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Western Media Corporations' Strategic Behavior in Transitional and Emerging Markets

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The media industries are playing a major role in the trend of globalization in international business today. Within the past two decades, a global media marketplace is taking shape at an amazingly high speed. This study maps the strategic behavior of Western transitional media corporations (TNMCs) in transitional and emerging economies at three locations, Eastern and Central Europe, Asia, and China. Previous international business theories highlight the effect of a firm's external environment conditions on its strategic behavior at international locations, and suggest that, when entering a new market, firms tend to follow a sequence of increased control in terms of equity ownership based on their perceptions of risk in the market. Consistent with international business theories, findings of the study indicate that while Western TNMCs have acquired a considerable amount of equity ownership in Eastern and Central Europe and Asia, their control strategies in China are still at a preliminary stage.

Introduction

Globalization has become a fact of life in international business today and, as a result, unprecedented changes are transforming and integrating the political, economic, and social structures around the world. Western manufacturers and service providers are expanding their activities across national boundaries. To create further sources of revenue, corporations are seeking investment opportunities outside of their domestic markets. The media industries are playing a major role in this trend. Within the past two decades, from Viacom's expansion around the world to News Corporation's acquisition of American media companies, a global media marketplace is taking shape at an amazingly high speed.

In recent years, multinational enterprises (MNEs) seem to have placed special emphasis on their global development in transitional and emerging economies. Arnold and Quelch (1998) pointed out that major MNEs were making increasing investments in emerging markets because of the potential for growth. This study maps the strategic behavior of Western transitional media corporations (TNMCs) in transitional and emerging economies at three locations, Eastern and Central Europe, Asia, and China.

First, relevant theories and concepts concerning international business and strategy are presented, followed by a review of Western TNMCs' strategic behavior in Eastern and Central Europe, Asia, and China. The study presented in the following pages compares Western TNMCs' strategic behavior across these three locations. Finally, results of the comparison are analyzed and discussed.

Literature Review

A MNE can be defined as an enterprise which owns and controls activities in different countries (Buckley and Casson, 1976). Business strategy is concerned with identifying and exploiting the resources and capabilities of the firm in the marketplace for gaining competitive advantage and superior financial performance (Tallman & Yip, 2001). Media MNEs, or TNMCs, play an important role in the global economic landscape of the world today (Albarran & Chan-Olmsted, 1998; Gershon, 1997; Herman & McChesney, 1997). Media firms are economic institutions engaged in the production and dissemination of media content targeted toward consumers (Picard, 1989). A major feature that differentiates the TNMC from other types of transnational corporations is that the primary product being sold is information and entertainment, symbols as opposed to tangible products (Gershon, 1997).

Porter (1980) pointed out that the essence of formulating competitive strategies is relating a company to its environment. According to Porter, the state of competition in an industry depends on five basic competitive forces, the collective strength of which determines the ultimate profit potential in the industry. These forces include the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the threat of substitute products or services, and the rivalry among existing firms.

International Business Theories

To study the strategic behavior of major Western TNMCs, it is important to review previous international business theories to find out how a firm enters a particular country in a particular way, what factors are important, and how they affect the strategic behavior of TNMCs at international locations. The theories explaining international business from both macro and micro perspectives are presented in Table 1.

-TABLE 1 ABOUT HERE-

From the macro perspective, several theories are concerned with the overall pattern of international business development. Vernon's (1966) product cycle model holds that many products go through a cycle during which developed nations are initially exporters, then lose their export market and finally become importers of the products. Johanson and Vahlne's (1977) knowledge development model posits that as a company's accumulation of experiential knowledge of a foreign market increases, the firm would commit more resources in that particular market. Buckley and Casson (1976) proposed that the imperfection of the external market causes a firm to internalize knowledge and integrate production and marketing R & D, thus creating the pattern of growth and profitability of the MNEs. Prahalad and Doz (1987) noted the importance for a firm to respond to two imperatives: meeting local demands and capitalizing on worldwide competitive advantage. Such pressures impact the structure of different industries, the competitive positioning within industries, and the configuration of an organization.

From the micro perspective, previous theories identified three main types of factors that affect a firm's development at international locations. These include industry-specific factors, country- or region-specific factors, and firm-specific factors. The industry-specific factors refer to the nature of the product, and the structure of the external market (Buckley and Casson, 1976); the level of technology, and the overall market competition (Dunning, 1980, 1988). In addition, Yip (1992) proposed four "industry globalization drivers" in developing global strategies (p. 739), which include market factors, cost factors, governmental factors, and competitive factors.

The country/region-specific factors include the geographical and cultural distance, and the political and fiscal relations between the regions or nations involved (Buckley and Casson, 1976), as well as the size, status of development, and political risk of the host country (Dunning, 1980, 1988). Moreover, Porter's (1990) diamond model highlights four sources of locational competitive advantage as shown in Table 1. Factor conditions refer to a country's human, natural and capital resources. Domestic rivalry exists to help firms keep innovating for improvement. Demand conditions include the composition and pattern of demand for the products or services in the domestic economy. Finally, if the related and supporting industries of a domestic industry are internationally competitive, then this industry is more likely to be internationally competitive.

The firm-specific factors consist of the degree of professionalisation of management (Buckley and Casson, 1976), and internalization factors such as transaction costs, economies of vertical integration, and control of markets (Dunning, 1980, 1988). In addition, Yip (1992) noted five "global strategy levers" along which a firm makes strategic choices (p. 739), including market participation, product offerings, location of value-added activities, marketing approach, and competitive moves. Porter's (1985) value-chain model groups a firm's activities into two basic categories as shown in Table 1. The primary activities include inbound logistics, operations, outbound logistics, marketing and sales, and after-sales service. The supporting activities include firm infrastructure, human resource management, technology development, and procurement.

In summary, all of these international business theories highlight the importance for firms to minimize risk and maximize capabilities at international locations. In achieving such a goal, a firm's external conditions play an essential role. The following sections of the paper show how factors in the TNMCs' external environment would affect the risk they encounter and the capabilities they possess at different locations.

Risk and Control

The term "risk" is used with respect to variation in business performance variables such as revenues, profit, and costs. Risk has been defined as "the possibility of an outcome that is less favorable than the expected outcome" (Herring, 1983, p. 2), and "the possibility of an unforeseen development that influences our welfare" (Cooper, 1983, p. 23). The use of risk as a reference to the probability of financial performance of failure is widely seen in the fields of economics, finance, and strategic management. Based on this understanding, Miller (1992) broadly defined risk as "variation in corporate outcomes or performance that cannot be foreseen ex ante" (p. 311). It is conventional to relate risk to environmental factors that reduce performance predictability (Miller, 1992).

When entering a new market, a firm attempts to manage the perceived risk and maximize its capabilities through the selection of appropriate control strategies. This is reflected in its level of equity ownership in the market in three major categories: export entry modes, contractual entry modes, and investment entry modes (Tallman & Yip, 2001). The export entry modes typically involve indirect and direct agent, distributor, or branch. The contractual entry modes include licensing, franchising, technical agreements, service and management contracts, and co-production agreements. Investment entry modes are characterized by direct entry, acquisition and joint ventures.

The perception of risk varies with the level of control. When firms perceive high risk in an international market, they tend to choose non-equity based control modes, such as exporting and contractual agreements. As the perceived risk become lower, risk is balanced against opportunity and firms would seek greater control over their operations in an international market (Root, 1994, p.74). This is achieved through increased equity ownership in forms of joint ventures or wholly-owned subsidiaries. Similar to this view, some scholars hold that firms follow a sequence when entering into a new market. Johanson and Vahlne (1977) argued that in the postwar era MNEs tended to internationalize following a sequence of exporting, allying, and investing. Porter (1990) argued that global companies should be wholly owned whenever possible.

Media Globalization in Emerging and Transitional Economies

All of international business theories and models reviewed in the previous section highlight the important effect of firms' external conditions on their strategies to minimize risk and maximize their capabilities at international locations. Based on the dynamics of the external conditions, a firm adopts appropriate control strategies to manage risk and develop its capabilities. This section presents how such a framework applies to actual business practices in media industries in transitional and emerging markets, namely, Eastern and Central Europe, Asia, and China.

Compared to other forms of media, the visual entertainment media (e.g. television and film) are more pervasive and capable of instant and simultaneous communication (Hao, 2000). Both television and film provide entertainment-oriented products to the public, which are less vulnerable to government restrictions than hardcore news. The television and film mediums are generally subject to less government-initiated entry barriers than other types of media. As such, in analyzing Western TMNCs' strategies in transitional and emerging markets, special attention will be paid to the visual entertainment media, including television and film.

Eastern and Central Europe

The post-socialist countries in Eastern and Central Europe have experienced political and economic changes as a result of the collapse of the communist system. They have been in transition from centrally planned economic systems to market economies over the past two decades. The media market in this region is characterized by an insecure legal situation, a history of socialist media policy, and a commercial market with established international and domestic broadcaster and unlicensed local broadcasters (Volkmer, 1999). Sparks and Reading (1994) stated that conditions did not exist in these countries for non-private broadcasting to break free of political and economic dependence. Commercialization is officially permitted but unofficially disadvantaged because of transitional government monopolies (Volkmer, 1999). The area has seen a dramatic increase in the number of private broadcasting stations, which co-exist with state-owned systems (Caristi, 1996).

Purchase of Western media products by media organizations in East and Central European countries dates back to the early 1980s. A vast number of broadcast stations largely depend on imported programs (Tesar, 1989). The strategic behavior of major TNMCs in Eastern and Central Europe is summarized in Table 2 based on relevant business and academic publications.

-TABLE 2 ABOUT HERE-

The key component in the success of media operations in the privatization process in Eastern and Central Europe has been partnerships (Caristi, 1996). Based on limited data, this trend can still be seen in Table 2. One of the prominent players in this market is the Central European Media Enterprises (CME), formed in 1991 and controlled by Ronald Lauder, heir to the Estee Lauder cosmetics company. As of 1995, the company owned 66% of Czech Republic's Nova, the first private national commercial TV station in Eastern Europe. Further attempts made by CME to purchase Czech's electronic media was stopped by the government because of the concern with media concentration (Caristi, 1996). To avoid government intervention, the organization started to form partnerships with local corporations in this region. Western TNMCs' strategies in this area have gone through the export and contractual stages and are currently in an investment- and equity-based phase.

Asia

Asia is becoming another important emerging market for Western media giants. Its vast population and fast developing economies offer a promising potential for TNMCs to achieve success in Asian markets. Overall, Asia has become one of the fastest-growing broadcast environments in the world. With the continuous economic development in most of the Asian countries, a remarkable external force in this market is the development of new technology, marked by the advent of direct broadcasting by satellite. Another important external force is the increased level of domestic and international competition. Shrikhande (2001) identified a number of emerging broadcasters in the Asian market, including CNBC and ABN as international all-news channels, and national-level television such as TVBS in Taiwan, and News 1 and News 2 in Hong Kong, indicating an increased level of competition in the Asian TV market. Government regulations also play an essential role in most Asian media markets, as many governments in Asian countries are apprehensive of uncontrolled information flow (Hao, 2000).

-TABLE 3 ABOUT HERE-

Table 3 lists the strategic behavior of different TNMCs in Asia based on information in relevant business and academic publications. Japan is excluded from discussion because of its status as a developed economy. Similar to the East European market, formation of strategic alliances is a notable phenomenon in Asian media markets. Most alliances take forms of distribution agreements and joint ventures between TNMCs and broadcasters or cable carriers at both state and local levels across Asia. Like the situation in Eastern and Central Europe, not all companies chose to have a local partner when entering the Asian market. As shown in Table 3, companies such as ESPN, MTV and Star TV formed joint ventures with other foreign partners.

China

The rapid economic development in the past two decades has made China one of the largest emerging markets of the world. The size of the TV market exceeded 900 million (CCTV, 2002). Recent trends of internationalization and commercialization of Chinese media have brought more favorable policies for foreign media products, as the quota of foreign movie imports has increased from 10 per year in the late 90s to about 40 per year. Although no foreign media ownership is officially allowed, Western media giants have long been involved in China to explore its potential.

Competition in the Chinese media market has been increasing. In the domestic domain, starting from mid 1990s most provincial TV stations have had satellite access to cover the entire country, which puts them in direct competition with the state broadcaster

China Central Television (CCTV). An increasing number of foreign TV broadcasters have appeared in the Chinese market. In response to the increasing competition, Chinese media conglomerates have been formed on both state and provincial levels in China, combining radio, television, cable, and film under one organization. The rationale of such mergers is to enhance the competency of media industries through increased size, diversity, and capital resources (People's Daily, 2001).

Similar to the privatization process in Eastern and Central Europe, Chinese media experienced a dramatic trend in commercialization. Under the state ownership, all the TV stations in China, except CCTV, have become financially independent (Zhao, 1998). Some believe that further commercialization would make the media prioritize economic interests, thereby distancing them from the state (Chen and Chan, 1998). Liu (1998) pointed out that although Chinese media organizations became more driven by economic interests than ideology, privatization of media was not yet in the picture (Liu, 1998).

The importation of TV programs has increased significantly over the past decades (Hong, 1998). Cooperation between Chinese and foreign media firms started in the early 1990s when a joint venture agreement was reached between News Corp and China's state-owned newspaper, the People's Daily, to provide online services, digital mapping, and electronic publishing (Mandese, 1995). The internationalization of Chinese media and the influence of Western media culture on the society have helped create a customer base in China with high acceptance of international media products.

Despite restrictions on media practices as well as restrictions on foreign media ownership, a few TNMCs have made effective strategic moves to gain a presence in the market. Table 4 gives a summary of major TNMCs' strategic behavior in China. In Table 4, it is clear that most Western TNMCs' operations in China are still at a preliminary stage. The most common way of involvement seems to be distribution and co-production deals.

-TABLE 4 ABOUT HERE-

Among the various contractual agreements, Viacom's MTV and Nickelodean have successfully cooperated with local partners in producing music and children's TV programs. CNN's news sharing cooperation with China Central Television (CCTV) dates back to 1990. Encore International, a subsidiary of Liberty Media, provides a notable example of reciprocal programming with CCTV. By this agreement, CCTV airs Encore's TV shows and TV movies in exchange for its own programs aired in the US.

Currently there are 26 foreign channels licensed to broadcast in China (Satnews, 2002), most of which have access only to upscale hotels, foreign residential compounds, and selected government offices and research institutes (Turner Asia, 2001). However, restrictions on foreign broadcasting have been undergoing a gradual loosening process especially after China's WTO accession in 2001. This is marked by the recent breakthrough deals reached by News Corporation's Star TV and AOL Time Warner's partially owned CETV to launch Chinese language entertainment channels in South China's Guangdong Province with unrestricted access to all cable subscribers. In addition, a joint venture agreement was signed in 2001 between News Corporation's Phoenix Chinese Channel and China Central Television (CCTV) to produce TV programming (Star TV, 2003). These deals signify the beginning of foreign media organizations' penetration into the Chinese market.

In the film industry, Warner Bros Studio was among the first to move into the Chinese film market. The company was engaged in film co-production with a Chinese partner in the 80s and had a distribution agreement with the state monopoly, China Film Group, in the mid 1990s. Sony Pictures Entertainment was also reported to have established an office in Beijing.

Difference in Level of Risk across the Three Regions

The foregoing clearly indicates that the level of risk for Western TNMCs is lower in Eastern and Central Europe and Asia than in China. This is because of the changes in the environmental factors in several respects. First of all, from the political perspective, government intervention plays an essential role in emerging and transitional media markets. While most of the governments in Eastern and Central Europe and Asia have loosened up their regulations on media and encouraged foreign investment in media industries, foreign media ownership is still not allowed in China. Second, in terms of economic conditions, media organizations in Eastern and Central Europe and Asia started their commercialization process earlier than China, offering a more mature and stable commercial environment in the media industries for foreign investors. Third, given more policy openness and a higher level of commercialization, the media markets in Eastern and Central Europe provide more opportunities for competition than those in China, which drives TNMCs to commit more resources in these markets. Fourth, having had foreign media operators for a longer time, the customer preferences and product demand should be more predictable for TNMCs in media markets in Eastern and Central Europe and Asia than China. Finally, from a social and cultural perspective, since Eastern and Central Europe and Asia have had more exposure to international media products, foreign media products should be more acceptable in these markets than in China.

Pattern of Strategic Behavior

From the discussions in previous sections, it can be seen that the external conditions for Western TNMCs in Eastern and Central Europe and Asia provide more open and less restrictive environments than those in China. As noted previously, a firm's perception of risk determines its selection of control strategies. Due to the greater risk involved in entering the Chinese market as portrayed earlier in the paper, there will be a significant difference in the strategic behavior of Western TNMCs between China, on the one hand, and Asia and Eastern and Central Europe on the other. Specifically, we expect greater equity ownership in Asia and Eastern and Central Europe than in China. Therefore, the following hypothesis is formulated:

Hypothesis: Western TNMCs have acquired greater equity ownership in Eastern and Central Europe and Asia than in China.

To test the hypothesis, Table 5 presents an ordinal scale based on the pattern of major media firms' strategic behavior across the three areas. Western media firms' strategic behavior is summarized into three categories in a sequence. Exporting is not included in the table because it wouldn't show much variance across locations, as TV and film trade is popular at all three locations. The first stage of entry is contractual agreements, which include licensing, distribution and co-production agreements. Following the contractual stage, companies typically involve in joint ventures before they eventually establish wholly-owned subsidiaries. It should be noted that because of its worldwide recognition and influence, CNN is considered a direct subsidiary of AOL Time Warner instead of a brand name under Turner Broadcasting in this study.

-TABLE 5 ABOUT HERE-

The most active corporations across the three regions as shown in Table 5 include AOL Time Warner, Bertelsmann, and News Corporation. These companies have acquired greater equity ownership than others in most regions. AOL Time Warner owns HBO Hungary. Bertelsmann owns RTL Hungary and RTL Poland. News Corporation is the first among all Western TNMCs in China to initiate a joint venture deal. Central European Media Enterprises (CME) and General Electrics also have equity ownership across the three locations. As divisions of the above media organizations, companies such as HBO, Turner, RTL, Star TV, CNBC, and MTV are on the whole higher on the scale of equity ownership than others.

Also strikingly demonstrated in Table 5, Western TNMCs' strategic behavior in Eastern and Central Europe and Asia is on the upper levels of the scale compared to their involvement in China. While the formation of joint ventures seems to be the most common strategy, some wholly-owned subsidiaries are also found in both regions. Compared with these markets, the Chinese media market is still at a preliminary stage. Though a large number of TNMCs are present in China, most of them operate under distribution and co-production agreements. The only would-be joint venture between Star TV and CCTV has not yet started operating.

To determine the statistical significance of the strategic behavior on this ordinal scale, Table 6 shows the chi-square results based on Table 5. The categories of "joint ventures" and "wholly-owned subsidiaries" were combined into one category labeled "equity" to indicate some form of ownership since what is at issue is "ownership" or "non-ownership". The category of "contractual agreements" was renamed as "non-equity." As shown in Table 6, the difference in ownership and non-ownership is significant ($X^2 = 19.81$, $p<.01$). Examination of the computing table revealed that it is China that is contributing the most to the magnitude of the significant chi-square, in which there are more non-equity operations and fewer equity ownerships than expected by chance. Judging from the contingency coefficient ($V^2 = .51$), there is a moderate relationship between the level of equity ownership and the level or risk as represented by the regions of the world. In addition, it should be noted that the number of ventures does not vary much between regions. It is the land, or equity ownership, of ventures that differs between regions.

-TABLE 6 ABOUT HERE-

Discussion

This study has explored Western TNMCs' strategic behavior in China as compared to other emerging and transitional economies in Eastern and Central Europe and Asia. Review of international business theories suggested that firms constantly try to minimize risk and maximize capabilities at international locations based on the external conditions. Their perception of risk determines how they maximize control. That is, how they gradually acquire control through equity ownership. Comparison of major Western media firms' strategic behavior across the three locations indicates that while they have acquired a considerable amount of equity ownership in Eastern and Central Europe and Asia, their control strategies in China are still at a preliminary stage.

The pattern of Western TNMCs' strategic development demonstrates the process of knowledge development and transfer as pointed out in previous international business theories (e.g. Johanson and Vahlne, 1977; Buckly and Casson, 1976) which hold that that MNEs gradually acquire more equity ownership in an international market as their knowledge and experience about the market develops and that they achieve growth through internal transfer of knowledge. This trend is clearly exhibited by the difference of TNMCs' equity ownership across the three locations, as the media firms have achieved higher levels of control with their growing knowledge and experience in the Eastern and Central European and Asian markets than the Chinese market. Following the same pattern of development, Western TNMCs' knowledge about transitional and emerging markets is being transferred from Eastern and Central Europe and Asia to China.

International business theories highlight the influence of a firm's external environment conditions on its strategy. The pattern of TNMCs' equity ownership across the three locations shown in Table 5 and Table 6 is largely due to the changing external conditions in these markets. In most of the transitional markets of Eastern and Central Europe and Asia, as the economies have gradually opened up and government policies become more favorable towards foreign media ownership, the external conditions in their media markets have become more favorable to foreign investors. In turn, risk associated with these media markets has become lower, and potential of return higher. And this is reflected in the degree of equity ownership by Western TNMCs. Given China's accession to the WTO and the observable trend towards a gradually opening media market, it would be expected that TNMCs' involvement in the market will become more equity-based in the future to follow the overall pattern of development.

The sample of Western TNMCs' strategic behavior presented here reflects the general patterns and trends of TNMCs' global strategies. Future research endeavors should direct their attention towards further exploring the development pattern of Western TNMCs at international locations by following up with their strategic behavior in China, as well as the other emerging and transitional economies. Moreover, it is important to study what factors contribute to Western TNMCs' perceive risk, how they manage the risk they perceive, and how they determine their control strategies in a new international market.

Table 1. Summary of international business theories

Macro – pattern of development
-Product cycle (Vernon, 1966) -Knowledge development (Johanson and Vahlne, 1977) -Internalization theory (Buckley and Casson,1976) -Integration-responsive model (Prahalad and Doz, 1987)
Micro – factors affecting international development
-Industry-specific factors *Nature of product, structure of external market (Buckley and Casson, 1976) *Level of technology, market competition (Dunning, 1980, 1988) *Industry globalization drivers (Yip, 1992) -Country/region-specific factors *Geographical and social distance, political and fiscal relations (Buckley and Casson, 1976) *Size, status of development, political risk (Dunning, 1980, 1988) *Factor (input) conditions, context for strategy and rivalry, demand conditions, related and supporting industries (Porter, 1990) -Firm-specific factors *Degree of management professionalisation (Buckley and Casson, 1976) *Transaction costs, economies of vertical integration, control of markets (Dunning, 1980, 1988) *Global Strategy levers (Yip, 1992) *Primary activities, supporting activities (Porter, 1985)

Table 2. Strategic behavior of Western TNMCs in Eastern and Central Europe

Company	Subsidiary	Strategic behavior
AOL Time Warner	CNN	-License for a commercial TV channel in Poland
	HBO	-Film co-production projects in Hungary (1996) -Joint venture with Sony in Poland -Ownership of HBO Hungary
	Turner Broadcasting	-50% interest in Channel 6 in Moscow, Russia
Bertelsmann	RTL	-Ownership of RTL TV in Hungary and RTL 7 in Poland
Central European Media Enterprises (CME)	N/A	-Ownership (66%) of Nova TV in Czech Republic (1995) -Joint venture with a local publisher and a sports promoter to develop Pro TV in Romania (1995) -Joint venture with ITI to develop a television system in Poland (1995) -Joint venture with two independent TV operations to form POP TV in Slovenia (1995)
Disney	ABC	-License for a commercial TV channel in Poland
GE	CNBC	-Joint venture with Dow Jones to run CNBC Europe
News Corporation	Fox Kids	-Distribution agreements with NTV Plus, Russia, to launch a kids' channel (1999)
Viacom	MTV	-Joint venture with Russian partners L.P., Biz Enterprises and others to run MTV Russia (1998) -Joint venture with European cable giant UPC to run MTV/VH1 Polska via cable throughout Poland with local-language services(2000)
	Nickelodeon	-Joint venture with Hungarian Broadcasting Corp. to run Hungary's first kids channel (1998)

Table 3. Strategic behavior of Western TNMCs in Asia

Company	Subsidiary	Strategic behavior
AOL Time Warner	CNN International	-Strategic alliances with broadcasters (e.g. Doordarshan, India; YTN and MBN, Korea) and cable carriers (e.g. Cablevision, Singapore; Cable view services, Malaysia)
	HBO	-Joint venture with Sony to run HBO Asia
	Turner Broadcasting	-Joint venture with Zee Telefilms Ltd. in India (2001) -Joint Venture with Tom.com to operate CETV in Hong Kong
BBC	BBC World	-Distribution agreements with Asian countries and regions like India, Taiwan (TV Time) and China
Disney	ESPN	-Joint venture with Star TV to run Star Sports
	Walt Disney Pictures	-Film distribution agreement with Modi Films International, India
GE	CNBC	-Joint venture with Dow Jones to operate CNBC Asia
Liberty Media	Discovery Channel	-Distribution agreement with International Broadcasting Corp. (cable distributor) in Thailand (1994)
News Corporation	Star TV	-Joint venture with two Hong Kong-based companies to operate the Phoenix Chinese Channel -Joint venture with Sony, Warner, Bertelsmann and Thorn EMI to develop its music channel, Channel V (1995)
Sony	Sony Pictures Entertainment	-Joint venture with a local firm in Korea to offer an animation-related cable channel (2001)
Viacom	MTV	-Licensing agreement with Star TV until 1994 -Joint venture with PolyGram to run MTV Asia (1995)
	Nickelodeon	-Distribution and co-production agreements in Philippines, Korea, India, and Pakistan (1998-2002)

Table 4. Strategic behavior of Western TNMCs in China

Company	Subsidiary	Strategic behavior
AOL Time Warner	CNNI	-Distribution agreement with CCTV's China International TV Corporation with restricted access (1987)
	HBO	-Distribution agreement with China International TV Corp. with restricted access (1998)
	Turner Broadcasting	-Cable carriage agreement of CETV in Guangdong
	Warner Bros. Studio	-Co-production of "Empire of the Sun" with Shanghai Film Studio (1987) -Distribution agreement with China Film Group (1994)
BBC	BBC World	-Distribution agreement with China International TV Corp. with access to hotels and foreign residencies alike
Disney	ABC	-Co-production of kids' programs "Panda Club" and "Dragon Club" with local partners
	ESPN	-Distribution agreement with over 20 state and regional TV stations (2002)
GE	CNBC	-Distribution agreement with Hyatt in Hyatt hotels around China
Liberty Media	Encore International	-Reciprocal programming agreement with CCTV since 1995
News Corporation	Star TV	-Agreement for a joint venture between Phoenix Chinese Channel and CCTV (2001) -Cable carriage agreement of Phoenix Chinese Channel and a Chinese entertainment channel (Xing Kong) in Guangdong
Viacom	MTV	-Co-production of four TV programs with state and local broadcasters such as CCTV and BTV
	Nickelodeon	-Co-production of children's programming with a local producer in Beijing (2001)

Table 5. Ordinal scale of TNMCs' strategic behavior

	Contractual agreements	**Joint ventures**	**Wholly-owned subsidiaries**
East & Central Europe	HBO (a), (f)	HBO Poland (a) Turner (a) Nova (c) Pro TV (c) ITI (c) POP (c) CNBC (g) Fox Kids (n) MTV (v) Nickelodeon (v)	HBO Hungary (a) RTL Hungary (b) RTL Poland (b)
Asia	CNNI (a) BBC World Disney Pictures (f) Discovery (l) Nickelodeon (v)	HBO (a) Turner (a) ESPN (d) CNBC (g) Star TV (n) Sony Pictures (f) MTV (v)	
China	CNNI (a), (r) HBO (a), (r) Turner (a) Warner Bros. (a), (f) BBC World (r) ABC (d) ESPN (d) CNBC(g), (r) Encore Int'l (l) Star TV (n) MTV (v) Nickelodeon (v)	Star TV (n)*	

Notations: a, AOL Time Warner; b, Bertelsmann; c, Central European Media Enterprises; d, Disney; f, Film Industry; g, General Electric; l, Liberty Media; n, News Corporation; v, Viacom; r, Restricted access

* Agreement signed, no further reports found

Table 6. Chi-square analysis of TNMCs' strategic behavior

	Non-equity	Equity	Total
Eastern and Central Europe	1 (7.14%)	13 (92.86%)	14 (100%)
Asia	5 (41.67%)	7 (58.33%)	12 (100%)
China	12 (92.31%)	1 (7.69%)	13 (100%)
Total	18	21	39
$X^2 = 19.81$ $p < 0.01$ $V^2 = .51$			

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