Government Regulation on the Flourishing Network Audio-Visual Entrepreneurship: Experience From the Administration in Beijing

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ABSTRACT

The network audio-visual entrepreneurship in China has achieved great progress and engendered conspicuous negative externalities in the early development stage. Few studies have investigated how media entrepreneurship coordinates with government regulation and the influence of government regulation on media entrepreneurship. This study aims at investigating government regulation on the flourishing network audio-visual entrepreneurship. This study performs semi-structured interviews with 14 respondents who are experienced in government regulation of the network audio-visual sector. It is found that license management and content censorship are principal approaches to regulating entrepreneurship. The media companies have been constrained by limited government support and social resources, and therefore endeavored to legitimate their business by collaborating with Internet conglomerates. Strict rules of content censorship discourage users from producing audio-visual content, and impose restrictions on Internet companies and other producers producing and displaying audio-visual content.

KEYWORDS

Censorship, License Management, Media Entrepreneurship, Media Regulation, Network Audio-Visual Industry, Policy Analysis

INTRODUCTION

The audio-visual sector covers the industries of film, broadcasting (television and radio), video and multimedia and it is distinguished from creative industry or content industry which involves substantial artistic or creative endeavors (European Investment Bank, 2001). Originating from the notion of audio-visual sector, network audio-visual industry is composed of audio-visual content works on the telecom, broadcast network and Internet; however, the authors particularly mainly focus on the audio-visual industrial development, pertinent media policies and regulations on the broadcast network and Internet portals. The network audio-visual industry in China has obtained an increasing scale

DOI: 10.4018/JMME.2019070101

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of users and established platforms, together with new technological development and commercial flourishing. By June 2018, there are 609 million network video users in China who occupied 76% of the total Internet users, with a half-year growth rate of 5.2% (China Knowledge, 2018). The audio-visual industry in China has been significantly driven by entrepreneurial forces by advancing and applying technological progress, particularly 5G, artificial intelligence, virtual reality and augmented reality, to new audio-visual business since 2015, such as live streaming, eSports and short video.

In view of the scope of network audio-visual entrepreneurship, we clarify the research domain in this study based on prior endeavors of conceptualizing entrepreneurship and media entrepreneurship. Davidsson (2005) suggested delineating the role of entrepreneurship in society and defined entrepreneurship phenomenon as competitive behavior driving the market process. Media entrepreneurship as a set of evolving entrepreneurial practices has also received research interests and gained momentum in recent years (Hang & van Weezel, 2007). Khajeheian (2017) integrated some key features of the emerging media environment such as distinction of content and platform, value delivery, opportunity development, non-monetary benefit into the definition. In this article, we will contribute to understanding the network audio-visual entrepreneurship at the corporate level. In this sense, two categories of media companies providing network audio-visual service are identified as the analysis objects in China's media market, namely the newly created media enterprises, the Internet conglomerates combining resources and having an impact on the market. The predominant media conglomerates in China among more than 200 audio-visual enterprises are iQIYI, Youku and Tencent Video, owned by the three largest internet companies in China, Baidu, Alibaba and Tencent respectively. The three internet corporations are conceived as financially resourced, distinctively competitive and technologically innovative players in network audio-visual industry, in comparison with other premium network firms and traditional free-to-air broadcasters.

When it comes to analyzing media entrepreneurship at the corporate level, it is consequential to be concerned with government policies and the entrepreneurs who operate media corporations (Khajeheian, 2017), particularly media policy servers to a sustaining and benign media environment for further media innovations. A limited number of researchers have performed policy reviews on certain media entrepreneurship policy in different geographic contexts as media entrepreneurship is still an undeveloped research field. Media entrepreneurship policy has been studied in an operationalized way by several researchers, such as Fariborz (2018), Feldmann (2005), Khajeheian (2014), Leona (2017) and so forth. The central topic in the studies of media entrepreneurship from the perspective of policies is to explore policy strategies to facilitate new entry and more independent media voices (Hoag, 2008). Yet, little research has been done to particularly explore the regulatory measures and mechanism of the network audio-visual industry.

The sound growth of entrepreneurial audio-visual businesses in China, arguably, is to promote service providers to commercialize their network platforms and empower netizens to participate in the production process of audio-visual content at an unprecedented scale. In the early development stage of audio-visual entrepreneurship, this media industry has been unregulated by authorities and confronted with the scandals of piracy, pervasiveness of risqué content, unethical production that might increase investment risks. Under this background, this study contributes to existing knowledge about the regulatory mechanism of network audio-visual industry by exploring the regulatory practices of governments and entrepreneurial enterprises concerned. We specifically investigate the following two questions with a specific focus on the administration in Beijing:

1. How does the government regulate network audio-visual enterprises and content?
2. What are the major influences of government regulation on network audio-visual entrepreneurship?

This study teases out the complex entanglements of policies on the side of entrepreneurs from the perspective of entrepreneurs, with the purpose of introducing how entrepreneurs understand the regulatory mechanism of network audio-visual industry, how entrepreneurial corporations become

coordinating with government enforcement and directives, how government regulation influences the sustainable development of network audio-visual entrepreneurship. This study chooses a transitional period from unregimented to regimented status to conduct semi-structured interviews with entrepreneurs, scholars and public servants. In the following sections, we will contextualize Chinese media regulation in relation to the development of network audio-visual industry, describe methodology, elaborate the main findings of this study and provide the conclusion and discussion at the last component.

BACKGROUND

The Chinese Network Audio-Visual Industry Context

Although the network audio-visual entrepreneurship in China has achieved great progress with the impetus of capital and information communications technologies, it has engendered conspicuous negative externalities during the preliminary stage of business development, such as audio-visual content piracy, competitive yields for high-priced copyright, pervasive vulgarization and eroticism of both professional-generated content (PGC) as well as user-generated content (UGC). Since these externalities are conceived to be disadvantageous for the sustainable corporate development and a benign network environment for citizens, it has stimulated a set of administrative policies and regulatory measures from authorities at both the macro and the meso levels, together with self-regulation of associations. Similarly, new issued regulatory measures have been directly enforced on both registered broadcasters and non-registered but influential entrepreneurial small and medium-sized enterprises to reinforce content censorship, anti-piracy, restrict importing audio-visual content from foreign enterprises; meanwhile, the authorities have established designated but limited funds and awards to encourage producing network audio-visual content in accordance with the national propaganda directives.

However, the dominant authoritative regulation is presumably of less efficacy in achieving Pareto Optimum in a broader sense of media governance, which is in consistent with the regulatory outcome of China's network audio-visual industry. For instance, the scale of users in live streaming sub-industry had an annual increase of 60%, reaching 310 million in 2016; yet the growth forecasts dropped to 12% for the next three years principally due to a stricter regulatory enforcement, which has significantly discouraged content production (Asia Video Industry Association, 2018).

Several studies have confirmed strong effects of new technologies and innovations on the life patterns of Chinese netizens. As a consequence of the advancements in mobile technology and social media applications, Chinese netizens have become increasingly technological dependence and demanding (Ge & Gretzel, 2017). Further empirical evidence shows live streaming as a socio-technological phenomenon has astounding influences on the social behavior of users (Lu et al., 2018).

The Chinese Media Regulation Context

The *party-state* has been employed to capture Chinese political reality and understand its dominant role in media system, indicating that media is not an independent entity in relation to the state. The state-owned and state-controlled media are conceived as the mouthpiece of CCP, and their workflow and routines are ideologically supervised according to party principles (*dǎng xìng yuán zé*) and administratively constrained under the regulatory directives of the government bodies concerned.

A number of studies have been carried out to examine the trajectories of commercialization in the traditional and emerging media sectors, as well as the active role of party-state in structuring the state regime of control upon the complex media system. The highly authoritarian state regime has been a precondition and a consequence of accelerated developments after China's 1989 Choice (Zhao, 2012). For instance, Chinese press structure has experienced a market rationalization and press conglomeration engineered by Chinese Communist Party (CCP), which has enhanced the political

control and market capitalization in press sector (Zhao, 2000). This approach has been utilized to counteract the fragmented and decentralized broadcasting structure resulting from autonomous innovation (Zhao, 1998). In this sense, the ensuing series of innovation and entrepreneurship have been subject to subsequent advancements embedded in the context of the intertwining forces of party-state control and commercialization.

There are various explanations as to the reasons why Chinese authorities have started institutional configurations and policy enactments. The emerging communication technologies notably promote civic engagement in public affairs and the free flow of information (Huang, 2011). Chinese netizens have been empowered to excoriate the frustrating performance of authorities, political elites and policies in a cohesive and provocative way, which has motivated authorities to consolidate its dominant role and maintain political stability (DeLisle et al., 2016). In line with DeLisle et al. (2016), MacKinnon (2013) argues that Chinese authorities are concerned with netizens' active participation in online discussion and networks that increase the risks of regime instability. At the substantive level, the most influential multiple online platforms are owned and controlled by vital private Internet corporations, covering social media, e-commerce, live streaming, broadcasting, video-sharing, multi-media service and on forth. Hence, the political squeeze has been imposed on domestic and foreign private companies that provide media service.

The following briefly reviews prior studies on network media regulation in China's context. With the purpose of strengthening CCP's political influences online, Chinese authorities established an electronic monitoring system in 2003 and the Great Firewall confining the information flows (Walton, 2001). In a broader sense of Internet governance, the cyber-sovereignty framework is employed to interpret China's stance which was constructed upon and distinguished from the US-centric, market-oriented Internet governance scheme (Shen, 2016). A set of specific media policies have been enacted concerning infrastructure construction, service guidance and content regulation (Hu, 2010).

Originating from the field of public administration, content regulation was granted in the legal entitlements with Chinese characteristics (Cheung, 2006). Content-rating scheme, as a choice of regulatory intervention in audio-visual industry, has been adopted in several countries and expected to combine industry self-regulation with public oversight (Saurwein & Latzer, 2010). Instead, Chinese authorities have established a sophisticated content censorship system for the textual and audio-visual content on the Internet. Some researchers are devoted to investigating the impacts of censorship on stock price (Ding et al., 2018), on Chinese citizens' resistance (Kou et al. 2017), as well as on netizens' economic and political beliefs (Chen & Yang, 2018); still, none of the studies investigate the role of censorship in relation to media entrepreneurship.

The regulatory environment of network audio-visual entrepreneurship has two major features. Firstly, the main regulatory objects include the entrepreneurial media SMEs and the established conglomerates with entrepreneurial media business in private sectors. Despite the pervasive regulatory practices of authorities, media entrepreneurial corporations have not been subject to much government intervenes due to the regulatory lapses. Secondly, the flourishing entrepreneurship potentially contributes to fostering information flow and media pluralism, which is not prioritized as the objectives of the party-state regime.

METHOD

Respondents

With the purpose of exploring government regulation and its influences on audio-visual industry, this study performed semi-structured in-depth interviews with 14 professionals experienced in government regulation of network audio-visual sector. Potschka (2012, p. 9) accentuated the interviews for communication policy research "as a survey of opinion leaders in terms of the role of the state, market and media system." Herzog and Ali (2015) critically examined the use of elite interviews

in media and communications policy research and addressed methodological rigour could increase the significance of policy research in policy-making processes. In this study, researchers used the snowball method to reach potential respondents principally through two contact persons from both administration and academia respectively.

All respondents in this study have more than three years' professional experience in government affairs in network audio-visual network sector. Two of the 14 respondents are researchers with a particular focus on analyzing media regulation and policy; another two respondents are regulators from government bodies; the rest of the respondents are practitioners involved in media business management and regulatory affairs (see Table 1). All practitioners, interviewed as respondents, have a full-time position in the registered media enterprises in private sectors. These enterprises are representative in the flourishing network audio-visual industry because they have been running entrepreneurial media business or platforms with lots of users and favourable market estimates. Besides, the private companies have been subject to profuse government intervention from the administration in Beijing in a formal and informal way as they are acknowledged as bellwethers of technological and media development. Conversely, the state-owned and state-controlled media are in the control of much explicit and systematic regulatory system due to the authoritative leadership of CCP.

According to media regulation principles, a set of media policies and administrative regulations were created by the central government of China and implemented by provincial branches of the government entities. The network audio-visual entrepreneurship in Beijing prosperously develops regarding its users, registered enterprises, media applications and tax revenues. Accordingly, the respondents in Beijing serve either as practitioners or researchers for over three years, with a good knowledge of audio-visual policies and tendencies. Owing to the ideologically authoritative positions of the administration in Beijing, its administration mode has been learned and transplanted into other provincial administrations.

Table 1. List of respondents

Code of Respondent	Role	Nature of Major Works	Institution
Respondent 1	researcher	research	A University
Respondent 2	researcher	research	B University
Respondent 3	practitioner	media management	Y enterprise
Respondent 4	practitioner	media management	S enterprise
Respondent 5*	practitioner	media management	L enterprise
Respondent 6*	practitioner	media management	T enterprise
Respondent 7*	practitioner	media management	K enterprise
Respondent 8	practitioner	media management	S enterprise
Respondent 9*	practitioner	censor and edit	L enterprise
Respondent 10	practitioner	research	Q enterprise
Respondent 11	practitioner	media management	Q enterprise
Respondent 12*	practitioner	technology development	Q enterprise
Respondent 13*	regulator	government affairs	government
Respondent 14*	regulator	government affairs	government

Comments: All extracts presented in this paper are extracted from interview records with the respondents with *mark and translated into English by the first author.

Data Collection

In this study, an interview guide with several questions was developed in advance based on previous studies. Meanwhile, interviewers raised new issues and asked follow-up questions to gain additional knowledge from the respondents. The four basic questions in the interview guide include: (1) How do authorities regulate network audio-visual industry? How do authorities regulate network audio-visual entrepreneurship? (2) How do media enterprises adjust to government regulation? (3) What influences does the present government regulation have on media business? (4) What policies do entrepreneurial media need for sustainable development? An information letter, together with the interview guide was sent to respondents via emails before interviews.

All interviews were conducted in Chinese and took place at the respondents' offices or other workplaces to satisfy the demands of respondents' schedule. The interviews were audio-recorded and transcribed with the consent respondents. The data collection of this study has been proceeded in two phrases, respectively from June to December 2016 and from March to May 2017. During the first phrase, entrepreneurial small and medium-sized enterprises started new media business in a niche network audio-visual market without a corresponding approved service license, such as providing live streaming and other media service on mobile devices. In the late 2016, the authorities have enforced a set of policies to regulate new network audio-visual service providers and platforms with a purpose of clarifying the applicability of policies.

Considering the opinions from respondents are associated with organizational norms and regulations, this study used other text materials to increase data creditability, such as policy documents, policy briefings, government and corporate reports.

FINDINGS

Licenses Management of Network Audio-Visual Service

The Regulation on Administration of Internet-Based Audio-Video Programme Services (Decree No. 56) was jointly promulgated by the State Administration of Radio, Film and Television (SARFT) and the Ministry of Information Industry in December 2007. Media companies with network audio-visual programme service, shall obtain *License for Dissemination of Audio-visual Programs through Information Network* issued by authorities or complete the filing procedures. Further evidence shows that 588 entities have the license of dissemination of audio-visual programs by 31 December 2016, including broadcasting and TV station, news agencies, video Internet websites, network performance business units and video production companies. According to Decree No. 56, the applicant entity shall be state-owned or state-controlled entities with corporate capacity without illegal records within three years before the application date. Yet, few state-owned media providing audio-visual business are eligible to apply for this license. Theoretically the state-controlled media are privileged to receive licenses, such as License for Broadcasting of Radio and Television Institution, License for Internet News Information Service and on forth. Besides, state media are subordinate to government oversight over media management, staff training and entrepreneurial services. To be precise, news reports produced and work routines in the state-controlled media ought to comply with corresponding administrative rules and norms. The media practitioners must own the corresponding certificates before conducting certain types of work, such as Press Card, China News Editing Qualification Certificate of Training, Certificate for Radio and Television Editor and Journalist, Certificate of Announcer and Anchor-person.

In private sectors, a limited number of Internet companies (e.g. iQIYI, Tencent Video, Sohu Video) obtained License for Dissemination of Audio-visual Programs through Information Network in agreement with *Internet and Other Information Network Audio-visual Programme Dissemination Management Rules* (Decree No. 39) issued by SARFT in 2004. The Decree No. 39 allowed private companies to apply for this license before the enforcement of Decree No. 56. China's network audio-

visual industry has experienced a stage of market competition and inevitably ended in an oligopoly market structure with five dominant private Internet companies, namely iQIYI, Tencent Video, YOKU, Letv and Sohu Video. The present market structure results from the capitalization on one hand and has been facilitated with the help of government regulation.

Under the background of media marketization, winner companies notably benefit from technological leadership and user bonds but primarily from license privilege, resulting in increasing their market shares and suppressing the development of SMEs. In this sense, merger and acquisition (M&A) are conceived as a business strategy to enable the legitimacy of entrepreneurial business for non-license companies and achieve a sustainable business topology for license-holding conglomerates. Still, the entrepreneurial network audio-visual service is confronted with administrative constraints and commercial obstacles during M&A. Similarly, the formidable entry barriers to media business is regarded as good news exactly as it was claimed by regulator respondents as the prevention from SMEs' bankruptcy and avoidable waste of social resources. The authorities are more likely to elevate entry barriers to media market and support media enterprises which have capital and technological advantages instead (Respondent 13, regulator, October 2016). Besides, market concentration is consistent with CCP's ideological and administrative purposes since the authorities can reinforce its ideology at dominative place, by incorporating the private conglomerates into the regulatory system and promoting capitalization.

Following upon Decree No. 56, four major categories with 17 types of media business are listed in *Classified Catalogue of Internet Audio-visual Programme Services (for Trial Implementation)*. Enterprises should submit a written application to the national government bodies and report to the SARFT for annual inspections, so as to legitimize providing certain types of media services. Additionally, it is illegitimate to provide network service without or beyond licenses. The authorities perform qualification inspection of licenses with a major focus on the corporate prerequisites. For instance, the qualified enterprises applying for network audio-visual business are supposed to possess a variety of audio-visual content's rights to communicate works to the public through information networks.

At the substantial level, all respondents acknowledge that it has been much challengeable for private enterprises to obtain the licenses. As stated in *Classified Catalogue of Internet Audio-visual Programme Services (for Trial Implementation)*¹, Class I item 5 only permits state-controlled media owing *Internet News Information Service License* to apply for providing live streaming service; meanwhile, Class II item 7 allows private media to apply; however, no one was approved to provide live streaming service until 2017. A number of live streaming providers in private sectors were engaged in this entrepreneurial business without licenses and were regulated by authorities in an informal and non-regular way.

Censorship of Network Audio-Visual Content

In 2016, The Central Leading Group for Inspection Work (中央巡视工作领导小组) inspected the SARFT's work and concluded that the SARFT should enhance its dominant role in maintaining social stability and guiding public opinions especially in new media. Furthermore, this group required the SARFT to resolutely adhere to the principle of CCP regulates media (*dǎng guǎn méi tǐ*). Further, the SARFT suggested that a system of shares subject to special State management shall be explored by audio-visual service providers from private sectors. However, most practitioner respondents embrace this new method of government regulation since it can significantly decrease the irregular risks of audio-visual content and uncertainties of corporate development.

The audio-visual *programme* (*jié mù*) is conceived as the pivotal information which should be placed in censorship system due to its underlying ideological values. The government bodies in Beijing employed the approach of programme management, endeavored to define the institutional term of programme as a practical definition and identified the applicability of government regulation and enforcement, by referring to online dramas, short clips, online films, cartoons, documentaries and

others. As stated in the SARFT Decree No. 39, the term of audio-visual programme is characterized as a programme made up of continuous motions of images and/or continuous sound that are recorded by sound recorders, video cameras and other equipment. Besides, this definition covers almost all channels of communication and types of audio-visual content on behalf of government regulation. The license authorized to enterprise should be articulated with a specific use of this license. The network audio-visual programs are categorized into three clusters in *General Rules of Internet Audio-visual Programme Content Censorship* as Cluster I: net shows, microfilms, cartoons, documentaries; Cluster II: the professional network audio-visual programs on culture, entertainment, science and technology, finance, sports and education; Cluster III: other network original audio-visual programs.

The Decree No. 56 indicates that the entity providing network audio-visual service has responsibilities of removing irregular and certain audio-visual programs, reporting corporate works, as well as implementing administrative measures. The major corporate executives shall be liable for audio-visual content broadcasted and published on their Internet platforms. The authorities generally iterate a warning, order rectification, or impose penalties on enterprises violating pertinent regulations according to the *Regulations on Broadcasting and Television Administration*.

Considering the market structure of network audio-visual industry, authorities regulate media conglomerates in private sectors mainly by commanding content censorship and corporate rectification. The ways in which government bodies regulate enterprises are exemplified by one respondent:

Authorities irregularly send notices of orders through the internal system. For example, the government bodies send notices through Tencent RTX, Net-Ease bubble, Tencent QQ, etc. The enterprises are asked to give a response within about 15 minutes. Media enterprises are required to designate full-time staff regularly to supervise their audio-visual platforms. The censors shall receive training of content censorship organized by the government bodies to be empowered with techniques of censorship and keep updating the library of irregular content. In addition, authorities organize meetings on content regulation to give orders to corporate executives and managers, especially during the politically sensitive time periods. (Respondent 5, practitioner, 2016)

For lack of emergency response mechanism, the present censorship system is less competent in monitoring massive audio-visual content concerning frequently updated audio-visual programs, creative Internet slangs and the increasing power of UGC.

To be precise about censorship system at the corporate level, network service providers must carry through self-censorship on audio-visual programs before providing them for users and prohibit the programs without approvals. In light of their organizational arrangement, the majority of enterprises have established a division which keeps in touch with government bodies and is engaged in a variety of government affairs, such as policy research, coordination of business-government relations and on forth. Additionally, corporate executives are appointed to take over content regulation, together with an independent team of censors from corporations. The corporate censorship systems are differential based on their core audio-visual content but generally adopt the idea of Man-Machine Synergy for censorship. Taking an online video company as an example, it provides a wide range of videos including TV series, movies and long-form videos. The censorship measures are elaborated by one respondent:

When producing audio-visual contents, online video companies must go through mandatory regulatory provisions and censorship from the planning stage to broadcasting, such as making a registration in content datasets, inviting experienced censors and regulators to inspect the themes and scenes of audio-visual content. Besides, UGC, including comment and barrage, shall be censored before publicity. Our censorship team proceeds 24/7 working in line with Provisions on the Administration of Internet Audio-Visual Program Service revised in 2015. Censors are able to re-inspect the comments and barrages of the problematic videos identified by censorship system or reported by users. In extreme

cases, censors disable the functions of user participation in making comments and on forth, in case UGC provokes social instability. (Respondent 9, practitioner, July 2016)

The content censorship of PGC and UGC was explained by one respondent from an online video platform in a technological way:

The censorship machine extracts the major cues of videos, and further compares them with the template of irregular videos from datasets. The proceeding time of these procedures usually takes five to ten minutes, depending upon the length of videos. The videos identified as irregular ones will be sent to censors for manual inspection. Moreover, the shielding function and intelligent recommendation by our system technologically prevent the popularity of government-unfavored videos. (Respondent 12, practitioner, July 2016)

Considering the ideological nature of audio-visual content, censorship machine cannot identify the underlying opinions or ideas in the videos. In this sense, the influential media conglomerates have established their own editorial teams with a large number of censors. Navarria (2016) indicated that SINA corporation and Tencent company had up to 70,000 censors who were working on rumor-control and website-cleaning day and night for microblog and instant message platforms. The network audiovisual platforms in this study own censorship teams each of which employs 200-400 censors. Besides, the provincial government body has six administrators at full-time positions for spot checks (Respondent 14, regulator, 2016). A daily workload of over 4,000 videos and 40,000 comments is appointed to censors in an online video company. (Respondent 6, practitioner, July 2016)

The censors unsurprisingly have a stable job trajectory from junior censors to senior censors based on their working performance and training certificates. As required by authorities, censors from enterprises are required to apply for participation in training sessions organized by multi-level government bodies. The training is aimed at helping corporations to arouse censors' awareness of certain audio-visual content and explicate censorship standards and techniques in general, but with a specific purpose on certain audio-visual content.

For instance, the SARFT organizes training schools five times each year but with a limited places and grants certificates to successful graduates; the Ministry of Public Security organizes censorship training for the chief editors and corporate executives; the Office of the Central Leading Group for Cyberspace Affairs organizes special training sessions on anti-terrorist and eliminating pornography and illegal publications (Respondent 9, practitioner, July 2016).

Only five individuals on average from each enterprise in this study have successful applications in these official training. Hence, media companies have no choice but to arrange self-training for their censor teams. Despite the fact that censors perform censoring works on behalf of both government and enterprises, their working behaviours are determined and evaluated by corporate managers to a great extent. These employees will preferentially keep pace with corporate interests rather than government expectations in some cases.

Influences of Licenses Management on Network Audio-Visual Entrepreneurship

The proportion of mobile Internet users in netizens has reached 98.3% by June 2018 (China Internet Network Information Center, 2018). This media use habit has promoted the flourishing development of network audio-visual entrepreneurship, such as new mobile devices, media platforms and profit models. A set of audio-visual content has been communicated to the public through these channels, which even includes the irregular audio-visual content prohibited in pre-existing service providers and media platforms. The government bodies have been concerned about this entrepreneurial phenomenon because of its capacities of de-centralizing market structure and counteracting CCP's

authoritarianism. Hence, authorities are inclined to give additional service permission to the license-holding conglomerates rather than the new entrepreneurial enterprises.

The mobile audio-visual service has been regarded and regulated as a separated component in network audio-visual industry viewing from the serial media policies and administrative measures. This regulation tendency undoubtedly gives rise to an increase in operational cost for all companies applying for additional service licenses. In turn, a number of emerging audio-visual service providers will be impeded by license restrictions for further media innovations and sustainable audio-visual entrepreneurship. Meanwhile, much tighter regulations have been imposed on UGC, PGC for mobile devices, such as constraining users to upload and share network audio-visual content in some cases, discouraging users to produce a diversity of audio-visual content.

Content Censorship: A Dilemma of Specifying Standards and Criterion

Despite the fact that the principles of content regulation were established in Decree No. 56, Internet audio-visual programming may not contain the content in relation to 10 items (十不准). Further, China Netcasting Services Association issued *General Rules for Censorship of Network Audiovisual Programme* on 30 June 2017, which made a trial to specify detailed rules in order to strengthen the content regulation on network audio-visual industry. According to these new rules, display of homosexuality is not allowed on network audio-visual platforms, which has been criticized and backlashed by Chinese social media users and international human rights organizations.

Two terms, *politics* and *ideology*, are underlined in all media policies, and audio-visual content is expected and required to adhere to correct political directions and strive to disseminate contemporary Chinese values. At the substantial level, it is technically problematic to identify the domains of politics and ideology in audio-visual content:

Based on the experience of content regulation, such topics, in relation to National People's Congress, Chinese People's Political Consultative Conference, Military parades and others, are obviously sensitive subject matters of politics. Other social events might be additionally conceived as politically sensitive subjects, such as 2008 Chinese winter storms, 2015 shipwreck of Oriental Star, 2015 Tianjin explosions and others, owing to its potential for provoking social instabilities and panics. (Respondent 9, practitioner, July 2016)

However, as the flourishing entrepreneurial media in China, live streaming service and drones empower users to shoot and broadcast social accidents, such as earthquakes and fires, which may positively contribute to rescue works. As a whole, the authorities perform content regulation with a discursive but compulsive approach, regardless of the potential positive social influences on other issues.

The audio-visual service providers have developed a technological censorship system to identify the so-called irregular videos:

When scanning videos, the system extracts several frames from videos and predicates it as a pornographic video if the exposed skin has been identified over 85%. In this case, the problematic videos will be deleted, and the publishers will be blocked if five videos are identified as irregular content. (Respondent 7, practitioner, September 2016)

With the constant development of audio-visual content and media forms, it has become quite difficult for technological system to find out the irregular videos, such as the long-length videos with erotic pictures in a few frames. The authorities are greatly concerned with these drawbacks of censorship system and would like enterprises to further develop a more advanced and efficient system. (Respondent 13, regulator, October 2016)

DISCUSSION AND CONCLUSION

Both regulators and practitioners have acknowledged the role of network audio-visual entrepreneurship in fostering industrial development, guiding public opinions and constructing social norms and values; moreover, they have also watched out for its negative externalities. The *Notice on Further Standardizing the Order of Network Audio-Visual Program Communication* (关于进一步规范网络视听节目传播秩序的通知) was issued by China National Radio and Television Administration (NRTA) in March 2018, which is perceived as the most stringent content regulation. Besides, a set of policies pertinent to network audio-visual programme were continuously issued by national government bodies in the past three years. With the rapid development of network audio-visual industry in China, a slightly growing body of works have set out to explore the entanglements of government bodies and look for the legal loopholes and regulatory gaps; however, scanty studies investigate how media entrepreneurship coordinates with the government regulation as well as the influence of regulation on media entrepreneurship and society at large. The regulatory context is becoming more intricate with the technological and social changes. This study collected the opinions of both regulators and entrepreneurs on government regulation of network audio-visual entrepreneurship in order to provide creditable and empirical evidence.

It is found that license management and content censorship are principal approaches to regulating network audio-visual entrepreneurship in the context of administration in Beijing. The oligopoly structure in network audio-visual industry results from the structural driving forces of capitalization and government intervention. Consequently, the entrepreneurial SMEs have been constrained by limited government support and social resources and thus endeavored to legitimate their business in collaboration with Internet conglomerates. Stricter rules of content censorship discourage users to produce audio-visual content, impose restrictions on Internet companies and other producers producing and displaying audio-visual content.

Government regulation of network audio-visual industry in China's context has been investigated fragmentarily, together with some enduring questions associated with this theme. These include how continuity and changes of government regulation influence media entrepreneurship at the social structure level; how entrepreneurial companies collaborate with government bodies for social development; how human agents (e.g. censors) deal with government and corporate expectations.

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ENDNOTES

- ¹ Class I item 5: Live broadcasting audiovisual services of important political, military, economic, social, cultural, sports and other activities and events. Class II item 7: Live broadcasting audiovisual services of general community cultural activities, sports events, and other organizational activities.

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