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## **A Case Study of Network Neutrality in Korea**

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### **Abstract**

This study investigates the network neutrality issue in Korea by focusing on the debates among the stakeholders. It examines the dynamic discussions of the issues by identifying how diverse groups of stakeholders are affected by various actions taken by the emergence of network neutrality. It also presents a quantitative analysis that reveals the factors implicated in the net neutrality debate and statistically significant differences among individuals on opposite sides of the debate. A qualitative analysis reveals insights into the connection between specific factors and positions in the net neutrality debate. The findings show that the issue of net neutrality is not only complicated, but also as complex as the parties' diverse interests. The paper concludes that a careful combination of government intervention and market forces is an effective way to govern net neutrality.

Keywords: Network neutrality; stakeholder analysis; web of stakeholders

## **1. Introduction**

The network neutrality (also called net neutrality) debate has emerged over the last several years. The issue sparked heated debates in telecommunications policy in the U.S. and, to a lesser extent, South Korea (hereafter Korea) and elsewhere. The basic idea is that every content and every service over the Internet and network should be treated without discrimination (Shrimali, 2008). With this key idea, the principle advocates no restrictions by the Internet service provider (ISP) or government on content, sites, platforms, the kinds of equipment that may be attached, and the modes of communication used (Lee & Wu, 2009).

Recently, the issues have also become a hot topic in Korea (Jeong, 2010). While Korea is frequently held aloft as a broadband utopia, the country is struggling with the rising net neutrality debate. Lauded as perhaps the world's most connected nation, Korea has always been considered a model for Internet policy makers around the world (Sawyer et al., 2003). However, its net neutrality policies are mediocre at best. The government claims to support net neutrality fully by claiming that encouraging competition protects consumers and fosters growth in services and applications. However, a series of government policies have directly contradicted this commitment to promoting competition and thus net neutrality. For example, with the goal of protecting Korean Voice over IP (VoIP) providers, the government has established a policy of blocking traffic from any VoIP carrier that is not federally licensed (Shin, 2006). Furthermore, in 2006, several cable broadband providers blocked traffic from HanaTV, a new Internet video-on-demand service, claiming that it caused excessive traffic. However, many claimed that the speed of most Korean networks could easily handle the traffic and that the block was motivated by a desire to prevent HanaTV from competing with cable television offerings. Although the Korean government eventually forced ISPs to renegotiate bandwidth contracts with HanaTV, it hesitated

to act and did not criticize the anticompetitive action outright, which shows a lack of net neutrality when large corporate interests are at stake. As of 2011, Korea has not addressed the issue well, foreshadowing more hurdles with the emergence of net neutrality.

In the ongoing struggles, it is important for Korea to clarify the issues and resolve possible conflicts before net neutrality is fully applied. Different stakeholders have diverse opinions and interests in net neutrality, thus it is important to analyze the issue from an ecological perspective, which examines the dynamic relationships between stakeholders and includes multiple levels of social environment perspectives. Together with the ecological perspective, a stakeholder analysis investigates various relationships among stakeholders, which provide essential insight into the way net neutrality has been discussed, prepared, and implemented (Cheng et al., 2010). This study examines stakeholders, policy, regulation, market, society, and the interaction among them to discover the prospects, limitations, and uncertainty embedded in the discussion of net neutrality in Korea. The Korean case offers an excellent example of such dynamic interplays. Since Korea has been pioneering the development of IT, networks, and one of the highest broadband diffusions, Korea may be the best test bed for the net neutrality debate. By identifying uncertainty and possible destructive powers, this study finds a strategic frame of net neutrality that is suitable to the Korean context. This study helps to clarify the government's role in introducing net neutrality.

The findings of this study show that there is no "one-size-fits-all" solution to net neutrality, as the problem's level of complexity is increasing. As Marsden (2010) argues, net neutrality is an issue with potentially profound consequences that cannot be entirely left to market stakeholders, however neutral or benign their motives. This implies the need for a careful approach by the government, which can act as a regulator, facilitator, or merely a monitor. It

suggests that the government, including other stakeholders, should find the most suitable model of net neutrality for Korea. This study suggests a combinational model of legal regulation along with transparency.

This paper is organized as follows: Section 2 introduces the theoretical framework, and Section 3 examines the study's methodology. Section 4 surveys the current challenges and promises of net neutrality in Korea. The pros and cons regarding these issues and their potential impact on the adoption of net neutrality are discussed in Section 5. Section 6 describes quantitative findings from a survey of stakeholders. Discussion is provided in Section 7, and the conclusion suggests a net neutrality model for Korea.

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