

DOI <http://dx.doi.org/10.3846/cpc.2014.14>

THE EXPERIENCE OF CHINA'S TOP 30 CULTURAL ENTERPRISES IN 2013

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Received 17 December 2013; accepted 11 January 2014

Cultural enterprises are the main index of cultural industries. Cultural industries have been listed in an important role of China's strategic plan. In 2013, Top 30 cultural enterprises were elected by Guangming Daily and Economic Daily, two national newspapers in China. The paper will show the Chinese innovation of culture reforms and cultural enterprises, and then it will analyze the reasons of their quick development. At last it will try to find the problems and solutions during their development.

Keywords: cultural enterprises, innovation, cultural policies, convergence of culture and technology.

Introduction

In 2013, Top 30 cultural enterprises were elected by Guangming Daily and Economic Daily, two national newspapers in China. There are a series of index to indicate the achievement of cultural industries. In 2013, the elected ones are considered as the achievement of the innovativeness of Chinese cultural institution during its cultural system reform.

The Chinese innovativeness of cultural institution

Traditionally, cultural enterprises are operated by Chinese governments in different level.

Accurately, these units are not considered as enterprises but public organizations. In a long term after the reform and opening-up, these units including TV, radio, theaters and press house are all offer public service sponsored by governments and has no plan and responsibility of making profit by themselves. They just produce culture programs by the governments' guidance and plan. The government will distribute these products to audience with low price.

During this period the government believes that culture products are still something ideological and need to be produced and delivered under government's censorship.

In 2003, the governments advocated to start reform and innovation of cultural institution. The main aim of reform and innovation is to

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make these cultural units become market-orientated. That means the cultural units should be changed into cultural enterprises to make profit. The government will cut their support fund for these organizations, which should gain market benefit to get sustainable development in the market with serious competition gradually during the reform.

After 10 years' reform, most of cultural units have been transformed into cultural enterprises. From the history at home and abroad, it addicted the most innovation is to reform. They need to break the old rules and find new ways to develop.

In China, the innovativeness of cultural institution is carried out from the following perspectives.

1. Chinese government divided the entire cultural units into two categories. Some is still sponsored by governments and the others must change themselves into enterprises with different means including privet-controlled, sharehold ones and state-hold ones. Most of their products should be commercialized.

2. The government allows private capitals into culture and establishes cultural enterprises. Meanwhile the government still allows foreign investment into cultural industries but with strict regulation. In the past, both two are prohibited in culture because culture is ideology and should be regulated by government to keep nation's safety.

3. Cultural enterprises are encouraged to produce diversified products and extend industrial chain. In the past the products of a company would be censored strictly by government branches. If one want to produce another product across the boundary the industries, it need finished a series of applications to governments. In the reform period, the enterprises have much more freedom and right to produce their product according to the market.

4. Governments pay more attention to promote public service and change their functions for cultural enterprises. In the past they are controller of the cultural units but now it is the servants of the companies and their possibility

is to help cultural companies to develop better and better (Qi 2011).

5. Centre Government has published a series of new cultural policies to promote cultural industries and cultural enterprises including tax-cut policy, low-profit loan and land policies for them. For example, the sixth session of the 17th CPC Centre Committee made a decision to establish China as a strong nation in culture in 2012. In 2013, the 18th plenary meeting of CPC Centre Committee was open in Beijing. It decided to develop cultural industries as a polar industry. These new policies promoted steps of cultural companies in the last two years.

The whole situation of the New Top 30 after the cultural reform

The innovation in the cultural institution has unlocked the potential of the cultural enterprises and cultural industries.

In 2013, cultural enterprises both in traditional fields like arts and culture, broadcasting and publishing and in newly-developing fields like comics and games, internet and theme parks are included in "the Top 30 Cultural Enterprises" list. Among them, there are not only old and famous state-own or state-holding companies such as China Publishing Group Corp. and China Film Group Corporation, but also private companies such as Enlight Media and Fantawild Holdings Inc. Therefore, the current structure of Chinese cultural industries is considered rather well in the market-oriented cultural economics because of various ownerships.

The Top 30 Cultural Enterprises of this year have greater overall strength and covered more categories than before. The general sales revenue of the enterprises has amounted to 247 billion Yuan, grossing over 200 billion Yuan for the first time and increasing by 28%. It is the first time that enterprises of arts and crafts, new media companies and cross-industry companies have ranked among the top 30 (Xinhuanet 2013).

In the list, both the reformed state-owned enterprises and the private companies have held the leading positions. Among them, 19 reformed state-owned enterprises has taken up 63.3%, while 23 state-own or state holding companies accounts for 76.7%, whose general sales revenue of the enterprises has exceeded 80% of that in all the listed enterprises. It indicates that, as the main force of the development of Chinese cultural industries, state-owned cultural enterprises has harvested the benefits of innovation of cultural system and mechanisms and improved their speed of development and market competitiveness.

Listed private cultural enterprises have increased both quality and quantity. 7 selected enterprises accounts for 23.3% of the total, which is the highest ever. 3 private companies are selected for the first time, reflecting that under beneficial policies which the state government proposed to encourage social capital to invest on cultural industry; private cultural enterprises have gradually become the main force of development of cultural industries.

Reasons of Top 30's development

These enterprises are the best examples to show the main achievements of the industries and the progress of cultural system reform in recent years of China. Through the survey and case studies on China's top 30 cultural industries enterprises in 2013, it is quite clear to see the basic situation and development tendencies. These top 30 enterprises are playing more and more important role to promote cultural industries to be the polar industry in China's GDP.

Cultural system reform unlock the potential of the state-owned cultural enterprises

Reform is the basic motive force of development. Before the reform, state-owned cultural enterprises are far away from the market and

much resource is left unused. In December 2005, the CPC Center Committee and the State Council published the document *Some Suggestions on Deepening the Cultural System Reform* and then the reform was carried out across the nation. A large scale of state-own cultural enterprises turns to market-oriented ones after the reform (Fan, Yang 2013). These enterprises enter the market and compete for resource, labor and capital to win its brand and benefit. The institution reform provides a strong force for cultural industries.

For example, Hunan TV & Broadcast Intermediary Co. Ltd. was set up in 1998 and listed at Shenzhen Stock Exchange Center in 1999. Before the reform, it is sponsored by the local government and has no popular programs across the nation. After the reform, the leaders of the group start to learn experience from Western Europe and did much innovation in TV program production.

Now, it has developed into a large-scale comprehensive cultural media company covering 4 business sectors including cable TV network, investment, production of advertisements and TV programs, and tourism, centering on Changsha, Beijing, Shanghai, Guangzhou and Shenzhen, enjoying profound influence across the country. It owns Post-Doctoral Research Centers and national laboratories. Up to the end of 2012, the total assets of the company amount to 13.8 billion Yuan, with net assets as much as 4.38 billion Yuan.

Expanding the industrial chain makes the enterprise' income diversified

Expanding the industrial chain is main aim of cultural enterprises. With the requirement of the development and prosperous of culture, Chinese cultural enterprises started to expand its industrial chain. In the past, every enterprise just produces one or two related products. To expand industrial chain, they need operate their companies to across

business and produce products from different industries.

For example, the Poly Cultural Group has made a good achievement in this perspective. Oriented by the idea of “Channels should come first for content production”, it expanded constantly the scale of channels like theaters, art network and cinemas. It also strengthened gradually the production of contents like corresponding repertory, art business and video production. Currently, Poly Culture Group Corporation covers acting and theater management, art business and auction, film investment and cinema management. Among them, theatre management and art auction was established as the top one in the industry. It manages 31 theaters, forming the largest theater cinema.

From 2008 to 2013, Poly culture was chosen as one of the “30 Chinese most powerful cultural enterprises” for 5 consecutive years.

Xi'an Qujiang Cultural Industries Investment Group Co Ltd is another good example. Since it was set up, the company tries to invest and take part in any field of the cultural industries with the aim of creating own brands. Currently, the company has successfully built a complete cultural business chain covering the aspects of exhibitions, performances, movies and TV dramas, animation, publication, cultural programs and city management. Its total assets have reached to 40 billion Yuan.

Winning the market is the final aim of the cultural enterprises

Demand is the final force of development. Seeking and creating new demands is the most powerful weapons for this Top 30 to fight and win in the market. During these four years, the top 30 enterprises are becoming international to a large extent (Fan, Yang 2013). No matter which industry they engages in, traditional or new one, most of these enterprises expand their business to the global market, and compete with international colleagues, establish branches in

different countries, acquire millions of international consumers. They have been strong power to express Chinese culture and Chinese stories and also the important platform to meet the demand of consumers at home and abroad.

Innovation of the cultural production is the key to win

The production and market share are the key elements to elect the Top 30. For example, Jiangsu Broadcasting Corporation has been the new leading company in this field by innovation.

The group was set up in 2001. In 2012, the corporation earned operation revenue as much as 11.1 billion Yuan, increasing by 11%. Till the end of 2012, the total assets of the corporation amounted to 13.93 billion Yuan, increasing by 32.1% (Guangming Daily 2013).

In the year of 2012, the corporation was making innovations and improvements in the contents of products. It set up professional news broadcasting for 24 hours a day across the province. In the new round of revisions of TV and radio channels, Jiangsu TV's audience rating ranked Number 1 among all the provincial satellite TV stations in prime time. Some good TV series and films such as *The Years When We Were in France*, *The Founding of A Republic*, and *The Founding of the Party* have won the national prizes and still received a high market benefit. It is the best record since the establishment of the corporation (Guangming Daily 2013).

In 2012, the corporation took great efforts to expand its business, explore new types of development and cultivate new industrial growth areas. In the field of new media, Jiangsu Network Radio and TV Station ranked number 1 among all its provincial competitors. IPTV has achieved 4.1 million users till the end of the year. Mobile TV has covered all the subway lines and over 95% of bus lines in Nanjing. “Enjoy TV”, a client-side social app with the function of TV on the mobile phones launched at the end of 2012, has reached 80 thousand users.

Some problems addicted from the Top 30

In the new era, cultural enterprises are facing many challenges including the low conversion from culture resource to cultural industries, loosely relations between cultural industries and other business and the weak innovation ability. It the most important task for Chinese cultural enterprises to get further development by tackle these problems. For the Top 30, although much achievement has been made, there are still some problems.

The modern cultural market should be improved

China is still on the process of marketization and the market now is influenced much by the Planning Economy. Among the Top 30, most of the enterprises are state-owned. The capital, talents and resource cannot flow freely in this cultural market and there always are some restrictions from government. To some extent, it is a kind of national monopoly.

The modern cultural market should be improved. Reform will pave the way to stimulus the state-owned cultural enterprises to become market-oriented. In this process, the government should cultivate a good market environment including policy, finance, and technology and so on (Gao 2011). With the establishment of the modern company system, these kinds of enterprises will get more resource from market competition, which will help to develop cultural industries.

Resource is not taken full advantage in the industries

China is a large country with a long history for 5000 years. It is abundant in cultural resource including cultural heritages and intangible cultural heritages (Yao 2010). China has much potential to explore the tourism resources.

Unluckily, there are not tourism enterprises in the Top30, which showed that most of the culture elements is not taken full advantage. Meanwhile, most of the top 30 pays little attention on the exploration of the Chinese traditional culture because there is no popular cultural product last year in traditional culture.

Technology should play an important role in the enterprises

According to the Top 30, most of the products are traditional ones such as TV, radio and performing arts and etc. The cultural enterprises with high technology just take 10% of the Top 30 (Jiang 2013). In the information era, it should be an important engine for cultural industries. Because of advanced 3D technology, some films including the avatar has received a high reputation and benefit from the global market.

Conclusions

The Top 30 are the models of cultural enterprises in China and also the important index to evaluate the sector. To a large extent, these big companies will be the main bodies to carry out Chinese going-globally strategy in culture trade and be the strong cultural nation according to the center government.

In the 12th five-year plan of Chinese economic and social development, cultivating and supporting some big enterprises is a crucial work for center government. In culture field, the Top 30 will be paid much attention to win the international culture market. So, the Top 30 especially the top 10 needs to improve themselves with clear goals and effective measures.

1. Keep innovative. Innovation will unlock productive force no matter in which country and industry. With the tendency of cultural system reform, these enterprises must keep innovative in ideas, content making, distribution channels and marketing. They should find

newer or more effective commercial models to be stronger, which the leading measure to fight with international cultural groups such as Disney.

2. Legal law system. China is still on the process of transformation and the law system is not completed especially in culture. In the next stage, the government should go on its reform in institutions and publish policies to keep a good market environment for culture enterprises. What is more, the government should lessen the restriction of capital in culture and let different market element flow more freely.

3. Make resource into capital. China is abundant in culture, which provides many good stories and heritages to be commercialized. So far this big wealth mine has not been developed. Most of the enterprises and government official neglect the traditional culture and are inclined to imitate western culture. National uniqueness leads to the path of global acceptance. This will be the strong weapon for the top 30 even the whole cultural industries to in compete in the international market.

4. Promote the convergence of culture and technology. Technology has changed most of aspects of culture even our life. The Top 30 should promote the transitions and innovation of their cultural products with S&T, which still will help to upgrade the industrial structure of Chinese cultural industries and extend the value chain. Good cultural product to compete is the one with high added value in creativity and technology.

5. Good education. The talent is still the important element for enterprises to develop. For the Top30, they need to establish their own training systems besides enrolling some professionals from universities and institutes every year.

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