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## Conference Paper

### The Impact of Business-Government Relationship on the Social Role Construction of Cable Television Operators in East Asia: A Case Study of Japan, South Korea, and Taiwan

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**The Impact of Business-Government Relationship on  
the Social Role Construction of Cable Television Operators in East Asia:  
A Case Study of Japan, South Korea, and Taiwan\***

by Nami YONETANI\*\* and Minoru SUGAYA\*\*\*

**1. Introduction: Background and Motivation**

With a few exceptional markets, cable television launched as a substitute media of over-the-air (OTA) television in areas where OTA broadcasting signal was weak. Cable television was called CATV as an abbreviation of Common Antenna Television or Community Antenna Television and recognized as a “local media” at that time. Since then, it has begun to offer a diversity of services including multi-channel service and Internet access service according to technological progress. Such progress of technologies took place not only in Japan but also in South Korea and Taiwan as well.

However, the outcome of the bibliographic survey and the interview survey showed that cable television operators in each market are undertaking different social role today. While cable television is still widely recognized as a golden standard of "local media" in Japan, South Korean operators recognize that supplying low-cost telecommunication service is their new social role, and Taiwanese operators emphasis on not only cost of service but also on ethnic minority-oriented service.

Facts above are suggesting that some factors can change the social role of cable television operators although cable television launched as a local media. While cable television operators are facing new market challenges that could be typified as "cord cutting" and "cord never," their future strategies should be developed with a thorough understanding of the distinctiveness of their selves and the society they belong to.

Based on the background mentioned above, we illustrated the construction

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\* This paper is partly based on the Ph.D. dissertation of Nami YONETANI (2017).

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process and elucidated the influence-able factors on the social role of cable television in conducting an international comparison analysis for the cases in Japan, South Korea, and Taiwan with business-government relationship as a study framework. Three research questions were posed as follows: (1) Why were Japanese cable television operators able to keep providing local-oriented service which is considered to be unprofitable? (2) Why did cable television operators in South Korea and Taiwan come to play a different role from local media? (3) What are the construction process and influence-able factors of the social role of cable television operators?

## **2. Review of Previous Studies**

Although there are different stories about the origin of cable television business, the world's first cable television system is said to be set up in the United States almost simultaneously in Arkansas, Oregon, and Pennsylvania in 1948. Early cable television systems were small local ventures, serving as local or community antenna services to enhance poor reception of OTA broadcasting signal in mountainous or geographically remote areas. In consideration of the utility of the service and its economies of scale, cable television operators then were allowed to be local monopolistic enterprises and became recognized as local media. In more recent years, however, cable television operators started to provide various services typified as self-produced programs, multichannel service, cable phone service, Internet access service, MVNO service, and home security service. They were also forced to face some market structure changes including deregulations and telecommunication and broadcasting convergence since the 1980's, and gradually lost their localness in their services.

On the other hand, although operators experienced the same technological development and market structure changes, the schema of "cable television is local media" is still alive in Japan. Masahiro Yoshizaki, the president of Japan Cable Television Association, says in the *Cable Television Industry Report 2016* that "cable television is a local community-based integrated service provider and shall keep fulfilling a role as an indispensable operator in the local community."<sup>1</sup>

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<sup>1</sup> Japan Cable and Telecommunications Association, (2016) [*Cable Television Industry Report 2016*], p.2. (In Japanese).

This schema is also an uninterrupted tacit premise of cable television studies in Japan. As Table 1 shows, cable television received scholarly attention as a local identity building media in the predawn era (1955-1980) when cable television operator's major services were retransmitting OTA broadcasting signal and broadcasting self-produced local information programs. In the expansion era (1980-1990), cable television started to provide multichannel service. As the cable television boom got overheated, cable television operators penetrated in urban areas and explosively increased their number. Academic focus on this phase was on the contribution of cable television as a local media in urban areas. As it moved into the convergence era (1990-2010), cable television operators developed cable phone service, Internet access service, MVNO service, and VOD service. In this phase, many academic papers argued over the impact of two-way cable television system in local communities. Finally, in the post-convergence era (2010-), their range of services expanded further to include home security service, wireless service, and local ICT service. Although there are only limited numbers of cable television studies in this era, *Satellite and Cable Television*, the representative magazine in the pay TV industry in Japan, often phrases cable television as a "local-oriented public communication infrastructure" in their articles.

Table 1. Cable television studies in Japan

	Major service	Major study subject	Representative research papers
Predawn era (1980-1990)	<ul style="list-style-type: none"> <li>• Retransmission service</li> <li>• Self-produced programs</li> </ul>	<ul style="list-style-type: none"> <li>• The impact of self-produced programs on local identity building</li> </ul>	<ul style="list-style-type: none"> <li>• Sakata (1976)</li> <li>• Inoue &amp; Taki (1981)</li> </ul>
Convergence era (1990-2010)	<ul style="list-style-type: none"> <li>• Multichannel service</li> </ul>	<ul style="list-style-type: none"> <li>• The contribution of cable television as a local media in urban areas</li> </ul>	<ul style="list-style-type: none"> <li>• Wakabayashi (1988)</li> <li>• Yamada (1989)</li> </ul>
Convergence era (1990-2010)	<ul style="list-style-type: none"> <li>• Triple play service</li> </ul>	<ul style="list-style-type: none"> <li>• The impact of two-way cable television system in local communities</li> </ul>	<ul style="list-style-type: none"> <li>• Hiratsuka &amp; Kanazawa (1996)</li> <li>• Miyamoto &amp; Furukawa (2007)</li> </ul>
Post convergence era (2010-)	<ul style="list-style-type: none"> <li>• local-oriented ICT service</li> </ul>	<ul style="list-style-type: none"> <li>• Cable television as a local-oriented public communication infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>

Challenges left in preceding studies include the following two points. Firstly, cable television is stereotyped as local media. Except for technology research, a large part of cable television studies in Japan took the schema of "cable television is local media" as a tacit starting point and had not fully verified the reason why cable television operators could survive the market while playing the role of local media. Secondly, versatile consideration of business-government relationship in the cable television market is lacking. Thanks to the efforts of scholars in the expand era and the convergence era, some case studies accumulated in the framework of local informatization study. Most of them, however, were not analyzing business-government relationship from a generic or diachronic perspective but introducing advanced cases of each region in a piecemeal manner.

### **3. Research Methodology**

#### **3-1. Research Subjects**

The analysis subjects in this study are Japan, South Korea, and Taiwan. As the aim of this study is to trace the differentiation process and to explain the influence-able factors of the social role of cable television operators, we deemed that the comparison subjects should have a common starting point. Cable television in the above three markets launched as a local media, but recently fulfilling a different social role.

Additionally, these three markets are world's largest markets for cable television service. According to the surveys by Informa Telecoms & Media, Asia-Pacific has the largest cable television penetration in the world: Asia-Pacific 45 percent, America 34 percent, Eastern Europe 32 percent, Western Europe 28 percent and the Middle East and North Africa 4 percent.<sup>2</sup> Japan, South Korea, and Taiwan have especially high penetration rate among the countries in the Asia-Pacific region: Japan 58 percent, South Korea 58 percent, Taiwan 64 percent (85 percent including non-paying subscribers).

#### **3-2. Research Framework and Methods**

This study uses business-government relationship as a study framework to compare the process of social role construction of cable television operators. A government is an institutional expression of public activities and has the function to design the system of the country in a democratic political system.<sup>3</sup> It can also prescribe the existence of enterprises by setting out and operating laws and rules.<sup>4</sup> Although all kinds of stakeholders have more or less implication for cable television operators, the government has a particularly great authority. Additionally, cable television industry, which was under strict ownership rules in exchange for the

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<sup>2</sup> Informa Telecoms & Media. (2013a) Americas TV 17th Edition., Informa Telecoms & Media. (2013b) Asia Pacific TV 17th Edition., Informa Telecoms & Media. (2014a) Eastern European TV., Informa Telecoms & Media. (2014b) The Middle East & North Africa 10th Edition., Informa Telecoms & Media. (2015) Western European TV 16th Edition.

<sup>3</sup> Miyagawa, M. (2006) “[Globalization and Social Role of Business : Focusing on Business-Government Relationship]”, *Rissho Management Riview*, 38(2), p90. (In Japanese).

<sup>4</sup> Aoki, M. & Okuno, M. (1996) [*Comparative Institutional Analysis of Economic Systems*], p248. (In Japanese).

permission on regional monopoly, has experienced a particularly close relationship with the government in the past. Therefore, we cannot ignore the impact of the government when discussing the social role of cable television operators. As shown in Table 2, we categorized determinant factors of cable television operators' business-government relationship into four groups by referring Miyakawa (2006) and set it as comparison items of the three markets.

Table 2. Determinant factors of cable television operators' business-government relationship

(1) <i>Institutional characteristic of cable television operators:</i> The relationship between cable television operators and its stakeholders.
(2) <i>Institutional characteristic and ability of the government:</i> Political characteristics of the state and stability of the administration.
(3) <i>Business-government interface:</i> Opportunities, intensity, and frequency of the relationship between cable television operators and the government.
(4) <i>Capability gap to bridge:</i> The capability gap which the government tries to narrow by cable television service.

The methodology of this study consists of comparative historical analysis and critical discourse analysis. We conducted comparative historical analysis to compare determinant factors (1), (2), and (3) of the three markets. Necessary data were collected by bibliographic survey and interview surveys conducted with cable television operators and regulators in Japan, South Korea, and Taiwan from 2012 to 2014. To compare determinant factor (4), we collected government documents relevant to cable television which was published from the inaugural year of cable television business to 2016 and conducted critical discourse analysis.

## 4. Findings

### 4-1. Distinctions of Cable Television Operators in Japan and Its Business-Government Relationship

The first cable television service in Japan was launched in 1955 at Ikaho hot springs in Gunma Prefecture to retransmit OTA broadcasting signal. The Cable Television Broadcast Act of 1972 introduced a permitting system for constructing cable television systems and set strict regulations which focused on the localness of its management body. In the following year, defunct Ministry of Posts and Telecommunications began *Tama Coaxial Cable Information System Experiment*, the first full-scale testing on cable television, and issued its report in 1978. The report phrased cable television systems as "community communication information system" and suggested them to join hands with local governments to play a role in building local communities.<sup>5</sup> Taking this opportunity, various ministries executed many cable television promotion projects and local governments sprang into action to launch a Private-Public Initiative (PPI) with cable television operators. The local informatization policy, which was adopted by the central government in the early 1980s, provided a boost to this movement. The movement did not fade away even after the regulations were reduced substantially in the 1990's, and still, persists. As of March 2016, local governments and public sector agencies are operationally involving in 81 percent of cable television operators.<sup>6</sup>

The government's stance that expects cable television operators to play a role as local media was also recognized in governmental documents. To be more specific, the *White Paper: Information and Communications in Japan* phrased cable television as "community network infrastructure" in the 1970's, as "local community-based communication infrastructure" in the 1980's, and as "local community-based integrated communication infrastructure" from the 1990's to 2016. Additionally, it was using the term "local" in the sense of "local government area" when mentioning about the localness of cable television business.

As if reflecting the expectation of the government, cable television operators

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<sup>5</sup> Visual Information System Development Association. (1978) [Tama CCIS Experiment Report]. (In Japanese).

<sup>6</sup> Ministry of Internal Affairs and Communications. (2017) [*Current Status of Cable Television*], p.17. (In Japanese).

are acutely conscious of acting as local media. For example, ZTV Co., Ltd. and Cable Television Toyama Inc., the independent cable television operators with the highest penetration rate according to the national web survey we conducted with the Ministry of Internal Affairs and Communications<sup>7</sup>, both believe that providing local-oriented service is their major social role. They focus their business on local-oriented business including the provision of local news, corporate services intended for local companies, and collaborations with local governments, local businesses, and local schools. Also, note that they are third sector<sup>8</sup> companies and experienced some PPI projects. Furthermore, even the MSO giant Jupiter Telecommunications Co., Ltd. (J:COM) adopted “Super Local-Oriented” tactics as their business strategy in 2015. J:COM newly established a "local communication department," and reformed the programming to enrich their self-produced local information programs.

By the above analysis findings, the features of the business-government relationship of Japanese cable television operators can be organized as Table 3.

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<sup>7</sup> Uehara, N. et al. (2012) "[An analysis on the use of local media and communications network : The results of an online survey in February 2011]", *Media Communication*, (62). (In Japanese).

<sup>8</sup> Internationally, "third sector" is a term referring to non-commercial bodies typified as NPOs and non-profitable citizen groups. However, in Japan, it refers to legal bodies which are jointly established by the government or public corporations (first sector) and private companies (second sector). 43.5% of cable television operators are third sector companies in Japan as of March 2016.

Table 3. The features of the business-government relationship in Japan

<p>(1) <i>Institutional characteristic of cable television operators:</i></p> <ul style="list-style-type: none"> <li>• Cable television operators maintain a close and collaborative relationship with both the central government and the local government.</li> <li>• The number of independent cable television operators is larger than South Korea and Taiwan.</li> <li>• Cable television operators are focusing their business on local-oriented service.</li> </ul>
<p>(2) <i>Institutional characteristic and ability of the government:</i></p> <ul style="list-style-type: none"> <li>• The government has a stable ability to formulate and implement consistent cable television policies.</li> </ul>
<p>(3) <i>Business-government interface:</i></p> <ul style="list-style-type: none"> <li>• Cable television operators and the government have ongoing regulations, financial supports, and PPIs as their interface.</li> <li>• Cable television operators have interfaces not only with the central government but also with the local government.</li> </ul>
<p>(4) <i>Capability gap to bridge:</i></p> <ul style="list-style-type: none"> <li>• The government was and is expecting cable television operators to bridge the regional information divide.</li> </ul>

#### 4-2. Distinctions of Cable Television Operators in South Korea and Its Business-Government Relationship

In South Korea, “the adoption of cable television system was rooted in political interest rather than media expansion imperatives.<sup>9</sup>” Cable television was launched as a local media in the 1970s, with the aim of transmitting OTA broadcasting programs that propagandize the Park Chung-Hee’s military government’s political agendas to remote areas. Cable television system at this point is known as Relay Cable Television (RCT). In this system, relay operators were allowed to transmit OTA programs permitted by the Ministry of Information and Communication. This circumstance surrounding cable television changed when Roh Tae-woo, who created a crucial turning point of South Korean democratization, won the presidency. The new

<sup>9</sup> Kim, D. (2011) “The Development of South Korean Cable Television and Issues of Localism, Competition, and Diversity”, Research Paper of Graduate School of Southern Illinois University Carbondale, p.17.

government decided to launch a new cable television system called General Cable Television (GCT) in 1995 to meet the demands of democratization and multi-channel service. As a result, two types of cable television system became to coexist in South Korea and GCT gradually spread into the mainstream of cable television business. However, although the military government liberated cable television operators from its authoritarian control, the government interference over cable television business was not much different than before. The South Korean government invested huge national budget to GCT and strictly regulated GCT by the General Cable Television Law of 1993.<sup>10</sup> Specifically, they implemented de facto censorship system, ownership restriction and entry regulation related to the localness of cable television operators.<sup>11</sup> They also assigned two state-owned corporations as network operators.

The drastic changes of the relationship between cable television operators and the government occurred in the aftermath of the Asian currency crisis in 1997 and the advent of Kim Dae-Jung administration in 1998. "GCT appeared as a fiasco due to the large cumulative deficit for three years resulting from strict regulation and economic crisis in 1997. In response to the big failure, the South Korean government started to deregulate the industry.<sup>12</sup>" Furthermore, according to the custom of "new regime, new media policy," cable television policies including financial aids were largely terminated since the installation of Kim Dae-Jung government.

This transition of the business-government relationship was clearly identified in the government documents too. In the *White Paper on Cable Television for 1996*, GCT was expected to form public opinion in each local community and to revitalize grassroots democracy.<sup>13</sup> However, after multiple system operators (MSOs) sprang up in the late 1990's due to the deregulation, the voice that asks for GCT to play a role as a local media dwindled. The Korean Broadcasting Commission expressed the opinion

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<sup>10</sup> Kim, D. (2011) "The Development of South Korean Cable Television and Issues of Localism, Competition, and Diversity", *Research Paper of Graduate School of Southern Illinois University Carbondale*, p. 21.

<sup>11</sup> Hashimoto, H. (1998) "[Reform of Broadcasting Policy in Korea and Taiwan]", *JSICR Journal*, 15(3), p. 61. (In Japanese).

<sup>12</sup> Kim, D. (2011) "The Development of South Korean Cable Television and Issues of Localism, Competition, and Diversity", *Research Paper of Graduate School of Southern Illinois University Carbondale*, p. 21.

<sup>13</sup> Ministry of Public Information. (1996) [*White Paper on Cable Television*], p.388 and 390. (In Korean).

in the *Study on Developing Cable Television Business and Media Development Policy* that GCT's decreased local media function is inevitable, and that GCT is hereafter going to take a role as an advertisement media.<sup>14</sup> Moreover, in the mid-2000's, it even made mention of the possibility that GCT might transform to a "simple distribution operator" in the pay TV market.<sup>15</sup>

In fact, D'Live Co., Ltd. and CJ Hellovision Co., Ltd., the major MSOs which experienced neither public financial aid nor PPI, are focusing their business on low-cost new services including ultra-high-speed Internet access service, Wi-Fi service, and MVNO service. Except during local government election, they do not aggressively provide local-oriented service.

By the above analysis findings, the features of the business-government relationship of cable television operators in South Korea can be organized as Table 4.

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<sup>14</sup> Korean Broadcasting Commission. (2000) [*Research on the Cable Television business Development and Media Development Policy*], p.15, 119, and pp.120-121. (In Korean).

<sup>15</sup> Korean Broadcasting Commission. (2006) [*Research Report on SO Digitization*], p.95. (In Korean).

Table 4. The features of the business-government relationship in South Korea

<p>(1) <i>Institutional characteristic of cable television operators:</i></p> <ul style="list-style-type: none"> <li>• The intra-industry conflict (GCT vs. RCT and System Operators vs. Program Providers vs. Network Operators) has been mostly settled since some MSOs were set up in the late 1990's.</li> <li>• Cable television operators are focusing their business on low-cost telecommunication service.</li> <li>• Cable television operators today are facing intense competition, especially with IPTV operators.</li> </ul>
<p>(2) <i>Institutional characteristic and ability of the government:</i></p> <ul style="list-style-type: none"> <li>• The government adopted a centralized media control system.</li> <li>• Media policies were aborted or changed by the change of presidents.</li> </ul>
<p>(3) <i>Business-government interface:</i></p> <ul style="list-style-type: none"> <li>• Cable television operators and the government used to have regulations and financial supports as their interface.</li> <li>• However, as the government relaxed the regulations and stopped providing financial aids since the late 1990's when Kim Dae-Jung took the presidency, their business-government interface decreased.</li> </ul>
<p>(4) <i>Capability gap to bridge:</i></p> <ul style="list-style-type: none"> <li>• In the infancy of GCT, the government expected cable television operators to form local public opinions to bridge the power differential among the government and the public holding that government to account.</li> <li>• However, since the late 1990's, the government admitted the difficulty of cable television operators to play a role as a local media.</li> </ul>

#### 4-3. Distinctions of Cable Television Operators in Taiwan and Its Business-Government Relationship

In Taiwan, television broadcasting started in the early 1960's and early 1970's with three OTA broadcasters which were Taiwan Television Enterprise, China Central Television, and Chinese Television System. These three commercial broadcasters were under control of the Kuomintang government, the Kuomintang party, and the military, which were aiming to diminish Taiwan's cultural and linguistical localness.

Community Antenna Television, the first cable television system in Taiwan, was established in 1969 and was legalized in 1979 to retransmit OTA programs to poor reception areas. On the other hand, a new cable television system called Fourth Channel, which provided multi-channel service by distributing rental videos and pirate videos since the mid-1970's, was left lawless until it was officially illegalized in 1984. In spite of the government crackdown, Fourth Channels achieved significant popularity with their diverse programs. In 1985, 40 percent of Taipei residents were watching Fourth Channels, and the total subscribers reached 1.2 million.<sup>16</sup> In 1990, the supporters of the Democratic Progressive Party started to broadcast programs that cannot be delivered by OTA broadcasting (i.e. self-produced news programs and images of street speeches, public campaigns, local assemblies, and parliamentary proceedings) via cable television. This newly launched cable television stations called Democratic Channel, which was, of course, illegal, gained popularity as a "political platform."<sup>17</sup> The complete legalization of cable television business was achieved on August 1993 when the Kuomintang government enacted the Cable Television Law under the trade pressure by the United States who was making a sharp protest against Fourth Channel's copyright violation. Furthermore, the very first Democratic Progressive regime in Taiwan's history, which established in 2000, adopted a new policy to achieve the parties', government's, and military's withdrawal from the media industry in 2003.

Looking at the government documents, its discourse on cable television changed since the 2000's. In the 1980's and the 1990's, the Kuomintang government was considering that providing educational programs, entertainment programs, and local information programs are the social role of cable television operators.<sup>18 19</sup> However, since the government became democratic in the late 1990's to the early 2000's, the government expected cable television operators bring cultural and linguistic diversity to the society.<sup>20 21</sup>

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<sup>16</sup> Li, J. (1998) "[Political Control, Technology, and Cultural Issues -- Cable Television Policy in Taiwan]", *Studies of broadcasting and media*, (48), p.238. (In Japanese).

<sup>17</sup> Hattori, H. & Hara, Y. (1997) "[Television and Viewers in Multi-Channelization - In the Case of Taiwanese Cable TV]", *The NHK Monthly Report on Broadcast Research*, 47(2), p.26. (In Japanese).

<sup>18</sup> Legislative Yuan. (1984) [Legislative Bulletin], 73(83), pp.47-48. (In Chinese).

<sup>19</sup> Legislative Yuan. (1987) [Legislative Bulletin] 76(31), pp.90-91. (In Chinese).

<sup>20</sup> Executive Yuan Newspaper Bureau. (2003) [2003 White Paper on Broadcasting],

As seen above, the Taiwanese government always took a reactive approach to regulating cable television operators and finally set a boundary with media companies. Therefore, the business-government relationship between cable television operators and the Taiwanese government was consistently tenuous. Unsurprisingly, there was neither government support nor PPI. However, cable television operators who engage in ethnic minority-oriented services are receiving government support as an exception today. This is because the government amended the Constitution of The Republic of China in 1997 to restore the dignity of Taiwan islanders, Hakkas, and indigenes. Some of the cable television operators in the eastern part of Taiwan, where is an indigene neighborhood, are providing ethnic minority-oriented service with government support.

Dah Fung CATV Co., Ltd. and kbro Co., Ltd., the widely known cable television operators in Taiwan that neither experienced government support nor PPI, pointed to low-cost telecommunication service and ethnic minority-oriented service as their social role in the interviews. Not only from a profitability standpoint but also considering the high social penetration of ICT, it seems to be a natural flow for cable television operators to focus on telecommunication service. Within the context of the political and ethnic history in Taiwan, services focused on ethnic minorities are also considered to be socially important, although they are unlikely to post high earnings.

By the above analysis findings, the features of the business-government relationship of cable television operators in Taiwan can be organized as Table 5.

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pp.98-99. (In Chinese).

<sup>21</sup> Legislative Yuan. (2013) [Legislative Bulletin]. 76(31), p.214. (In Chinese).

Table 5. The features of the business-government relationship in Taiwan

<p>(1) <i>Institutional characteristic of cable television operators:</i></p> <ul style="list-style-type: none"> <li>• Cable television operators consider that providing low-cost telecommunication service and ethnic minority-oriented service is their social role.</li> <li>• The biggest competitor of cable television operators today is Chunghwa Telecom, the largest and incumbent telecommunications company in Taiwan, in both pay TV market and telecommunication market.</li> </ul>
<p>(2) <i>Institutional characteristic and ability of the government:</i></p> <ul style="list-style-type: none"> <li>• The Kuomintang government always took a reactive approach to regulating cable television operators.</li> <li>• There was a major shift in the cable television policy when the Democratic Progressive Party assumed the reins of government.</li> </ul>
<p>(3) <i>Business-government interface:</i></p> <ul style="list-style-type: none"> <li>• Fourth Channel and Democratic Channel, which are cable television operators that provide self-produced programs and multi-channel service, had no interface with the government until 1993 because they were lawless or illegal till then.</li> <li>• The government adopted a policy to achieve the parties', government's, and military's withdrawal from the media industry in 2003.</li> <li>• Cable television operators and the government today have regulations and financial supports as their interface. However, financial aids are limited to cable television operators who focus on ethnic-minority oriented service.</li> </ul>
<p>(4) <i>Capability gap to bridge:</i></p> <ul style="list-style-type: none"> <li>• The government expected cable television operators to bridge the regional information divide in the 1980's and the 1990's.</li> <li>• However, since the late 2000's, the government became to expect cable television operators to bridge divides between ethnic groups.</li> </ul>

## 5. Conclusion

### 5-1. Research Question Answers

Based on the above analysis, the answers to the research questions can be summarized as follows:

- (1) Cable television operators in Japan were able to fulfill the social role as a

local media by having a constant close business-government relationship. In Japan, considerable numbers of PPIs and government supports measures have been implemented under the local informatization policy, focusing on the localness of cable television operators. Such close business-government relationship and multitude business-government interfaces have been providing cable television operators with necessary backup despite its unprofitable nature.

(2) Cable television operators in South Korea and Taiwan weren't able to survive as a local media because the business-government relationship was tenuous. In South Korea, business-government relationship rapidly reduced and support measures for cable television operators were cut off in the aftermath of regime change and Asian currency crisis. Therefore, cable television operators could not keep providing local-oriented service by themselves and obliged to shift their social role from providing local-oriented service to providing new service in low cost. In Taiwan, while cable television operators which retransmit OTA broadcasting signal were legal, the operators who provide self-produced programs and multi-channel service were illegal for a long period. Furthermore, business-government relationship was diluted further by the implementation of the policy of "withdrawal of party, government, and military from the media" in 2003. As well as the case in South Korea, this incident made cable television operators more difficult to provide local service and pushed them to shift their core business from local-oriented service to low-cost service. However, as the government decided to proceed with multiculturalism policy in late 1990's and adopted a package of supporting measures for cable television operators who serve for ethnic minorities, "ethnic media" became a new social role of cable television operators.

(3)The diversity of the social role of cable television operators reflects the difference in business-government relationship in each market. Especially, business-government interface on the financial front, being typified as government support measures and/or PPIs, gives direct influence on feasibility and viability of social role of cable television operators. It is supposed to be the reason why cable television service in each market has been developed so differently and uniquely.

#### 5-2. Future Challenges of Cable Television Operators

Although cable television operators in Japan, South Korea, and Taiwan are achieving a high penetration rate today, their solid success is not ensured. South Korean and Taiwanese operators shall look for a way to differentiate themselves other

than price competition as the difference between cable television operators, OTA broadcasters, and IPTV operators are getting smaller year after year. On the other hand, to gain financial independence is a prime task for cable television operators in Japan because local governments are going through financial difficulties during recent years. As 48 percent of the operators are independent cable television operators in Japan<sup>22</sup>, to seek a new business partner to cooperate with but other than governmental ones seems to be a realistic way to achieve a good balance between business profitability and localness. The following could be some examples of potential business model: forming MSO, enhancing horizontal association between independent cable television operators, joining the Cable Platform led by the Japan Cable and Telecommunications Association, and collaborating with competitors including telecommunication careers.

Among the above-mentioned potential business models, we assume that joining Cable Platform is the optimal choice for the following two reasons. Firstly, it is easier for independent cable operators to maintain their independence and localness and to deal with technological changes. Cable Platform delivers cost-effective business operation by consolidating commonable operation of cable television operators on the platform. Secondly, Cable Platform creates opportunities to disseminate self-produced local information programs and helps to introduce local culture to other regions and countries. Spreading self-produced local information programs could lead to attraction of tourists and regional revitalization, which the Japanese government is adopting as a national objective. For example, the Japan Cable and Telecommunications Association has launched Japan Interesting Motion Picture Organizer Television (JIMO-Tele), a free video distribution website dedicated to self-produced local information programs which bases on Cable Platform, in July 2014 as a response to the surge of mobile device use. The aim of JIMO-Tele is to encourage greater interest in region and cable television operators. As for October 2016, 2,200 videos are available for anyone via computer, tablet, and smartphone.<sup>23</sup>

As Japan is one of the world's most natural disaster-prone countries, the social

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<sup>22</sup> Japan Cable and Telecommunications Association. (2014) [*information communication towards the 2020s*], p.7. (In Japanese).

<sup>23</sup> Japan Cable and Telecommunications Association, (2016) [*About JIMO-Tele, the video distribution website of cable television industry*], p.1. (In Japanese).

importance of the local information is quite unlikely to diminish. Therefore, it is vital for cable television operators to cooperate with the government to deliver precise local information to the residents. This cooperation shall also enhance the differentiation from the competitors typified as OTA broadcasters, satellite broadcasters, IPTV operators, and OTT operators. In the light of deteriorating local fiscal conditions, however, the financial partnership between cable television operators and the government is supposed to be tenuous in the near future. Although it's not yet known which business model the cable television operators will take, it is inevitable that their business-government relationship is coming to a gradual change.

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