



Institutional Constraints in Media Convergence: Policy Reforms and Social-Ideological Education Dynamics in China's County-Level Broadcasting

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Abstract

This study explores the complexities of media convergence reforms within China's county-level radio and television stations. Utilizing Institution Innovation Theory, it examines the reform approaches of Pizhou Radio-TV Station, a pioneer in this movement. Employing a qualitative case study approach with data gathered through participant observation and in-depth interviews, this research analyzes the administrative, technological, and commercial adaptations undertaken by the station. The findings reveal that reforms are not purely market-driven but represent a compromise between political mandates and survival needs. Consequently, the study proposes the concept of *Institution Derivation* to explain how local media innovate within the strict constraints of the socialist four-level media system. This theoretical contribution suggests that while local media can break path dependence to a degree, they ultimately derive their operational logic from the overarching state-owned framework, resulting in a unique *semi-enterprise, semi-institution* equilibrium.

Keywords: Digital Transformation; Media Convergence; Institution Derivation; Institution Innovation; Local Governance; Party-State System; State-Market Relations

1. Introduction

Mass media in China exerts a profound influence on public opinion and social governance (Zhao, 2018). Given the socialist context, the Communist Party of China (CPC) regards the media system as an indispensable component of socialism with Chinese characteristics, essential for maintaining societal stability and managing

communication channels. To secure this control, China established a *four-level media system* (central level, province, city, and county) operating under dual regulation by CPC publicity divisions and governmental executive branches (Zhao, 2006). However, by the late 20th century, the county-level tier—the system’s grassroots foundation—faced a crisis marked by resource redundancy, declining advertising revenue, and the loss of cable monopolies (Hu, 2004).

In the 21st century, the rise of Internet and the diversification of content delivery platforms further marginalized traditional state-owned media. In response to these ecological shifts, the CPC initiated a top-down strategy of *media convergence* in 2014. This reform was elevated in August 2018 when President Xi Jinping mandated the construction of *County-level Converged Media Centers* (CCMC) to modernize the four-level system through technical transformation and CCMC-oriented rebuilding. Following this directive, over 1,700 county-level stations began transitioning toward the CCMC model (China Internet Network Information Center, 2026).

Amidst this nationwide movement, the Pizhou Radio-TV Station in Jiangsu province emerged as a pioneer, launching institutional reforms in October 2015—predating the national CCMC mandate. Rebranded as the *Ginkgo Media Group*, Pizhou’s CCMC successfully integrated modern enterprise management with diversified news content and service products, evolving into a comprehensive community information hub. Despite its practical success, the Pizhou phenomenon has received limited scholarly attention.

Existing research slightly overlooks the specific context of grassroots reform approaches. This study utilizes Institution Innovation Theory to examine the Pizhou Radio-TV Station, analyzing how county-level media navigate the tension between market necessity and political mandates.

2. Literature Review and theoretical framework

Historically characterized as a state-owned mechanism, Chinese media underwent a paradigm shift following the 1978 Reform and Opening-up. The system evolved into a synthetic *Unitary System, Dual Operations* model, merging state finance with restricted commercial capital (Sparks, 1992). Specifically, the unitary system mandates exclusive state ownership with strict limits on private capital, while dual operations involve balancing ideological publicity with advertising-driven revenue generation. As Hu (2004) notes, Chinese media are thus simultaneously state-controlled and advertising-supported. Although this flexible commercialization without privatization has diversified funding sources, the fundamental ownership structure remains unchanged. Consequently, the CPC retains firm control over the media ecology through this executive hierarchy. Given this unique socialist context, existing scholarship on China’s media reform is generally categorized into two dimensions: state-market dynamics and state-technology interactions.

2.1 State-Market Dynamics

In the analysis framework of state-market, many scholars conduct his or her research with two topics: free market and national control. The comprehensive standpoint is that China's media reform is a confrontational struggle between market expansion and administrative regulation, and the tension in-between boost or hinder the media system reform (Sparks, 1992). Several scholars believe that the role marketization plays is of increasingly greater importance while the nation as a rule maker gradually loses its control over the evolving media system (Sparks, 1992; Zhang, 1993; Huang, 1994; Keane, 2001). Their viewpoint can be summarized as creative destruction brought about by the growing neo-liberalism, which will probably lead to media deregulation, privatization and commercialization in a more laissez-faire direction.

On the contrary, other researchers are convinced that all sorts of media reforms that take shape in China are by no means going beyond the prerequisite of the unitary system and the premise of the public broadcast system (Zhao, 2007; Stockmann & Gallagher, 2011). Therefore, some scholars regard every move in China's reform, by and large, as an organic constituent in line with national strategic status, government policies and more importantly, the top-down leadership of the CPC. To put it simply, the orientation, motivation and incentive of any types of media reforms serve at well-designed and political target-based purposes of a certain party or government. Likewise, those scholars consider that neo-liberalism in previous studies is under simplified exaggeration and takes the form as a linear politics-economy-view, advocating the free market will inevitably strengthen democratic autonomy and civil society (Stockmann & Gallagher, 2011; Zhao, 2007). For instance, Zhao proves that neo-liberalism related researches deny and ignore the international socialism heritage and treat its practice in China only as *of the tyrant's deception* and *the crowd's unconscious obedience* (Zhao, 2007; Zhao, 2011).

More recent scholarship has moved beyond this binary opposition to examine how state and market logics intertwine. Meng (2018) conceptualizes this relationship as institutional incompatibility, arguing that the friction between political mandates and profit imperatives creates a unique structural tension. Furthermore, Peng (2024) observes that Chinese state media increasingly appropriate commercial aesthetics and popular culture to soften propaganda, creating a blurry line where market mechanisms serve ideological ends. These international perspectives on state-market dynamics provide a comparative lens for analyzing China's unique county-level media convergence, where political mandates and market logic intersect in distinct ways.

2.2 State-Technology Interactions

Originally proposed by Huntington, Negroponte and Castel, the analysis framework of State-Technology regards media technology and national Strategic management as independent variables leading to tremendous changes and reshapes among various media industries (Huntington, 1991; Negroponte, 1996; Castells, 1996). New

information and communications technology will voluntarily exert a huge impact on media transformation in China's newly formed mobile Internet-based media ecology.

Inspired by technical fundamentalism, academic viewpoints among diversified technique-favored scholars can be summarized into two distinct aspects: information empowerment and national technology leadership enhancement (Zhao, 2011; Habermas, 1968; McChesney, 2007).

Researchers with an information empowerment stance deem media technology as a flashpoint giving rise to huge shifts and major changes in the relationship between state management and media marketization. Wireless devices and mobile web-based APPs drastically altered China's media environment. The main academic viewpoint is that a more liberalized society characterized by the free will of individuals and constraints of power abuse will be constructed step by step with the massive amount of diversified information brought about by technological development and marketization. As a result, the speed of technological empowerment exceeds the speed of state-controlled media reform, and the long-lasting traditional Chinese authoritarianism will lose its legitimacy of strategic arrangements and administrative management.

In the sense of national technology leadership enhancement, an increasing number of scholars are convinced by the argument that information and communications technology enable CPC and China's central government to further consolidate their lead over all sorts of transmission channels, broadcasting platforms in the media industries and even over the whole media system (McChesney, 2007; Lin, 2012). Such scholars also believe that it is unscientific and unrealistic to simply apply the neo-liberalism viewpoints to explain and explore research questions related to Chinese media since development and transformation of Chinese media overflowed and surpassed the linear narrative logics described in traditional studies (Habermas, 1968; McChesney, 2007; Lin, 2012). Media convergence, as the latest reform among Chinese media organizations, gradually becomes new evidence illustrating and verifying that it plays a critical role for CPC and the Chinese government to build a socialist ideology with strong cohesion and directory force in China's top-down media system, especially for the administrative divisions of ideological publicity. Under this strategic aim, China's officials and media professional staff begin to attach great importance to the adoption and application of the latest technologies in renovating and reconstructing converged and Omni-media towards stabilized media pattern and harmonious public opinion ecology. In the platform era, this leadership is further consolidated through platformization. Sun (2021) argues that the Party-state is effectively platformizing itself by deploying super-apps that merge administrative functions with ideological education.

Previous researches on Chinese media reform basically follows the two pathways: *State vs. Market* and *State vs. Technology*. Despite this, media ecology in China is both dynamic and multi-faceted in terms of its large audience, changing content delivering

platforms and evolving media sphere. Indeed, the above two dual- conceptual models are cogent and effective in addressing the macro perspective and synthesized dimension out of China's media transformation. However, many subtle factors and underlying elements influencing China's media reform might be overlooked by these bisected analytic models, not to mention unique issues entwined with Chinese society and the national status quo through the concrete course of media convergence movement (Akhavan-Majid, 2004). In detail, Zhao addresses inconsistencies of interest that lie in between the Local Party Committee (LPC, also known as local CPC branches) and corresponding media organizations. Roya Akhavan-Majid (2004) argues that a certain amount of creative renegotiation and expansion persist in, rather than solely antagonistic relations in the process of non-state actors modifying media reform. Lin Fen proposes a disintegrated national power structure that by no means regards China as a whole-unified top-down authoritative power and scrutinize the state-led media reform process in a dispersed way(Lin, 2012).

2.3 Theoretical Framework: Institution Innovation

With the purpose to reconcile state-market and state-technology approaches, this present study utilizes the theoretical framework of institutional innovation on the premise of examining the role market and technology plays in China's county-level media convergence (Davis & North, 1970).

To be specific, institution denotes a set of social, political and economic activity norms and conventions used to support and constrain different affiliated units and individuals in each unit (Davis & North, 1970). Proposed by Davis and North, institution innovation theory claims that all social units operate and function under the benefits maximizing principle, that is, a certain institution strives for constrained maximum benefits under the condition of limited resources. If estimated revenue outweighs expected costs and other expenditures, institutional innovation will take place as a collective decision (Davis & North, 1970).

In the collective decision-making process, primary action group takes over the leadership in judging the performance-price ratio and return on investment as well as establishing other performance evaluating indexes. The primary action group, as the central decision-making unit, works under the guidance of an authoritative chairperson or a team of professional staff. Under the condition of potential income recognizing and costs decreasing, primary action groups revise or reshape institutional structure or the running conventions of a certain institution on the consent of group leader or the authoritative person in each expert team representing the mass population. Basically, each member in an institution can similarly benefit from institutional transform or reform if the innovative measures withstand the internal and external competitions in its field. Admittedly, the innovation group has to pay for the cost of innovation. However, every single individual within an institution does not necessarily have to bear all the operating costs of rebuilding a new institution.

In addition, County-level Converged Media Center (CCMC) has become the center of Chinese media convergence studies since 2018. A large portion of researches concentrating on interpreting this concept as a national strategy, and then make speculations on CPC and China central government's point of view towards the newly added function of CCMC.

A large majority of studies proved that CCMC is an indispensable part of China's national media system. As the cornerstone of county-level communication, CCMC turns out to be a synthesized information hub that serves for information dissemination, media content broadcasting, ideological publicity, CPC campaigning, social governance and life service. Recent empirical studies have expanded the understanding of CCMC's role in local governance. Zhang and Zhang (2019) suggest that county-level media are reinventing locality by acting as a digital infrastructure that connects local society with the state. This is evident in specific practices such as livestreaming by local officials, which Yu (2023) describes as a digital experiment integrating political performance with e-commerce. Additionally, CCMC serves as a crucial transmission belt for national strategies, such as the Rural Revitalization campaign, translating central policies into localized narratives (Song & Lee, 2023). There are also studies focusing on making suggestions on the CCMC reform and reconstruction. Most proposals indicate that it is a wise move for county-level Radio-TV (administrative institution with public broadcasting features per se) stations to introduce large-scale marketization measures (Zhang & Zhang, 2019).

By contrast, few preceding studies retrospect the achievement of county-level media convergence movement and the output of CCMC rebuilding, let alone internal logics exploited in China's converged media reform. Moreover, the author conducted several field visits to the Pizhou CCMC and respectively carried out participatory observation in the new media department of Pizhou CCMC and held in-depth interviews with 30 CCMC staff to examine the authentic situation and summarize corresponding impacts exerted by media convergence reform at China's county level. Specifically, this present paper tries to answer the following questions:

RQ1: How does a county-level media station conduct reform in China's socialist media system?

RQ2: Are there any underlying logics guiding county-level media station in implementing specific reform measures?

RQ3: Does the media convergence reform enables the county-level media to move towards full marketization?

3. Methodology

3.1 Research Design and Case Selection

The author conducted several field visits to the Pizhou, respectively carried out participatory observation in the new media department of Pizhou CCMC and held in-

depth interviews with 30 CCMC staff to examine the authentic situation and summarize corresponding impacts exerted by China's county media convergence reform.

3.2 Participants and Stakeholder Context

The 30 interviewees were selected to represent the three distinct stakeholder groups identified within the station's institutional structure:

1. **Regulatory Supervisors:** The County Party Committee Publicity Department, responsible for overall supervision and ideological tone-setting.
2. **Primary Action Group:** The station leadership, specifically the President and the Secretary-General of the Station Party Committee. This group functions as the central decision-making unit, balancing political mandates with survival needs.
3. **Ordinary Employees:** The workforce, comprising 265 total employees. Notably, the personnel structure is divided between those with national fixed quotas and free-contract workers, creating distinct interest groups regarding salary and welfare distribution.

This triangulation of observational data and multi-level interviews allows for a comprehensive analysis of how the primary action group negotiates between the constraints of state ownership and the imperatives of market competition.

4. Results: The Process and Logics of Institution Innovation

Through investigation, the stakeholders in Pizhou's county-level media system around 2014 fell into three categories. One is the County Party Committee Publicity Department, who overall supervise the Radio-TV station and set the general tone for publicity. The second stakeholder is the actual leaders in the station, that is the president of the station as well as the secretary-general of the Station Party Committee, whose interests primarily line with the development of the station itself. The third parties are the ordinary employees in the station.

The well-off development of the station is of benefit to all three stakeholders yet to a varying degree. For example, the County Party Committee Publicity Department expects more publicity from the station for the sake of boasting its achievements as a local official. The actual leaders in the station often must juggle publicity with business operations as they must take both administrative instruction and economic results into consideration. The employee, with or without a national fixed quota contract, expects a salary increase or a more scientific income distribution system as the station thrives.

One of the stakeholders, the president of the station and the secretary-general of the Station Party Committee, is identified as the primary group in the process of institution innovation. The primary group recognizes that if some changes are made

to at the administrative, technical and commercial level, members can get benefits that are not yet available, or reduce costs. The primary group estimates the opportunity cost of institutional innovation and finds a path with the least cost among other stakeholders.

In 2015, the president and the secretary-general initiated the innovations. The measures taken in this reform can be categorized into three aspects, administrative adjustment, cutting-edge technology application and commercialization reform.

4.1 Administrative Adjustment

The orientation of administrative reform in Pizhou station highlight the adoption of an enhanced mixed structure as semi-institution and semi-enterprise. The specific executive modulations are mainly carried out in interior structure and personnel turnover.

Originally, the existing executive structure of Pizhou Radio-TV station is merely responsible for administrative management and China's national news rebroadcasting. The new organizational structure is expanded into four departments that respectively take charge in media content making and news broadcasting, commercial campaigning, latest technology applying and administrative routine handling in the reform.

In the meantime, the station conducts a tune-up on its personnel system, particularly in workforce employment. In detail, the prior strictly controlled national financial-supported public recruitment and quota scale-based employment is now shifting to a more flexible mode that allows the free-contract labor force to get equal pay and share the same welfare benefits. Moreover, the newly reformed employment also allows open and fair competitions among all professional staff under the unified guidance of Station Party Committee, a local CPC branch closely related to CCCPC. The payment mechanism is altered as well. Performance-related payment, also known as the employee's remuneration, directly linked to his or her working performance, is implemented to take place of the position-based salary pattern (fixed salary distribution according to executive title and hierarchical grade). As a result, nepotism and privileged relations no longer play a crucial part in personnel administration, and the staff, quota scale-based or by free contract, are greatly incited and demonstrated greater enthusiasm toward their daily grind.

Given that lots of employees are initially in a passive position, the innovation group must break the inherent employment stereotypes, change the mindset of employment, and innovate performance incentives to motivate and satisfy them. Employment reform not only shifts the long-standing quota-based recruitment and contract-fixed promotion but also offers the whole lots of employees an established revenue model based on everyday KPI and media content ROI. The author is informed that there are 265 employees in Pizhou station, but only 79 practitioners have a national quota while the number of free-contract workers is 162.

4.2 Technological Application

While reshaping the internal structure, Pizhou Radio-TV station updates its technical equipment and establishes new media-oriented platforms under the concept of *mobile-first* (mobile-first means that mobile Internet, wireless devices and mobile web-based APPs play a primary role in the matrix structured content delivering platforms or channels). Taking mobile Internet-enabled communication as a priority in its media development strategy, the Pizhou station actively promotes hi-tech resources and advanced technology. For instance, traditional live steaming is recorded and edited into various video clips to suit the diversified screens of cellphones and tablet computers. By the end of 2019, the station has managed to create a mobile-centered communication matrix consisting of diversified sorts of WAP webpages, APPs, and subscriptions on major Chinese SNS platforms (e.g., WeChat, Twitter-like Weibo and Chinese version of TikTok). As an innovative converged APP, *Pizhou Ginkgo World* integrated new broadcasting, information distributing, social interacting, daily service and many other functions tightly bound to county dwellers' everyday life. Therefore, the *Pizhou Ginkgo World* enjoys a high reputation among local people and the Pizhou CCMC is thus acclaimed by the audience as well.

4.3 Commercialization Reform

Along with the high working enthusiasm contributed by the motivational payroll system as well as the technical support, the station starts to pay more attention to commercialization-centered adjustment.

For starters, the station sets about making local news and producing self-made comedies with an aim to increasing its TV ratings and thus amassing new revenues. In addition, aiming at bridging the market gap among E-government affairs, Pizhou Radio-TV station launched a series of services linking government agencies, public institutions, state-owned enterprises and local people via various APPs or embedded subscription of SNS programs. In practical terms, A huge demand exists for many county-level institutions or companies to ensure their specific regulations or announcements are known to natives. The Pizhou station takes advantage of this niche and collaborates with more than 50 local institutions or corporations in information delivering, data distributing and sharing, event planning and so forth in its exclusively converged platform. Meanwhile, as the craze of live commerce sweeping over China, Pizhou CCMC also creates its Ginkgo live stream channel in its APP, through which local customers can do some live streaming shopping.

4.4. Logics of Reform

Inside the underlying logics of Pizhou reform, the author finds out that reshape measures taken by Pizhou Radio-TV station are not strictly aligned with institution innovation theory and are consequently forced to migrate to a pattern mandated by China's authoritarian particularity in the Chinese media sphere.

4.4.1 The Economic Catalyst: Shrinking Business and Revenue

With the rise of the information and entertainment business, the nationwide social network services and mobile web-based APPs begin to take over the small and medium market at the municipal and county level. Consequently, county-level Radio-TV stations that stick to traditional media forms rapidly lose their competitive edge and suffer a full-fledged recession, especially in terms of lucrative business and corresponding revenues.

All interviewees considered the drastically dropping of profitable business and declining revenue imperative to media convergence reform. Interviewees regardless of title or position, attribute the proximate cause of CCMC transformation to business shrinkage and the downward pressure on income.

One senior editor informs the author that the Pizhou station used to make its profit by selling advertisements concerning real estate, healthcare service and non-prescription pharmaceuticals. *“Advertisement is the only source of our sponsorship... [formerly] considerably high because [of] real estate and pharmaceuticals... However, ad income... nearly halved in 2014... due to the revised Advertising Law and a decline in sales of real estate”.* (Senior Editor)

As confirmed by other relevant respondents, apart from national funds, advertising is almost the sole business bridging the Pizhou Radio-TV station and market. Given that the privileged development of Radio-TV station embedded with national regulation and CPC supervision (private media station is strictly prohibited), Radio and TV programs are proved to be an ideal platform for individual merchant and business groups to place an advertisement in a both officially recognized and public trusted manner under the condition that radio or TV set is a household necessity (while PC, laptop or cellphone is a rarity) and before the 2010s in China's counties where underdeveloped residents inhabited.

Unfortunately, this self-supporting and self-sufficient ecology was destructed by the price cut of computers and the popularization of information-intensive and Internet-driven enterprises offering varied portal websites and mobile APPs. The Radio-TV station is no longer the ideal place to go to maximize ROI due to the situation of alarming decreasing audio-visual ratings and mass audience's substantial attention is shifted to mobile ends like cellphones and tablet computers. As the president stated, *the overall advertising revenue of Pizhou Radio-TV station dropped by more than 50%* (Station President) in 2014.

Isolated by both national funds and ad incomes, the station president and secretary-general, start to take actions to alleviate straitened circumstances and backwardness at the end of 2014. Discussions on reforms and appeals for business model reshapes have thus emerged within the whole Pizhou station. Therefore, the station held an annual conference and the secretary-general of Station Party Committee announced the joint decision to initiate reforms and explore media integration in April 2015, e.g.,

reconstructions on a business transaction, personnel employment, and so forth. Theoretically speaking, reforms of Pizhou station are consistent with the premise of institution innovation, certain groups in the station, top leaders in particular, believe that estimated revenue outweighs expected costs and other expenditures.

4.4.2 The Political Catalyst: Harmonious Dual-Leadership Structure

In socialist China, by dual-leadership, we mean that China's state-owned institution is inherently co-administrated by the secretary-general of institution's Party Committee (or LPC) and the president of the institution. More specifically, president is the nominal leader of the organization failing to fully take possession of overall power over a state-owned institution under the intervened leadership of the institution's Party Committees. The power is separated by secretary-general standing for CPC at a varied level and president representing professional staffs in the day-to-day operations of a certain institution. Where there is a power separation, there is a viewpoint divergence. But in Pizhou station, many interviewees attribute the success of reform to the harmonious relationship and full co-operation between secretary-general and president.

"The president plays a crucial role... [possessing] cutting-edge ideas on structure transformation... and [a] meticulous plan... Additionally, [he] retains close links with superior authorities... [ensuring] less administrative resistance." (Department Director)

It takes two to tango, Pizhou's secretary-general is considered as a vital figure in censoring the reform quality (without misguided or radical objectives, steps and measures) and decision-making capacity while closely elaborating with president in the detailed process of reform.

"As for secretary-general, he or she is a gatekeeper that ensure every move in reform is moving in the right direction while optimizing media convergence reshape." (News Editor) Just as a news editor claimed, secretary-general takes double responsibility for serving the CPC in reform censorship and giving service to station to coordinate deepening and expanding reforms on finance, employment and media content distributions submitted by president and other stakeholders. It is worth noting that even with cooperative relations between president and secretary-general, the sheer quantity of lengthy tasks can still cause different opinions or even arguments inside the dual-leaders. Many interviewees mentioned that the harmonious partnership between two top leaders in Pizhou station plays an essential part in the reform.

"Peer stations... seldom succeed... even if they enforce a duplicate reform plan... [because] they usually overlook the friendly relationship between the two top leaders, which made us distinctive." (Senior Executive)

"[A] cordial and frank conversation... is not easy to copy... One prerequisite of successful reform is the president and secretary-general sharing a clear common goal... and maintaining a friendly interpersonal relation." (Editor)

Of course, each person has his or her own ideas, values and living principles. A mutual consensus between president and secretary-general is difficult to reach. However, in the light of Chinese people's moderate, modest and good-tempered human nature, the two primary leaders can discuss and negotiate over certain issues if they are both fully committed to the ongoing reform. In this sense, a proactive president is not enough for launching an all-rounded reform project and all the innovative measures taken in the media convergence reform at Pizhou Radio-TV station turn out to be the joint-negotiated decision made by both president and secretary-general.

4.3 Strategic Positioning: Balancing Commercialization and De-administration

From the foregoing statement, making a profit gradually becomes a priority of Pizhou station. Even so, the ideological publicity and public service shall never be taken lightly. Therefore, marketization including media content promotion, media platform expansion and business model reshapes, is of equal importance as ideology transmission and public opinion guidance in the media convergence reform concerning marked quality and adequate quantity.

Under this achieved consensus of *one body and two wings* (one socialist Chinese media and two media convergence reforming logics, that of de-administration and that of liberal commercialization), administrative adjustments, also known as de-administration reform, mainly took place in-between the news-making crew and the marketing department while commercialization reform only diversified the existing product line and tried to enable new media products to penetrate Pizhou dwellers' everyday life officially and civilly. As a result, the primary reform logic is paradoxically containing two mutually exclusive wings, restricted de-administration shifts will inevitably interfere with commercialized measures and vast commercialization will render the traditionally formed straight-line administrative system out of date, not to mention retain its lead in the process of decentralization marketing reform.

Therefore, against this contradictory reform thinking pattern, concrete reforming measures are affected to a certain degree with limited or altered effects. For instance, the newly emerged new media platforms (i.e., WeChat subscription or specific APPs) can deliver locally official declaration or formal announcement with LCP or local government, but failed to compete with local branches of web-based mega-enterprises like Baidu, Tencent and ByteDance concerning entertainment and other soft media content due to the station's public service nature and limited funding. Just as one newly recruited news editor stated:

"I am serving socialist China... even if the hard content seldom drew the younger generation's attention... [We must] seek a diversified product line... [but] by no means will we alter the socialist public-serving nature and [be] totally colonized by capital... The public essence shall never be changed because Pizhou station is a part of [the] four-level media system... [and] the elder audience still regards the station as an essential part of their life." (Editor)

Station president, secretary-general and crew are willing to compromise and herein lies the problem. The de-administration project is moderately removing the traditionally redundant branches rather than radically thoroughgoing reshapes, say, adjust various radio channels with fewer audiences into one integrated FM broadcasting channel. The secretary-general informed the author the reason of restraining de-administration reform:

"The de-administration plan is hard to carry out due to... long-lasting Chinese values... I can't bring myself to ditch [elder editors]... or force them to get acquainted with new media channels. As a senior CPC member, under no circumstances will I allow radical reform steps that shake the groundwork of CPC... Committing to CPC and serving local people... is of more significance... and everything else is secondary." (Secretary-General)

In this sense, the measures are taken in Pizhou reform, as a multi-party compromise, only promote the expansion and diversification of media operations. In other words, the central idea of the reform is to consolidate business operations and shift product lines. This moderate reform can only be considered as partial marketization with limited reconstruction altering mode but strengthening public services thus laid a solid foundation for sustainable development of LPC publicity. Any reform plans or practical measures can neither break away from the existing administrative system nor do they evolve towards fully liberal commercialization. This logic pattern, in turn, determines the reform cannot separate the station itself from the China's four-levelled administrative system. Consequently, the station shows zero intention to be involved in the fierce competition with other information and entertainment companies in civil media content distribution and position itself as an officially reliable information enterprise doing business with government branches or governmental agencies in varied forms via administrative relations or other liaisons.

The unique competitive edge is that the station has already acquired proficiency in organizing official events or boosting formal publicity activity in the safe range with LPC approval and permission from the county government. For example, through the APP, *Pizhou Ginkgo World*, the station offers a broad portfolio of pre-paid services for government agencies to conduct propaganda achievement and information disclosure. *Pizhou Ginkgo World* also provides a series of campaign plans for other county-level institutions incapable of transmitting information to the mass audience and make a profit through trans-department elaborations within local governmental subdivisions.

In short, the station is adopting new technologies to create high added value and turning local governmental agencies into its marginal markets, thereby implementing regional technology market monopoly to obtain benefits.

5. Discussion: Theoretical Implication: Derivation of Institution

The trajectory of the Pizhou Radio-TV Station reveals that media convergence in China is not a linear progression toward market liberalization, nor is it a simple

technological upgrade. Instead, it represents a complex negotiation between economic survival and political legitimacy. This study utilizes the Pizhou case to propose the concept of **Institution Derivation**, arguing that existing Western frameworks are insufficient to explain the *semi-enterprise, semi-institution* equilibrium observed in China's grassroots media. This section interprets these findings through three dimensions: theoretical logic, social governance dynamics, and broader policy implications.

5.1 Theoretical Implication: Institution Derivation Logic

Classical Institution Innovation Theory, as proposed by Davis and North (1970), posits that institutional change occurs when rational actors restructure organizations to maximize efficiency. However, the Pizhou case demonstrates that within China's authoritarian media ecology, innovation is subject to structural rigidities. The author defines **Institution Derivation** as a process where a grassroots institution innovates to break path dependence at the operational level (e.g., product diversification) while remaining structurally *derived* from its overarching socio-political matrix.

Unlike the creative destruction often seen in Western media economics, the Pizhou reform did not lead to deregulation. Instead, the primary action group—the station president and Party secretary—adopted a strategy of *bounded innovation*. They utilized market mechanisms, such as live-streaming commerce, strictly as tools for financial sustainability rather than drivers of institutional transformation. This aligns with the *paradox of power* noted by Lin (2018), but the findings suggest a more specific derivative relationship: market adaptability is utilized solely to fortify the resilience of the state-owned system. This Institution Derivation framework aligns with core tenets of institutional theory, which emphasizes the interplay between structural constraints and organizational adaptation, while extending media sociology research on state-owned media transformation in transitional economies.

5.2 Social Dynamics: From Propaganda to Digital Service Provision

Beyond administrative restructuring, the reform reflects a profound shift in social dynamics. Historically, county-level broadcasting operated on a paternalistic model of ideological transmission. The convergence reform, particularly the Pizhou Ginkgo World app, signals a transition toward service-oriented governance. By monopolizing E-government services—integrating utilities, healthcare, and administrative approvals—the station has transformed from a propaganda mouthpiece into essential infrastructure for local life.

This corroborates Zhang and Zhang's (2025) concept of social smart governance but adds a critical caveat: this service provision is a strategy for state re-legitimization. In the digital era, the mass line is re-engineered through apps. The user's dependency on the app for daily services creates a new *stickiness* that traditional TV lost, effectively blurring the boundaries between media consumption and civic management under state supervision.

5.3 Policy Trends: The Paradox of the Four-Level System

Finally, Pizhou highlights a systemic paradox in China's four-level media system. The station's success relies on leveraging administrative resources to create a regional monopoly, protecting it from commercial giants like Tencent. This reflects a policy trend of neo-statist re-absorption, where county media survive not by open market competition, but by reintegrating into the government's fold via service procurement. Consequently, the media landscape stratifies: while central media pursue global discourse power, county-level media are evolving into functional information service agencies, prioritizing administrative utility over journalistic independence to secure their survival within the hierarchy.

6. Conclusion

Radical institutional ruptures are rare in the contemporary Chinese media landscape, where structural stability often supersedes rapid transformation. This case study of the Pizhou CCMC demonstrates that while reforms may appear incremental—altering internal subdivisions and product lines rather than ownership structures—they represent a significant bottom-up adaptation within the rigid four-level media hierarchy.

The concept of Institution Derivation proposed herein offers a necessary corrective to the direct application of Western Institution Innovation Theory. While Western frameworks often assume market rationalism is the sole driver of institutional change, the Pizhou experience highlights a distinct logic: innovation occurs strictly within the parameters derived from the socialist state apparatus. The primary action group succeeds not by challenging the system, but by leveraging technical and commercial modernization to reinforce their relevance within it.

Ultimately, this study contributes empirical depth to the global discourse on media transition. By articulating the mechanisms of institution derivation, this research paves the way for a more nuanced *neo-institution innovation* framework capable of explaining the resilience and evolution of state-owned media in transitional economies.

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