation department. For example, although Hunan PSTV is encouraged to transform into a more commercialized TV station by the domestic government, the central government is unhappy with the “Hunan PSTV Model,” which has threatened CCTV’s authority status. How have provincial televisions been shaped by different ideologies? What are the main characteristics provincial television have obtained from the Chinese political economy context? How do provincial televisions conquer the dilemma they have faced? My findings are trying to provide answers to these questions, which are not only related to the Chinese media’s future, but also highly relevant to the Chinese economic and political reform process.
I have chosen theories of political economy from western political economists (e.g. Wasko, 1994; Meehan, 2005; Mosco, 2009) as well as academic works from Chinese scholars (e.g. Bai, 2005; Zhao, 2008) as my theoretical foundation. Mosco’s (2009) government structuring framework has described four aspects through which the media has been regulated by the government: commercialization, privatization, liberalization and internationalization. Mosco’s (2009) theory has stressed how governmental regulation supports the transformation of media during the four stages, in terms of American social context, but has paid less attention to how government suppresses the media’s development and transformation. In the case of the Chinese television industry, the government’s attitude towards commercialization isn’t “totally supportive” or “totally against.” Like Zhao (2010) has mentioned, the Chinese government use a neoliberal ideology as “governmentality.” In general, it seems to support the commercialization transformation of provincial televisions by conducting a series of reforms, but it has also issued a range of decrees to suppress or suspend the commercialization process, such as the Entertainment Cutback Order. Besides, except for the contradictions between the Party’s socialistic logic and neo-liberal logic, which have already been discussed by some Chinese scholars, I find out that there are also contradictions between domestic government and central party-state. Taking Hunan PSTV for example, the more it has been commercialized, the more the domestic government can get from advertising revenue. But central party-state is not that happy with the “Hunan PSTV Model,” for it has threatened the status of CCTV which represents the central party’s authority. Some scholars have discussed the domestic government’s regulation and media (e.g. Bai, 2005; Zhong, 2010; Lu, 2011), which have revealed the contradictions between the domestic government’s regulation and the central party-state’s interventions. All these three studies are in the realm of domestic media study, which have been presented in subchapter 3.2. In the following subchapter, I will compare my study with these three relevant studies.
6.2.2. Comparison to previous studies and further studies

In the field of regional television research in China, the researchers principally focus on how the political regulation and neo-liberal ideology affect provincial TV stations, but from different perspectives (e.g. Bai, 2005; Zhong, 2010; Lu, 2011). Bai’s (2005) research is about political economy and entertainment culture, in which Hunan TV Station has been mentioned as an important case during the commercialization process of the Chinese television industry. Though Bai (2005) argues that the formation of a conglomerate should come after the creation of a free market with a legal system to protect property rights and reduce governmental regulations, he holds an optimistic view towards Chinese television’s future development, which is disproved by my research. My research scope is much smaller compared to Bai’s (2005) study, in which provincial TV stations have been stressed as the major research subjects. Unlike Bai (2005), whose work relies principally on literature review, I try to show my perspectives through empirical studies. I find that except for the challenge of global capitalism, there are still a lot of unsolved problems within the Chinese broadcasting system. At least two pairs of contradictions have been revealed by the statistics from my research. The first contradiction is about the decreasing governmental subsidy and the increasing information-oriented content of television programs. It seems to disobey the market principle regarding the commercial television system. The second contradiction is that the government wants to encourage provincial TV stations to follow the commercialization trend, such as establishing conglomerates, but it still strictly controls the programs’ content and expect less entertainment programs to be produced. In terms of these two contradictions, it shows that Chinese society is still lacking the necessary conditions for provincial televisions to survive in the coming global competition.

Zhong’s (2010) study is about commercialization and Hunan PSTV, the topic of which is similar to what I write about, but we have different focuses. Zhong (2010) mainly tries to reveal the contradiction between CCTV and Hunan PSTV, but my research focus on how the media landscape of Chinese provincial television industry
has been shaped by the political economic context, by conducting a case study of Hunan TV Station. The data of his research is mainly derived from Hunan TV Station’s stock information, for Zhong (2010) believes that the stock information is transparent and reliable, comparing to other kind of sources, such as annual financial report. However, there is a limitation regarding this source. Since I also try to use Hunan TV Station’s stock to test one of my hypotheses, I find that this stock’s biggest shareholder is not Hunan TV Station but one of its subsidiaries, which is called Hunan Radio and Television Centre. In other words, the stock information can only partially reflect the economic performance of Hunan TV Station. To avoid this limitation, multiple data sources have been adopted in my research. Except for stock information, I have also paid attention to Hunan TV Station’s financial structure, to the daily program list of Hunan PSTV, and to Hunan PSTV’s rank in audience rating, market share for viewers and advertising expenditure.

Compared with their studies, what’s new in my research is that I am trying to reveal the contradictions within the Chinese broadcasting system, and what’s more, multiple data sources have been used to support my research. Some people hold the view that it is a good thing to for SARFT to issue the Entertainment Cutback Order because it will enlarge the share of information-oriented programming and decrease the overwhelming amount of entertainment-oriented programming. However, if the government requires provincial TV station to produce information-oriented programs of high quality, the government subsidy should be increased accordingly or the provincial TV station should be asked to hand in less to the government. With the advent of internationalization, the television market will, sooner or later, be fully opened to foreign capital. How can Chinese provincial television compete with these new rivals? Should Hunan PSTV continue its commercial strategy to survive in the competition? How will Chinese government regulate television industry in the future?

Lu (2011) realizes that provincial television is facing such a dilemma and he tries to provide a new solution. Lu’s (2011) study of market socialism by using Chongqing
PSTV as an exceptional case could be a good supplement to my research. When most of PSTVs are trying to learn from Hunan PSTV’s entertainment model, Chongqing PSTV chooses to largely decrease the amount of entertainment programs, because its major income is principally derived from governmental subsidy instead of advertising revenue. How can PSTV survive in the future? It would be interesting to do a further study comparing Hunan PSTV model and Chongqing PSTV model. What are the advantages and disadvantages of these two different models? Which model is better for Chinese provincial TV stations’ future development in terms of Chinese social context and why? Except for these two models, are there any new models or solutions for Chinese provincial TV station’s development in the future? In the comparative studies, Chinese political economy, neo-liberalism and globalization should be discussed as key issues.
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