

The Government-SOEs Relations under China's Telecommunication Industry Reform: A Case Study on China Telecom

Abstract

Under the situation without caring about subjectivities of businesses, the state-owned enterprises (SOEs) have been defined as the passive actors. China Telecom, however, depended upon “Xiao-ling-tong” (China’s PHS system) to break through the norms of Chinese government by using Disruptive Innovation Model and got the opportunity into the market. This volume in the light of Rational Choice Institutionalism got the subjectivities of SOEs back and discussed with how the managers in China Telecom considered the strategies of “Xiao-ling-tong” in the circumstance during China’s telecommunication industry reform. And would like to know how the government faced the changing of norms and interactions among the SOEs into the process of control and vice versa at the same time.

We found, fortunately, that getting the balancing act between government’s principles and SOEs’ interests is the way which could accord with expectations of government’s policy for businesses to exist. The cases showed the reason why China Telecom with added subjectivity can get its own rooms for profit in the norms is by using “Xiao-ling-tong” and through the property rights problems that couldn’t be resolved, by taking advantage of the fact that Chinese government cares about his properties perpetually or increasingly, and by utilizing the uninterrupted relationship between politics and commerce to push the deregulation finally.

Key words: China Telecom · Disruptive Innovation · Government-Business Relations · PHS · Rational Choice Institutionalism