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**THE DEVELOPMENT OF BASKETBALL IN TAIWAN:  
FROM THE PERSPECTIVES OF THEORIES OF GOVERNANCE AND  
STRATEGIC RELATIONS**

by

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## ABSTRACT

This thesis has sought to investigate the nature of the governance system relating to basketball in Taiwanese society with emphasis on the development of basketball against the backdrop of societal development in Taiwan and in the broader political-cultural environment. Two complementary theoretical approaches are adopted in this study: those of governance theory at the meso level of analysis; and a strategic-relational approach at the macro level to explain the ways in which governance decisions are taken in strategically selective contexts which facilitate and constrain certain actions and thus outcomes.

The empirical analysis draws on a qualitative case-study approach, which was based on documentary materials and semi-structured interviews. Three major cases, namely, the collapse of the Chinese Basketball Alliance, the emergence of the Super Basketball League and the sporting links with China, were selected on the basis of their significance in the operational governance of basketball. The first is a specific event, the second focuses on a particular process, and the third on the impact of context. The perceptions of the stakeholders in the specific groups were reviewed in order to compose insights into their account of the principal interests and forces in the governance system. Interview transcripts and government reports were subject to coding employing Nvivo 9 qualitative data analysis software, and coding and analysis were undertaken employing an ethnographic content analysis approach.

While governance theory provides an explanatory framework at the meso-level of analysis, the thesis argues for embedding this within a wider strategic relational meta-theoretical account. This emphasises the dialectic relationship between strategic, reflexive actors and the strategic selectivity of the context of decision-making which privileges certain strategies and tactics, and explains the structural coherence (and/or patterns of incoherence) which have emerged in the evolving nature of the governance of basketball in Taiwan.

By focusing on these three inter-related studies, we provided linked spatio-temporal forms of explanation of how the collapse of the CBA provided the strategic context and strategic resources for the emergence of the SBL and the

Sina Basketball Club's migration to China. Subsequently the case of the SBL and Sina provided the strategic context and strategic resources for Taiwanese players' migration to China as individual sportsmen. The thesis has thus produced explanations of how the outcomes of one case provide the strategically inscribed selectivity of the next which with recursively selected strategies and tactics on the part of stakeholders produces the structured coherence/pattern (and / or incoherence) of the Taiwanese (male) prospective-professional basketball system.

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## **List of Abbreviation**

CBA (Taiwan)	Chinese Basketball Alliance
CBA (China)	Chinese Basketball Association
CPBL	Chinese Professional Baseball League
CTSSF	Chinese Taipei School Sport Federation
CTUSF	Chinese Taipei University Sports Federation
DPE	Department of Physical Education
DPP	Democratic Progressive Party
FIBA	International Basketball Federation
HBL	High School Basketball League
IOC	International Olympic Committee
KMT	Kuomintang, Nationalist Party
MOE	Ministry of Education
NBA	National Basketball Association (US)
NCAA	National Collegiate Athletic Association (US)
NCPFS	National Council on Physical Fitness and Sport Affairs Council
NTD	New Taiwan Dollar
PRC	People's Republic of China
ROC	Republic of China (Taiwan)
ROCSF	Republic of China Sports Federation
SAC	Sport Affairs Council
SBL	Super Basketball League
TML	Taiwan Major League
TW	Taiwan
UBA	University Basketball Association

# **Chapter one**

## **Introduction**

### **1.1 Research Questions and Research approach**

This thesis aims to investigate the governance system relating to basketball in Taiwanese society with emphasis on the development of basketball against the backdrop of societal development in Taiwan. Taiwan has undergone several stages of rapid and fundamental changes in the period since the end of Japanese occupation and the arrival of the Chinese Nationalist Government (KMT) under Chiang Kai-Shek in 1949. Politically, the country went through a peaceful transition from military dictatorship to a form of liberal democracy in the 1990s. Economically, it transformed from an agrarian and preindustrial, to an industrial economy and became a vital link in the global high-tech manufacturing supply chain. It has long been known as one of Asia's Tiger economies, but its export-led growth model has also been hit hard by global recession.

Basketball is a weather vane for Taiwanese development, which had its origins in the military. Prior to the exodus to Taiwan, KMT's General Wang Shi-Shuan established the first military basketball team in Guizhou, China in 1939. Many basketball teams were formed soon afterwards and games held among the military academies promoted basketball in the military system during the period of the Chinese Civil War (Shia, 2008). When the KMT-led government of the Republic of China was defeated by the Chinese Communist Party, the former relocated to Taiwan, where social development was to be led by the military elite. Among the influential military figures were fervent basketball supporters including mid-to-high ranking generals; hence, basketball became Taiwan's most popular sport in the 1950s and the 1960s. Despite continued military tension across the Taiwan Strait during the period, the island enjoyed a rather stable political and economic growth, which nurtured the founding and expansion of state-owned and private businesses such as Yulon, Taiwan Bank, Cathy Life, and

Taiwan Electricity. These companies made a substantial contribution to the development of basketball by establishing their own semi-professional basketball teams. This allowed the development of overseeing organisations and regulations alongside. In the 1980s, the political atmosphere was further relaxed following the lifting of the Martial Law, and this was accompanied by rapid economic growth of and higher education levels. With the popularisation of basketball taking place organically, many enterprises also financially sponsored intra-company amateur basketball teams (Liu & Wang, 1999).

The Chinese Basketball Alliance (CBA), Taiwan's first professional basketball league was launched in 1993. The parent companies that sponsored these professional teams had expected increasing returns on investment on the basis of audience growth projections with a backdrop of average annual 7% GDP growth. However due to the Asian financial crisis in 1997, Taiwan's economic condition declined in the late 1990s plus the domestic political context changed because of a change of the party in power in 2000, the parent companies could no longer afford to fund the budget of basketball teams especially since the league had lost the TV rights fee with the withdrawal of its contracted broadcaster. The mounting difficulties resulted in the collapse of the CBA in 2000. Starting from 2003, the Taiwan government sought to revive basketball industry in Taiwan by assisting the Chinese Taipei Basketball Association (CTBA) to set up the Super Basketball League (SBL). The SBL is a unique "prospective-professional<sup>1</sup>" basketball league overseen through consultation with state-affiliated experts in management and marketing, while each team's day to day operation is carried out by private enterprises. Unfortunately, after many years of operation, the SBL had not met expectations, and many talented players sought to transfer to foreign basketball league such as the Chinese and Japanese leagues, largely because the complicated relationship between the league and the clubs had resulted in some management failures.

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<sup>1</sup> The original purpose for the government to promote the SBL was to re-launch the professional league and the operation of the SBL should move towards complete professionalisation.

Within this context, the development of basketball in Taiwan has not been a smooth process as it has been influenced by political, economic and social changes in Taiwan. This research therefore aims to explore the trajectories and the nature of development of the governance of basketball in Taiwan. The key research question to be addressed is thus as follows:

**How can we explain the trajectories and the nature of development of the governance of basketball in Taiwan?**

In order to answer this core question we need to consider:

- Who are the key stakeholders in the governance of basketball system in Taiwan? What are their interests?
- What strategies do they adopt in seeking to realise these interests?
- What role do the concepts of systemic governance, good governance, political governance, and strategic-relations play in explaining governance behaviour?
- How do the instances of strategic calculation draw upon and modify the strategically selective contexts within which they are undertaken?

Past research on sport and leisure in Taiwan has mainly focused on discussion of participants' values and perceptions, and on constraints. Thus the main stream research effort in this domain has focused on the 'micro' level, with concrete objectives and largely positivist methods. However our own focus on what follows in this thesis relates to understanding the strategic shaping of the professional basketball industry per se, and its development in a changing political and economic climate.

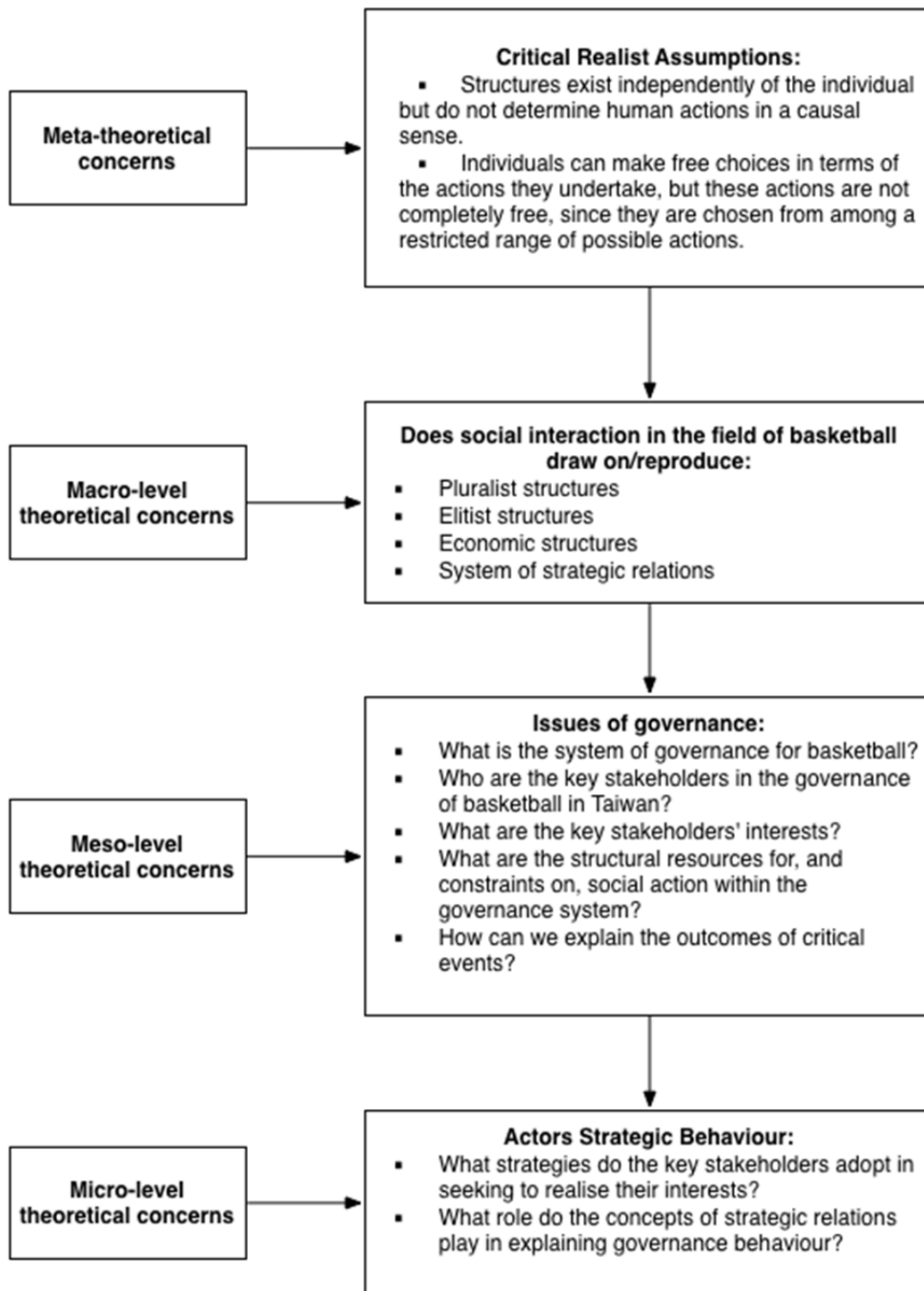
In order to develop the core argument of the thesis the study employs governance theory to explain and evaluate the behaviour of key actions or stakeholders who shape the system; through governance theory in this instance it looks beyond the limitation of proscriptive or normative governance. Henry and Lee (2004) suggest there are three approaches to governance evident in the literature - systemic, organisational and political governance. The notions of systemic and political governance are useful to the present study as it seeks to



analyse the interaction between various stakeholders in order to understand the nature of their action and how they exercise their power. Governance structures work with influence from other structures. In the Taiwanese sporting context, social class, political structures, media, sponsors, coaches, players and club owners are groups of stakeholders whose interests and actions are relevant to governance issues. This study aims not only to 'describe' the governance system as an interaction of stakeholders but also to 'explain' which stakeholders win in different battles on the basis of for example social class or political support. The study moves beyond meso-level governance concerns to the macro-level considerations of strategic relations evaluating broader structural forces such as social class and economics, as well as looking at individual views on the micro-level to generate an explanation of why certain outcomes have occurred within this structure.

The analysis takes place at three levels that are underpinned by meta-theoretical concerns of ontology, epistemology and methodology, which decide what approach will be used, and what will count in the investigation for this research. This thesis adopts a critical realist approach, which argues that structures are socially constructed, and which though not observable directly may be inferred from directly observable phenomena. Thus the research needs an understanding of underlying social, political, and economic structures to complete the explanation of the governance of basketball in Taiwan. At the micro-level we draw on interview data with key stakeholders explaining the individual's perspectives on governance and their own motivations. At the meso-level we address governance actors from key groups of stakeholders. Governance theory is used to conceptualise how the system of governance has developed over time. However at a macro or meso theoretical level we will consider ways in which strategic relations develop as consequences of past actions, context of present actions and products of future actions. At the macro level we explain the roles played by the state and the related actors in outcomes of the development of basketball from Marxist, pluralist, and elitist perspectives, the differences among which will also be discussed. Figure 1.1 illustrates the logical flow of concepts, which form the basis of the research.

Figure 1.1: Conceptual Schema for the Investigation of the Governance of Basketball in Taiwan



## 1.2 Thesis Structure

The structure of the thesis is constituted of a historical, theoretical, and methodological discussion in chapters 2 to 4 followed by cases studies with a detailed discussion and analysis of empirical data in chapters 5 to 8.

Chapter 2 provides political, economic, social, analysis of the post Chinese Civil War ROC/Taiwan, outlining the changing nature of the history of the development, in particular the development of basketball, to provide the context for the explanation of the governance of basketball. The chapter firstly explores the social context of Taiwan with a political-economic emphasis. It also subsequently reviews the development of sport policy in Taiwan. We divide the development of sport policy into three periods by the respective key policies made: the post-civil war period, the period during which the Department of Education had overall responsibility for sport, and the period in which sport policy became the responsibility of the National Council on Physical Fitness and Sports (NCPFS) and the Sport Affairs Council (SAC). Following this, we summarise key chronological details of the development of basketball in Taiwan with a focus on all amateur, semi-professional, professional, and prospective-professional levels.

Chapter 3 is a theoretical review that reviews theories of the state, and governance theory, as well as the strategic relational approach. Theories of the state including the Marxist, pluralist, and elitist accounts are reviewed as we adopted them to analyse the nature of the development of Taiwan. The concept of systemic, organisational, and political governance provides us with a framework for the discussion of the development of basketball in Taiwan. Subsequently the strategic relational approach is reviewed, going beyond explanations of meso-level governance outcomes to establish a wider framework of analysis at the macro-level to explain the nature of the context within which governance take place, and how the consequences of previous battles or struggles shape, enable and constrain subsequent governance decisions.

Chapter 4 takes the methodological concerns into consideration, seeking to link ontological, epistemological, and theoretical position to methods used. The

philosophical premises for the research, in the form of critical realism, will be discussed. As we regard the social structures as socially constructed, a critical realist approach is adopted for this research. The purpose of this research is to synthesise insights to generate a framework for an analysis of the governance of basketball in Taiwan through a qualitative approach - involving documentary analysis and conducting qualitative interviews with key informants. 25 interviews were undertaken with stakeholders within the basketball system. The interviewees were selected on the basis of involvement in specific aspects of the strategic context of basketball in Taiwan. Interview transcripts and government reports/proceedings of parliamentary debates were subject to thematic coding employing Nvivo 9 qualitative data analysis software; coding and analysis were undertaken employing an ethnographic content analysis approach. This approach employs a protocol which allows the application of both pre-determined deductive, researcher-imposed categories, and inductively determined, categories or codes arising from respondents' comments, thereby reflecting respondents' 'world view'.

Chapter 5, 6, and 7 address the phenomenon of sports governance in the context of Taiwanese basketball. The analysis for this research consider three cases / junctures in relation to the governance of Taiwanese basketball, The first is a **critical event** – the collapse of the Chinese basketball Association (CBA), Taiwan's first professional basketball league in 1999. The second is a **critical process** – the process of establishing and running a new semi-professional or prospective professional league. The third is a **critical contextual set of factors**, the development of sporting and economic relations with the People's Republic of China. The major focus in chapter 5 is on the investigation of the collapse of the CBA and the governance failures associated with this event. It deals with the dynamic in different key stakeholder groups within the systemic governance system and addresses organisational governance issues as well as the involvement of political governance.

Chapter 6 presents a detailed analysis of the emergence of the Super Basketball League (SBL) and the governance issues for the operation of the SBL. It explores the processes of the launching of the league and the rationales of key stakeholder

such as the government, the basketball association, the clubs, the media, and players/coaches and so on. It adopts a web of systemic governance to explain the power-relation between the key stakeholders and address the significant involvement of the government in the emergence of the SBL. Furthermore this chapter is also concerned with the issues of organisational governance especially the power struggles among stakeholder groups for the operation of the SBL.

Chapter 7 is a case study for the development of basketball and economic relations with the People's Republic of China. Two key events have been used to help explore the dynamic power struggles between the government and relevant stakeholders such as the clubs, the players, and the administrator of the Chinese League in shaping the policy outcomes for the decision of the migration of the clubs and players. The first event investigated is 'the transfer of Sina Basketball Club to the Chinese League', which happened after the collapse of the CBA in 2001. The second one is 'Taiwanese basketball players' migration to China. This chapter illustrates the nature of the migration of the clubs and players with a focus on their perspectives while the government had its political considerations and the clubs had commercial interests to pursue.

Chapter 8, the concluding chapter, is divided in two sections. The first section provides an analysis which goes beyond the meso-level explanation to a macro-level discussion of the strategic relations. Jessop's (1982, 1990, 2005) strategic-relational approach offers a wider framework of analysis at the macro-level for this study without prescribing restrictive boundaries for empirical work. The second section provides an overview for this research, and responds to the research question. It seeks to outline the research's 'contribution to knowledge' in this research area.

## **Chapter Two**

### **The Historical Context of Basketball in Taiwan**

#### **2.1 The Development of Politics, the Economy, and of Sport Policy**

Taiwanese society can be said to have gone through a series of relatively distinct phases since the arrival of Chiang Kai-Shek and the defeated nationalists in 1949. From 1949 to 1987 the KMT imposed authoritarian rule and banned participation by any other party. Martial Law was enforced to suppress attempts by political groups and individuals to form opposition parties. The period of martial law also allowed KMT to impose its dominance on military and national defence issues. In the late 1980s new political parties were permitted to contest elections and martial law was lifted in 1987. In 2000 a presidential candidate of the Democratic Progressive Party (DPP), the largest opposition party, was elected, followed by the founding of a new DPP government. However, the DPP government from 2000 to 2008 was plagued by declining economic growth and scandalous embezzlements by President Chen Shui-Bian's party. KMT's Ma Ying-Jeou won the presidential election in 2008, making the second inter-party transfer of power in the history of Taiwan. Economically, Taiwan enjoyed remarkable growth from the 1950s till the late 1990s. The economic growth first took on the form of agricultural development in the period from the mid-1950s to 1970s, subsequently industrial development (1970s-1980s), and more recently increased technology and knowledge-based production and services have become evident (Chen, 2001; Cheng, 2001).

During the economic expansion, the country experienced prosperous development in a range of industries. Accompanied by political liberalisation, which had allowed several former sports stars to join the Legislator Yuan as locally elected legislative representatives, the sport industry gradually developed, diversified, and sport policy became a more systematic activity.

However, the development of the sport industry was inevitably affected by politics and the cyclical nature of the economy. According to the 'White Paper Sport Policy in Taiwan' (Sport Affairs Council, 1999), there are four important periods in the development of sports policies in Taiwan. These are: the initial period of martial law (1949-1969); later period of martial law (1970-1986); post-martial law; and the beginning of liberal democracy (1987-1996), and the period of the establishment of the National Council on Physical Fitness and Sport (1997-2012). However, this thesis only focuses on the key stakeholders who shaped the sport governance system. The review of the development of sport policy in Taiwan is hence limited to the organisation responsible for policy-making. The history of sports policy in Taiwan could be roughly broken down into three periods. These are the post-war period (1949-1973), the establishment of Department of Physical Education (DPE) (1973-1997) and the establishment of the National Council on Physical Fitness and Sport Affairs Council (NCPFS/SAC) (1997-2012).

### **2.1.1 Post Chinese Civil War Period and the Fundamental of Sport Development in Taiwan**

In 1949, the ROC government was defeated in the Chinese Civil War. The Communist Party of China established the People's Republic of China in Beijing while the ROC government relocated to Taiwan. In the post Chinese Civil War Period, the government sought to re-build a new social system for 'fighting back' in Taiwan. A lack of resources, the conflict between mainlanders and islanders, and losing international recognition resulted in a crisis of political, diplomatic, educational and economic conditions for Taiwan.

In fact, the KMT put emphasis on the development of the military at that time. When Chiang Kai-shek and, later, his son Chiang Ching-kuo ruled the island, policies serving Taiwan's long-term domestic development was put on hold, while unification with the Chinese mainland was prioritised. All policies of political, economic and social development were completely aligned with the goal of "returning to the Mainland and re-gaining control of the mainland". In

order to build the island into a base for 'recovering the Chinese mainland', the ruling elites of the KMT government imposed harsh authoritarian rule coupled with intense propaganda efforts to 're-sinicize' local residents (Wang & Chen, 2008). The KMT government enforced Martial Law on May 20th 1949. In order to maintain the regime's stability, the KMT banned the formation of opposition parties and social movements. All policies pertaining to the state's development were set by the KMT alone. President Chiang Kai-Shek, who was the leader of political and army elites, decided the direction of development of Taiwan in the initial period of martial law. The first priority of the KMT government was military-preparedness. However, the internal challenge of the KMT government was not only to maintain the regime's stability; but also to respond to the challenges of external environment such as cross-strait (China-Taiwan) relations, the global economy, and foreign relations (Shu, 2005; Su, 2004). Given those two types of demand, the most specific and urgent needs were reconstruction and livelihood of the people seeking food and clothing, in addition to striving for international recognition. Therefore, in addition to military-preparedness, the government's primary objectives were maintenance of economic stability and the prevention of rising inflation. In addition, the aid from the U.S to Taiwan was also a key to developing Taiwan's economy during the post-war period. U.S aid accounted for 40% of gross domestic capital in the 1950s, the U.S assistance was approximately 100 million dollars every year from 1951 to 1965, and aid from U.S had helped the Government to reduce the rate of inflation from 3400% in 1949 to 9% in 1951 (Weng, 1986).

Lee (2005) mentioned that the development of sports in society in general was very difficult to implement in the post Chinese Civil War period because of the lack of resources. Although the government was keen to build an army in order to prepare for the right movement to fight for regaining mainland China, the promotion of sports was scrapped, and the direction of development was diverted to military preparedness. Chiang Kai-shek once said: "the base of an army is based on its fitness." Therefore, maximising the fitness level of all ranks in the military, especially the higher ranks, was the highest priority.



In 1950, the Ministry of Education published Anti-Communist National Education Guidelines. The P.E. educational thrust of this period was focused on military training as the government was still hoping to re-gain control of Mainland China. In 1951, in order to improve the physical level of the national army, the Ministry of Defence set up an internal organisation to take charge of the physical training of the national army. In the same year, the Ministry of Defence set up an external association, the main aim of which was to assist research and to popularise sports within the army to increase the health level and the ability of the army, which fostered the importance of sports in society and developed the vision to host international competitions (Su, 2004; Tseng, 2000). Meanwhile the government tried to use 'education' to be the fundamental driver in achieving the goal 'returning to the mainland'. In 1956, the Ministry of Education published an Outline of Student Fitness Training in All Levels. The main purpose was that by using different sports, students were able to exercise regularly to improve their body fitness and to put their fitness to good use for the country. Although it was in the name of educational institute's P.E. class, but in fact it was aimed to improve the general fitness level of the military force (Su, 2004: 74).

Since 1955, the authority of the physical training department was allocated to political departments in each military service. Under the military state, the background of most instructors of physical training was largely from the military, and training in educational institutions thus focused on basic military and combat skills. At this time, PE lessons in educational institutions were also based on the military.

At the beginning of the post Chinese Civil War period, there was a mostly unstructured plan for social sports. The China National Amateur Athletic Federation was re-established in 1951 in Taipei. It aimed to assist the government in the promotion of PE nationwide as the highest unofficial PE authorities. Its main purpose was to set up competition, which would involve the whole nation, and to participate in the Asian and Olympic games. From 1953, it set up 9 different sports committees to support its aim. Then it set up 36 sports committee till 1973, when the Department of Physical Education was founded.

However, there were still no effective policies on Sports; it was focused on the physical side, which again aimed to support the military elites' ideology of fitness for combat (Tan, 1986; Wu, 1981).

However, this situation changed after the economic transition in the 1950s and 1960s. Taiwan began to implement the first phase of a four-year economic development plan in 1953 and decided to develop import substitution industries. The development of light industry helped achieve rapid accumulation of capital, labour absorption, and the goal of adequate supply for the domestic market. A number of tools were implemented, such as capital controls, import and export controls, foreign exchange controls, and price controls, which improved competitiveness in terms of scope of products and production costs.

The agriculture-oriented society began to restructure due to the decline of agricultural population and significant changes in manufacturing producers from food processing to textiles, bicycle production (Su, 2004). The strategy to transform into an industrial export economy had greatly improved the level of industrial development. The value of industrial production grew on an average annual growth rate of 11.7% between 1953 and 1962, and the contribution to Taiwan's gross domestic product (GDP) rose from 15.4% in 1953 to 21.9% in 1962. This became the foundation of the economy in the 1960's (Chen, 2003).

In the 1960s, Taiwanese markets started to open; the government gradually changed the policy of import substitutes to export orientated policies. Export of industrial products started to exceed export of agricultural products. At the same time, the government started to lift several restrictions that had been placed on local industries to encourage international trade and to attract foreign investment. In addition, the economic boost in the western countries increased the export market size, which also played an important role in the policy. Since 1963, the value of manufacturing output has exceeded that of agriculture output, and hence this became known as "Period of Manufacture". Since Taiwan had successfully transformed itself from an agrarian society to an industrial country, this transformation has set up a platform for the political structures to change and the rise of middle-class (Hsiao, 1989; Liu, 1988)

Following the economic growth, the relationship between Taiwan and China resembled that of a 'cold war' style confrontation, the sport policy had been constructed towards a more balanced style which the government not only focused on military fitness but also considered the general sports development although it still sought to use sports to gain the international recognition. In order to increase Taiwan's international relationship, government started to concentrate on producing competitive sport (Jian, 1994). The first formal sport policy published by the Executive Yuan on 16th of March 1968 since the KMT government withdrew to Taiwan was 'Developing Sport for All and Cultivating Sport Elites Programmes'. It set up a two-dimension sport policy. On one dimension, it concentrated on the popularity of sports to increase the health status of the general public. The aim of the other dimension was to increase the competitiveness of athletics and to participate in international competitions. The Ministry of Education followed the instructions to plan the project to assist the aims. During this period, the increased number of local sports competitions and facilities and the training of elite athletics had been a good start towards increased participation by the general populace in sports. The twin goals of the programme – sports for all and elite sport remained the core aims of sports development after the DPE and the NCPFS was founded (Liu, 2003; Tsai, 1994).

In conclusion, although sports development was not the first priority of the KMT government in the post Chinese Civil War period, the PE development, in particular "Developing Sport for All and Cultivating Sport Elites Programmes" became the fundamental drivers of sport development in Taiwan.

### **2.1.2 Political and Economic Transition and Sport Development after the Establishment of the Department of Physical Education**

In the period of the 1970s-1980s, Taiwan's politics moved towards more liberalisation and the economy grew rapidly. The political and economic context has profound implications for the development of sport (Lee, 2005; Liu, 2003)

International relationships were difficult to build after Taiwan was expelled from the United Nations in 1971. Economically, America ended its economic support for Taiwan on June 30th 1965 when Taiwan's economy began to grow through its own resources. The government also began to implement 9 year compulsory education from 1968. In short, from the early 1970s, Taiwan's domestic political and economic development was facing major changes in international, diplomatic, and economic terms and in the context there were domestic political, economic, social, and cultural experiences in various systems.

In this context, politically, the KMT government began implementing a "localisation policy", disregarding the provincial elites. The KMT created changes to the government's leadership structure. Chiang Ching-Kuo, the premier and the son of Chiang Kai-Shek, inherited the presidency in 1975 and lifted Martial Law in 1987. In Chiang Ching-kuo's era, major innovations were introduced including political parties, and the implementation of cross-strait exchanges in the political and economic changes, signalling a new stage of transformation for Taiwan (Liu, 2003; Su, 2004).

This was the period of Taiwan's economic development and its evolution from an agricultural to an industrial economy. However in 1973, war in the Middle East caused the first oil crisis, which had profound impact on the global economy. In order to tame inflation during this period, the government took various energy-saving measures while reducing import restrictions to increase supply, but the result of these constraints and world-wide economic recession was a broke on economic growth (Wang, 1978). There was a second energy crisis in 1979, the price rose though slightly less rapidly than the first energy crisis, but the Taiwan economy still faced a considerable impact. In order to save the economic crisis, the government launched "Ten-great-constructions" in 1974, hoping that massive public investment would drive economic recovery. These 10 constructions investments focused on the construction of public infrastructure (Hsiao, 1989).

It seemed that Taiwan had had a smooth transition domestically from the 1960s to the 1970s. However, regarding foreign relations, the country suffered huge

setbacks in the 1970s. Taiwan was expelled from the UN in 1971 and the United States switched recognition to the PRC in 1979. From the mid-1970s, “Taiwan virtually became a pariah in the international community, most members of which chose to recognise the PRC as the sole legitimate government of China, though the KMT still stubbornly insisted it represented all of China” (Yu & Bairner, 2008: 218). After leaving the UN in 1971, sports were used as an avenue to participate in international competitions to gain recognition. The government’s orientation for sports policy moved from general fitness or military fitness to an emphasis on the cultivation of talented athletes, international events and diplomatic activities.

The Department of Physical Education (DPE) under the Ministry of Education was set up in the above context. After the Ministry of Education conducted the 5th national education conference in 1970, the Ministry (1970) identified that due to the changes and the needs at that time, the National Sport Committee did not have the capacity to fulfil the nation’s requirement in sport. At the time, most countries had their own independent sporting authorities; as a result, the Ministry of Education requested in 1970 that the Executive of Yuen have an independent sporting authority. After three years of negotiation and several changes to organisational structures, the Department of Physical Education (the DPE) was formed on 31st of October 1973. The original National Sport Committee was revoked and the original employees were merged into the DPE. The DPE was the highest department in the government’s structure to manage physical education programmes and to oversee sports development.

On 7th December 1973, the government announced that each educational institute would be required to set up a sporting department. As a result, the Department of Education of Taiwan Province and Department of Education of Taipei City set up Physical Education Offices around the same period of time. However, as too many different organisations handled sport issues, this led to difficulties in promoting sports. As a result, the DPE has been encouraging Department of Education in different cities to set up Physical Education Divisions.

As mentioned earlier, the 'Developing Sport for All and Cultivating Sport Elites Programmes' announced by Ministry of Education focused on sports promoting and training sport talents for international competitions. Hence, after the establishment of the DPE and PE divisions, these sport organisations (governing bodies) followed the guideline to develop sport policies. The most significant instance was 'The Active Implementation of Sport for All Scheme', which was attempted to "achieve mental and physical balance through healthy exercise for the population and develop elite sport to achieve medals on the international stage" (Liu, 2003: 98). Practical approaches of the scheme are (a) building venues for various sports and enhancing the supply of sport equipment; (b) enhancing training method to improve athletic skills, standards and participation in international competitions; (c) actively promoting martial arts and folk sports; (d) expanding the promotion of sport for all and increasing national health; (e) actively expanding international sports exchange activities (Ministry of Education, 1979). The implementation of this programme changed the original policy, which broadened school sports and social sports to two more specific dimensions, which were 'sports for all on a leisure dimension' and 'elite sports' (Ministry of Education, 1980). "This was the first time that concept of sport as a leisure activity had been promoted as Taiwan had been effectively improving its economy since the late 1970s" (Lee, 2005: 124). Indeed, since the DPE was responsible for administration of sport affairs, 'Sport for All' had been set as an essential policy goal. This period can be considered as the fundamental stage of sport development in Taiwan.

In 1973, the oil crisis led to widespread inflation and economic downturn in the world. As a result, the price of raw materials and goods increased dramatically, causing shortages within Taiwan. To counter the energy crisis in 1979, the government promoted the proposal of the '12 Developments'. The 12 Developments provided a basic level of fundamental support for heavy industries and it also minimized the impact that the energy crisis brought. The period between 1963 and 1980 is the period in which Taiwan enjoyed its highest growth rate. Despite the oil and energy crisis, the average growth rate per year was 18% (Government Information Office, 2004).

Partly in response to the economic recession caused by the second energy crisis, the Government established Hsinchu Science Park in 1981. The government began emphasising the development of "strategic industries" in 1984. In the same year, the government declared that business should become more internationalised and government-owned enterprises could be privatised. The government also announced that the "investment incentive regulations" would be allowed expire in 1990, which meant that the government would avoid intervening, and would support market liberalisation. The government subsequently utilised the "Statute for Upgrading Industries" in 1991 which fastered a rapid growth of export trade (Government Information Office, 2003). Taiwan's industrial sector had to cope with the challenges of a new era to move towards the diversification of business strategy, while 80% of Taiwan's production value was contributed by small and medium enterprises (SMEs). The SMEs were considered to have achieved outstanding performance (Pon, 2009).

A rapid political democratisation also took place in the 1980s and 1990s, and it had turned years of authoritarian rule into a constitutional right protected by law. The Martial Law enacted in 1949 not only imposed a ban on political parties but also on private newspapers. From the 1980s, an opposition movement began to challenge the KMT regime. In September 1986, the Democratic Progressive Party (DPP) was founded<sup>2</sup>. The Martial Law had been removed on 15th July 1987, and the first direct election for the legislators was held in 1989. Taiwan's political atmosphere has changed rapidly from an elitist style to a pluralist style where the Taiwanese people could freely elect their representatives into Legislator Yuan. Various political parties compete in regular elections, and more official posts are now filled by elections (Government Information Office, 2003).

In the 1980s, the economy changed from protectionism towards the modern open environment while economic and social developments also experienced major changes. Regarding the development of sport, in 1978, after Kaohsiung

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<sup>2</sup> The most distinguishes the DPP from the KMT is its inclination towards Taiwan independence, that is, the permanent political separation of Taiwan from China.

City was promoted to a municipality, it set up the first PE Division in the Department of Education. Shortly afterwards, Taipei City and Taiwan Province also set up the PE Division in their educational department, this has made the national PE organisational structure more complete. After 1980, when Kaohsiung City and Taipei City had set up PE Division, this led to a more centralised structure for the country to lead, organise, plan and promote its sport programmes (Su, 2004)

In this context of political and economic transition, even though sport until this stage had understandably simply not been one of the central concerns of the KMT regime, there was a new stimulus for the department of sport in Taiwan after the DPE took the responsibility of the administration of the PE programme and the development of sport (Lee, 2005; Liu, 2003)

However, the DPE faced a massive failure when the national team did not win any medal in the 1998 Seoul Olympic Games. The DPE sought to improve the performance of sport in all levels, and introduced a new 'National Four-Year Sports Programme'. This programme focused on eight aims, which were (a) to establish a school-league match system at all levels of schools, and set up county-league matches; (b) to cultivate sport talents with a long-term plan; (c) to establish awards and a career development system for excellent athletes; (d) to improve the standard of coaches and referees; (e) to upgrade sport science research and academic studies; (f) to renovate and improve sport facilities; (g) To strengthen international sport academic exchange; and (h) to promote traditional folk sports.

There was an important feature in this programme: the establishment of a league match system. The programme had brought in an NCAA type system for Taiwan and created a new system for sport events in schools. It also aimed to combine facilities development, marketing and professional staff in school sports (Huang & Chen, 2006; Su, 2004). We could say it became the foundation of the new system, which would lead to the success of the High School Basketball League (HBL) and University Basketball Association (UBA) in the future.



In 1989, in response to actual business needs, the China National Amateur Athletic Federation had been restructured into two different organisations: the Republic of China Sports Federation (ROCSF) and Chinese Taipei Olympic Committee. The ROCSF was responsible for domestic sport development and the Chinese Taipei Olympic Committee was responsible for Olympic and international sport affairs.

The issue of sport development was discussed in the Seventh National Education Conference, which was conducted in 1994. There were seven aims formed in the congress (Ministry of Education, 1994). These aims were:

- a. To provide appropriate sport policies and strategies for developing sport.
- b. To establish the sports administration in order to implement the administrative work more efficiently.
- c. To utilise the social resources more effectively and to promote the implementation of 'Sport for All' policy.
- d. To provide more sport facilities and to manage them effectively.
- e. To train sports elites effectively in order to enhance sport performance.
- f. To be actively involved in international sports affairs and establish contacts in all possible areas and to provide policy for sport exchanges between both sides of the Taiwan Straits.
- g. To promote the development of physical education and the quality of teaching in school.

To sum up, government began to establish the structure of sport administration in a planned way after the establishment of the DPE. The sport administrative organisation of central government and local government were 'adjusted'. The DPE also clarified the relationship between the ROCSF, the Chinese Taipei Olympic Committee and the NGBs. A two-dimensional sport policy (Elite sports and Sport for All) had been set up after establishment of the DPE. Hence, the period between 1973 and 1990 was the foundation-laying period for the development of sports in Taiwan.

Furthermore, due to political, economic social transformation plus the promotion from sport policies, public and private business had begun to build/sponsor sport teams in this period. The State-owned enterprise was an important resource of sport teams. State-owned enterprises had been cultivating many well-known star players, which helped the development of elite sports in Taiwan. Support for of amateur sport leagues and baseball were the most popular sponsors' choice for private corporations to invest in, and the Taiwanese professional baseball league - Chinese Professional Baseball League (CPBL) was set up in 1990. In the next three years, amateur basketball also became extremely popular. At the end of 1993, the Taiwanese professional basketball league - Chinese basketball Alliance (CBA) was established in the backdrop of stable economic growth and high social expectations. The establishment of the two professional sport leagues made the development of sport in Taiwan more complete.

Increases in gross national product, national income and economic growth rates in the 1980s to the 1990s, were experienced in Taiwanese society, generating money to drive the advent of consumer society in Taiwan. With the support of sport policies, it was a period of comprehensive development for the sports industry from the 1990s.

### **2.1.3 The Modern Taiwan and the Establishment of the Sports Affairs Council**

As we mentioned above, Taiwan's economy grew rapidly through its export in the 1980s experiencing a stable economic context with a growth rate of about 6.7%. However, after 1988 Taiwan's export growth slowed down compared to the previous decade because Taiwan's trade surplus with the United States and other countries led to pressure to appreciate the Taiwan currency. The government therefore actively promoted industrial upgrading, and also pushed for the development of high-tech industry and its value until the 1990s. The information technology industry became Taiwan's most important foreign exchange earner. Taiwan is the largest manufacturer of semiconductors, of IT

hardware, and the second largest manufacturer of LCD screens and DRAM in the world, ranked behind only South Korea (Government Information Office, 2004; Ministry of Economic Affairs, 2008, 2009a, 2009b). The data shows that Taiwan had already successfully transformed to a high-tech industry-based economic system (J. Hsu, 2011). Taiwan's economic development had seen a shift from import substitution industrialisation, through industrial exports in labour-intensive sectors, to the current emphasis on the IT industry. With the rapid growth of domestic private consumption and public investment needs, IT industry and service sector became the main industry in Taiwan from the 1990s (Cheng, 2001; Liu, 2003; Su, 2004).

The successful transition of the Taiwanese economic structure allowed the KMT to transform the political structure from the top of the political hierarchy in the 1980s. Following the end of martial law in 1987 and subsequent economic growth, the KMT government made efforts to create a more liberal democratic society and the Taiwanese people became more concerned with political matters. Taiwan politics had transformed from an authoritarian regime to multi-party politics after Chiang Ching-Kuo lifted the order of martial law and ended the ban on forming political parties and private newspapers. Furthermore, Lee Teng-Huei, who became the president after Chiang Ching-Kuo (son of Chiang Kai-Shek) died on 13th January 1988, announced the termination of the 'Period of Mobilisation for suppression of the Communist Rebellion' and he supported party politics actively (Liu, 2003). After the government held elections regularly, the DPP's standing was enhanced with many important political victories from its foundation in 1986. The DPP received 41 percent of the vote in the city and county magistrate elections in 1993. Then Chen Shui-Bian won the Taipei Mayoral elections in 1994. The direct voting for legislators, elections for Mayors of Municipalities and Taiwan province, and eventually for the president were held in 1996. These contexts showed that Taiwan politics had become a democratised system.

With the industrial transformation and upgrading of the value chain, the Taiwanese economy performed very well until the Asian financial crisis broke out in Thailand in 1997. The Asian economy had performed well and was still

improving in the 1990s, especially in Taiwan. However, on 2nd of July 1997, Thailand adopted a floating exchange rate, which led to the devaluation of THB, as a result, the Thai stock market went down dramatically. Soon this had influence on the markets of Malaysia, Indonesia, Philippine, Singapore, Hong Kong, Taiwan, South Korea and Japan. The crisis led to devaluation of the major currencies, a dramatic drop in share prices and soon it influenced GDP, and the inflation rate and unemployment rate. The Asian financial crisis seriously damaged Taiwan's economic development. It caused a drop in the economic growth rate and industrial production, a fall in exports, and the devaluation of the New Taiwan Dollar.

After the inter-party power transfer of power in 2000, the DPP government failed to revitalise the Taiwanese economy. From 2000 to 2007 (under the DPP regime), the average economic growth rate was 4.1%, which is a 40% decline from the previous decade (annual average of 6.5% from 1991 to 1999). Taiwan also ranked last in terms of economic growth rate in the four "Asian Tigers" (Hong Kong, South Korea, Singapore, and Taiwan). This marked a stark contrast to the Chiang Ching-Kuo era, during which Taiwan had the most successful economy among the Four Asian Tigers (Economic Daily News, 2008).

In the 50 years of KMT regime, the government debt was 2 trillion 3,575 billion NTD. However, in the eight years of DPP regime, the total government's debt was 2 trillion 288 billion NTD. Taking into account the sale of over six hundred billion NTD worth of government's properties, the debt was more than that of the 50 years of the KMT regime. Moreover, as the debt had been increasing, the government decided to engage in less capital investment, the proportion constituted by investment dropped from 5.36% of total GDP in 1999 to 3.30% in 2007. Also, the government funds used for higher education also dropped from 4.8% to 3.9% (Economic Daily News, 2008; Ministry of Economic Affairs, 2009b).

As noted before, the export industry and the high-tech industry are the economic backbone of Taiwan. However, the market share of Taiwanese export in global trade decreased from 2.19% in 1997 to 1.85% in 2006, indicating that Taiwanese products were not as competitive they once were. Even the

percentage of hi-tech exports has been decreasing after 2000. For example, the percentage of electrical goods dropped from the peak of 56.3% of GDP in 2000 to 47.9% in 2007 (Ministry of Economic Affairs, 2009a, 2009b). This was of significance for the decreasing market share of Taiwanese products in the world. Moreover, the profit margin of value-added processes of electrical goods also declined in those years. Some contract manufacturers even reported lower profit margins than the traditional industries, such as textile and clothing.

These figures indicate the Taiwanese economy declined badly while the DPP was in power. Moreover, after the second transfer of power in 2008, Chen Shui-Bian, the former President admitted he had transferred an enormous amount of capital to overseas banks in August. In November, he was taken into custody, and he was charged in December. Many scandals relating to the Chen Shui-Bian administration staff were also revealed to the public. As KMT's Ma Ying-Jeou won the Presidency election in 2008 with 7.65 Million votes, the political and economic situation of Taiwan has changed dramatically. Firstly, the tense situation between Taiwan and China became more relaxed, as the KMT government was not adopting the 'Aggressive Taiwan Independence Approach' adopted by the DPP government. Economically, the new government's policy allowed for more flexibility for business across the Taiwan Straits.

In the same year, KMT won the 7th Legislative election (KMT won 81 seats, 71.7% of the total). With Pan-Blue Coalition<sup>3</sup>, they had 86 seats in total, 76.1%, of the total seats. This marked the 2nd power transfer in the history of Taiwan, and made the KMT the governing party again (Chang & Holt, 2009).

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<sup>3</sup> Generally there are two main political coalitions in Taiwan. The parties that hold the same political ideology with KMT were classified in the Pan-Blue coalition because the KMT's representative colour is blue. The KMT forms what is known as the Taiwanese Pan-Blue coalition, which supports eventual unification with the mainland. On the other hand, the parties, that hold similar positions in terms of political ideology to that traditionally, which had been associated with strong advocacy of human rights and a distinct Taiwanese identity, were members of the Pan-Green Coalition.

In the eight years of DPP regime, the “Locking in<sup>4</sup>” policy adopted by the DPP government had led to the devaluation of Taiwanese business. Since the 2008 presidential election, the political situation between Taiwan and China has stabilized and the possibility of an armed conflict has decreased dramatically. As investors are less likely to invest in potential flashpoints, the stabilised political situation would persuade and attract more investment into Taiwan. In the eyes of international investors, Taiwan has become a quality stepping stone into the greater Chinese market. More importantly, Taiwan’s domestic investment has been affected by a net outflow of capital during the eight years of DPP regime, during which the amount of investment made on foreign currency offshore funds has been estimated at about 20.87 billion USD, two-thirds of the Taiwanese GDP per annual year. As the political situation in Taiwan has become more stable, experts have anticipated the return of capital back to Taiwan; the total sum of outward capital flow is more than the net worth of Taiwan’s stock market. As the interest rate has dropped to a new low, capital is expected to be directed to domestic investment in Taiwan (Lin, 2010).

However, in 2009, Taiwan’s economy grew by just 4.3%, short of the 5% predicted by the government (Ministry of Economic Affairs, 2009a). The stock market was also influenced by the 2008 financial crisis. Due to the global recession, Taiwan’s economy had not performed as expected.

Despite KMT’s dominant majority in the legislative Yuan and Ma’s sweeping victory in 2008, poor co-ordination among the President, the Executive Yuan, the Legislative Yuan and the committee of KMT resulted in unsatisfactory performance early in KMT’s term. The DPP, on the other hand, was trying to bounce back from their failure. Despite having less than a quarter of the seats in the Legislative Yuan, they have successfully publicised several issues that highlighted KMT’s weakness. Led by Tsai Ing-Wen, the DPP was on track to turn

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<sup>4</sup> The DPP hold a strong Taiwanese identity, it tightened the economic exchange policy between Taiwan and China when it was in power.

around its reputation. However, their efforts were derailed by several members who were involved in corruption and violence scandals in 2010.

It is important to provide a general background of Taiwan's political situation because the sport administrative structure also faced major changes in the 1990s due to the shift of policy priorities to a stronger focus on sport development from the mid-1990s, which marked the establishment of the National Council of Physical Fitness and Sports (NCPFS).

In 1995, the Chinese Taipei University Sports Federation held a symposium on Taiwan's strategies for sports development in the 21st century. On that occasion, it was proposed that a "National Sports Committee" be established. The Organisation Act of the Sports Affairs Council (SAC) of the Executive Yuan was promulgated on January 12, 1998. The SAC thus officially became the nation's central authority governing sports affairs, and is charged with promoting the development of sports in Taiwan (Sport Affairs Council, 2012). After the NCPFS was set up on October 2, 1998, the Legislative Yuan announced a decree to amend the National Sports Law on October 21, 1998. The National Sports Law regulates all sports development in Taiwan, and the most important part of this amendment was to change the sports competent authorities from the Ministry of Education to the NCPFS. Thus the NCPFS could have a clear identity when promoting national sports affairs. The proposed amendment has made clear that sports administration would move towards professionalism. For Physical education, activity and school sports venues opening, maintenance and so on, the NCPFS coordinated the Ministry of Education to effectively instruct and to supervise the implementation. Under this amendment, the sports administrative organisation structure and responsibilities have been clearly established. After two operational results of the consultation between the NCPFS and the DPE/Ministry of Education, the national sports, athletic sports, community sports and international sports became the responsibility of the NCPFS. School sports in addition to international sports and related training, elite athletes, and so on became the responsibility of the Ministry of Education. After the establishment of the NCPFS, the division of powers and responsibilities were set between the DPE and the NCPFS. The lines of responsibilities were based mainly

on the June 22, 2000 meeting memorandum between the Executive Yuan, the Ministry of Education, and the Sports Commission. National Intercollegiate Athletic Games and National High School Games fell under the Ministry of Education, and the NCPFS was to assist from 1st July 2000.

Additionally, the Legislative Yuan passed an amendment to the National Sports Law in year of 2000, including elimination of the status and mandate of the Chinese Taipei Olympic Committee. This was the first time in the history the Chinese Taipei Olympic Committee that its status was covered by legislation. The National Sports law stipulated that: The Chinese Taipei Olympic Committee, subject to the International Olympic Committee Charter, would be the central competent authority in international sports affairs with the handling of the following: (a) participating in the Olympic Games, the Asian Games, East Asian Games or other international Olympic Committee recognised multi-sports related events; (B) application by the NGBs and sports federations for international recognition or endorsement; (C) dealing with other relevant international sports exchange transactions. The Chinese Taipei Olympic Committee would represent Taiwan; apart from the main task of delegation it also oversees participation in an international comprehensive sport, and has connection with international sports federations (Chen, 2001).

The NCPFS continued with most of the tasks of the DPE and expanded many new sport policies. While reviewing the development of sport through a White Paper on Sport Policy in Taiwan and an annual report of the NCPFS/SAC, the main point of sport policy still focused on the promotion of Sport for All and Enhancing elite athletic performance including: (a) to promote Sport for All and to enhance national physical fitness; (b) to improve training methods and quality and win medals in international competitions; (c) to establish high quality sport environment and satisfy people's demand for sport; (d) to actively attend international sport organisations and improve national identity; (e) to combine resources from government and private businesses in order to improve the development of sport.



However, the sport policy of Taiwan was based on physical education in schools as its basic and core structure. As a result, the development of the sport industry has a close relationship with the P.E. policies for schools. For a good policy to be fulfilled, good legal support is required. Especially after the formation of the NCPFS, the direction of the DPE has become clearer. One direction was to fix and to improve the regulations related to school sports. The other direction was to promote 'school sport middle term scheme'. It aims at the development of school sports, hoping to increase the quality of school sports by teaching, strategy setting and designing of teaching materials and teaching aids, counselling, review and research, development and further education, information and services.

Hence, after the NCPFS was founded the DPE returned to its emphasis on school sport. The objective of doing so was to achieve maximum capacity for high schools and universities to assist in sport promotion. From another perspective, the successful development of high school and university sports would be an important factor for the NCPFS to promote 'Sport for All' and leisure sports with the general public (Hung, 2001).

The policy of the DPE was oriented towards training to attract more people to participate in sports. For example, the project 'one person doing one exercise, a school managing a team' was an attempt to let students develop interest in certain sports and to encourage them to participate in those particular sports for the rest of their lives. The DPE also tried to introduce corporate sponsorships into sport competitions. For example, the High School Basketball League (HBL) had built up a successful relationship with Nike. The University Basketball Association (UBA) had connections with BENQ. At the same time, The National Intercollegiate Athletic Games and National High School Games had encouraged the host education institute to bring in local resources and to use the concept of sponsorship and marketing to hold the competition (Huang & Chen, 2006; Liang & Tsai, 2006).

Other than introducing the concept of competition sponsorships, the DPE has also counselled firms to invest in sporting facilities. For example, the policy of opening national high school sport facilities to private-sector management was

announced on 2002. It stated that the committee for managing the education institute's sporting facilities can be formed by the institute itself or combined with the neighbourhood. In order to work with government policies to encourage firms to participate in public works, the guidelines for building and operation of school swimming pools by private organizations were also announced in 2002.

In the policy of the NCPFS, it had some connection with the DPE's policies on the building of sporting facilities. The biggest step forward by the NCPFS was the liberalisation and encouragement for firms to invest in sporting facilities. The authority was issued by the Executive Yuan for a Statute for Promoting Private Participation in Public Construction and was established on the 14th of January, 2000. There is a legal backing for firms to invest in sporting facilities via the process known as BOT (Build, Operate, and Transfer). The aim of this policy is to assist with the Statute for Promoting Private Participation in Public Construction that was announced on the 9th of February, 2000. The statute regulates sport facilities to be for public use or as an avenue to gain public benefits. In order to fulfil the capacity of sport facilities, the NCPFS had requested the Ministry of Economic Affairs to place several recreational facilities that were in the entertainment category into competitive and leisure sport entertainment category. Previously, in order to help the development of social services and individual service sectors, the Ministry of Economic Affairs had listed facilities such as bowling centre, gym, swimming pool, tennis court, ice-skating stadium, football stadium and baseball stadium into entertainment category. In order to promote the sport interest in the public, the NCPFS requested the Ministry of Economic Affairs assign the facilities mentioned above along with race track, golf driving range, paintball pitch and rock climbing centre the competitive and leisure sport category (Chu & Lin, 2001; Liu, 2005).

On the other hand, the participation and the start of the big-scale sports competition had a great effect on the sporting industry during the NCPFS era. During the era, National Sports Games, National Intercollegiate Athletic Games and National High School Games had been the three biggest sport competitions within the country. After the NCPFS was founded, the committee identified

several weaknesses in the previous competitions: namely too many athletes participating in the competitions, low standard and poor quality of competitions. The NCPFS invited scholars and experts to improve the standard and quality of the competition. As a result, the NCPFS announced guidelines on how to stage national sports games, which became the main avenue for developing sport competition in Taiwan. The NCPFS also established guidelines for staging the National Intercollegiate Athletic Games on March 24, 1999 and the guidelines for the National High School Games on April 13, 1999 to have legal backing for the three main national competitions.

The difference between the National Sports Games under the NCPFS and the games held before was that the former were more commercial. Since the concept of sport marketing and sponsorship began to develop along with sport development in Taiwan, sport no longer depended solely on the support from government. The concept also influenced other sports. For instance, Nike (Taiwan) spent ten million NTD per year on sponsoring the HBL, contributing to the success of the development of high school basketball. Chinese Taipei University Sports Federation (CTUSF) followed the model of the HBL to set off the development plan of a University basketball league with sponsors. The CTUSF secured sponsorship from BenQ as a consistent funding source and also signed a TV broadcast contract with Videoland (one of the sports channels in Taiwan). It made the University Basketball Association (UBA) into a well-known sport league (Huang & Chen, 2006; Lee, 2005).

Professional sports, including professional basketball and professional baseball, were an important part in the policy of sport development after the NCPFS was founded. In 1995, a second professional baseball league had been set up – the Taiwan Major League (TML), which led to a split in baseball. In 1999, the Chinese Professional Baseball League of Tigers and Wei-Chuan Dragons dissolved, and the Chinese Professional Baseball League (CPBL) remained. The Chinese Professional Baseball League originally consisted of four separate enterprise-sponsored teams. However as a result of clashing of team's interests, the formation of there was a fragmentation, such that decision-making confusion and divergent views was frequently evident (Lee, 2008). From 2000, the league

was plagued with gambling scandals involving players, resulting in a sharp decline in attendance and TV ratings. The attendance actually hit a record low with an annual average of just 1676 people in live audience per game (Lee, 2011; Lee, 2005).

The enthusiasm of baseball fans was re-ignited when the Chinese Taipei team won the title of Asia's top team, ranked third in the Baseball World Cup in 2001. The enthusiasm continued in the following year and led to a growth in attendances of up to 186%. The box office in the 14th season of the CPBL saw even more substantial growth. For the playoff championship of six games in the 14th season of the CPBL, all tickets, billboard advertising, sponsorship, and merchandise for sale, and businesses around the stadium revenue were estimated to have reached around 10 million NTD in revenue per game (Lee, 2008). The two Leagues (CPBL and TML) also merged under the joint efforts of Taiwan's professional baseball managers, representatives of the two leagues, and the sporting director unit of the Executive Yuan. Director of the NCPFS Lin Te-fu and President Chen Shui-bian witnessed the signing of a merger agreement between the two leagues on January 13, 2003, and Na Lu Bay Company (TML) agreed to dissolve the 'Taiwan Major League Baseball', and promised their respective four teams would be downsized and grouped into two teams. The merger of the two leagues resulted in what is known today as the 'Chinese Professional Baseball League' (Lee, 2011).

In 2003, according to the statistics from the CPBL, the total audience was close to 960,000 people. Average attendance per game was around 3,204. It enjoyed an increase of 8.4% comparing to 2002. The revenue on tickets had increased from 65 million NTD to 140 million NTD, which has more than double the previous year. The public expected that the CPBL would have a steady and stable growth (Lee, 2008). However, on October 9, 2008, news broke out that players and employees on the team Media Dragons were involved in match-fixing scandals. The Media Dragons had immediately been suspended from the CPBL as a result. On the 11th of November 2008, Chinatrust Whales' management also dismissed its team and withdrew from the CPBL as a result of match-fixing scandal, low revenue, and difficulties in improving its standards. The CPBL announced that

the league would have to be disbanded if it were to lose one more team (Lee, 2005, 2008)

Due to the gambling scandal, professional baseball in Taiwan was on the brink of collapse. As a result, the Executive Yuan announced the “Revitalisation of the Professional Baseball Programme”. The government would financially assist the teams to set up their second team (equivalent to minor league in the US) and to improve the stadium hardware and infrastructure. The Ministry of Education also banned players who were involved in gambling scandals from teaching in education institutes. This regulation came on March 29, 2009, 20 seasons after the birth of CPBL. President Ma watched the first match of the season and the first lady was also in the audience. The league had shrunk to just four teams and people expected it to be the end of match-fixing scandals. However, in October 2009, a fifth gambling scandal was reported. This time the players involved belonged to the most popular team, Brother Elephants. This dealt another blow to the development of the CPBL.

Given that the turbulent history of baseball had required government policy to be interventionist, it is important to investigate the extent to which the same phenomena might be repeated in basketball. Basketball also faced difficulties in 1998, during which record low attendance was arguably a result of the South-East Asia financial crisis. Then, the league was forced to shut down indefinitely. In 2003, following the negotiation by the Director of the NCPFS Lin Fu-Te, Super Basketball League (SBL) was founded. However, the level of play was between an amateur and a professional league, and as a result, no parent company of the league was formed. The teams used business models to market themselves, and various people from different teams formed the league committee. However, the Chinese Taipei Basketball Association managed all the match matters. This management model created several issues and problems after the SBL was formed.

Although the two professional sports faced crisis in this period, they still kept developing under the NCPFS’s support. This illustrates that government and

policy makers were persistent and determined in supporting the development of the two sports.

In 2007, the NCPFS changed its name from the National Council on Physical Fitness and Sports (NCPFS) to the Sport Affairs Council (SAC) in order to facilitate an easier understanding among those outside of Taiwan as to the nature of this ministry's business. Therefore we used 'NCPFS' in the literature review when referring to events which happened before 2007, and we used the SAC in the section of discussion when referring to the period after 2007.

On February 3rd, 2010, the government amended the Executive Yuan Organisation Law in order to overhaul the structure of the executive organisations. Therefore as part of the government structural reform, the Sports Affairs Council (SAC) officially merged with the Ministry of Education (MOE) and was renamed the Sports Administration (SA) on January 2nd, 2012. The central authority governing sports affairs became an administration under the Ministry of Education again.

Ho Jow-fei, who is also a former head of the MOE's Department of Higher Education, took over the SA as the Director. He argued that the SA would combine social resources with school sports. The Director claimed that he aimed to improve cultivation of sports talents with systemic and integrated planning, and to establish a comprehensive program for athletes from early training to career goals. He also argued that the 2017 Summer Universiade in Taipei would be in line with the administration's policy goals, which include the display of national strength (Chen, Lung, & Wang, 2013; Lin, 2013).

In the above discussion, we have reviewed the social transitions in Taiwan. Such as political and economic transformation, sport development went through different distinct periods and stages. In the next section, we will focus on the history of basketball in Taiwan and provide some implications linking the development of basketball to social change.

## **2.2 The Changing of Taiwanese Basketball Development**

The history of Taiwan's basketball can be divided into several periods according to organisations, structures, and skill-levels. From 1949 to 1962, the military system had strong influence on the development of basketball. From 1963 to 1992, because of increasing sponsorship and resources from state-owned and private businesses, the development of basketball took on a semi-professional structure. Finally, 1993 to 2000 was a professional basketball period when the Chinese Basketball Alliance (CBA) was in operation. After the collapse of the CBA, Taiwan's basketball returned to a semi-professional model. In 2003, the Chinese Taipei Basketball Association (CTBA) set up the Super Basketball League (SBL) with government funding and private business resources. The league is neither a professional league nor a semi-professional one because it is owned by the CTBA but also run by commercial methods. Therefore, the period after the establishment of the SBL is considered as a "prospective-professional" period.

### **2.2.1 The Amateur Basketball Period in Taiwan (1949-1962)**

Governmental organisations, including sport governing bodies, moved with the KMT to Taiwan in 1949 and went through a period of rebuilding. Although the development of sport in society in general was very difficult to implement in this period, the army brought basketball fever to Taiwan and it soon became a popular sport in the army. The popularity of basketball among military and local communities was probably influenced by the military leaders' support as the military had a strong influence over local communities during the period. Basketball thus became a major sport. The development of basketball was military-driven because senior figures in the army liked the game and had the power to promote it.

#### **(a) The Linking of Amateur Basketball and the Military Resources**

While reviewing the development of basketball from military, it is essential to review the teams established by different branches of military service. The most

important team in this period was the 'Seven Tigers', which was managed by General Shih-Hsuan Wang. In 1950, the Seven Tigers won the national basketball tournament with an unbeaten record. When the Seven Tigers played against the Philippines national team, the stadium was packed. Seven Tigers not only won games but also showed leadership and the team became role models for different age levels in local communities (Liu & Wang, 1999). The Seven Tigers fever was the beginning of basketball development in Taiwan (Kao, 2002). However, when General Wang Shih-Hsuan retired and the structure of the army changed, the Seven Tigers was disbanded. However, the Combined Logistics Command (Ministry of National Defence) formed a new basketball team "Flying Camel" and recruited ex-players from the Seven Tigers. Moreover, different branches of the military also established basketball teams to promote basketball. For example, the Air Force Academy set up the first Air Force Basketball Team in 1946. General Chou Chih-Jou renamed the team "Ta-Peng". A rivalry developed between Seven Tigers and Ta-Peng and it eventually boosted popularity of the sport in Taiwan. In 1951, Ta-Peng was invited to visit the Philippines, marking the first overseas competition in Taiwanese basketball history (Liu & Wang, 1999).

In 1951, the Military Sports Federation wanted to eliminate the antagonistic relationship between the armed services, so the Military Sports Federation recruited elite players from teams such as Seven Tigers, Camels, Ta-Peng, Ching-Kuang, and the Rail to set up a united team called "Ko-Nan". This was the predecessor of the National team. In 1959, the Ko-Nan was reorganized into three different teams: Ko-Nana, Kuo-Kuang and Chung-Hsing. The single united team was dismantled in 1961, and then the different armed services each developed their own team (Shia, 2008; Sport\_Affairs\_Council, 1999).

Although the system was subject to regime change, the military's support for the game exerted a major positive influence on its development. Furthermore, military leaders not only used their own human resources to set up the basketball teams, but also provided places for the government to build up basketball facilities.



As basketball flourished, the Basketball Association of ROC Sports Federation was founded in July 1949. The Basketball Association of ROC Sports Federation decided to build a small court for basketball games on Zhengzhou Road in Taipei, where the Association hosted the National Basketball Tournament in 1950. With the growth of basketball popularity, a single court was inadequate for the rising demand. The Basketball Association subsequently built a second court - the Military Police Court on Jhonghua road in Taipei. The military police court was the first facility that had large-scale seating capacity of about two thousand seats. And it was also the first court with a night lighting system. This facility played an important role in the early days because it provided a suitable place for both players and spectators to have a game (Wang, 2009). In 1953, a new court - the Armed Forces Court - was built in front of the office of the President under the authority of General Chou Chih-Jou. It replaced the Zhengzhou Road Basketball Court as the main basketball facility in Taiwan. This court was bigger than the Military Police Court since its capacity was 7690 seats (Shang, 1955). The opening of this court marked the golden era of Taiwanese basketball because the facility provided a centred location for government to host basketball tournaments (Kao, 2002).

### **(b) The Political Value of Basketball Tournaments**

Support from political and military elites led to the development of basketball culture in Taiwanese society. In this period, there were many important cornerstone tournaments that had great influence on later development of basketball; these include the National Basketball Tournament, the Chieh-Shou Cup, the Freedom Cup, and Chung-Cheng Cup (Ho, 2008; Liu & Wang, 1999).

- a. The National Basketball Tournament is the first national-level basketball tournament. This was the starting point for competitive basketball in Taiwan. This tournament ceased in 1990 when the Ministry of Education began to promote a national basketball league.
- b. The Chieh-Shou Cup (1952-1962): In order to consolidate the People from the government's policy and to involve young people, the

government hosted the Chieh-Shou Cup and invited domestic teams and overseas Chinese teams to participate.

- c. The Freedom Cup: From 1954 to 1996, the government hosted the Freedom Cup to celebrate anticommunism, along with the national holiday of Freedom Day.
- d. Chung-Cheng Cup: In April 1975, the country mourned the passing of President Chiang Kai-shek. In order to commemorate the memory of the President, the "Chung-Cheng<sup>5</sup>" tournament was inaugurated. The Chinese Taipei Basketball Association has since adopted the name 'Chung-Cheng' for the Chung-Cheng Cup Basketball Tournament from 1975. The concept of a basketball 'league' appeared with this tournament since it was divided into four groups (Men, Women, Men's Youth, Women's Youth).

When the KMT government moved to Taiwan in the 1950s, every policy was linked to the 'anti-communist' movement. The value of the early development of basketball was also based on the goal – spreading the government's political agenda to the public. For example, the purpose of the Chieh-Shou Cup was to spread the idea of solidarity and the purpose of the Freedom Cup was to promote the anti-communism. Although the Chieh-Shou Cup and the Freedom Cup created a demand for basketball as a sport at that time, they were largely instruments to advance the government's political agenda.

There were two reasons that this period is considered as an amateur basketball period. The first one was that the development was military driven and did not involve any professional organisation. The players' skill therefore only reached amateur level compared to modern basketball standards. The second reason was that the government treated basketball solely as a leisure activity. It should be noted that the general public did not have leisure activity in this period because the post-war economic condition was difficult. Watching basketball thus became a kind of spiritual sustenance for the general public. The military-oriented government also used basketball as a leisure activity for soldiers. However, the

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<sup>5</sup> Honorary name of President Chiang Kai-Shek.

popularity of basketball did not expand to every corner of Taiwan, even though after the Armed Forces Court was built, basketball became a highlight of the sport development in the post Chinese Civil War period. Because of the conflict between islanders and mainlanders<sup>6</sup>, in the sporting context, the general public believed that “mainlanders play basketball; islanders play baseball”. Basketball therefore as a main sport for mainlanders, was a sport for people from the higher social classes to play. Islanders had less chance to contact basketball (Shu, 2005).

## **2.2.2 Taiwan Semi-Professional Basketball (1963-1992)**

### **(a) The Establishment of Semi-professional Basketball Teams**

The reason this period is called ‘semi-professional’ is that players had to go to work or to school in the daytime and then join the team for training in the evening. If they were absent, companies would deduct their salaries, or they would even be relegated. Therefore, the emphasis on regulation and organisation was greater during this period than in the 1950s. Players were expected to have great integrity and commitment to their companies, in addition to their skills.

Public sentiment also enhanced the development of basketball in Taiwan. As a response to prevailing social atmosphere and the government’s policy<sup>7</sup>, many state-owned and private enterprises set up basketball teams. In 1965, Yen Ching-Ling, the Proprietor of Yulon Company, established the Yulon basketball team. The Taiwan Tobacco and Wine Monopoly Bureau set up the Golden Dragon basketball team in 1973. The Taiwan Bank basketball team was also founded in

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<sup>6</sup> In the post Chinese Civil Period, the KMT government used a reason that “there was no political talent from local Taiwan” to refuse well-educated islanders to take mid-to-high government positions. It caused a social stratification between islanders and mainlanders, and resulted in the conflict between each other (Shu, 2005).

<sup>7</sup> The government’s sport policy focused on “promotion of sports for all” and “cultivation of sports talents” during the semi-professional period. The main policy of sports for all in 1970s was to promote community sports (Lo, 1985). As the support for the government’s policy, business owners set up basketball teams to develop basketball talents by their resources (Ho, 2003)

1973. Not only were men’s basketball teams set up, but teams for women were also formed from the 1960s. For example, the Far-Eastern Women’s Basketball Team was assembled in 1965; the Cathay Life Women’s Basketball Team was set up in 1969, followed by Chunghwa Telecom team in 1972 and the Taiwan Power team in 1976. These basketball teams were products of the stable political atmosphere and booming economy (Sport Affairs Council, 2009). These companies formed the culture of basketball and also improved its level of play. This also prepared the way for professional basketball (Fu, 2008; Wang, 2009).

**Table 2.1: Main Basketball Teams Set Up in the Semi-Professional Period**

<b>Team name</b>	<b>Sponsor/ Parent Company</b>	<b>Mission/ purpose</b>	<b>Features of the members</b>	<b>Year of the establishment</b>
Yulon Men’s Basketball Team (private)	Yulon Motors	Yulon was the first basketball team which set up by a private business. The founder of Yulon Motors, Yen Chin-Ling supported government’s policy “sports for all” to develop sport talents by private businesses’ resources.	Yulon recruited talented players from University system and amateur league.	1965
Taiwan Tobacco and Wine Monopoly Bureau's Golden Dragon Team (State-owned)	Taiwan Tobacco and Wine Monopoly Bureau	Supported the government’s policy to develop a proper leisure activity for general public	It recruited talented youth players when the team was set up.	1968
Flying Camel Men’s Basketball Team (State-owned)	General Logistics Department, Ministry of Defence	Provided leisure activities for military, and promoted basketball	The Flying Camel’s predecessor was the Seven Tigers Basketball team which was set up by General Wang. It transferred to General Logistics Department in 1957 and changed its name to Flying Camel in 1963.	1957
Taipei Bank Men’s Basketball Team	Taipei Bank	Response to the government’s policy to promote basketball. It was the first basketball team	Mainly recruited youth players.	1972

		which set up by a bank.		
Taiwan Bank Men's Basketball Team (State-owned)	Taiwan Bank	Cultivated young talents for the state.	Recruited Young talents.	1973
Cathay Life Women's Basketball Team (Private)	Cathay Life Insurance Co., Ltd.	The owner of Cathay Life promoted basketball because he wanted to contribute to the community	17 times Champion for the National League.	1969
Taipower Women's Basketball Team (State-owned)	Taiwan Power Company	Supported the government's policy to promote basketball	Recruited youth players	1976
Chunghwa Telecom Women's Basketball Team (State-owned)	Chunghwa Telecom	Supported the government's policy to promote basketball	Recruited youth players	1972
Far Eastern women's basketball team (Private)	Far Eastern Textile Co., Ltd.	Supported the government's policy to promote basketball	Mainly recruited high school players	1965

### **(b) The Establishment of Chinese Taipei Basketball Association**

The enhancement of basketball was not only achieved by increasing the number of basketball teams but by the establishment of organisations that led the development of basketball. Chinese Taipei Basketball Association was set up in this period. The predecessor of Chinese Taipei Basketball Association was the ROC Basketball Committee, which was founded in 1954. The ROC Basketball Committee was renamed the Chinese Taipei Basketball Association (CTBA) in 1973 to promote domestic basketball development and international competition. After the CTBA was founded, the development of basketball was no longer led by the military elites. The first chairman was Yen Ching-Ling, who was the founder of Yulon Motors Company (Chinese Taipei Basketball Association, 2012). In fact, the establishment of semi-professional teams reflects deepening involvement of private business with basketball. Therefore, in this period, military influence was on the wane and was instead replaced by the private sector.

In Taiwanese basketball history, business owners played an important role in the development of basketball. Business owners such as Yen set up a basketball

team, and also operate the CTBA. There is a similar case under this structure in recent years, Wang Jen-Ta, the owner of the team Dacin, served as the chairman of the CTBA for over twenty years (1989~ 2010) prior to taking over Dacin. Wang Jen-Ta began to serve as the president of Chinese Taipei Basketball Association (CTBA) from 1989. Wang's family dominated the development of Basketball in Taiwan for twenty years. Wang Jen-Ta served as the president of the CTBA from 1989 to 1997. Then Wang Jen-Ta arranged for his brother 'Wang Jen-Cheng' to be the chairman from 1998 to 2001. After four years, Wang Jen-Ta was elected to be the chairman again. Wang Jen-Ta controlled the CTBA again from 2001 to 2010 (Tseng, 2010). Dacin Tigers, the team owned by Wang Jen-Ta, is one of the elite teams in Taiwanese basketball because it was one of professional teams in the CBA period, and was also one of the founding teams in the SBL (Chuzi, 2010).

In 2010, Wang Jen-Ta announced that he and his family were not going to run for the election of next chairman the CTBA. Then, Mao Cuo-Wen was elected chairman of the CTBA with great expectations because when he was the Minister of Education, he had introduced the NCAA system to the establishment of the HBL, However, Mao handed in his resignation in 2011, and Ting Shou-Chung, a KMT Legislator, took over the position.

From the history of the CTBA executive committee, listed in Table 2.2, we can see that the key persons leading the development of basketball in Taiwan changed from military elite to business elite. And now the political elite were leading the operation of the CTBA.

**Table 2.2: History of CTBA Executive Committee:**

<b>Republic of China Basketball Committee</b>			
Term	Chairman	Director	Term of Service
1	CHOU CHIH JOU	NIU PING YI	1954/Jul/22 ~1956/Aug/20

2	YI KUO JUI	LIU PEI CHENG	1956/Aug/21 ~1968/Sep/18
3	YEN CHING LING	LIU SHIH CHEN	1968/Sep/19 ~1973/ Jul /01
<b>Chinese Taipei Basketball Association (CTBA)</b>			
Term	Chairman	Secretary-General	Term of Service
1	YEN CHING-LING	LIU SHIH CHEN / CHI CHIEN-HUNG / MA LAN-FENG	1973/Jul/02 ~1977/ Jul /15
2	YU CHI-CHUNG	PENG CHI	1977/Jul/16 ~1981/ Jul /16
3	YU CHI-CHUNG	PENG CHI	1981/Jul/17 ~1985/ Jul /31
4	CHANG CHIEN-PANG	LIU SHAO-PEN / HSIEH HENG-FU	1985/Aug/01 ~1989/Jul /15
5	WANG JEN-TA	TAI LI-CHUN / TANG MING-HSIN	1989/Jul/16~ 1993/ Jul /25
6	WANG JEN-TA	TANG MING-HSIN / LI KUANG-HUAI	1993/Jul/26 ~1997/Sep/7
7	WANG JEN-CHENG	YU WEN-WEI	1997/Sep/8 ~2001/Dec/9
8	WANG JEN-TA	HUNG PING-TUN/ KAO YUAN-PU	2001/Dec/10 ~2006/Feb/12
9	WANG JEN-TA	KAO YUAN-PU	2006/Feb/13~ 2010/Apr/30
10	MAO GUO-WEN	HUANG CHAO-HO	2010/May/01 ~ 2011/Apr/22
11	TING SHOU-CHUNG	HUANG CHAO-HO	2011/Apr/22 ~

### **(c) The Membership of FIBA and William Jones Cup Basketball**

Although domestic basketball development was enhanced from the 1970s, Taiwan's participation in international basketball organisation and competition was not developed well because of the country's lack of diplomatic influence.

In 1971, Taiwan's membership of many international sports federations was suspended because of Taiwan's expulsion from the UN. Taiwan's membership in most international sport federations was replaced by that of the People's Republic of China (Shu, 2005). In 1974, the International Basketball Federation (FIBA) invited the China Basketball Association to become a member and therefore Taiwan's membership was suspended. According to the regulations of FIBA, members cannot participate in activities with non-members. Taiwan thus lost the opportunity to participate in competitions at the international level. In 1976, the CTBA asked FIBA secretary-general William Jones to resume the membership of Taiwan and to permit basketball exchanges to be made for Taiwan. But the ROC/Taiwan government did not have a flexible policy regarding what name Taiwan would use when its team attended international sport meetings, hence FIBA could not reinstate its membership. However, secretary general William Jones expanded the William Jones' Cup International Tournament in Asia and authorised the CTBA to host it. The William Jones Cup (also known as the Jones Cup) has since become an international basketball tournament that is held annually in Taipei, Taiwan. It was named after a basketball promoter and one of the founders of the International Basketball Federation (FIBA), Renato William Jones. The tournament started in 1977, and has been held annually ever since. In 1981, Taiwan re-joined the International Basketball Association under the name of Chinese Taipei following political and diplomatic arbitration (Wang, 2009).



#### **(d) National Four-Year Sports Programme and the League System for Basketball**

Resources from the government and private sector boosted the growth of Taiwanese basketball development. The rapid economic growth allowed businesses to invest more in basketball (Wang, 2009). Sports policy was also one factor that promoted basketball in Taiwan.

The DPE introduced a new 'National Four-Year Sports Programme' in 1987. One of the aims of this programme was to establish a school-league match system at all levels of schools and to set up county-league matches. The DPE therefore introduced a new structure modelled on the National Collegiate Athletic Association (NCAA) system in the US to reform the structure of Taiwanese basketball competitions (Sun, 1997).

Before the DPE promoted the league system, the main competition system for basketball in Taiwan was based on tournaments. Most tournaments had no fixed game date/season. Games were held at a single venue and concentrated into a relatively short time interval. This contrasts with a league system, which incorporates a hierarchy of leagues in basketball. There is a fixed game season allowing school teams to have a proper training plan. In order to promote the culture of high school sports, a home and away set of fixture was also adopted to create rivalries between schools.

The DPE invited scholars and experts to develop a sport league suitable for Taiwan. From September 1987 to July 1988, for the first time the DPE hosted the League of the University Basketball Association (UBA). The league was divided into three conferences: northern, middle and southern. It adopted home/away fixtures from preliminaries through semi-finals to finals. The league ignited rivalries between universities in almost every campus. There were three specific outcomes of the DPE hosting the UBA (Huang & Chen, 2006):

- a. The promotion of a university basketball culture, and 'sense of honour'.

- b. The establishment of a traditional game season with fixed training times for teams.
- c. Identification of basketball talent in the league and subsequent training of such talent for national teams.

The Chinese Taipei School Sport Federation (CTSSF) has hosted the High School Basketball League (HBL) since 1988. The HBL was strongly supported by government funding from 1988 to 1995. After 1995, the scale of the HBL had grown to such an extent that the government reduced its funding. The CTSSF actively sought business cooperation to provide the funding for the HBL employing professional sports marketing tactics (Fu, 2008; Shu, 2005). In 1996 the CTSSF signed a contract with NIKE to operate the HBL together. Because of corporate sponsors, media and public relations and marketing strategies, the scale of the HBL grew rapidly from 1996. Under the marketing strategies of CTSSF and NIKE, the number of teams increased from 48 teams in 1988 to 344 teams in 2009. The HBL has become the most popular basketball competition in Taiwan (Fu, 2008; Ho, 2008). The establishment of the school basketball league, especially the rise of the HBL, is an important factor in the development of basketball in Taiwan because the HBL served as a model for sports events at the high-school level. Not only did this promote participation in the sport but also it helped to cultivate potential national players, and it was the first successful example of a sport event being developed through the sponsorship of the official organization and private business (Fu, 2008).

In addition to school basketball, the concept of the basketball league was extended to adult basketball. In 1990 the CTBA combined the Freedom Cup and the Chung-Cheng Cup to host the Fu-Chi Cup basketball, which was a league running for four months per season. Following four years of continuous growth, the CTBA changed its name to the National Division One Basketball League in 1994. The basketball system thus became more complete since with the development of this national adult basketball league.

During this period, transformation of the political situation, rapid growth of the economy, and the universal availability for citizens in Taiwan facilitated the

prosperous development of basketball. The Ministry of Education took the National Four-Year Sports Programme as a major pivot to promote national sport development with an emphasis on the sport league system. The HBL can be regarded as the product of government policy reforms in the 1980s and the 1990s (Shu, 2005). It formed not only high school and military basketball culture but also fuelled high expectations of basketball development on the part of public.

In 1994, the Chinese Basketball Alliance (CBA) was founded. It showed the value of the HBL because professionalization, which is a symbol of progress for basketball development in Taiwan, was fostered by the HBL (Fu, 2009). Many talented basketball players and professionals were found in the HBL. Moreover, basketball participation increased and contributed to the foundation of the professional league because a positive social atmosphere was developed through the popularity of basketball on campus.

### **2.2.3 Taiwan Professional Basketball (1993-1998)**

With the growth of basketball in the 1980s and the popularity of professional sport both in Taiwan (professional baseball) and in the world (NBA), the development of basketball reached a peak in the early 1990s. In addition to the National Division One Basketball, the President's Cup Tournament was set up in 1995. The President's Cup Tournament was the biggest tournament at the non-professional-level. The participation of the President's Cup included 14 teams of the National Division one Basketball League, top four of the UBA Division one, top four of the UBA division two and top eight of the Taiwan province game (Kao, 2002; Liu & Wang, 1999). This tournament provided an important stage for the potential professional players and the development of non-professional basketball.

With the rise of Taiwanese basketball culture, four teams (Yulon, Hung-Kuo, Tera, and Lucky) announced the establishment of the Chinese Basketball Alliance (CBA). They then established the CBA Company, which was dedicated to the

organisation of games and marketing affairs. In November 1994, the first CBA season opened, and Taiwanese basketball had reached a professional level. Fully commercial marketing also introduced Taiwanese basketball to a new era. However, in 1998, as a result of the Asian Financial Crisis and ensuing recession, the parent company of Tera was in severe financial difficulties and tried to sell the basketball team (Lee, 2000; Wen, 2010). The financial difficulty damaged the operation of the CBA.

At the same time, the Eastern multimedia group refused to pay the down payment on the fifth season's TV rights fee, which was responsible for TV broadcasting. Because spectators of the CBA dwindled over four seasons, the Eastern multimedia group used 'box office underperformance' as a reason to negotiate the TV rights fee for the fifth season. Finally the shortage of income from the TV rights fee resulted in a financial crisis for the CBA (Huang, 2006; Shu, 2005; Wen, 2010).

In March 1999, due to the poor management of this event over several years by the Eastern multimedia group, the board of the CBA resorted to suspending operation in game 67 of the fifth season (Lee, 2000). It was initially anticipated that the suspension would be temporary, but it was permanent (Wen, 2010).

In the early part of the CBA lockout, the managers of each of the teams hoped that the owner of Dacin (Wang Jen-Ta, who was also the chairman of CTBA) would deal with this situation. Chao Li-Yuan, director of the Sports Affairs Council, also tried to save the CBA. However, Wang and Chao had different view about how to deal with the crisis during CBA lockout. Wang subsequently announced that Dacin would leave the CBA to register in the National Division One Basketball League (Wen, 2010). This meant that there was no support from the CTBA and despite support from the Sport Affairs Council, the CBA still collapsed.

In the beginning of the CBA lockout, the teams decided to resume the operation of the CBA without support from the chairman of the CTBA. However the most popular team, Hung-Kuo, suddenly announced that they would not continue in division one but would dissolve the team because the parent company had

financial problems. After the dissolution of the Hung-Kuo team, the president of the Yulon group, Yen, felt pessimistic about the development of the new season without Hung-Kuo and announced that his team, Yulon, would also be withdrawn from the CBA. Immediately, the Lucky Cement basketball team followed Yulon's path, leading to CBA's collapse. After co-ordinating with the Sports Affairs Council and the parent companies of teams, the CBA decided to suspend the 6th season in November 1999 since it could not continue to operate with the on-going suspension (Lee, 2000; Wen, 2010)

The period of professional basketball in Taiwan (the Chinese Basketball Association, 1993-1999) lasted for five years only. The factors causing the CBA to suspend the league included the Asian financial crisis, the TV rights dispute, poor management, lack of a long-term plan, a lack of the knowledge to run a professional sport, and facilities which could not meet the needs of fans (Ho, 2008; Lee, 2000; Shih, 2001; Wen, 2010). The suspension of the CBA finally ended the development of basketball in Taiwan in 1990s.

#### **2.2.4 Taiwan Prospective-Professional Basketball (2000~)**

##### **(a) Post-CBA period**

When the CBA was suspended, most of the teams chose to re-register in the Division One, and BenQ, which took over the Hung-Kuo basketball team, decided to leave Taiwan and register in the China Basketball Association. The highest-level of competitive of basketball in Taiwan was thus downgraded to that of the National Division One Basketball League and the President's Cup. This made a huge impact on players' performance, the business investment, and the number of spectators (Ho, 2008; Huang, 2006)

##### **(b) The Establishment of the Super Basketball League**

Because basketball has the highest level of participation and basketball is the most popular youth sport, the Sport Affairs Council (SAC) actively helped CTBA

to plan a high-level basketball league. The Super Basketball League (SBL) was founded in 2003. However, the SBL is still not a professional league although the goal of the league is professionalization. When the first SBL season opened in 2004, the National Division One Basketball League was suspended because with elite teams registered in the SBL, resulting in a reduction of spectators. A further change was that the name of the President's Cup was changed to that of the National Amateur Basketball Tournament and was reduced in scale, involving only teams from the men's division two and the women's division (Liu & Wang, 1999).

In order to promote the Taiwan basketball industry, the director of the SAC, Lin, made an effort to host the Super Basketball League (SBL) in 2003. The CTBA established the council of the SBL based on the original structure of the Chinese Taipei Basketball Association under the full support of the Sport Affairs Council.

The main principles of the SBL are (Sport Affairs Council, 2003):

- a. The SBL will be the highest-level basketball game in Taiwan.
- b. The SBL Council was established under the structure of the CTBA.
- c. The number of teams was restricted to six.
- d. The number of student players would be reduced year by year and teams could employ foreign player under regulations.
- e. The playing season would be adjusted to accommodate by the date of the HBL, the UBA and international events.
- f. TV broadcasting was essential.

In order to provide a better environment, the SAC spent twenty million NTD repairing the facilities. They added approximately 800,000 NTD to the annual budget for each team and co-operated with NIKE and ESPN. Both helped with sponsorships, marketing and broadcasting (Hsu, 2006). This brought new life to Taiwan's basketball and showed the determination of the participants. Through all the efforts mentioned above, Taiwan's basketball culture was revived.

### **(c) The SBL as a Prospective-Professional Basketball League**

As previously mentioned the foundations of Taiwanese professional basketball, the High School Basketball League (HBL) and the University Basketball Association (UBA), were inspired by the National Collegiate Athletic Association (NCAA) model in America. In the structure of the NCAA's tournament as an amateur sports system, essentially competitions involving unpaid athletes are governed by several layers of authority: community leagues, school athletic associations, state and national regulatory boards, the National Collegiate Athletic Association (NCAA) and other supervisory organisations at the non-professional level, governed according to the Amateur Sports Act, and the rules and processes of the Olympic Movement. In the American model there is a sharp distinction between amateur and professional sports, each with its own structures. Professional sports are governed primarily by their own league rules and the process of collective bargaining (James, 2008: 104). We can see some elements of this model in the system of the Chinese Basketball Alliance (CBA) in Taiwan:

the structure of sports organisation in North America involves a closed system of competition. The major sports leagues in the United States are generally closed and autonomous, each with an average of 30-32 teams. Within the framework of governmental regulation, the teams in each league co-opt their own membership. (James, 2008: 104).

However, the concept of 'divisions' for sports leagues in the Taiwanese context is evident in amateur sport which can be related or compared to the 'European model'. However as James points out, the European model relates to integration of amateur and professional divisions. James (2008:103) argues that "the European Sports Model reflects an open system of national competitions in which individual clubs, organised comprehensively from the grassroots to the top professional tier in a pyramid structure, move up or down in status generally based on merit at the end of a season". On the other hand, the European model is largely a policy construct based on the European intergovernmental

arrangements as well as the cultural history of European sports governance since the European Commission "has taken the position that the pyramid structure of sport, along with promotion and relegation, are important aspects of the culture of sport in Europe, and that preservation of [such cultural] institutions (and presumably after such cultural aspects of sports) is an important interest that should be considered in determining whether the rules and policies of leagues and governing bodies are lawful under EU law, including competition law (Roberts, 2001)<sup>8</sup>"(James, 2008: p. 102).

Even though some features of the European and American models are evident in the structure of Taiwanese basketball in different periods, we cannot say that European or Northern American model had been replicated in Taiwan. Currently the highest level of basketball league is the SBL, which is an independent league with no promotion system linking it with the amateur league. It is much smaller than either American or European national leagues tend to be (with only six clubs in the SBL). It is also not a fully professionalised basketball league. In this study, we argue that the SBL is a league with 'prospective-professional' structure as it cannot be described as having the characteristics of a professional league or semi-professional league. Our use of the term 'prospective professional league' is designed to suggest the Taiwan-specific nature of the 'solution' to the problems of establishing a professional league in basketball. Although the league was set up in the context of a trend of globalised sports professionalisation it has its own local specificities. The original purpose for the government to promote the SBL was to re-launch the professional league, the CBA, and the operation of the SBL was designed to allow a move towards complete professionalisation. However, the SBL emerged as a basketball league with unusual and locally specific arrangements, with the marketing of a professional sport undertaken with assistance, including some funding, by the government, but with each club's day-to-day operation carried out as private enterprise. The league has however not moved towards complete professionalization, and it is for this reason that we

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<sup>8</sup> Page number of source quoted (Roberts 2001) not cited in the original (James, 2008).



focus largely on the Taiwan model rather than the better known (or more widely covered in the literature) versions of the European and American model.

In this context, the Chinese Taipei Basketball Association (CTBA) is the non-governmental body of basketball in Taiwan. The main responsibility of the CTBA is to popularize basketball within Taiwan. The SBL is a league made up of seven teams; they need the CTBA to organise the fixtures, ticket sales, stadium and referees. They do not have their own executive or administrative personnel.

The Sports Affairs Council (SAC) is responsible for the development of official sports law; its functions include assisting and supervising sports activity within Taiwan. However, the managing method, along with positioning and success of the SBL, is not directly related with the SAC. As the SBL does not have its own executive team and funds, they rely on the CTBA to be in charge of the fixtures.

#### **(d) The Crisis of the SBL**

After a few years of operation, the SBL seemed to have experienced the same boost as in the early years of the CBA. However, although the SBL clubs received fees for the TV rights, they also had to pay the salaries of the players and the operating costs of the teams. Ticket profits all belonged to the CTBA and the managers of teams felt considerable dissatisfaction.

The SBL finished its sixth season in 2006. The management of the SBL operation was short-sighted largely because there was no consensus between stakeholders (Lung, 2009). The operating model of the SBL was unlike that promoted in theory or described by stereotypes, of professional and semi-professional sports. Indeed its operating model is unique. Furthermore, the parent companies of some teams are state-owned companies, an example of which is the Bank of Taiwan. The budget of these teams has to be examined by the Assembly (the Legislative Yuan), and the operation of these teams may thus be linked with politicians.

Although the SBL revived enthusiasm for Taiwan basketball, there have been many problems with its management. Future development of the SBL is still subject to many uncertainties. The SBL committee planned to start an independent league, with its own executive team and its own marketing team. It wanted to solve its problems although it had no real power as the CTBA controlled resources. The main reason behind its difficulty is that the SBL teams did not have stake in the SBL, which is dominated by the owner as a single team. Decisions were made in the SBL committee, but the power of final decision was still controlled by the CTBA (Lung, 2009)

The SBL committee was made up of managers from the founding teams. Even though the managers meet routinely to deal with affairs of the league, they made disputes regularly. This was largely caused by the fact that they did not have the power and resources to solve problems. They are dependent on the CTBA to take care of such matters and to use its resources to solve problems. As the power of arranging fixtures is in the hands of CTBA, the SBL committee has to wait until the CTBA has arranged the fixtures in order to deal with TV broadcast, marketing and management strategies. As evidenced by the 08/09 season (6th season), the system still operated with a poor management approach, and the teams did not have income in their account or cash at their disposal, and the bills with the marketing company remained unclear (Chu, 2009). The issue of the operation and governance of the SBL therefore provides interesting case study, which is to be further discussed in chapter 6.

## **Chapter Three**

### **Theoretical Context**

Having discussed the historical context in the previous chapters, two complementary theoretical approaches have been adopted in this study, namely governance theory (Henry & Lee, 2004) and the strategic-relational approach (Jessop, 1982, 1990, 2005). These approaches have been used to identify how such outcomes were mediated and shaped and to explore the different sets of interests that were involved. Most importantly, they also help address the question regarding how power was exercised and which stakeholders were benefited by the governance decisions.

#### **3.1 Defining Governance**

The concept of governance has become widely employed since the 1980s. The original meaning of the term “governance” was control. It has been considered to be synonymous with the term “government”, and it refers to all processes of governing, whether undertaken by a government, market, or network, whether over a family, tribe, formal or informal organisation, or territory, and whether through laws and norms, power, or language (Bevir, 2012). However, since the 1990s, due to the increasingly complex dynamics between businesses and policy makers, governance is no longer assumed to be of a top-down hierarchical system; there is less focus on the state and its institution but more on the interaction of agents of government and civil society in the policy making process (Bevir, 2012; Kazancigil, 2002), and the definition of governance shifted from “government”. Rosenau (1992: 5) defines governance as “a set of regulatory mechanisms in a sphere of activity, which function effectively even though they are not endowed with formal authority”. It includes informal and non-governmental mechanisms where systems of rule at any level within which goals are pursued through the exercise of control have transnational repercussion.

More specifically, Rhodes (1996: 652-653) suggests that governance refers to “a new process of governing; or a changed condition of ordered rule; or a new method by which society is governed”.

In fact, the late 1980s saw the rise of the Anglo-Governance School as governance became a widespread academic interest for research in public administration; governance has since been identified as having broader meanings (Davies, 2009a; Marinetto, 2003, 2012; Marsh, 2011). Stoker (1998: 18) summarises contemporary governance perspectives in five propositions:

- a. Governance refers to a set of institutions and actors that are drawn from, but also beyond, government.
- b. Governance identifies the blurring of boundaries and responsibilities for tackling social and economic issues.
- c. Governance identifies the power dependence involved in the relationships between institutions involved in collective action.
- d. Governance is about autonomous self-governing networks of actors.
- e. Governance recognizes the capacity to get things done which does not rest on the power of government to command or use its authority. It sees government as able to use new tools and techniques to steer and guide.

### **3.2 The Change Nature of Governance Studies**

Governance theory began from a reflection on state-centred government failure. Early concepts of governance focused on the issue of administrative effectiveness and efficiency because the state played a centre role and controlled key resources in the 1980s. Governance theory subsequently shifted to a reflection on both government and market failure emphasising the rising of non-state actor and organisations, confusion between public sector and private sector, and transformation of power. The shift of governance is considered as a

feature of the postmodern state which changed from deconstruction of hegemony to differentiation (Davies, 2009a, 2009b).

Bevir and Rhodes (2010) suggest that there are three waves' of studies of governance since it emerged in the 1980s. There are eight different perspectives for the first wave (Pierre, 2000; Rhodes, 1996): 1. Governance could be a minimal state using market mechanisms to transfer public services. 2. Governance could be corporate governance, which means management solutions for business corporations could influence public sectors. 3. Government could be new public management to emphasise competition, markets and customers. 4. Governance could be good governance to create effective political linking with private actions. 5. Governance could be international interdependence to analyse international political and social relationships such as the influence of multi-level governance to the state and government. 6. Governance could be a socio-cybernetic system to highlight the weakness of rule by a single actor. 7. Governance could be a new political economy to discuss the solution for failing state economy. 8. Governance as network between organisations. In this sense,

“Governance includes all those activities of social, political and administrative actors that can be seen as purposeful efforts to guide, steer, control or manage sectors or facets of society” (Kooiman, 1993: 2).

First-wave studies of governance focused on the construction of policy networks. This policy network approach was a response to the exercise of new public administration and management in the 1980s and the neo-liberalist revolution of the 1990s. In order to transfer public services and resources efficiently and effectively, it is essential to establish different policy networks, including market mechanisms, professional organisations, trade association and corporations (Bevir & Rhodes, 2010, 2011; Marsh & Rhodes, 1992; Pierre, 2000).

Bevir and Rhodes (2010: 22) summarise first-wave studies of governance as “typically describing changes in the state and its links to civil society as akin to a differentiated polity. This polity was characterized by a hollowed-out state, a

core executive fumbling to pull rubber levers of control, and, most notably, a massive spread of networks”.

The second-waved studies of governance focus on the extension of state-centred network governance to discuss the role of the state in the governance of governance, and meta-governance (Kooiman & Jentoft, 2009; Peters, 2009). Meta-governance is not a monolithic mode of governance but a governance model that involves the management of complexity and plurality, which are decided by the changing of phenomena to adjust policy choices and to allocate resources (Jessop, 2002). This emerging meta-governance role means that networking, negotiation, noise reduction, and negative co-ordination take place ‘in the shadow of hierarchy’ (Scharpf, 1994: 40 cf. Jessop, 2002). Bevir and Rhodes (2010: 22) therefore argued that “second-wave studies of governance herald a return to the state with the idea of meta-governance. We pronounce the death of both narratives, because we argue that there is no single account or theory of contemporary governance, only the differing constructions of several traditions”.

Compared to the orientation of policy network in the first wave, and the state-centred meta-governance in the second wave, Bevir and Rhodes (2010, 2011) identify a society-centred approach to governance studies, with the absence of concern for the state. They (2010) argue that the first and second waves only focused on macro, comprehensive, unified and law-like regularities, and reified notion of structure. However, they argue, micro perspective of actors’ choice and meaning should be the main objective of governance studies. Therefore Bevir and Rhodes (2010) contrast these narratives with a third-wave of governance. They argue “that the state arises out of the diverse actions and practices inspired by varied beliefs and traditions. The state, or pattern of rule, is “the contingent product of diverse actions and political struggles informed by the beliefs of agents rooted in traditions”.

### 3.3 Sport Governance

Growing interest in sport governance has been cultivated by concerns about the management of sport organisations. For example, in the field of sport governing, “governance focuses on developing the strategic direction and the way by which management implements the direction of governing board by reviewing and monitoring developments and providing the principles that will underline the day-to-day management” (UK Sport, 2004: 8). Sport organisations need to ensure their respective governance systems reflect good practice in order to achieve organisational outcomes (Hoye & Cuskelly, 2012). In this regard, Sport and Recreation New Zealand (2004) had identified 20 common governance challenges for sport organisations:

1. Complex and confusing governance structures which fail to ensure accountability or to cope with changes to the operating environment.
2. Lack of a systematic approach for governing boards to do their work.
3. Lack of training for board members.
4. Boards focussing too much on operational rather than strategic issues.
5. A failure to tackle major policy issues.
6. Being reactive rather than proactive.
7. Boards focussing on reviewing decisions instead of making decisions.
8. Failing to define appropriate accountability measures for the board and staff.
9. Failing to define the results which an organization is striving to achieve.
10. Poor delineation of the roles of the board and staff.
11. Appointing the wrong people to the board.
12. Focusing on compliance issues at the expense of enhancing organizational performance.

13. Failing to define the responsibilities of the board and staff.
14. Having low performance expectations of board members.
15. Poorly skilled and inexperienced board members.
16. Failing to manage the relationship between the board and staff.
17. Developing expectations that exceed the organization's capability.
18. Poor succession planning for board members or key staff.
19. Ad hoc attempts to address governance problems.
20. Failing to provide a clear framework for board members to carry out their duties.

Although the above-listed challenges are mainly concerned with the wellbeing of organisational structure, especially its available resources and management, sport governance also involves the broader context of power dynamics. In other words, sport governance also seeks to address questions with regard to how organisations are actually governed and how power is exercised or how power should be exercised responsibly (Lee, 2008). Henry and Lee (2004), drawing on Leftwich (1994) suggest there are three approaches to sport governance evident in the literature - ***systemic, organisational*** and ***political governance***.

According to Leftwich, systemic governance refers to a system of political and socio-economic relations; it could also be thought of as “a democratic capitalist regime that is presided over by a minimal state which is also part of the wider governance of the new world order” (Leftwich, 1994: 371). As an extension of Leftwich's interpretation, the concept of traditional governance shifted from a top-down hierarchical system to a policy-network model which involves more non-state actors and organisations. Henry and Lee (2004: 27) suggest that “the notion of ***Systemic governance*** underlines the nature of a key shift in the way that sport is organised and controlled – a shift that is away from the government, or its direct control”. In other words, the old hierarchical model is no longer suitable to the study of modern-day governance of sports. Indeed, governance systems and policy evolution can only be observed in a contemporary complex web of interactions between stakeholders in which different groups exert power



in different ways and in different contexts (I. Henry, Amara, Liang, & Uchiumi, 2005).

As systemic governance puts emphasis on the interaction of organisations and of groups working within and across organisation, Henry and Lee (2004: 29) argue that there are three major policy implications:

1. It is clear that in such a context, significant policy change can only be achieved by negotiation, and/or trade-off between various parties in the network.
2. Governing bodies of sport in such contexts no longer govern or wholly control their sport, or at least if they do, they do so by virtue of their ability to negotiate outcomes, rather than by dictating those outcomes to passive recipients of their message.
3. This has implications not only for the organisations but also for the skills required of the people who work within them. The skills are much more those of negotiation and mutual adjustment than rational, ordered planning and control.

Moreover, in the classic concept, governance has the nature of 'steering' and 'guiding' the political system (Kooiman, 1993; Stoker, 1998). As an extension of the classic governance concept, **political governance** refers to the steering of the system, which means government or governing body might use indirect solutions rather than direct legitimacy or authority to "steer" the system or the policy making process in order to achieve its goal. In the sports field, political governance focuses on the processes by which government or governing bodies seek to steer the sports system to reach their desired outcome or to guide actors within the system to achieve their goal through deployment of strategies such as moral persuasion, financial incentives, and regulations, (Henry and Lee, 2004; Lee, 2005).

The notions of systemic and political governance are useful in the current context as the study seeks to analyse the interaction between various stakeholders in order to understand the nature of their actions and how they

exercise their power. Governance structures work with influence from other structures. In the context of sports in Taiwan, social class, political structures, media, sponsors, coaches, players and club owners are groups of stakeholders whose interests and actions are relevant to governance issues.

The notion of corporate governance or good governance has a considerable history since it has permeated development discourse by researchers, public sector bodies and even private banks (Henry & Lee, 2004; Weiss, 2000). However, McNamee and Fleming (2007: 428) argue that in the case of public sector sports organisations, “we should take corporate governance simply to mean the structuring of an organisation so as to achieve its aims or mission in ways that are ethically defensible”. In this sense, standards of conduct and business ethics are issues related to sport governance. The third type of sport governance – **corporate or organisational governance** deals with the principles of how organisations should operate as the concept refers to “the ethical standards underpinning the relations, methods and instruments of relations between organisations” (Hindley, 2007: 5). Therefore this notion entails that the aims or purposes of sport organisations must be guided by some principles and must display integrity across the full range of the organisations’ activities (McNamee and Fleming, 2007, Henry and Lee, 2004). Specifically, Henry and Lee (2004: 31) claim there are seven principles that cover the expanded notion of good organisational governance:

*Transparency:* clarity in procedures and decision-making, particularly in resource allocation. Organisations charged with care of a public good such as sport have a particular obligation not simply to act in a fair and consistent manner but also to be seen to do so. Thus their inner workings should be open to public scrutiny as much as possible.

*Accountability:* sporting organisations are not only responsible to financial investors through financial reporting procedures, but also to those who invest other resources in the organisation – athletes,

coaches, parents, supporters, sponsors and so on, even if that investment is largely emotional rather than material.

*Democracy:* access to representation in decision-making should be available to those who make up the organisation's 'internal constituencies' – example 'internal constituencies' include players, supporters, and managers as well as owners.

*Responsibility:* for the sustainable development of the organisation and its sport, there should be stewardship of their resources and those of the community served.

*Equity:* in treatment of constituencies – for example gender equity in treatment of sports participants and in terms of positions within the organisation; and equity in treatment of sports participants (and employees) with disabilities.

*Effectiveness:* establishing and monitoring of measures of effectiveness with measurable and attainable targets.

*Efficiency:* achievement of goals with the most efficient use of available resources.

Having outlined the nature of the debate around the concept of globalisation above we move on to focus on a specific and largely centred actor, the state, its role in the contemporary context and the implications for sport.

### **3.4 Theories of the State**

The focus of this thesis is on the governance of basketball, which manifests itself on three levels/forms, namely corporate, systemic, and political governance. In understanding of the unfolding nature of governance critical to any or all of these three dimensions of governance is the role of the state. In political governance the state seeks to steer and influence. In corporate governance the state may place obligations on various types of organisations. In systemic governance the state is one of a range of stakeholders engaged in a system of cooperation/conflict, of confrontation/mutual adjustment, in debate/implicit rivalry. In each case the state is likely to be a central actor. But what is the state? How can we account for its 'behaviour'? How effective is it in indicating certain policy outcomes in our case in sport generally and in basketball specifically? How does it engage with other actors? To answer these questions and other related questions we firstly need to review different perspectives on, or the theories of, the state.

The following sections will therefore outline four major perspectives on the state in terms of their core ideas, definition(s), the nature of state structure, and state organisations. Following these separate accounts of the four major perspectives, the key strengths and weaknesses of each perspective will be discussed in relation to the actors' power, each of which implicitly or explicitly adopts one or more of the perspectives. This is important because the nature of power is subject to different circumstances regarding policy and/or governance.

#### **3.4.1 Marxist Perspectives on the State**

To understand the nature of claim made by Marxist about the state, one has to distinguish on the one hand between traditional structuralist or fundamentalist Marxism and neo-Marxism on the other. In fact it is Marxists (rather than necessarily Marx himself or Engels) who have promoted various forms of Marxist theories of the state, and traditional Marxist perspectives alone are divided into three types, the state as an instrument of capitalist control, the state

as an arbiter between classes, and the state as a functional entity, by Dryzek and Dunleavy (2009), or into four types, the state as the repressive arm of the bourgeoisie, the state as an instrument of the ruling class, the state as an ideal collective capitalist, and the state as a factor of cohesion within the social formation, by Hay (2006).

In fact, based on the context of Marxism, the focus of decision making processes is the conflict between classes and economic power as the power of decision making was held by the bourgeoisie. Thus the logic of “classes” and “economy” could be seen as two main element of any explanation of the state for Marxist. These can be represented by instrumentalism and Structuralism. From the logic of classes, the state is a product of class struggle. Hay (2006) argues that the state is an instrument of the ruling class, and the repressive arm of bourgeoisie. The dominant class therefore controls the state machine and expands its interests. From the perspective of instrumentalism, the state is the executive committee for managing the common affairs of the whole bourgeoisie (Giddens et al., 1991; Marx & Engels, 1954 cf. Hung, 2006). In this sense, the state is recognised as an instrument of the dominant class (Taylor, 1995). Since the dominant class has the same character and the dominant class can control the state totally, the state becomes an instrument for capitalism to strengthen and to exploit its interests (Giddens et al., 1991; Wang, 1996). With regard to the concept of instrumentalism and social class, the capitalist class exercises its power, economic power in particular, to control the state. The working class, on the contrary, find it difficult to influence activities of the state due to weaker economic power.

Even though the state might act like an arbiter that has autonomy in policy or decision making to balance the class struggle (Dryzek & Dunleavy, 2009), the state is still an instrument of the dominant class because the latter also acts as an arbiter to sustain the wellbeing of itself. It does so by maintaining the class structure and balance because decisions and policies are made by officials who serve the state to secure the development of capitalist production (Giddens et al, 1991). As Heywood (2002: 91) argues that "the autonomy of the state is only

relative, in that the state appears to mediate between classes in conflict, and so maintain the class system itself in existence", from the economic perspective of theories of the state considers that although the state may appear to have autonomy to act, the function of the state is actually to maintain the existence of the capitalism. Dunleavy and O'Leary (1987) argue that Marx and Engels' work indicated that the state organisation and policy-making come from the fundamental imperatives of maintaining capitalist development. Changes in the socio-economic environment would decide the evolution of political and legal superstructure, but its function would remain.

Therefore, the concept of state structuralism is such that all of a state's actions, regardless of whether a policy appears to benefit the working class, predominantly serve the capitalist structure. In other words, although some policies may not immediately appear to be conducive to the capitalists, they will eventually result in the long-term benefit for the capitalists by preserving the existing system. The state does not necessarily serve the interests of an individual capitalist, but rather the survival of the capitalism as a system. Within this context, the responsibility of the capitalist state officials and politicians is to maintain the operation of the state, since if bureaucracies cannot maintain economic development; this would not only damage capitalists but also state organisations and state actors.

However, instrumentalism could not fully explain the nature of the state because instrumentalism assumes that all officials of the state are members of the capitalist class, but this is not the case. Furthermore, the assumption that all policies could always result in benefit for the capitalist class is also questionable. This perspective ignores the internal form and operation of the state which cannot be easily reduced to explanation through the concept of class (Jessop, 1990; Wang, 1996). On the other hand, structuralist state theory also ignores influence of the working class. It assumes that the structure decides the relative autonomy of the state, but it does not explain the detail of how the state is operated to serve the interests of this structure (Jessop, 1990). In order to respond to the criticism of traditional Marxist account, Neo-Marxism account of

the state emerged seeking to provide a more adequate account of the autonomy of politics, class struggle, and social activities.

Neo-Marxist accounts are influenced in particular by the work of the Italian political theorist Gramsci and his use of the concept of hegemony. Orthodox or fundamentalist Marxist approaches argue that the function of the state is simply to maintain the capitalist system, that is the condition of the creation of surplus value to be expropriated by those who own the means of production. The notion that the existing (capitalist) system is the 'only way', or 'the best way' operates 'in the interests of the working classes' are perspectives reproduced largely subconsciously by the state (through for example the educational system, or judiciary) and the private sector (media interests). This reflects 'false class consciousnesses', a term Marxists use to characterize the failure to recognize one's own class interests.

Gramscian hegemony theory rejects the view that people are largely 'fooled' into seeing the world in a 'false' manner, but argues that there are battles over which ideas, perspectives on the world should predominate, and that capitalist interests tend to predominate because of the ability economically dominant elements to influence and control the nature and direction of political debate.

For traditional, fundamental, or structural Marxists therefore the state operates in whatever manner will suit in necessary function that is to preserve the system of the reproduce – of capital. Under such circumstances any explanation of the role of the state can ultimately be reduced to this fundamental functional requirement. For neo-Marxists, however the role of the state is not a necessary requirement or functional necessity, its role is contingent, that is it depends on the dominance of sets of ideas. This dominance is not always contested, since conditions of consensus to accept the status quo usually obtain. For example not everybody agrees with conservative party value, but they agree to abide by electoral outcomes which place a conservative party in power. However, this consensus can break down and open conflict can occur, as was evidenced for example in the various rebellions of the Arab Spring. For neo-Marxists the focus of explanation is on how the various sub-element/actors of the state are able to

maintain the status quo, and in our case how sport can be used to secure or challenge the status quo.

### **3.4.2 Elitist Perspectives on the State**

Elite theory emerged at the end of nineteenth century while the early European elitists had a tendency to be anti-socialist, anti-communist, anti-democratic, and anti-egalitarian. They held that political power is always controlled by a small elite group (Dryzek & Dunleavy, 2009; Heywood, 2002). The definition of the term 'elite' is the highest, the best, or the excellent. It refers to a minority in whose hands power, wealth or privilege is concentrated, justifiably or otherwise (Heywood, 2002). Therefore, direction of public policy would be decided by the ruling elite's preferences and values. In other words, social structures which allow unfair distribution of power become the norm. A small number of elites control most social resources and decide policy for the state. In this sense, the policy making process in the elitist account appears to be a top-down form in which the majority is ruled by the minority. Dunleavy and O'Leary (1987:164) argue that "all elitism theorists define the state organisationally as a compulsory institution which successfully maintains a monopoly of legitimate force within a given territory".

The development of elite theory can be divided into three periods: classical elite theory, democratic elite theory, and radical elite theory (Dunleavy & O'Leary, 1987). The most influential elitists in the early elite theory are Gaetano Mosca, Vilfredo Pareto and Robert Michels (Dunleavy & O'Leary, 1987; Evans, 2006; Heywood, 2002). Mosca, as an elitist pioneer, used the conception of elite to analyse society. He addressed the history of politics within the conception of elite domination:

In all society... two classes of people appear - a class that rules and a class that is ruled. The first class, always the less numerous performs all politics functions, monopolizes power and enjoys the advantages that power brings, whereas the second, the more numerous class, is



directed and controlled by the first (Mosca, 1939: 50 quoted in Evans, 2006).

In Mosca's view, there are always two levels in a society. A minority group rules the masses. Furthermore, the minority group will use political formula or self-justification to maintain their power. This means it can manipulate and control the masses. This is supported by Vilfredo Pareto, an Italian economist and sociologist, who held that the elites are those individuals who have excellent ability in any particular sphere and that there are two kinds of elite in the elite group: governing elite and non-governing elite. The governing elite refer to the people who are the leaders in ruling a society, and the non-governing elite cannot rule the society directly (Dunleavy and O'Leary, 1987). Although the conception of governing elite has much in common with Marxist's conception of ruling class, the classic elite theory has been developed in response to the Marxist theory. Elitists held that Marxist theory cannot explain the fact that society is ruled by elites (Parsons, 1995). It is inevitable that power is controlled by a minority group as all organisations will manifest an oligarchic trend, and it is thus difficult to achieve democratic politics (Michels, 1959). The theory is "based on the tendency within all organisations, however democratic they might appear, for power to be concentrated in the hands of a small group of dominant figures who can organise and make decisions, rather than being in the hands of an apathetic rank and file" (Heywood, 2002). For classic elitists, the elite group would always control the state and its society (Dye & Zeigler, 2008). They oppose the pluralist who argues that power is separated, and also oppose the Marxists who argue that power will not be concentrated in minority groups after revolution. Even though revolution may create a classless society, it will also create new elites to rule the society. In this sense, the state has to be seen as a machine controlled by non-state elite (Dunleavy and O'Leary, 1987).

The classic elitist position is critical of the system of popular representation, suggesting the representative politics is for capitalist to protect their interest. It may be argued that the elitist perspective is not compatible with the idea of democracy, because elite theory is based on the notion that "an elite can control

social, economic and political power through its expertise, ownership of wealth and property, social status, intelligence, and economic and political guile, and a mass of all other citizens, disorganised and excluded from effective influence on public policy" (Dryzek and Dunleavy, 2009: 58). However, in contrast to the classical elitist who strove to prove that democracy was a myth, the democratic elitists combined ideas from elite theory and pluralist theory to explain a democratic society. There are two main arguments for the democratic elitist: the first is the compatibility of bureaucracy and democracy, and the second is that competition between elites is the main point of democratic elitism. Weber held that the representative government and the elite can coexist in a society. The elites could focus on the bureaucratic system, leading the bureaucracy. In this sense, it is easy to influence the state with external interests under the control of the bureaucracy. However, it is possible to balance the interest of bureaucracies and the masses when making policy and supervising bureaucracies through a strong and powerful parliament. This is the reason why the democratic elitist argues that representative politics is not contrary to the elitist thinking (Dunleavy and O'Leary, 1987). For example, according to Held (2006), Weber was concerned with the need to explain the effective balance among political authority, skilled leadership, efficient administration and degree of political accountability.

Moreover, liberal democracy is a solution to rule; it is a process for political leaders or groups to compete and to earn public recognition, as supported by Schumpeter's arguments that "an institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for people's vote" (Schumpeter, 1944 cf. Dunleavy & O'Leary, 1987: 142-143). Therefore democracy and socialism can be compatible as a form of competitive elitism (Held, 2006). Hence, competition for the power of decision-making in democratic politics can certainly be expected. Democratic politics is compatible with elite theory because the elite should consider the demands and interests of voters in order to win elections. For democratic elitists, the democratic system can render power competition to come out into the open, but the democratic society can avoid unequal distribution of power.

In fact, the democratic elitists pay much attention to the leadership of the elite in a democratic society because a small group of elites can lead the policy making process. However, because political elites need to earn the power through election in a democratic society, they must be responsible to voters. Dunleavy and O'Leary (1987) liken the state to a vehicle without a driver in a democratic elitist society; all the groups/parties desire a share of the power to drive the state and policy forward in the decision of their preferences.

Radical elite theory was developed in America in contradistinction to pluralist theory. The theory refers to the state as one that is controlled by social elites who are not exposed to the competition of elections. The elites can dominate the government by a non-accountable, illegitimate and exploitative style (Dunleavy and O'Leary, 1987). For radical elitists, the new administrative elite had influenced contemporary political system. Mills (1956: 167-169) takes on the perspective of the 'power elite', in which he observes that there is a close relationship between economic elites and governmental elites – 'the corporate rich' and the 'political directorate'. In this account American society is ruled by the power elites who are warlords, political directorates and corporation chieftains. The power elites' decisions can produce certain effects on the whole of society (Mills, 1956: 18). He also states the existence of a political structure called "the triangle of power". The triangle of power is a three-level system within which government officials are of the highest level, various interest groups are of the middle level, and proletariats make up the level controlled by bureaucracies. The triangle of power uses state resources and controls the policy making process in a society. Therefore the power elites occupy most of top and influential positions in the major organisations. Through social network and influences over education institutions, the power elites maintain their position in the most significant areas of a society.

In conclusion, in the power elite model, the elite is a cohesive group and the power elite group is closely united by 'common or overlapping interests' (Heywood, 2002). The radical elitist believes that the state is defined as a corporatist network, which responds to pressures from both economic and

bureaucratic elites (Dunleavy and O'Leary, 1987; Liu, 2003). The capitalist society and industrial society are thus ruled by a new managerial level which is composed of administrators, technicians and government officials.

### **3.4.3 Pluralist Perspectives on the State**

Pluralism is one of the mainstream theories in modern political science and has exerted considerable influence, for example, in concepts of democracy, analysis of interest groups, public administration, public policy making, governance theory and theories of the state.

Pluralism is derived from early liberal political philosophy; it “recognises the existence of diversity in social, institutional and ideological practices, and values that diversity” (Dunleavy and O'Leary, 1987: 13). Thus it opposes the notion of a single and invisible sovereignty that is embodied in the state (M. Smith, 2006).

Dunleavy and O'Leary (1987) argue that the European pluralists' focus on the state and sovereignty is reflected in the idea of philosophers such as John Locke and Montesquieu, who argue that there is no absolute power in the political system and that power does not solely come from authority. On the other hand, the early American pluralists took 'groups' as the core of the analysis in the American federal political processes. For example, Bentley (1967) addresses groups as the raw materials of political life. Contrary to the English pluralists, he places more emphasis on political activity and process. Because of different political circumstances, the European pluralists focus on state structure and sovereignty, while their American counterparts focus on political process. Even though the focuses are different, they share a similar notion of politics with the same assumptions: pluralists reject the state monism and they value group, organisational autonomy, activity and diversity (Dunleavy and O'Leary, 1987; Heywood, 2002; Dryzek and Dunleavy, 2009).

Pluralists argue that unlike the traditional society in which power is controlled by a few people, power is dispersed in the modern society. For example, in

former, a landlord's ownership of properties was viewed by the society as equivalent to having power and reputation. However, in modern society, different people in different fields could have different resources and power. For example, a capitalist might have economic power but he might not have political influence. People who have political influence might not have influence in the education system and so on (Dahl, 2005; Wang, 1996).

Since pluralists value group autonomy and group competition in gaining control of social and political resources, the state is seen to be an arena of conflict between government departments that represent a range of interest groups and external groups themselves. Because the state's resources and organisations are limited, competition and conflict is inevitable. Power of the state comes from different organisations or sources. Therefore the diffusion of power among different organisations or groups will limit the concentration of power in any simple activity. However, in the pluralist perspective, the state machine is a part of government system (Wang, 1996); pluralists tend to take government as an object of study rather than the state. Dunleavy and O'Leary (1987) argue that pluralists regard the state as discrete organisations. When pluralists analyse the political process, they focus on the group's interests, largely ignoring explicit definition or conceptualisation of the state per se. In other words, pluralists focus on how society influences the political system rather than contemplating the structure of the state.

In this sense, the policy-making process within the state is regarded as a negotiation among interests groups. Dahl (1963: 25) claims that "important government policies would be arrived at through negotiation, bargaining, persuasion and pressure at considerable number of different sites in the political system". In politics, groups are formed on the basis of common interests. Each group is under the pressure to drive the government to gear its policies such that the group has maximum access to resources. As Smith (1990: 302-304) notes, "pressure group's access is argued to be affected by the social position of the group, the extent to which it is organised, the level of finances and degree of mobilisation".

The state is like an instrument which reflects the result of the competition of interest groups. As different groups have their power in different policy arena, state organisations will have different positions in response to opinions of different groups. Thus the main function of the state is to receive 'orders' from different interest groups and to satisfy group demands in policy-making. For pluralists, interest groups are the main actors in the political process and "through interest group representation, individuals and groups can mobilise collective influence that can press government to make, discard or alter decisions" (Dunleavy and O'Leary, 1987:35). Dryzek and Dunleavy call this a weather vane/cipher model which means the state's activity will reflect the influence of the strongest pressure groups in a given policy area:

The government machine functioned as no more than a weather vane, assessing the groups influence behind different policy alternatives and then reflecting it faithfully (2009: 50).

The state is thus seen to have taken on a passive role for the expression of struggles between interests groups in society. The idea that the policy reflects the result of the competition between interest groups is similar to elitist theory that the winner can decide the direction of the policy. However, Dahl argues "no single organised political interests, party, class, region or ethnic groups would control all of these sites" (1963: 25). Thus there is no group, which can permanently dominate, in a pluralist society. One group has the advantage on a given issue but may not have the same level of dominance over other groups on all issues. Although there are various groups which can influence the policy-making process, no particular group is able to dominate permanently the decision-making process (Smith, 1990).

On the other hand, Dunleavy and O'Leary argue the state can be neutral in a proper oligarchy:

Since the 1950s pluralists' normative ideal form for the state has been one which balances, re-weights and referees pressure group contests

to protect unorganised or weakly organised groups 'in the public interest' (1987: 45).

The state can take on a neutral position in a number of ways: the first way is through *laissez-faire*/non-intervention; the second is achieved by ensuring that competition between interest groups is properly regulated, for example, by market norms; the third is active neutrality which means the state's intervention to ensure more equitable forms of competition. Thus Miliband (1969) argues that the state may be neutral but may play an active role as mediator, balancer and harmoniser of interests.

Since the state can play an active role, Marsh (1995: 18) argues that "the state may manipulate taxation and expenditure policies to increase state revenues; control imports or exports for strategic reasons; or restrict union power to create an image of governing competence". However, Dunleavy and O'Leary (1987) present another liberal democratic view of the state – the broker state model. In the broker state model, Dunleavy and O'Leary (1987) argue that public policy is the aggregation of pressure group activities taking place inside the state apparatus. State officials, agencies, and elected officials have their own interests in policy making processes. In short, policy is the result of group competition outside the state apparatus, which is mediated by the self-interested bureaucracies of state actors within the state apparatus. The state is thus an intermediary with its interests in the competition. Hence, in the broker state model, state officials and agencies are in a special position that allows them to lead policy in ways which reflect state actors' own interests, as well as those of powerful external stakeholders.

However, traditional pluralism was criticised because pluralism puts emphasis on processes and activities but ignores the influence from social structure or social class. Miliband (1969: 146) argues that "the major organised interests in these societies, and notably capital and labour, compete on more or less equal terms, and that none of them is, therefore able to achieve a decisive and permanent advantage in the process of competition". Indeed, different groups that hold different resources can have different level of influence on the policy-

making process. Lindblom (1977: 170) therefore develops an explanation of the privileged position of business. He argues that business plays a decisive role in the public policy making process. "Business leaders will always have privileged access to the corridors of power, and business interests will always be given great weight" (Dryzek and Dunleavy, 2009: 133). In this sense, neo-pluralism recognises that some groups are indeed more influential than others. However, it still holds that capitalists are not the only group served by the government and that there are still different groups which can influence the government's policy-making process.

In fact, 'governance' has been recognised as an extension of neo-pluralism in order to compensate for traditional pluralism's failure to consider the complexity of policy network. As mentioned in the previous section, policy-making processes in civil society feature 'governance' rather 'government' (Bevir, 2012). Therefore, it is inadequate to discuss the role of the state or the policy-making process solely in the 'government' level. Despite this, pluralism is still quite useful because it provides the perspective that the state is decided by the society and it emphasises the observable activities for power and the state. Even though there are still debates on pluralism in political science, the primary assumptions of pluralism, such as the process of group competition and policy-making, that the role of the state per se or the market are not always ultimately the most important factors in decision-making, and that groups can be an alternative to the state as a mechanism of collective organisation and the production of collective goods, are still crucial when conducting policy analysis.



### 3.5 Strategic Relational Approach

This study aims not only to 'describe' the governance system as an interaction of stakeholders but also to 'explain' which stakeholders win in different battles on the basis of social class or political support, for example. The study moves beyond meso-level governance concerns to macro-level consideration of strategic relations, which includes evaluation of broader structural forces such as social class and economics. The study also looks at the individual views on the micro-level to build an explanation as to how and why certain outcomes had developed within this structure. Jessop's strategic relational approach (1982; 1990; 2005) provides a framework for the explanation of the structure and agency for the Taiwanese basketball context.

As an extension of the theories of the state, Jessop (1982) treats the state and power as relational concepts. In this sense, conflicts, struggles, and balances of forces from different times and periods will tend to result in different structures and events. The nature of the state will transform with different historical conditions such as society, economy, politics and strategies. The state is an outcome of historical events. Furthermore, power should be analysed within social relations since as Jessop argues that "power should be viewed as a complex social relation reflecting the balance of forces in a given situation" (1982: 253). Therefore, the study of the state or power can not only focus on the state or power structure; the outcomes of complex relations must also be analysed.

In Jessop's state theory, the state is 'form-determined'. "The state is a social relation; state power is form determined condensation of the balance of political forces" (Jessop, 1982: 149). In this regard, the state is institutional ensembles including the mechanism of social representation, the internal organisations of the state, and social intervention from the state (Jessop, 1982; Wang, 1996). Because the state is formed by different organisations and institutions, the state itself has no power, and the state's power is exercised by these institutions. Specifically, Jessop argues that "there are always specific sets of politicians and state officials located in specific parts of the state system who activate specific

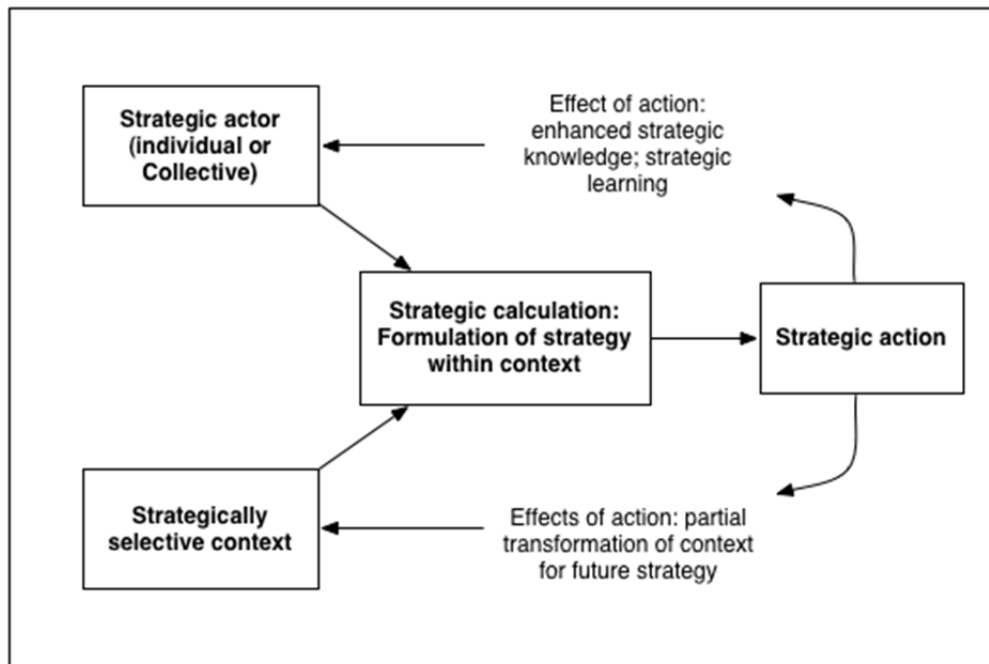
powers and state capacities inscribed in particular institutions and agencies” (1990: 367). Therefore, for Jessop, the state is viewed as being a strategic terrain and the emphasis has focused increasingly on strategic considerations (Taylor, 1995).

Jessop suggests that “the core of the state apparatus comprises a distinct ensemble of institutions and organisations whose socially accepted function is to define and to enforce collectively binding decisions on the members of a society in the name of their common interest or general will” (1990: 341). Different interest groups therefore will try to employ strategies to gain the power of the state. In this sense, in Jessop’s strategic relational approach (SRA), actors are identified as conscious, reflexive and strategic. Hay (2002: 131) argues that “the strategic actors are, broadly, intentional in the sense that they may act purposively in the attempt to realise their intentions and preferences”. Therefore the SRA puts emphasis on the strategic content of actions. The actor is capable of devising and revising the means required to realise their intention. The actor will monitor the context to make a strategic calculation in order to meet the preference of the context.

However, SRA does not only focus on examining the actors, but it also adequately analyses structurally-inscribed selectivities. On one hand the structure can be a limitation for some actors, on the other hand, it may benefit and facilitate different actors. The strategic environment itself is ‘strategically selective’. The environment favours certain strategies over others as means to realise a given set of intentions or preferences” (Hay, 2002: 129). In short, the form or structure of the state is arranged such that it is inevitable for certain actors (individual or collective) to benefit from the strategies, which may be unfavourable for other actors. There is “a limited number of interests dominating a variety of policy network; as such; certain interests would have much greater access to policy making and their strategies would be privileged” (Marsh, 1995: 18). However the selectivity is not always linked to privileged class. Other selectivities, such as gender, regional, or local interests, could also be forces influencing the actor’s actions. Furthermore, the factors of time and space should be taken into

considerations because a strategy may be useful in a certain period, but ineffective in another period. “We must engage in an analysis of the many determinations that are combined in a concrete conjuncture and show how they are interrelated as causation” (Jessop, 1982: 213).

**Figure 3.1: Structure, strategy and agency in the strategic-relational approach**



Source: Adapted from Hay (2002: 131).

It can be said that the strategic actor and the strategic selective context are dynamically interactive while dealing with the recursive selection of strategies and actions. “The SRA interprets structures in terms of structurally-inscribed spatio-temporal strategic selectivities inherent in particular patterns of social actions” (Jessop, 2005: 53). Therefore the outcome of social events is strategically selected in a framework, illustrated in Figure 3.1. “The emergence of relatively stable structural ensembles involves not only the conduct of agents and their conditions of action but also the very constitution of agents, identities, interests and strategies” (Jessop, 2005: 53). Since the actor is assumed to be strategic, he or she may take intuitive, routine or habitual strategies and practices or explicitly strategic actions in order to reach his or her goal. However, the strategic action will result in ‘direct effects’ on the context and these effects may transform the structure of context for future strategy. Moreover, the actor

may develop enhanced awareness of 'strategic learning' or structure and constraints/opportunities they impose, providing the basis from which subsequent strategy might be formulated and perhaps prove more successful (Hay, 2002: 133). In conclusion, actors are never fully constituted as single-minded and omniscient supports of structures but are typically expected to have a plurality of identities, interests, desires, and affects as well as differing and variable degree of knowledgeability and practical competence. Also structures and their associated structural tendencies (including their various selectivities) are never fully constituted but remain vulnerable to transformation, dependent on continued action along certain lines for their reproduction (Jessop, 2005: 53). SRA therefore provides a useful approach and framework for policy analysis in a given context within a specific period of time without missing some of the insights of other kinds of theories. This is supported by Jessop's claim that the "strategic relations approach aims to produce theoretically informed analyses of strategic calculation and practices and how they overdetermine social relations more generally" (Jessop, 1990: 264).

### **3.6 Conclusion**

In this chapter, we have reviewed the dominant perspectives in theories of the state as well as governance theory and strategic relations theory. Such theories invite particular types of question, for example, who are the key stakeholders in the basketball system? Which sets of stakeholders dominate? Whose interests are served by the principles of corporate governance adopted? How do stakeholders interact, negotiate or compete to achieve their goal as well as to shape or resist the system? With responses to these questions, we are able to identify the trajectory of the development of basketball in Taiwan.

In particular, governance theory is a meso-level theory which helps us to explain the current situation of the development of basketball in Taiwan. Theories of the state including Marxist, pluralist and elitist accounts help us to analyse the role of the state and activities within it. Strategic relations theory with a meta-

theoretical perspective leads us to underline the nature of social phenomena with interactions between actors and context. Thus we approach our study of the development of basketball in Taiwan with these considerations to identify:

- Who are the key stakeholders in the governance of basketball system in Taiwan? What are their interests?
- What strategies do they adopt in seeking to realise these interests?
- What roles do the concepts of systemic governance, good governance, and political governance play in explaining governance behaviour?
- How do the instances of strategic calculation draw upon and modify the strategically selective contexts within which they are undertaken?

# **Chapter Four**

## **Research Strategy and Methods**

### **4.1 Introduction**

This study aims to explore the trajectories and the nature of development of the governance of basketball in Taiwan, and to map out the strategic relations which characterise and explain the 'pace' and 'direction' of change in this development. In order to accomplish our aim, the analysis will focus on highlighting the network of actors that constitute the basketball system and the ways in which their interactions shape the system in three critical events or processes. One preliminary point should be made which is that we are considering were a set of bodies and decisions which deal solely with male basketball. Thus the fact that all players and virtually all other stakeholder groups are male is implicitly accepted feature of this part of the sport domain.

This chapter will discuss the theoretical, ontological, epistemological positions adopted by the researcher in developing this explanation and their relationship to the research methods employed in this study. While the researcher intends to describe and justify the research process, the opening section deals with philosophical considerations, relating to the ontological and epistemological factors, which underpin this research. While philosophical considerations are inevitably made prior to 'data collection'; they provide the necessary context for adopting particular research approaches. Thus the definition of philosophical premises of my argument is intended to make this account more coherent and consistent *per se*, justifying the choice of appropriate methodology. Subsequently, the methods adopted in this study are identified in the third section.

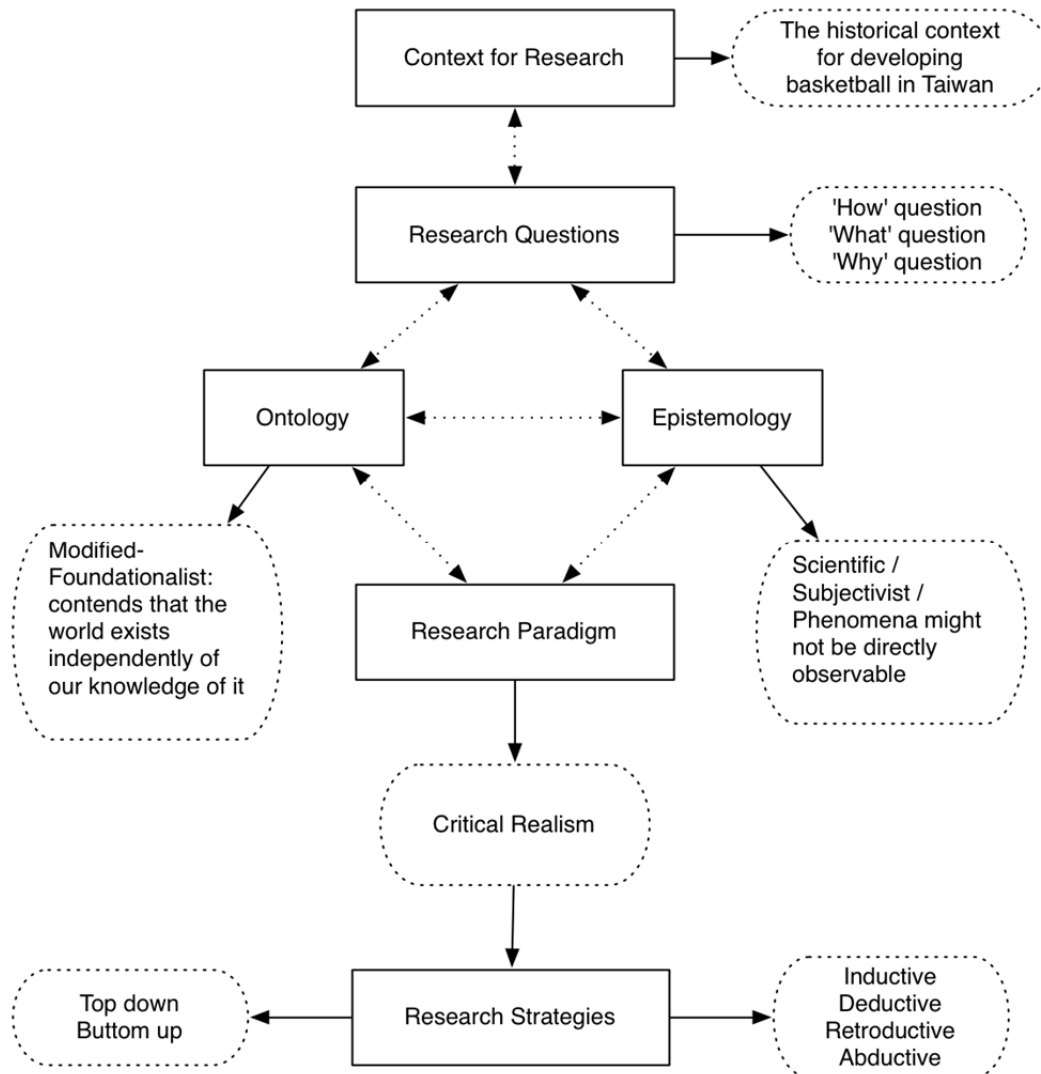
## 4.2 Aims of the Research

It is worth reminding ourselves of this study's research aims before engaging with the discussion in this chapter because the aims inform the direction our research strategy will take. While this study seeks to explore the trajectories and the nature of development of the governance of basketball in Taiwan, it addresses the following aims:

- Who are the key stakeholders in the governance of basketball system in Taiwan? What are their interests?
- What strategies do they adopt in seeking to realise these interests?
- What roles do the concepts of systemic governance, good governance, and political governance play in explaining governance behaviour?
- How do the instances of strategic calculation draw upon and modify the strategically selective contexts within which they are undertaken?

Answer to these questions are to be derived from and developed in analysis of , three case study events and processes in the recent history of basketball in Taiwan. Governance theory could be regarded as a middle range approach for which the ontological and epistemological bases are founded in a more fundamental position. This chapter will therefore go on to argue why a strategic relational approach provides an appropriate basis on which to form a governance-based account. Figure 4.1 illustrates the logic for such a choice of research strategies.

**Figure 4.1: Logic flow for choosing research strategies**





### 4.3 Philosophical Considerations

Two primary philosophical considerations should concern any social theorist. The first is ontological, the philosophy of what exists (Blaikie, 2009; C Hay, 2002; Marsh & Stoker, 2010). The second is epistemology or knowledge of what exists, and how such knowledge may be gained (Bryman, 2008; Hay, 2002; Marsh & Stoker, 2010; Sparkes, 1992). Effectively researchers are required to choose between different ontological and epistemological positions in order to justify the selection of methods and their application. Table 4.1 therefore seeks to identify the principal positions which are open to researchers, and their relationship to methods adopted.

There are three major approaches to social enquiry. The first is positivism. In ontological terms, the positivist holds a foundationalist perspective which contends that the world exists independently of one's knowledge of it. Epistemologically, it is objectivist arguing that the world or phenomena are directly observable. Since the positivist believes that knowledge is derived from sensory experience by experimental or comparative analysis, it adopts scientific methods seeking the elimination of subjectivity to build scientifically-based findings to represent reliable and causal relationships between social phenomena (Blaikie, 2003; Denscombe, 2002; Marsh & Stoker, 2010; Sparkes, 1992). However, Blaikie (1993: 102) asserts that "observers are active agents, not passive receptacles" due to their role within various societal cultures which have the ability to shape their ontological beliefs. Therefore, direct observation might not be fully objective because 'observations are theory-loaded' and thus "there is more to seeing than meets the eyeball" (Hanson, 1958 cf. Blaikie, 1993: 102). With reference to the aims of this study, if we seek to draw a comprehensive picture of the governance of basketball in Taiwan, the positivist approach will not permit us to recognise all of the elements that have underpinned and shaped the system because some behaviours, relationships, and structures cannot be observed directly.

In contrast to positivists, the interpretivist, in terms of ontological position, holds an anti-foundationalist perspective, which contends that the world does not exist

independently of our knowledge of it, but that we construct the world in the process of 'making sense' of it.

Interpretivists indicate that social phenomena have different meanings for different people and thus that social scientists' main task is to identify these subjective meanings so that we can explain why people behave as they do. Therefore in epistemological terms, interpretivists argue that the world is socially or discursively constructed and as such many phenomena are not directly observable. In this sense, the researcher will need to 'enter' a society's meaning system to appreciate the meaning of social activities because only subjective interpretation could explain the social behaviour appropriately (Sparkes, 1992; Bryman, 2008; Hay, 2002; Marsh & Stoker, 2010). However, Fay (Fay, 1975 cf. Blaikie, 1993) argues interpretivism's over-focus upon interpreting the intentions of social actors and interpretivist overlooks the effects that unintended, structural causes may have an impact on agency behaviour and thus interpretivism only partially describes reality. Hence if we take the extreme interpretivist position, an agency-centred approach, with its focus on the subjective interpretation of social behaviour, we will not only lack objectivity but also fail to recognise the interaction between structure and agency, which is one of aims of this study.

In rejecting therefore the 'objectivity' of scientific reference to a foundationalist reality, as in the case of a positivist paradigm, and the subjective construction of the interpretivist's view, we wish to identify a middle ground, the premises of which are outline below:

- Structures exist independently of the individual but do not determine human actions in a causal sense.
- Individuals can make free choices in terms of the actions they undertake, but these actions are not completely free, since they are chosen from among a restricted range of possible actions.

In this sense, we need a modified form of foundationalism and a modified form of anti-foundationalism, which is a position between two extreme poles, and it

should allow analyse of the influence of structures and the recognition of structures as a context of behaviours. Furthermore we need a position, which also allows for the discussion of individuals and choice even though we recognise that choices of how to act are limited by the resources available.

Bhaskar's critical realism is a distinct version of the realist philosophy (Bhaskar, 1997). Critical realists believe there is an independent reality, which can be differentiated into three levels: the 'empirical', the 'actual' and the 'real'. In these three levels, experienced event can be directly observed in the 'empirical' level, all events whether experienced or not comprise the 'actual' level and the 'real' level embracing the mechanisms, which generate events (Houston, 2001). Critical realism with its modified-foundationalist position perspective thus provides us a middle position in ontological terms, meaning that it asserts that extend reality is 'real' but also in 'socially constructed'. Jessop (2005) claims that critical realism holds an ontological realism and epistemological relativism as critical realist believes that a real world exists with underlying structures, which may not be directly observed – these structures are constructed by, and are the context of social action, therefore in epistemological terms it allows us to know explain these structures by virtue of the evidence of their implications.

However our analysis does not stop at the identification of real structures, because as Jessop (2005) argues the explanation of social outcomes is premised upon an understanding of strategically selective context and strategic and reflexive actors consciously or unconsciously employing resources available in these contexts to achieve strategic goals. In other words strategic relations theory invites us to go beyond the focus on structure or agency to capture the dialectical relationship between the two.

The paradigms identified in Table 4.1 highlight their respective assumptions. Strategic relations theory shows significant features of critical realism but promotes an understanding of 'real' strategic context, rather than simply of real structures, and seeks to capture the diachronic nature of such actors and structures by identifying ways in which outcomes of strategic action at one point in time become the structural context for future action.

**Table 4.1: The epistemological and ontological assumptions of three major approaches to social enquiry**

<b>Assumptions</b>	<b>Positivism</b>	<b>Critical Realism</b>	<b>Interpretivism</b>
Ontology	Foundationalist - contends that the world exists independently of our knowledge of it	Modified-Foundationalist - contends that the world exists independently of our knowledge of it	Anti-Foundationalist - Contends that the world does not exist independently of our knowledge of it
Epistemology	Scientific / Objectivist / Phenomena is directly observable	Scientific / Subjectivist / Phenomena might not be directly observable	Hermeneutic / Subjectivist / Phenomena is not directly observable
Methodology	Knowledge is derived from sensory experienced by experimental or comparative analysis	Science is an empirically based, rational and objective enterprise to provide true explanatory and predictive knowledge	Knowledge is derived from everyday socially constructed concepts and meanings. The researcher enters this social world to understand these meanings
The role of research	Science is an attempt to gain both predictive and explanatory knowledge of the external world	Explanation is the primary objective of science by discovering the connections between phenomena and knowledge of the underlying structures and mechanisms at work	Due the belief that objective analysis is impossible in research as all knowledge is discursively laden, causal relationships are also seen as impossible. Thick forms of description is therefore the primary objective
Focus	Identifying the phenomena associated with critical events (e.g. by measuring statistical association	Identifying the relationship between structural context (political, economic, social, cultural conditions) and agents' behavior	Investigating the discursive construction of governance system as a phenomenon
Potential research questions	What are the statistical correlates of critical events?	Who are the key stakeholders? What policy-making process, and what resources were available to these key actors given the historical context? How is the process for operating the league? Why and how are they able to define it as a downturn of development of basketball rather than a minor issue for sport?	What are the conditions (economic, social, political, cultural structural conditions) under which it is possible for agents to introduce governance of basketball? What are conditions under which agents can bring about a 'corruption' of basketball?

Source: Adapted from Blaikie (2003); Marsh et al. (1999); Sparkes (1992)

#### **4.4 Adequacy of Theory**

Given the historical context of the research, I am looking for theories, which allows me to identify how the outcomes investigated were mediated and shaped, and in particular how different sets of interests were implicated, how power was exercised, and whose interests were met in governance decisions. Two complementary theoretical approaches are adopted in the research, those of governance theory (Henry & Lee, 2004; Hindley, 2002) and a strategic relational approach (Jessop, 1982, 1990, 2005), which are complementary rather than competing perspectives operating at different levels (the meso and the macro levels respectively).

Henry and Lee (2004) suggest there are three approaches to governance which can be recognised as operating among the various stakeholders in the sports system. The concept of 'systemic governance' addresses competition, cooperation and mutual adjustment between stakeholders in the sport industries. 'Organisational governance' concerns managerial behaviour implying a normative approach with ethically-informed standards. 'Political governance' concerns the steering rather than commanding role played by the state or governments or governing bodies who seek to employ influence rather than force or regulation to steer the sport system.

Governance theory is a useful approach to examine the dynamics of the power struggles between various stakeholders within the sporting governing system (Henry, Amara, Liang, and Uchiumi, 2005). Using Taiwanese basketball as an example, the CTBA as a national federation has the power to influence the contractual frameworks for player, clubs and media; Nike as a sponsor (which helped the SAC to establish the SBL) could apply pressure to have its own interests met. State-owned companies as the parent companies of professional clubs are also involved within the system. In such a complex sport business and policy environment, we can employ the notion of systemic governance underlying interaction between the major actors the real structures. In addition, when governments or governing bodies within the system seek to steer the sports system, they may use moral pressure, financial or other incentives, rather

than licensing, regulation and control to achieve desired outcomes where they do use the latter this reflects direct governing rather than governance. The concept of political governance is used to refer and explain such governance activity. Governance refers to all those activities of social political and administrative actors that can be seen as purposeful efforts to guide, steer, control or manage sectors or facets of societies (Kooiman, 2003). Through approaches of governance theory, we shall find some implications of the structure of political and economic relationships and rules within the basketball system in Taiwan.

Furthermore, governance structures work alongside with influence from other structures. In the context of sport development in Taiwan, gender, social class, political sporting or businesses structures, could represent important features of the system. If we want to fully understand the 'real' with underlying structures and social constructions, we should not only 'describe' the governance system as an interaction of stakeholders but also 'explain' which stakeholders win in different battles on the basis of gender, social class, political support etc. We need to move beyond meso-level to macro-level explanations to look at broader structural forces like gender, social class, economics, as well as looking at the individual views in the micro level to generate an explanation of why certain outcomes developed within this structure. This study therefore adopts a strategic relations approach, which provides an appropriate approach to address the role of the state in areas of social action.

While governance theory covers meso-level forms of analysis at the meta-theoretical level, Jessop (2005) indicates that "the strategic relational approach links other versions of critical realism in the social science" by exploring the complex interaction of structure and agency. As Jessop (1990: 264) points out this approach "aims to produce theoretically informed analyses of strategic calculation and practice and of how they over determine social relations more generally". The strategic relational approach thus offers a wider framework of analysis for this study without prescribing restrictive boundaries for empirical work.

“The key relationship in the strategic relational approach is not that between structure and agency, but rather the more immediate interaction of strategic actors and strategic context in which they find themselves” (Hay 2002: 128). Indeed, “both the structures and their selectivity are considered as significant as well as the role of various stakeholders within and around sport” (Lee, 2005:70). Thus this approach can be adopted to investigate the strategic relations between stakeholders involved with the development of sport policy. Specifically, structure is a starting point in the strategic relational approach, and the action takes place in a context within which the structure has ‘strategic selectivities’ (Hay, 1995; Hay, 2002). For example, the SBL, a top basketball league in Taiwan, is structured in a way which largely privileges the best players. Only the best players from the high school league and the university league in Taiwan can play in this league. In this context, the SBL is structured to be strategically selective; this rule strongly influence who can be a part of the league. This does not mean that general players of average find it impossible to play in the SBL but it is much more difficult for them to be selected/ involved.

Although the structures both enable and constrain actors, they may try to alter such structures by strategic learning. “Agents are reflexive, capable of reformulating within limits their own identities and interests, and able to engage in strategic calculation about their current situation” (Hay, 1996: 124). Thus the strategic relational approach not only holds that structures have selectivities but also considers that actors have their own strategies. There is an active interaction between structure and agency. So actors can effect outcomes, which are enabling or constrained by the structures. For the research strategy, this approach has clear implications since it involves structural context, actors’ action and the strategic links between them.

As Hay (2002: 127) points out “structure and agency do not exist as themselves but through their relational interaction”. Structure and agency are independent analytically but they are interwoven in practice. In practical terms, the strategic relational approach does not focus on theoretical abstractions of structure and

agency but on the dialectical interplay of structure and agency in the real context social and political context (Hay, 1995; Hay, 2002).

Although Jessop adopts a neo-Marxist approach in his use of strategic relations, the strategic relational approach is about more than simply economic relations. Just as it is argued in our discussion of theories of the state, neo-Marxist, neo-pluralist, and neo-elitist explanations share commonalities which mean that the decision as to whether economic interests, the interests of elites, or the interests of other interest groups prevail, is a contingent matter. The odds may be staked in favour of particular interests but the strategic context, though selectively favouring certain groups does not always and inevitably favour the same groups or strata of society. For example, in the 1950s the critical element of power relations in Taiwan was arguably that between military elites and the rest of society, with the elite using sport to try to promote the acceptance of military hegemony in Taiwanese society. In this regard, the strategic relational approach is not necessarily Marxist account in its application. Thus a strategic relational approach provides an appropriate framework while the development of sport policy can be regard as “the consequences of interactions between social, political, and economic context and various stakeholders” (Lee, 2005: 69).

Thus the adoption of a strategic relational approach in this study does not imply a focus on only one set of interests. I recognise that the economic context is important, but in my analysis of theories of the state I argue that neo-Marxist, neo-elitist, and neo-pluralist perspectives on the state converge. Thus economic relations are only one set of relations for consideration within a discussion of strategic relations, and they are not always the dominant consideration. Actually in the history of Taiwanese basketball, there were always different interests evident in its development. Military relations with civil society represents a good example because this was a major determinant of the development of society and basketball in Taiwan in the 1950s to 1960s, while the private business elites played a more prominent role in the development of semi-professional basketball in Taiwan in the 1970s to the 1980s. Similarly China’s political and



economic role is a critical set of factors to understand if we are to explain developments in the 2000s.

Thus we cannot reduce our explanation to focus only on power of the military, or on the competition between various groups in society, or on the power of capital. For the adoption of the strategic relational approach and its application in this study, we argue that a focus on different sets of interests within different contexts is important in order to analyse the interactions between structure and agency and the contingent nature of the resulting outcomes.

The first level of the research for this thesis is at the meso-level of concerns with governance of basketball. A strategic-relational approach provides a means by which to go beyond the explanation of governance theory to identify actors' perceptions/explanations of their own and others strategic action, of the nature of the strategically selective context which provides actors with resources by which to act or to be constructed from acting, and of the strategies facilitated in the meso level and micro level.

## **4.5 Data Analysis: Method Appropriateness**

### **4.5.1 Qualitative Research Method and Ethnographic Content Analysis**

Sparkes (1992: 14) has pointed out that “ontological assumptions lead to epistemological assumptions which have methodological implications for the choices made regarding particular methods or techniques of data collection and the interpretation of findings arising from the research”. While this research adopted a critical realist position in order to construct an account, the researcher employed a qualitative research method with Ethnographic Content Analysis (Altheide, 1987, 1996) to conduct the research because ECA can help delineate patterns of human action.

Altheide (1987) argued ECA could be used to document and understand the communication of meaning, as well as to verify theoretical relationships.

ECA follows a recursive and reflexive movement between concept development-sampling-data, collection-data, coding-data, and analysis interpretation. The aim is to be systematic and analytic but not rigid. Categories and variables initially guide the study, but others are allowed and expected to emerge during the study, including an orientation to constant discovery and constant comparison of relevant situations, settings, styles, images, meanings, and nuances (Altheide, 1996:16).

Concept development, sampling, data collection, coding, data analysis, and interpretation are reflexive within ECA. Even though ECA employs some initial categorisation, there is greater potential for refinement of those categories and the generation of new ones (Altheide, 1987). Therefore the nature of ECA allows researcher to employ both inductive and deductive method when conceptualising the data. Nevertheless though ECA focuses on actors' understanding of their context and motives, it can be complemented by a consideration of how structures are thus evidenced or constructed.

In this research, the developing of the analysis protocol follows the step of Altheide (1996):

- Generate a research question;
- Become familiar with the context within which the documents were/ are generated;
- Become familiar with a small number of documents;
- Generate some categories that will guide the collection of data and draft a schedule for collecting the data in terms of the generated categories;
- Test the schedule by using it for collecting data from a number of documents;
- Revise the schedule and select further cases to sharpen it up.

#### **4.5.2 The Selection of the Three Case Studies of Critical Events/Processes**

In order to address the issues surrounding the governance of basketball, three critical events have been selected for investigation as case studies. Cases are units of analysis. What constitutes a case, or unit of analysis, is usually determined during the design stage and becomes the basis for purposeful sampling in qualitative inquiry (Patton, 1987: 447).

The case of the collapse of the CBA presents some interesting research issues. Who use what tactics to promote whose interests in setting up the league? What these parties opposed? By whom? In what way? Why were such opposing parties unsuccessful? The focus here is on understanding a critical event and the factors, outcomes and actors which brought this about.

The second case refers more to an on-going process rather than an event per se, in that it deals with the establishing of the SBL. The focus is on on-going processes in the development of the league.

The third case focuses less on processes and more on the strategic context, and its impact on, or consequences for professional basketball in Taiwan. This context in effect reflects not to basketball in Taiwan but to the international context within which it takes place.

These three cases studies intend to deal with policy making for sport and its consequences for the development of elite basketball. The evidence of three cases illustrates features of elite basketball and power-relations among the stakeholders in the basketball system, and in the wider social, economic and political context.

#### **4.6 Data Collection**

The approach to data collection is informed by a critical realist position which suggests that if we wish to be able to explain social phenomena we need to engage with, but to go beyond the 'empirical' level in Baskhar's terms. Baskhar

suggests that although actors may not recognise or acknowledge the existence of certain underlying causal structures (at the level of the 'real') nevertheless the existence of such structures and their causal implications can be inferred from the researcher's observations of individual interviews and their patterns of explanation/ behaviour (Archer et al, 1998). Having recognised or hypothesised the existence of such structures claims for their existence can be evaluated by asking the question of such causal structures were to exist at the level of the real, what would we subsequently expect to see at the empirical level in subsequent events? This is in essence what Baskhar terms a retroductive approach.

Thus in our case study approaches we seek to employ semi-structured interviews to generate data at the empirical level which can be evaluated for evidence of the existence and impact of structural causes of social outcomes. The interplay of structures and agency provides us with the resources for explanation of outcomes. In this type of interview the following are anticipated:

- The interviewer has an interview guide consisting of a list of open-ended questions or fairly specific issues that are to be explored (Bryman, 2008).
- Questions may not be asked following the sequence, depending rather on the natural flow of conversation (Gibson & Brown, 2009).
- A semi-structured interview involves a less formal conversation between the interviewer and interviewee(s). Thus, it enables the interviewer to probe beyond the answers for more information and allows the interviewee(s) to talk freely on a given issue and to provide their own experiences, evaluations and interpretations of events (Gibson & Brown, 2009; May, 2001).

Empirical work involved interviews with stakeholders within basketball system from three sectors, namely, the state sector, the market sector, and the voluntary sector in Taiwan.

According to Freeman (1984), stakeholders are any group or individual who can affect or is affected by the achievement of (or the failure to achieve) the organization's objectives. However, with different orientations of organisational

research, there are different perspectives on the definition of the stakeholder, for example, the distinction between internal stakeholder and external stakeholder, the distinction between institutional stakeholders those who are involved in legal or other forms of regulation, inter-organisational entities or professional organisations that may be specific to a given industry (Donaldson & Preston, 1995). In this study, we use the term 'key stakeholder' derived from concepts of Donaldson and Preston (1995), and Carroll and Buchholtz (2005). Donaldson and Preston (1995) argue that stakeholders are defined by their legitimate interests in an organisation, and Carroll and Buchholtz (2005) refer to 'primary stakeholders' as those actors who entertain a direct and contractually determined relationship with a given entity.

In this sense, we attempt to identify key stakeholders in the three cases. We sought to identify those who were the most influential, and those who were the most influenced, people or groups in the governance of the basketball system in Taiwan. This process of identification took place in large part before the commencement of interviews but also further interviewees were identified from the literature relating to the historical context and policy documents, and by a form of 'snowball sampling' in drawing on interviewees' accounts of who key stakeholders were.

In this interview, the interviewees will tell us what they think really happened or what that think is really in the basketball context. In terms of the aims of this interview we try to obtain the interviewees' perception of the role of the state/ the market/ the voluntary, identification of role of local, national and international stakeholders. Then we try to understand their level of influence in particular cases as well as the social, political, economic and cultural structures impacting on actors and options, which are open to them in strategic action.

The structure of the interview was organised into seven themes with interview questions subsequently to be developed based on these themes.

1. The interviewees' perception of the role of the state should play in sport.
  - a. Why should the state support sport?

- b. What role should the state play in elite sport? What role should the state play in the professional sport?
  - c. Has the state's role changed over time?
  
- 2. The interviewees' perception of the difference between political parties' goals in sports policy.
  - a. Are there any differences in sport policy between the principal political parties?
  - b. Is there any difference between the three periods of transfer of power (from KMT to DPP, From DPP to KMT etc.) in sports policy generally, and towards professional sport and basketball in particular?
  
- 3. Which groups/stakeholders does the interviewee come into contact with, and how do they try to influence sport policy?
  - a. Which are the kinds of groups/ individuals, which are the most influential in relation to sport policy generally? What tactics do they use to exert influence?
  - b. Are there any groups whose interests tend to be ignored/ to have had little influence?
  
- 4. Which groups/Stakeholders the interviewee comes into counter with, and how they try to influence basketball policy?
  - a. Who are the most influential groups/ individuals in relation to the elite basketball system?
  - b. What significant policy issues have emerged in relation to basketball and how are these issues resolved?
  - c. How do these groups seek to extend influence? Are they successful?

- d. Are there any groups whose interests tend to be ignored/ to have a little influence?
5. Nature of interaction with/between stakeholders, specifically in relation to player contracts and wages.
- a. Who was responsible for setting up the player recruitment and the education system?
  - b. How decisions are made about the player's contract in particular the wages?
  - c. Is there any regulation of the contract between teams and player?
  - d. How was the policy decision of how to share media income arrived at?
6. Communications between stakeholders
- a. How do you get to know about the needs and attitudes of the stakeholders such as team owners, players, and fans etc. in the elite sports system?
  - b. Are you ever contacted by players, fans, team owners other government departments or governing bodies etc. requesting support or action?
  - c. What actions? How did you respond?
  - d. How were you contacted?
  - e. Have you ever contacted other stakeholders to request action? How? What happened?
7. What is the industrial structure of basketball?
- a. Is there one, or a small number of, dominant company/ companies or entities in elite basketball or is there a wide proliferation of competing bodies?

- b. How has the structure of the industry changed in elite basketball?  
(The collapse of the CBA and the emerge of the SBL)
- c. What impact has the collapse of the CBA in 1998 had for elite sports (basketball) business?
- d. With regard to the policy decision relating to the emergence of the SBL: who proposed this? How was it promoted?
- e. What impact has the emergence of the SBL in 2002 had for the elite sports (basketball) business?
- f. Does the state provide any financial support or support in kind for elite basketball business?
- g. Does the state have a role to play in determining or influencing whether players can play in China? Why?
- h. What impact has the signing of ECFA (Economic Cooperation Framework Agreement with China) in 2010 had for the elite sports (basketball) business?

The secondary data and documents of the study are considered to be documents that reflect the position of an actor or actors and must therefore be subject to analysis. Secondary data, for example, government archives, documents of parliamentary debates, policy documents, newspaper articles and so on, which were mainly concerned with policy structures were collected in the research since “documentary and archival sources offer great opportunities for political scientists to develop novel accounts and interpretations of significant events” (Burnham et al, 2004: 184).

Combined with semi-structured interviews and documentary analysis, the aspects of the structural context of basketball development in Taiwan are mapped out and subsequently analysed with the data from various stakeholder interviews.



#### **4.6.1 Interviewee Selection**

Empirical work involved interviews with stakeholders within the professional basketball system from three sectors, namely, the public sector, the private sector, and the volunteer sector in Taiwan. Basically, the interviewees were selected on their ability to shed light on specific aspects of the strategic contexts (systemic governance) of professional basketball with specific reference to the three case study events. Within the public sector, 5 interviews were conducted with the government officials, the Ministers of Sport, Directors of Department of Physical Education, who had responsibility for promoting sports policy in Taiwan. 3 politicians who were member of the Legislative Yuan from the DPP and KMT were selected. Within the private sector, the 13 interviews were conducted with interviewees who represented the leagues, clubs, players and the media. Within the volunteer sector, 4 people were interviewed who were representatives from the Chinese Taipei Basketball Association (CTBA), Chinese Taipei University Sports Federation (CTUSF), and the president of the Taiwan Sport University, the educational institution from which most players recruited to the professional basketball leagues originated. Interviews with volunteer bodies aimed to provide information related to the stakeholders' perception and response, which aided in informing the roles, the public sector and the private sector played. Preliminary interviews were conducted contemporaneously with some actors in the three sectors and thus presented the opportunity to evaluate the adequacy of the interview schedule as well as to elicit credible information in later interviews.

**Table 4.2: Time Table for the Interviews of the Research**

Category	Interviewees	Date	Place	Code
Government	Minister of the Sports Affairs Council (2002-2004)	13.Dec.2010	Taipei	G1
Media	Senior Journalist / Media expert	16.Dec.2010	Taipei	M1
Club	Manager of the Dacin Tigers	20.Dec.2010	Taipei	C1
Coach	Coach of Taiwan Bank Basketball Club	22.Dec.2010	Taipei	P1
Politician	Legislator of the KMT	22.Dec.2010	Taipei	L1
Club	Manager of Taiwan Beer Basketball Club	26.Dec.2010	Taipei	C2
Coach / Player	Coach of the Taiwan beer basketball team Former player of Sina basketball club (1999~2002) Former player of Hung Kuo (CBA, 1993~1998)	29.Dec.2010	Taipei	P2
Federation	Zhao, Coordinator of information affairs of the CTBA	30.Dec.2010	Taipei	F1
Academic	President of National Taiwan Sport University	4.Jan.2011	Taipei	A1
Sponsor	Manager of Nike (2001~2004)	4.Jan.2011	Taipei	S1
Media	Manager of Videolands sport Channel	6.Jan.2011	Taipei	M2
Politician	Legislator of the DPP	11.Jan.2011	Taipei	L2
Federation	Vice-Chairman of CTBA	12.Jan.2011	Taipei	F2
Player	Player of Yulon basketball Club Former player of Tera Mars (CBA)	13.Jan.2011	Taipei	P3
Sponsor	CEO of Athletic Sport company	15.Jan.2011	Taichung	S2
Government	Deputy Minister of the SAC (2008~2010)	18.Jan.2011	Taipei	G2
Coach / Player	Coach of the Yulon Basketball Club Former player of Yulon basketball Club (CBA)	18.Jan.2011	Taipei	P4
Federation	Chairman of the CTUSF	19.Jan.2011	Taipei	F3
Politician	Legislator of the the DPP	26.Jan.2011	Taipei	L3
Government	Head of Department of Sports for all, Competitive Athletics (1990~2002), Deputy Minister of the NCPFS (2008~2010)	27.Jan.2011	Taipei	G3
Government	Deputy Minister of the NCPFS (2000~2002)	28.Jan.2011	Taipei	G4

Media	Kang, Manager of ESPN Taiwan	11.Feb.2011	Taipei	M3
Club	Marketing Coordinator of Dacin Tigers	14.Feb.2011	Kaohsiung	C3
Player	Player of Taiwan beer basketball Club Played in China (CBA) Former player of the Luckipar (CBA, 1993~1998)	21.Feb.2011	Taipei	P5
Government	Minister of the SAC (2002~2004)	25.Feb.2011	Taipei	G5

#### 4.6.2 Document Selection

According to Altheide (1996: 2), “a document can be defined as any symbolic representation that can be recorded or retrieved for analysis”. In terms of sport policy development in Taiwan, there were two key government institutions, the Department of Physical Education (DPE) in the Ministry of Education, and the SAC, which provided relevant data for the research. The following list of documents represents the relevant policy documents identified as relating to sports policy in general and basketball in particular, which were held by the two organisations. In addition, the researcher visited the database of two newspapers in Taiwan to search all relevant report related to the research. Two main newspapers were selected to reflect different policy orientations, namely China times (KMT - orientation) and Liberty times (DPP - orientation). All documents used were coded, and the codes and coded elements were translated by the researcher with the coding undertaken in the Nvivo database of this study.

**Table 4.3: The Key Sources of Government Documents Reviewed**

Year	Publisher	Documents
1970	Ministry of Education	The 5 <sup>th</sup> National Education Conference Report
1971	Ministry of Education	Education Law
1974	DPE	The Principle of International Sports Events Subsidy Application Five Year Physical Education Development Programmes, 1973- 1978
1975	Ministry of Education	Ministry of Education Bulletin
1979	Ministry of Education	The Active Implementation of Sport for All Scheme
1984	DPE	Physical Education Regulation
1986	DPE	Active Sport for All Plan
1989	Ministry of Education	Ministry of Education Bulletin
1989	DPE	National Sport Four-Year Programme
1994	Ministry of Education	The 7 <sup>th</sup> National Education Conference Report
1998	SAC	National Physical Education Law
1998	SAC	Four-Wheel Drive Plan
1999	SAC	White Paper: Sport in Taiwan
2000	SAC	The Active Scheme of Sport Development in the 21st Century
2002	SAC	Statistics of Sport in Taiwan
2003	SAC	Guidelines of Cross-Strait Sport Relations
2004	SAC	The 2003 Annual Report of the SAC Major Administration Plan
2004	SAC	Challenge 2008: The Talent Cultivating Programme in the 'Electronic' Era in Taiwan
2004	SAC	Challenge 2008: The Talent Cultivating Programme in the 'Electronic' Era and the Promotion of International Sport Interaction Programme in Taiwan
2005	SAC	The 2006 Annual Report of the SAC
2006	SAC	The 2007 Annual Report of the SAC
2007	SAC	The 2008 Annual Report of the SAC
2008	SAC	The 2009 Annual Report of the SAC
2009	SAC	The 2010 Annual Report of the SAC

## 4.7 Analysing the Data

The initial stage of data analysis involved protocol development and data coding. Following Altheid (1996) five steps were followed as a process: (a) document selection, (b) protocol development and data collection, (c) data coding and organising, (d) data analysis, and (e) reporting findings.

Patton (Patton, 1990: 347) mentions that “data interpretation and analysis involve making sense out of what people have said, looking for patterns, putting together what is said in one place with what is said in another place, and integrating what different people said”. Therefore, the process of data analysis starts with coding and categorising. “A code in qualitative inquiry is most often a word or short phrase that symbolically assigns a summative, salient, essence-capturing and/or evocative attribute for a portion of language-based or visual data” (Saldaña, 2009: 3). This research employs the Nvivo 9 qualitative data analysis software, which allowed us to develop a protocol for recording both, predetermined deductive, research imposed categories, and inductively determined, categories or codes arising from respondents’ comment within the notion of ECA (Altheide, 1996).

After transcription and transfer of the interview data to the Nvivo database, open coding was conducted. Both deductively using codes based on anticipated relevant material, and inductively. Initially 235 codes (free nodes) were identified. These inductive and deductive codes allowed the selection of direct quotations from the transcripts to identify themes and gain insight into key stakeholders’ perspectives. Tables 4.5, 4.6, and 4.7 below provide the predetermined and emergent themes of the first level of data analysis.

**Table 4.4 the emergent themes of the first level of data analysis – Case 1**

<b>Tree Node</b>		<b>Reference</b>
<b>emergence of the CBA</b>		2
<b>Impacts of CBA collapse</b>		3
<b>Reasons for Collapse of</b>		

<b>CBA</b>		
	Asian Financial Crisis	11
	Management Failure	9
	CBA is a shell corporation	1
	Expend too much	2
	Conflicts between Individual interests	7
	No enough ticket revenue	3
	No marketing investigation	2
	No professional CEO	4
	Personnel costs is too high	1
	Political parties' attitude	1
	CBA player's salary is too high	3
	No regulation for player's wage	2
	Dispute of broadcasting fee	5
<b>Government's support for the CBA</b>		
	Government can provide facilities	3
	Government can't support CBA directly	7
	No Tax reduction from the government	1
	Supported CBA because of Sports for All	3

**Table 4.5 the emergent themes of the first level of data analysis - Case 2**

<b>Tree Node</b>		<b>Reference</b>
<b>The emergence of the SBL</b>		
	Why set up the SBL	14
	Lin created the SBL	11

<b>Role of key stakeholders</b>		
	Clubs' role	34
	CTBA chairman's role	17
	CTBA's role	46
	government's role	27
	KMT and DPP preference	8
	media's role	25
	players' role	23
	sponsor's role	10
<b>The operation of the SBL</b>		
	broadcasting rights	32
	financial facts	41
	government and CTBA didn't provide facilities	1
	HBL is better than SBL	5
	Dispute of individual's interests	9
	marketing for the league	20
	no planning for the league	7
	players transfer to China	1
	players' wages issue	47
	policy making process	10
	professionalise	24
	problematic CTBA	19
	relationship of CTBA and Clubs	14
	resources	14
	owners had ultimate power over the clubs and players	2
<b>Social context</b>		
	Taiwanese social culture	4

	Taiwanese sports market	2
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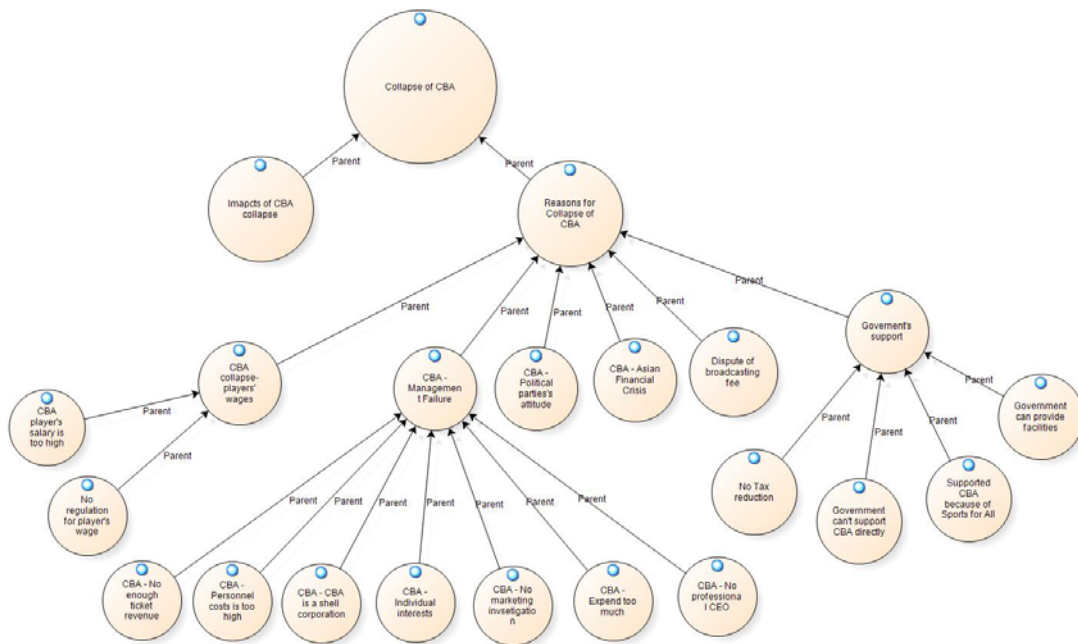
**Table 4.6 the emergent themes of the first level of data analysis – Case 3**

<b>Tree Node</b>		<b>Reference</b>
<b>Reasons to go to China</b>		
	Market scale	10
	SBL's poor operation	4
	Players' wages	7
<b>Concerns to go to China</b>		
	Finance	4
	Skill level	9
<b>Government's role</b>		30
<b>Difference between KMT and DPP</b>		8
<b>Cultural factor</b>		4
<b>CTBA's role</b>		20
<b>CTBA's attitude</b>		22
<b>Commercial aspect</b>		10
<b>Club's attitude</b>		33
<b>China's attitude</b>		14
<b>24 players' list</b>		7
<b>Name issue</b>		23

From the pre-selected and emergent themes of the first level of data analysis, a process of analysis, “thematic coding”, was conducted that specified possible relationships between free nodes and tree nodes. Here a framework was built for each case, which contained all codes from the interviewee data. For example, the collapse of the CBA can be represented in the following manner:



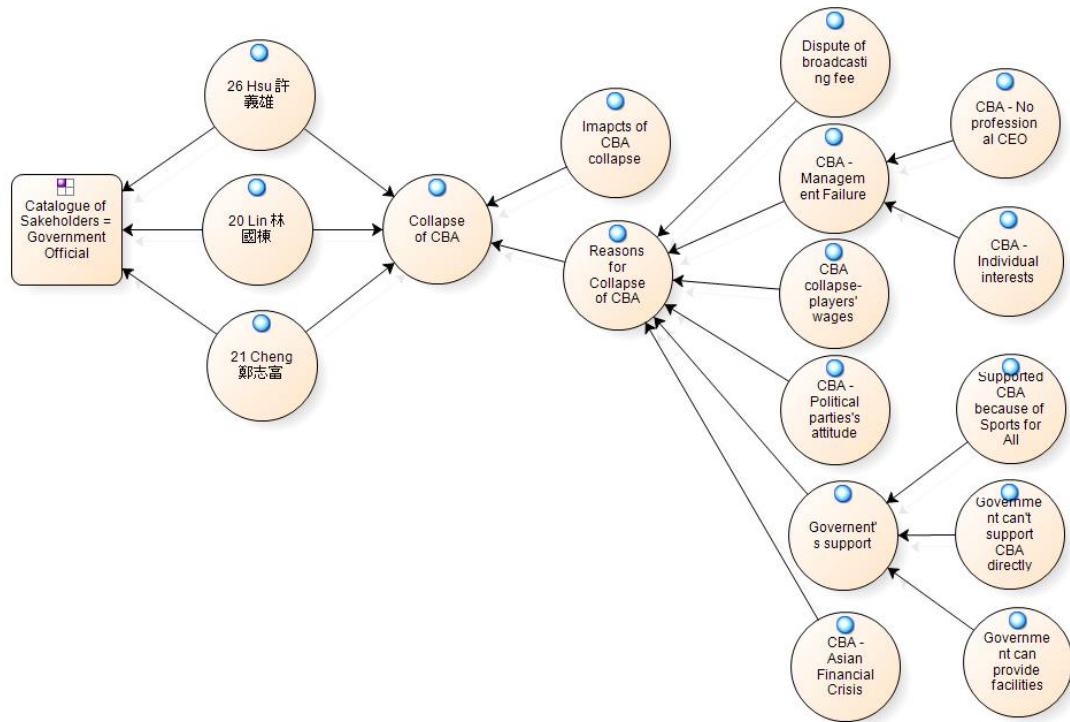
**Figure 4.2: A representation of the coding of the first case, the collapse of the CBA, from the interviewee data**



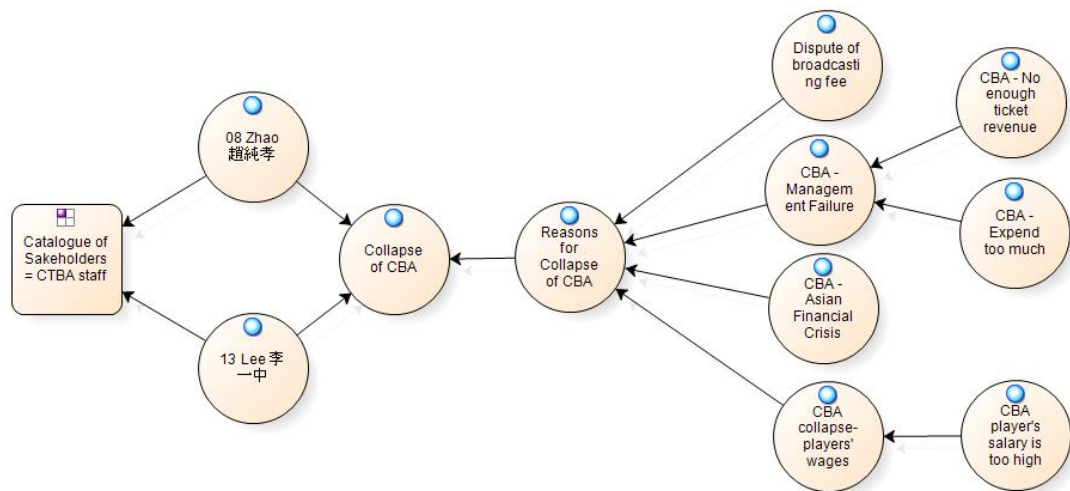
However, in this research, we sought to have the “stories” of different stakeholders. For each of the three cases reviewed, codes pertaining to the interviews undertaken were grouped together by stakeholder in order that the differences and similarities between such groups could be identified.

As the analysis of interview data was based upon both inductive and deductive processes (Blaikie, 2000), we identify some critical issues such as broadcasting rights and the relationship between stakeholders inductively, and also generate governance explanations deductively for each stakeholder group. For example the map of code for the case of the collapse of the CBA is reflected in Figures 4.3-4.7 for five sets of stakeholders.

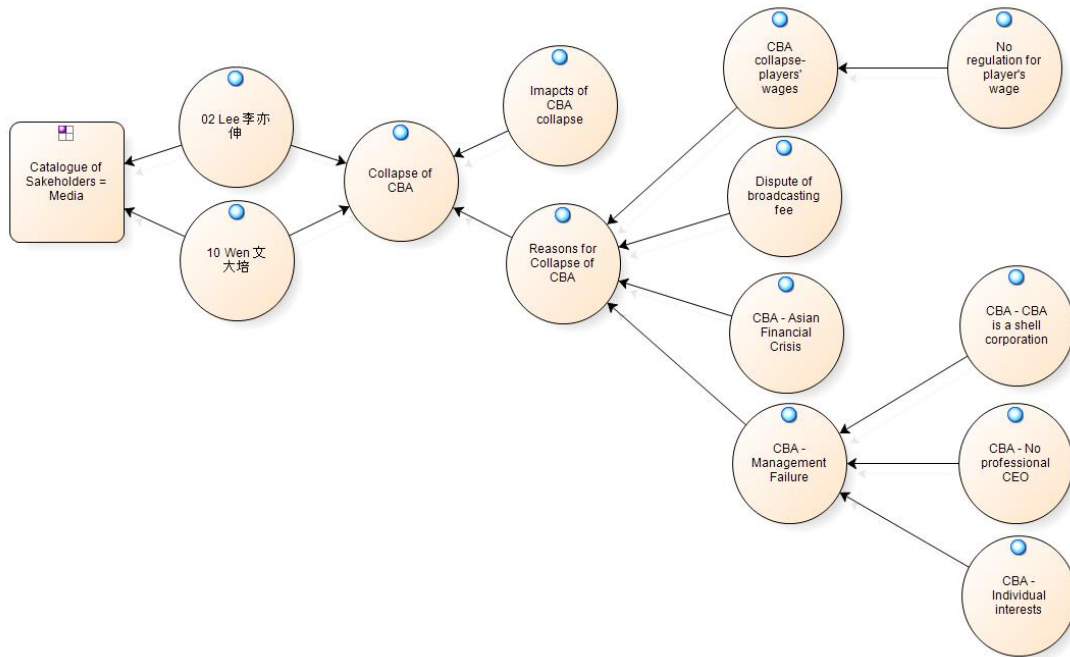
**Figure 4.3: the framework for the collapse of the CBA by the government officials**



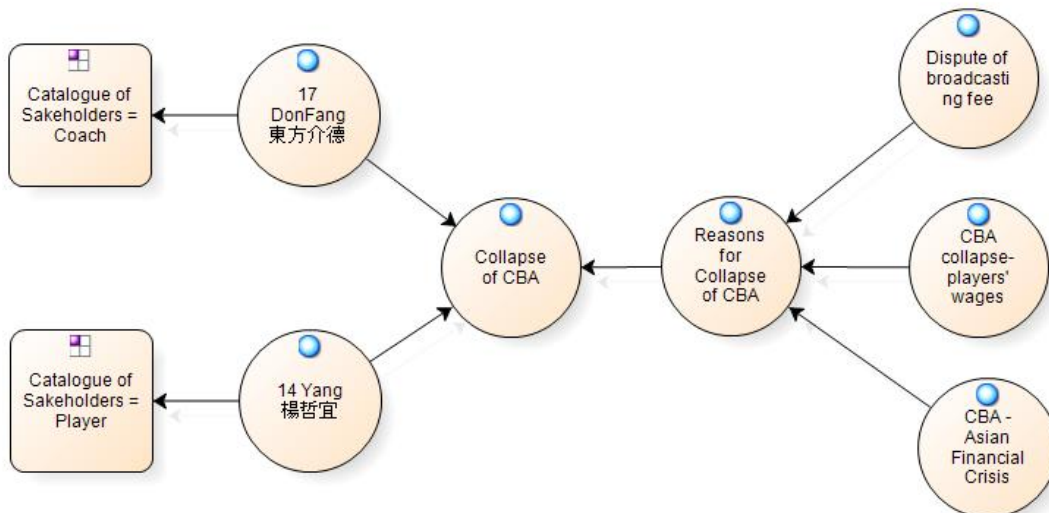
**Figure 4.4: the framework for the collapse of the CBA by the CTBA employees**



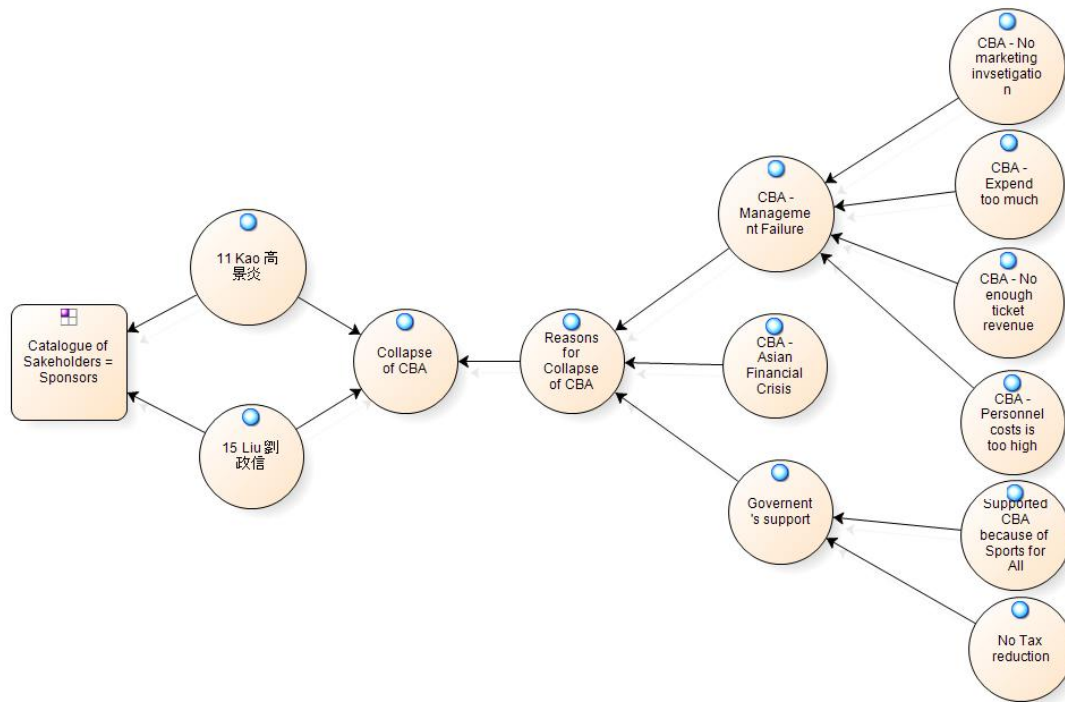
**Figure 4.5: the framework for the collapse of the CBA by the media account**



**Figure 4.6: the framework for the collapse of the CBA by the players and coaches**



**Figure 4.7: the framework for the collapse of the CBA by the sponsors**



## 4.8 Validity and Reliability

Validity refers to the truth value of findings which relates in quantitative research to “the issue of whether and indicator (or set of indicators) that is devised to gauge a concept really measure the concept” (Bryman, 2001: 151). In qualitative research, researchers use different terms to represent this criterion, such as warrantability (Wood & Kroger, 2000), credibility (Charmaz, 2006; Lincoln & Guba, 1985), or authenticity (Guba & Lincoln, 2008) reflecting ways in which we develop trustworthiness for our qualitative interpretation of the data, and the reasonableness of the conclusions we draw. There are different to signify the truth: (1) prolonged engagement and persistent observation with participants and within the field; (2) using triangulation in terms of data sources, methods, investigators and theories; and (3) member checking in order to reaffirm or refine a participant’s view (Lincoln & Guba, 1985). Furthermore, coherence of the analysis must be achieved by ensuring that all arguments fit together (Wood & Kroger, 2000). Thus since we are dealing with qualitative case

study approach, transcripts of data from interviews and documents including quotation material are made available for readers if required.

Reliability refers to the consistency of a measure of a concept and with ensuring that similar findings would be obtained if the research was conducted by someone else (Bryman, 2008; Plummer, 2001). In this thesis, the perception of the stakeholders in the specific groups was reviewed in order to develop insights into principal interests and forces in the governance system. 25 interviewees were drawn from the Sport Affairs Council, Chinese Taipei Basketball Association, legislators, clubs, coaches, players, media, and sponsors. Interview transcripts and government reports/proceedings of parliamentary debates were subject to coding employing Nvivo 9 qualitative data analysis software, and coding and analysis were undertaken employing an ethnographic content analysis approach using both inductive and deductive approaches where explanations both emerged from the data and were predefined in the nature of the interview schedule. In order to maintain the reliability for this research, we translated three interview transcriptions from Chinese to English entirely. I and my supervisor read them independently in the initial stage of coding process to ensure first that the identifying of themes for coding was sensible, and second to ensure that the codes once identified were applied consistently in the analysis of the data.

We then went through the process of analysing the data to build the coding frameworks. The frameworks we generated from the ethnographic content analysis were adopted in order to structure for the following three chapters of case studies.

## **4.9 Conclusion**

This chapter has considered how the key issues in terms of methodology were addressed in this research. The research adopts a critical realist position to link ontology, epistemology and methods, and seeks to identify how interviews specify directly or reflect implicitly their perceptions of and/or the existence of real underlying structures which shape (unable or constrain) particular outcomes. Thus a case-study approach, was based on documentary material and semi-structured interviews was adopted, with three major cases, namely, the collapse of the CBA, the development of the SBL and the development of sporting links with China, were selected on the basis of their significance in the operational governance of basketball. The following three chapters develop the analysis of these cases.

## **Chapter Five**

# **The Critical Incident: the Collapse of the Chinese Basketball Alliance**

### **5.1 Introduction**

This chapter focuses on extracting useful information from the interviews that were conducted throughout the period of December 2010 to February 2011. The aim here is not to tell 'the' story of the collapse of the Chinese Basketball Alliance from the author's point of view, but to reconstruct the 'stories' from the standpoint of each of the stakeholders.

The Chinese Basketball Alliance (CBA) was officially suspended after the game between LUCKIpar and Hung-Kuo Elephants on 14th March, 1999. There have been various explanations of the suspension of the CBA. Reasons include impact of the 1997 Asian financial crisis, dispute over TV rights fee, poor marketing, lack of long-term planning, franchise owners' attitude, insufficient skill level on the part of domestic players, and poor facilities, all of which had contributed to the collapse of the CBA (Ho & Chan, 2002; Lee, 2000; Wen, 2010).

Although seven interviewees mentioned the dispute over TV broadcasting fees, clearly this problem did not arrive overnight. Other problems had emerged and existed in the professional basketball league since its very first season. In this section the perspectives of specific groups of stakeholders are reviewed in an attempt to build a multi-faceted account of the events and developments that led to the collapse of the CBA.

**Table 5.1: Key events in the collapse of the CBA**

<b>Date</b>	<b>Events</b>
<b>14/08/1993</b>	The CBA announced its establishment
<b>17/09/1993</b>	The CBA set up its preparatory office and the league included four clubs – Hung-Kuo, Yulon, Tera, and Lucky
<b>28/03/1994</b>	The CBA company was officially registered in the Ministry of Economy
<b>06/11/1994</b>	The CBA held its opening ceremony for the inaugural season
<b>12/11/1994</b>	The first game of the CBA: Hung-Kuo played against Yulon.
<b>28/04/1995</b>	The champions of the first season of the CBA: Yulon
<b>18/07/1995</b>	Dacin and Hung-Fu joined the CBA
<b>14/11/1995</b>	The opening game of the second season
<b>21/05/1996</b>	Play-offs of the second season began, and the champion of the second season was Hung-Kuo
<b>07/12/1996</b>	The third season began and the CBA began to fully adopt a home-away game system.
<b>02/01/1997</b>	Released the promotion “watch two games by only one ticket”
<b>12/08/1997</b>	The champion of the third season: Hung-Kuo
<b>01/01/1998</b>	The opening of the fourth season
<b>08/18/1998</b>	The champion of the fourth season: Hung-Kuo
<b>31/12/1998</b>	The opening of the fifth season. ETTV refused to pay the broadcasting fee.
<b>21/01/1999</b>	The CBA Company announced a ban on the ETTV’s broadcasting on 21st Jan, 1999
<b>14/03/1999</b>	the CBA was officially suspended per executive board’s decision



<b>25/03/1999</b>	Vice President Lien hosted a meeting with the chairman of the CBA and the club representatives to discuss the re-opening of the league
<b>01/01/2000</b>	The opening of the CBA Millennium Memorial Tournament which was a warm-up tournament for the re-opening of the CBA
<b>07/11/2000</b>	Hung-Kuo announced its dissolution
<b>23/11/2000</b>	Chen, the man in charge of re-opening the league, announced its failure

## 5.2 The Perspective of the Media

An historic account of the inception of the CBA can be found in Wen (2010), who states that in 1993, there were four domestic corporations which had jointly devised plans to set up a professional basketball league; the four were Yulon Motor Corporation, Tera Electronics Corporation, Hung Kuo Development Corporation and Lucky Cement Corporation. Each of the clubs secured 125 million TWD (2.5 million GBP) from their owners to establish the Chinese Professional Basketball Corporation (CPBC), which runs the Chinese Basketball Alliance (CBA). When the CBA began in December 1994; the league consisted of four champion teams from Taiwan's Amateur Division A Conference: Yulon Dinos, Tera Mars, Hung Kuo Elephants and LUCKIpar. Subsequently, Hung Fu Rams and Dacin Tigers joined the CBA in the second season (1995-1996), expanding the league to a total of six clubs. Because the clubs collectively own the CPBC, which runs the CBA, the league was in essence owned by the clubs. Structural problems related to how the league was run within the organisation were seen by some commentators as a factor that led to the CBA's collapse. A senior journalist (M1) claimed that the structure of the CBA was a significant problem, which led to poor management:

The shares of the CBA belonged to six clubs, thus the manager of the CBA was assigned from one of the these six clubs for a fixed term of up to two years before the assignment was delegated to the next club. It is

not right for a club to lead and to operate the league for one or two years (Interview with the Media, 16/12/2010, translated by the author).

This journalist argued that the league should hire a 'proper manager' who is independent of the clubs, to organise and to operate the CBA because problems in mechanism of operation and human resource arose when the manager of the CBA was assigned from the clubs.

The role of the manager of the CBA was only for show because the club owners could ignore what he had decided. The six basketball clubs should hire a professional CEO to organise and to operate the CBA, to give a formal presentation to the shareholders, and to establish an independent management system. These mechanisms should address questions as to how to do annual marketing, how to evaluate and to identify the potential markets and how to plan the season schedule (Interview with the Media, 16/12/2010, translated by the author).

The manager of the league had dual accountability, to the league clubs and the wider public for the running of the system in a fair and open manner, and to his/her employer of the organisation that own the clubs to which they were affiliated.

The manager of Videoland Sport Channel (M2) also puts the blame on the owners who ran the league. He also argued that there were problems with the financial structure of the league.

In the CBA era, resources for the league to operate properly came from clubs. However clubs could not burn the candle at both ends. The league was not able to assume sole responsibility for its profits or losses. The only way for the league to make money was to hold the games (Interview with the Media, 06/01/2011, translated by the author).

However, the audience attendance rate declined year after year since the second season of the CBA; hence the income fell short of the expense. M2 argued that the league was suspended because the clubs owners could no longer afford its operating costs.

The league asked for financial support from the clubs. The Clubs spread themselves too thin. They not only supported the cost of running the teams but also needed to pay for the cost of running the league, which was the financial factor that eventually caused the suspension (Interview with the Media, 06/01/2011, translated by the author).

In the fifth year, the disputes over TV rights seemed to be the last straw in the suspension of the CBA. Lee (2000), for example, claims that the TVIS offered NT\$ 15 million alone for the rights to the first CBA season. U2 (the predecessor of ETTV) beat TVIS in bidding for the second season of TV rights by offering NT\$ 45 million since the average attendance of the first season was over 2000. After the CBA established its reputation, the CBA agreed to a new three year NT\$ 328 million deal with ETTV that allowed ETTV to retain sole TV rights from the third to the fifth season. The TV rights fee for the fifth season was about NT\$ 1 billion, which was the last year of the 3-year contract. However there was a deadlock between the CBA and ETTV before the opening of the fifth season. ETTV demanded a compensation package totalling NT\$ 46 million, which was used as the first payment for the CBA's 5th season. This amount was based on the fact that the CBA violated the original contract, which specified the completion of 180 games, when only 150 had been played. Due to this dispute, the CBA Company announced a ban on ETTV's broadcasting on 21 January, 1999. ETTV therefore terminated TV broadcasting of CBA after the game between Luckipar and Hung-Kuo on same date. The CBA did not receive anything and had to put up with the losses of advertising, and box office revenue because there was no broadcasting on TV (Lee, 2000; Lee, 2002). Furthermore some companies intended to suspend league play because they could no longer maintain the costs of running the clubs. Finally the CBA was suspended in what seemed to be an uncertain

situation, in that it was unclear at the time whether the suspension was permanent (in effect disbanding the league) or temporary.

The story suggests that the way the league was operated led to issues concerning operation and TV contracts, all of which eventually brought about the collapse. The story here seems to imply that weakness of one element (the league) brought down the other elements.

While Lee, a senior journalist (M1) argued that the crisis of TV rights, which brought about the suspension, was allowed to happen by a team with poor crisis management skills and lack of experience, he also noted that there was a suspicious situation regarding the lawsuit between the CBA and ETTV.

Although the lawsuit did not last for a long time because CBA disbanded soon afterwards, it is very strange that the dispute over TV rights fee ended up with nothing conclusive (Interview with the Media, 16/12/2010, translated by the author).

He argued that if the contract process had been clear, then the CBA should have won the lawsuit.

There was a strange situation between the CBA and the broadcast unit, ETTV, because they both signed a contract, which indicated ETTV must broadcast 180 games per year, however in the 4th season, the league had played only 150 games. ETTV therefore demanded NT\$ 30 million in total as compensation on the basis of NT\$ 1 million per game. The CBA argued that it was impossible to accept this condition, thus the situation went into a deadlock. If the CBA had survived, it would have been due to receive the NT\$ 100 million back from the ETTV, because the contract was still worth 128 million (Interview with the Media, 16/12/2010, translated by the author).

Here the journalist places the blame on the management group because they had not run the league properly, and he also implied there was something wrong in the case of the lawsuit.

Thus the media-based interviews and press accounts from the time suggest management failings were a consequence of a wider structural problem, and these contributed to the failure of the CBA.

### **5.3 The Perspective of the Members of CTBA staff**

Lee (2000) mentions that the CBA committee assumed that the rapid expansion of the CBA would attract more spectators and bring in more profits. In the second season, the CBA increased the number of games. In addition, the CBA began to adopt a home-and-away system from the fourth season. However, the Vice Chairman of Chinese Taipei Basketball Association (CTBA) argued that the CBA had been in too much of a hurry to expand, even though the market was not big enough to sustain the costs required:

We did a survey in the CBA era. We needed over one thousand and two hundred spectators to cover one single game's cost. However, only games that Hung-Kuo played could reach that ticket revenue (Interview with the CTBA, 12/01/2011, translated by the author).

Indeed, the ticket revenue could not cover the costs of the CBA. The owners of clubs had to pay fees to maintain the operation of the league, and they also needed to pay the wages of players. But the critical point was the league had had a budget deficit problem since its inception. The Vice Chairman of the CTBA states the following:

The number of spectators was out of proportion to the wage you paid to players. There was not that much earning. The players' wage kept inflating, but the ticket revenue was not good enough to cover that. By that time, there probably were not enough spectators unless Yulon were playing against Hung-Kuo or Hung-Kuo against other teams. Otherwise, spectator numbers in the hundreds were not able to cover the basic cost (Interview with the CTBA, 12/01/2011, translated by the author).

Here the story or the implication is that individual as to blame either owners (giving in too easily to wage or failing to appreciate economic realities) or the players (being too demanding or 'greedy').

The fifth season started in 1998, which was a year after the Asian financial crisis had become a full-blown economic crisis affecting the entire Asian-Pacific region, including the parent companies of the CBA clubs. In November 1998, Hanyang Group, the parent company of the Mars team, had faced financial distress because of the Asian Financial Crisis. Then the Hanyang Group tried to sell its basketball club. The Vice Chairman of the CTBA (F2) believed that impact of the Asian financial crisis on the construction industry in Taiwan was the main reason behind CBA's collapse.

Many parent companies of the CBA clubs were deeply involved with the construction industry; the parent companies of three of the six teams, namely Kong-Kuo, Hong-Fu and Dacin were in the construction business. The parent company of Luckipar is a cement company but it had a construction department as well. These construction-related companies were hit hard by the Asian financial crisis as property prices plunged (Interview with the CTBA, 12/01/2011, translated by the author).

Despite the economic difficulties, the fifth season opened on 31 December, 1998 as scheduled because the CBA took some measures to maintain the operation of the league. These measures included cost reduction through downsizing of the league and securing of ten million NTD by the Executive Board in November 1998 to ensure that the Mars employees would not be dismissed. However, the operation of the CBA remained more challenging than ever in the fifth season because of the impact of the Asian Financial crisis and a dispute over TV broadcasting rights. A staff member of the CTBA (F1), argued that the league made a wrong decision which had worsened its position.

Because of the dispute over TV rights fee, the league decided to strip ETTV of its broadcasting rights. However, the CBA lost media attention

and popularity very soon after the termination of TV broadcasting. Of course, the ticket revenue was getting lower and lower when they did not appear on the TV. The CBA then announced to suspend later on (Interview with the CTBA, 30/12/2010, translated by the author).

In summary, the events leading up to CBA's collapse have to do with factors internal to the CBA, as well as ones external to it. The interviewees' responses tend to converge upon the perception that poor management (internally) resulted in the loss of TV broadcasting, which dealt the final blow to the CBA. At the same time, the interviewees and literature available in the media also attribute the collapse to a harsh economic environment (externally), with adverse impact on the parent companies of four of the six teams.

#### **5.4 The Perspective of the Sponsors**

In order to increase the attendance in the fourth year, the CBA began to use a home-and-away system. Hung-Fu operated the Taichung market, Tera embraced Kaohsiung City as its home court, Dacin operated from the Fengshan stadium, and Yulon and Lucky managed the Hsinchu market together. All clubs operated Taipei City and Banchao, and Hung-Kuo was involved in all cities as it was the most famous team at the time. The CBA committee assumed rapid expansion of the league would attract more spectators and bring in more profits. However, it turned out to be a bad idea for the CBA to extend its business to different cities in Taiwan. When asked to comment on the operation of the CBA, a former Nike manager (S1) claimed that expanding too much was a wrong decision for CBA. He states in an interview: "If you don't do a marketing survey, you don't know the break-even point. Then playing in different cities and in different venues is to waste money."

According to the record, the attendance rate was on a decline since the second season. The CBA then failed to break-even because direct costs and indirect costs of the league were on the rise. Since it adopted a home-away system, the league

needed to pay for staff and facilities in different cities. a former Nike manager (S1) points out:

I think it is absolutely correct that its overextended business, the high personnel cost and hardware budget, which we mentioned, led to his poor management. The personnel cost was really too high because all the people who worked for this league in different cities came onto the new payroll. Added costs included league staff, facility maintenance staff in different stadiums, as well as referees; the league had to absorb all these costs to maintain its own business. However, we knew the number of fans was not enough. The CBA's income fell short of covering these positions (Interview with the sponsors, 04/01/2011, translated by the author).

These comments show that this sponsor's focus was on the economic structure of the league as the main factor explaining failures. In addition, He argued that there was no long-term planning for organisational structure, budget, marketing, players' recruitment, and promotion. As the poor management performance impacted upon fan attendances, profits were not available to support the costs of professionalization of the sport.

Furthermore the sponsor representative mentioned the philosophy of the managers and/or owners in Taiwan – The owners and managers did not run professional sports teams as a business but as a hobby (or as an 'appendage' to promote their main business). The former Nike manager (S1) further claimed: "Basically, the teams looked like appendages to the parent companies. The business owners were basketball fans and used the companies' marketing budgets to run the teams. So the owner could support a team. But if the owner ran his parent company badly, it was hard for him to operate these 'appendages' well" (Interview with the sponsors, 04/01/2011, translated by the author).

An owner of a sport consulting company (S2) drew similar conclusions:

This situation in Taiwan is normal, because the government did not give us enough financial support or tax incentives, thus I had to spend



my own money to run the basketball club. If I am having a tough time with my company's finance, I will cut the spending on the non-core business first (Interview with the sponsors, 15/01/2011, translated by the author).

Given this business philosophy, it is not surprising that the owners quit basketball very quickly in the fifth season in 1999 when the Asian financial crisis took a toll on the economy, and thus the parent companies of the CBA clubs were hit hard

## **5.5 The Perspective of the Government Officials**

A former Deputy Minister of the Sports Affairs Council (G3) pointed out that “all the meetings of the CBA adopted a collegiate system [a system of decision making by unanimous support]. The manager therefore could not decide anything because everyone in the meetings had a right of veto” (Interview with government officials, 27/01/2011, translated by the author). The club owners hoped to hire a professional manager to set up an independent and effective management team. However, the manager would have been ineffective in any event because of the veto system. Clubs could not come to a consensus or common view on how to proceed, and it became difficult to iron out differences and dealt with conflicts. Combined with the financial problem, this situation did not allow for the development of a sustainable management for the CBA league.

In addition to the management structure, a former Deputy Minister of the Sports Affairs Council (G3) believed the key issue bringing about the collapse of the CBA was the dispute over the TV rights fee.

The TV rights fee was an important source of income for the clubs when the CBA could not increase profits through ticket sales and other promotional activities. It was a key factor - you cannot maintain the league when you do not have a TV rights fee (Interview with the government officials, 27/01/2011, translated by the author).

Here he is in effect suggesting a model of how professional basketball in Taiwan would operate. The professional sport could not operate profitably on its own term. The league therefore relied on the TV rights fee because of its failings as a revenue generator. Thus we can see that because there was no TV rights fee in the fifth season, the owners could no longer support the clubs. In short, the basketball league presented a model of professional sport as paid for by media, so that without media funding it could not survive.

When the CBA Executive Board announced the suspension of the CBA in 1999, Lin did not believe that this was going to be the end of the CBA. Indeed, the public did not lose its enthusiasm for basketball during the suspension of the league, and about 63% of the fans expressed the hope that the CBA would maintain its operation (Hsu, 2006; Shih, 2001). The media attached considerable importance to basketball because as much as 10.2% of ball sports coverage by electronic media was on basketball and the proportion rose to 24.1% in print media (Shih, 2001). According to the statistics, Hsu (2006) argues that Taiwan did not lack the market for basketball but it lacked 'product', in the sense of games which were worth watching.

A former Deputy Minister of the SAC (G3) mentions that the KMT was actively involved in the re-launching affairs of the CBA after the CBA was suspended.

Chung, the coach of Mars, was instrumental in getting the KMT involved. He committed himself to his team and spent his own money to maintain the club. Then the Broadcasting Corporation of China (BCC), which was owned by the KMT, began to support the club. In order to promote the party's political interests and as a campaign for the election, the KMT wanted to let people know that they supported basketball and sports (Interview with the government officials, 27/01/2011, translated by the author).

That was why Lien, the vice president then, held a forum with the chairman of the CBA and stakeholders to discuss matters relating to the suspension on 23 March 1999. A former Deputy Minister of the SAC (G3) states:

There are many reasons for the suspension of the CBA. It was a difficult situation when the owners pursued their own interests. However, the Sports Affairs Council (SAC) pushed them to re-open the league. The SAC provided funding to host some events. For example, the SAC funded “the CBA Millennium Memorial Tournament”. Of course the SAC cannot directly fund a professional sport, but it can help the re-opening by entrusting the CBA to host some basketball events. Chen, the owner of Hong-Fu, was in charge of the team at the re-opening. The SAC funded them to host some promotional events to maintain a basketball atmosphere in local communities and in schools. The government spent a lot of money by that time (Interview with the government officials, 27/01/2011, translated by the author).

Because the SAC intended to re-start the league, the Minister of the SAC had a conversation with the chairman of the CTBA in October 1999. However, the two protagonists had different views about this issue. Zhao, the Minister of the SAC, wanted to re-start the league as soon as possible, but Ren-Da Wang, the chairman of the CTBA, wanted to solve the fundamental problems of the CBA. Wang therefore argued that the most significant problem faced by the CBA was its lack of facilities (Lin, 1999; Wei, 1999). The CBA did not have a proper stadium in which to stage the games. A deputy Minister of the SAC (G3) attended this meeting. He claims that Wang made “giving funding to his own company to build a new basketball stadium’ a condition for him to support the re-opening of the league”.

Wang insisted that there was no proper stadium for basketball in Taiwan after the Chunghwa Stadium had burnt down in a fire disaster in 1989. Wang said if the SAC decided to build a new stadium, he would then fully support the re-opening of the CBA. Wang wanted to spend around eighty million NTD to build a stadium. He even showed the construction design in the meeting. He asked the SAC to provide funding to his own Dacin Construction Company (Interview with the government officials, 27/01/2011, translated by the author).

However the SAC would not accept Wang's condition, Wang therefore did not support the re-opening. Wang's decision was quite influential as he owned one of the professional CBA clubs - Dacin Tiger. A deputy Minister of the SAC (G3) argues that with the chairman of the CTBA and the owner of Dacin unwilling to support the re-opening, there was little likelihood for the league reviving.

In October 1999, Chen (the owner of Hung-Fu) took over as the chairman of the CBA, the CBA Company and the SAC worked hard to re-start the league using their political and economic influence aggressively. On 1st Jan, 2000 the CBA launched a three-month tournament called "the CBA Millennium Memorial Tournament" as preparation for the re-opening. At that moment, Mars was still struggling financially due to the Asian Financial Crisis. Under the operation of the CBA Company, the KMT decided to pay NT\$ 3 million to sponsor the Mars Company so that the tournament could be successfully restored. But on 31st Jan, 2000, the Yulon motor company, which had led and had supported Taiwan's basketball for almost 30 years, suddenly announced that they would no longer participate in the CBA because of the league's structural problems. In April 2000, the owner of the Luckipar also announced the dissolution of his basketball team. But Chen, who was both the chairman of the CBA and the owner of the Hong-Fu club, tried to convince the owners to stay on as he insisted the CBA would re-open on the 17<sup>th</sup> of November that year.

The above-mentioned description of the events clearly suggests that the decisions were driven by the club owners' interests. The deputy Minister of the SAC (G3) claims that the reason for Chen to support the re-opening of the CBA was that he could profit from organising the re-opening.

Each of them spent 10 million dollars on the preparation of the re-opening. Because Chen was responsible for the re-opening arrangements, he managed the budgets and expenses from a pool of money. Chen entrusted his own organisation to handle the re-opening affairs and added related staff to the payroll. As a result of this, the organisation that belonged to Chen had been allocated most of the fund, meaning he and his organisation had certainly earned money at

the expense of the other teams. As news broke out that Hong-Fu had itself profit arrange to from the common pool of funds that collected to re-start the league, the owners of some teams decided to quit (Interview with the government officials, 27/01/2011, translated by the author).

Thus the interviewee suggests that the CBA clubs decided not to support the re-opening project because Chen had acted solely for the benefit of his own company.

In the case of the suspension of the CBA, the KMT was another key stakeholder. Not only did Lien, the Vice President of the country (a KMT representative) support the re-opening project, but the KMT also spent from its own budget to buy one of the CBA clubs, the financially struggling Tera Mars.

In August 2000, the KMT bought the Mars team for NT\$ 25 million and entrusted the Broadcasting Corporation of China with management of the team. In October 2000, Chien-Chi Chen, a legislator of the KMT, took over as the chairman of the CBA executive committee. Although the public anticipated that the CBA would re-open in November, Hung-Duo Lin, the owner of the Hung-Kuo, announced on 7<sup>th</sup> November, 2000 the dissolution of the most popular basketball team in Taiwan because of the financial difficulties of its parent company. The day after, Chen also dismissed all his players. These actions happened in ten days before the re-opening was due to take place. On 23<sup>rd</sup> November, 2000 the chairman of the CBA officially announced that the CBA would not be re-opened. Thus, the KMT had invested tens of millions of dollars with no return. The Yulon and Mars team registered in Division One to play in the amateur tournament. Then Hung-Kuo was taken over by the Sina Corporation and changed its name to Sina Basketball. The following year the Sina Basketball team transferred to China to play in the Chinese First Class Basketball League.

## **5.6 The Players' and Coaches' Perspective**

From a players' perspective, a former CBA player (P3), mentioned that "players' wages doubled every year to a horrific level. The increase in the players' wage

was a consequence of the increase in TV rights fee” (Interview with the players, 13/01/2011, translated by the author).

The TV rights fee for the CBA rose by 22 times within two years. Wen (2010) argues that the rising income from TV rights fee gave players the bargaining ground to demand higher wages, but the clubs did not have a financially sustainable plan when they agreed to the wage increases.

The former CBA player (P3) summarises the collapse of the CBA.

There were three main factors behind the collapse of the CBA from his observation. The first one was the players’ wages. The second one was the parent companies of 4 of the 6 clubs who are all in the building and/or construction industry. When the Asian financial crisis took place, the building industry was in recession. In addition, the parent companies of all six teams had held shares in one another, so the parent companies’ structures were all in danger. Therefore they resort to slashing funding for basketball. Then the third reason saw the catalyst of the collapse, which was the dispute over TV rights fee. Because TV broadcasting was the last financial lifeline for the CBA, termination of the TV contract was the last straw (Interview with the players, 13/01/2011, translated by the author).

From this interviewee’s viewpoint, the issue of the player wage, the Asian financial crisis, and the dispute over TV rights fee were the three elements responsible for the collapse of the CBA. He also indicated that the Asian financial crisis was not only an external factor. The reason why the Asian financial crisis was so damaging for the league was because club ownership was concentrated in construction companies.

A former CBA player (P4) agreed with this point and argued that the CBA relied too heavily on a single area of the market for ownership and support:

Hong-Kuo, Lucky Cement, and Hong-Fu were all in the same business. In such an economic turndown, those companies were hit hardest.

Because the parent companies were in financial crisis, the clubs were unable to secure loans from banks to get past the difficult period. All they could do was to accept cost-cutting changes from their parent companies (Interview with the players, 18/01/2011, translated by the author).

This former CBA player (P4) echoed A former CBA player (P3)'s view that the only solution sought by the parent companies of the clubs in the midst of financial difficulty was to give up the basketball business, and the loss of income from TV rights only expedited this process.

In the past, the TV rights fee was over NTD\$ 100 million. Each of the clubs used to have NTD\$ 30~50 million of the share of the TV rights annually. However, some clubs relied on the TV rights fee so much that they used their entire share of the TV rights fee to pay the players and to maintain the operation of the clubs. Unfortunately, when ETTV refused to pay the fee, the parent companies did not have enough resources to maintain their basketball clubs (Interview with the players, 18/01/2011, translated by the author).

In summary, the players and coaches interviewed focused on three major issues, the discussion of the players' wages, the league being overly dependent on the health of the construction industry, and the TV rights fee. All these issues were inter-dependent.

## **5.7 Summary of the Case**

The purpose of this chapter has been to explain outcomes from the perspectives of stakeholders for the first case – the collapse of the CBA. The explanations are summarised in Table 5.2. There are multiple perspectives about what or who was responsible for different outcomes.

Four interviewees, key informants from different groups of stakeholders argued that the structure of the CBA was problematic. Government officials suggested

the CBA presented a model where the cost of professional sport was met by the media, and the interviewees from the media echoed this perspective as they argued that the CBA relied too much on TV rights fee and suffered from the lack of funding from other sources. Indeed, the Taiwanese basketball system could be said to have been dominated by the media (we will return to discuss the role of the media in a subsequent chapter).

In addition, the member of the CTBA and the players/coaches also made the argument that the league suffered from resource dependency, relying on a single source which made it vulnerable to economic swings, the difference here was that the 'single source' was the construction industry. As foreign and domestic funds retreated from stocks and property investments, the real estate sector was deprived of revenue. As a result, the companies gave up their basketball clubs as a means of reducing costs. These stakeholders suggest that a lack of business competence allowed the league to be overly dependent on an ailing industry.

Furthermore, the interviewees (CTBA, sponsors, and government officials) also tended to place the blame on the owners. The CTBA argued that the owners failed to appreciate the economic reality that the Taiwanese market could not afford a professional league. The sponsors blamed the owners for treating the basketball business as a mere hobby. This could also be an explanation as to why the owners would as a first option give up the clubs when they had difficulties because the basketball clubs were seen simply as an appendage of their parent companies. Specifically, the government officials blamed two club owners for acting on self-interest at the expense of the wellbeing of the league: Wang, the owner of the Dacin tigers, as the president of the CTBA during the season of the much-anticipated reopening, and Chen, the owner of the Hung-Fu Rams, as the leader of the re-opening project. The two were accused of putting their companies' profits ahead of the overall development of the league during its suspension.

However, the media, CTBA staff, sponsors and the government official all argued that the collapse of the CBA was caused by the lack of competence of the CBA committee. The media argued that the manager of the CBA committee did not



have the real power of decision-making because he was assigned by, and therefore under the influence of the club owners. The CTBA staff argued that the CBA had collapsed because the CBA committee lost its broadcasting partner because of a dispute over the TV rights fee with ETTV. The sponsors argued that the CBA committee made a poor decision to overextend the league's profile when the market could not support the costs of professionalization. The government officials also recognised that the manager of the CBA committee could not decide anything because the owners in the meetings had a right of veto.

The structure of the CBA seemed to be that of a completely professional league which was owned by the CBA Company, and it had a committee to operate the league. However, the CBA Company was set up by the club owners, and the shares were owned by the six owners. Even the manager of the CBA committee who took formal responsibility for the operation of the CBA needed to consult the owners before making significant decisions. Specifically, the owners had a right to veto. Therefore if a decision of the committee had a negative impact on one club, the club owner would reject it even though the decision was good for the long term operation of the league.

In short, the interviewees argued the collapse was due in part to resource dependency (though there was disagreement as to which resources, media income or construction industry investment, were at issue) but was predominantly the product of the CBA committee's actions in taking poor decisions, overextending the business, reflecting a lack of sports industry specific business skills. These weaknesses were fully exposed by the external factors that came with the Asian Financial Crisis, eventually leading to the collapse of the league.

Although the CBA (the League) was nominally the body responsible for the League, it is clear that network, rather than top down, forms of governance operated in this case. In effect there were particular key stakeholders whose actions were seen as critical to the outcome including the CTBA (the national association), Ren-Da Wang (the Chairman of the CTBA, and the owner of the

Dacin Tigers Club), clubs, players, Media, political parties, the SAC, and Vice President.

It is clear that good governance principles were perceived as being breached in this case. The manager of the CBA had dual accountability (and thus a conflict of interests): to the league clubs and the wider basketball constituency for the running of the system in a fair and transparent manner; and to his / her employer the owner of the club to which s/he was affiliated. Moreover, as financial over-dependency was another important factor in the collapse of the CBA, we argue that the principles including effectiveness, responsibility, and efficiency were not well-established when the league demonstrated a lack of financial risk management when over-expanding the market.

There was also a lack of effective political governance evidenced in this critical event as the Vice President of the country and the SAC tried to deliver on the government aim of 'saving professional basketball', with the KMT investing heavily with millions dollars.

We will revisit the circumstances surrounding the collapse of the CBA illustrating the actions, tactics, interests and outcomes, which stemmed from the governance system in Chapter 8.1 in order to develop a comprehensive discussion of these three inter-linked cases.

**Table5.2: Responsibility for outcomes of the collapse of the CBA**

<b>Accounts</b>	<b>Responsibility for outcomes</b>	<b>Main arguments</b>
Media	* The CBA committee	* The manager of the league had dual accountability, to the league clubs and the wider public for the running of the system in a fair and open manner, and to his/her employer the organisation owning the clubs to which they were affiliated.
	* The CBA	* Relied on the TV rights fee too much.
CTBA staff	* The owners	* Failing to appreciate economic realities
	* The Players	* Being too demanding
	* The CBA * External environment (the Asian Financial Crisis)	* Impact of the Asian financial crisis on construction companies was the main reason of the CBA collapse.
	* The CBA committee	* The CBA lost media attention and popularity very soon when the CBA lost the TV broadcasting.
Sponsor	* The CBA committee	* Poor management decision – overextended business. * Poor operation impacted upon fan attendances, profits could not support costs of professionalization
	* The owners	* The owners or managers did not run professional sports as a business but as an appendage to their main business
	* The government	* The government did not give the professional sport enough financial support

Government officials	* The CBA committee	* The CBA adopted a collegiate system [a system of decision making by unanimous support]. The manager therefore could not decide anything because everyone in the meetings had a right of veto.
	* The CBA	* The basketball league presented a model of professional sport as paid for by media.
	* Wang - The president of the CTBA	* Wang only concerned his own interests
	* Chen - The leader of re-opening project	* Chen only concerned his own interests
Players/Coaches	* The Clubs	* The clubs relied on the TV rights fee * The increasing of the player wage was a sequel of the increasing of the TV rights fee. The clubs did not have enough income from the TV rights fee but they have to afford the increasing costs, especially the players' wages
	* The CBA	* The CBA relied on the building companies too much

## Chapter Six

# The Critical Process: the Emergence of the Super Basketball League

### 6.1 Introduction

After the suspension of the Chinese Basketball Alliance (CBA) in Taiwan, the Division One Basketball Tournament became the only stage on which the elite players could play. The tournament was played on a monthly basis, but the total number of matches decreased from sixty (a full CBA season) to just fourteen games. The shortened season and the decrease in games played had a negative impact on the performance of players. To make matters worse, the media declined to broadcast basketball games because the tournament lacked competition, coupled with the turndown in international competition<sup>9</sup>. This marks a dark period of nearly four years in Taiwan basketball (Hu, 2008).

In 2003, the former Minister of the Sport Affairs Council (SAC), Lin Te-Fu, promoted the Super Basketball League (SBL) as an attempt to revive basketball in Taiwan. Lin met with the chairman of each club to discuss the affairs of the league. The SAC recruited the former National team captain, Cheng Chi-Long, as the convener; it also invited the Chinese Taipei Basketball Association (CTBA), senior basketball players, and other professionals to form the ROC SBL promoting team (Chang, 2004). In addition, the SAC invited the clubs from Division One: Yulon, Dacin, Broadcasting Corporation of China, Jeou-Tai Technology, Taiwan Bank, Taiwan Beer, and Sina<sup>10</sup> to set up the SBL.

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<sup>9</sup> Chinese Taipei Men's Basketball Team Ranked 7<sup>th</sup> in FIBA Asian Championship in 2001, ranked 7<sup>th</sup> in the Asian Games in 2002, and ranked 11<sup>th</sup> in FIBA Asian Championship in 2003 which was the worst ever ranking in the history of Chinese Taipei Men's Basketball Team.

<sup>10</sup> Sina Basketball Club had registered and participated in the People's Republic of China's basketball league in 2001-2003 and had returned to Taiwan in 2003

The SBL season began in December each year and finished all regular fixtures in May. Every club had thirty matches per season. The top-four clubs of the regular season entered the playoffs. The first season of the SBL opened on 21st November, 2003 with broadcasting carried out by ESPN and marketing conducted by NIKE. The CTBA took on the tasks of the organising the league and officiating matches.

With the government's support, the SBL was constructed under the administration of the CTBA. In contrast to the traditional amateur league, the SBL had to handle ticket-selling, TV broadcasting and commercial marketing. It therefore became a 'prospective' (or semi-) professional league. However, the structure of SBL, being a prospective (or semi-) professional league, brought with it a confusion of powers and responsibilities among the clubs, the CTBA, and the SAC. For this reason, the league was unable to operate effectively. Originally, it was intended that the clubs should co-operate with the CTBA. However, since a number of all-star players transferred to China and the number of fans decreased, the clubs were in conflict with the CTBA throughout the nine years of the league's operation.

In this section the perspective of each group of stakeholders is reviewed in order to understand the emergence and operation of the SBL.

## **6.2 The Perspective of the Governmental Officials**

Theoretically, Sport policy in Taiwan followed the White Paper (Sport Affairs Council, 1999). The development and context of Taiwan sport were discussed in this White Paper, which also raises some issues and provides certain solutions as guidance for the development of sport in Taiwan. In addition, the government also has its own agenda to be realised. For example, there is an annual policy plan for the government to follow and to execute under a budget. However, there is still flexibility when delivering the policy plan. Such flexibility is reflected in the comments of the Minister of the SAC (G1).

In the system in Taiwan, a Minister of a department does not have a fixed tenure. He is always preparing to step down. He does not know how long he can stay in his position. He will be criticised if he does not have any political achievements by the time he steps down. It is therefore inevitable for each Minister to have different policy directions, for which there is only a certain timeframe to deliver. Therefore he must promote what he wants to achieve aggressively. In short, every head of department will think about what he should do in this position, and he has his own preference. However, is this 'preference' comprehensive enough? It is another aspect (Interview with the government officials, 13/12/2010, translated by the author).

A former Deputy Minister of the SAC (G4) shared this viewpoint:

There are many policies of the SAC which come from the Minister of the SAC. When he had his own ideal, he did focus on some specific affairs. He could also highlight his political achievement. Therefore, the SBL is one of Lin's achievements. Whether he used the government's power and budget or his personal connections, he brought the SBL into existence. At that time, there was no private sector entity willing to invest in it. So it was led by the government at the beginning. Then it became an autonomous league (Interview with the government officials, 28/01/2011, translated by the author).

From the perception of government officials, it is clear that government's role is so important that the preference of the Minister could become a major contributor to the inception of a prospective professional sport.

There are certain regulations on the formation of policy. However, regulations were made by humans. In Taiwan, personal emotions, connections and relationship will affect the policy-making process. This results in the phenomenon that 'the Minister's opinion is the

policy'. For example, the SBL was what Lin wanted, he told his subordinates to make it happen (Interview with the government officials, 27/01/2011, translated by the author).

Basically, the general direction set up by the central government sets the basis for policy formation by the SAC, and then the policy is adjusted by the preference of the Minister. However, here this senior politician mentioned the importance of 'relationship' in Taiwanese culture. Different stakeholders would try to maintain relationships with one another; similarly in a department, subordinates would try to follow the Minister's personal preferences.

In Taiwan, the highest guiding principle for sport policy is the White Paper. The White Paper is a roadmap for Taiwan sport development. For example, the section of the paper on 'Issues and Solutions' specifically mentions the need 'to enhance competitive sports' (SAC, 1999: 71-80) because competitive sports can be a tool to improve international exchange which Taiwan could use to raise its international reputation via hosting mega events. In order to strengthen the basis of talent development, professionalisation of coaches, sport science and sport facilities, the SAC adopted certain strategies. One of the strategic aims in the White Paper was 'to develop professional sport, to enhance the level of competition, and to increase participation.' Details are listed below:

1. To develop a consensus for the 'coexistence of professional sports and amateur sports'.
2. To review the current situation and problems of professional sports. To improve the environment for developing professional sports.
3. To set up regulations for professional sports (draft system, game system, tax regulations, foreign players). To promote positive interaction of professional sporting organisations.



4. To set up a system of professional players' registration. To improve the quality of professional sports. To raise attendance and participation.

Following the plan of the White Paper, the SAC focused their resources and effort on two popular sports – baseball and basketball – in Taiwan. Regarding baseball, the SAC pushed for the merger of two professional baseball leagues (Chinese Taipei Professional Baseball League and Taiwan Major League). After the merger took place in 2003, the SAC shifted their focus onto basketball at a time when the CBA was suspended, leaving Division One amateur league as the highest-level domestic competition. Although entry was free, attendance remained extremely low. The media therefore did not see incentives to broadcast the games. For the SAC, disappointing attendance and lack of TV broadcasting proved very difficult for the promotion of basketball. In order to solve this problem, the Minister of the SAC took the initiative to help the CTBA and clubs to launch the SBL.

A former Minister of the SAC mentioned that he played a direct role in the launching of the establishment of the SBL:

The planning of the SBL was really launched by the SAC. I went to visit owners and leaders of the teams with the goal of inviting them to set up the SBL. I went with my subordinates to visit them and to listen to what they thought about basketball. I had to understand what owner's expectations were and what they thought about their clubs (Interview with the government officials, 13/12/2010, translated by the author).

Given the serious nature of the complex power relationship between the SAC, the CTBA and clubs, the new league could not be a fully professional one. The above respondent said, "I went to visit them one by one. Then finally we agreed that we had just gone through the pain of the CBA, so we should aim for the middle ground between the CBA and the amateur league. It ended up being a prospective professional league – SBL" (Interview with the government officials, 13/12/2010, translated by the author).

In the decision-making process, the decision to set up a prospective professional league was not a default option at the beginning. A former Minister of the SAC argued:

This (the establishment of the SBL) was of course the conclusion following our discussions. Some people told me that we should re-open the CBA if that was possible. Some people argued that there was no market for a professional league. After I visited some owners, I realised that they could still support basketball, but their resources were limited. For example, the cost of running a professional club was 60 million NTD for each year, but the owners could only afford 30 million. It was not possible for them to increase the funding to 60 million. We shared the same interest, but after considering the current situation, we found a middle ground, which was the SBL. That is why I said the SBL was not a default option. It came out after the discussion (Interview with the government officials, 27/01/2011, translated by the author).

In other words, the SBL was a compromised product. The decision maker originally had the idea to advance from an unattractive amateur league to a more exciting solution. They tried to construct a comprehensive system that covered regulations, broadcasts, facilities and fixtures in order to attract fans. Nevertheless, they did not have enough resource to establish a fully professional league. The SAC therefore became a guarantor for the SBL and provided resources for it. In this case, not only did the SAC act as the coordinator, but it also provided physical resources.

I preferred the SBL to be set up under the structure of the CTBA in order to use human resources and referees. It might be not a fully professional league but it still had the spirit of a professional league. Therefore broadcast and facilities all came from the opinion of the SAC. What does the opinion of the SAC mean? It means the SAC had resources. I remember we spent millions to renovate the Taipei stadium to make it the main venue of the SBL. In terms of broadcasts,

I found ESPN and introduced them to the CTBA (Interview with the government officials, 13/12/2010, translated by the author).

The SAC had control of the resources for sport in Taiwan. In the case of the SBL, it did play a crucial role because it arranged the game system, the renovation of facilities, and even hired up the broadcasting media.

Initiated by the SAC, which also gained support from CTBA and clubs, the SBL was formed. The SAC had played the role of auxiliary; from the standpoint of national policy, its promotion of the SBL also led to the re-emergence of Basketball. Clubs were the partners of the SBL and formed the SBL committee with the SAC. Clubs worked with the CTBA to draw up regulations, to which the clubs are subject. The establishment of the SBL was an event motivated by policy, with the guarantee of government. In order to run the SBL smoothly, there had to be seamless cooperation between the CTBA and SBL.

However, the CTBA and the SBL committee had always had arguments about the leadership of the SBL. At the beginning of the SBL, the SAC had assigned the CTBA to act as the senior manager of the new league and had used CTBA's resources to help the SBL get on track much quicker. In the meantime, in order to secure the rights and power for the club, the CTBA had set up the committee of the SBL incorporating managers from every club to be a communication channel between the clubs and themselves. The establishment of the SBL was based on the prospective-professional structure and this formed a unique structure and relationship between the government, clubs, the broadcasting unit and the CTBA. However this unique structure also caused some management problems.

The current management was plagued by the lack of cooperation between the SBL committee and the CTBA, resulting in an efficient league and a non-profitable business. The distance between the clubs and the CTBA left little room for a common view, and thus a situation was hard to solve.

A former Deputy Minister of the SAC (G4) believed the structure of the SBL was problematic.

The prospective-professional league means it is not a real professional one. It is clear that the SBL cannot be a professional league because the government has been involved. The SBL is put in the structure of the CTBA which means that the SBL cannot go forward. It would be a better development for the SBL to become an independent organisation. Then the SBL would not be controlled by the CTBA. However, the situation is that the chairman of the CTBA owns a club and he can have the ticket revenue. It is not a good thing for sport development in Taiwan. The SBL should be independent for it to be a truly professional basketball league (Interview with the government officials, 28/01/2011, translated by the author).

The distribution of financial interest seems to be an important issue for the SBL. In the initial plan of the Government, the CTBA was to be the co-organiser, and would also be the recipient of all ticket sales in order to cover organising costs for events. The clubs' external income was only from broadcasting rights and a few marketing activities. For the SBL in 2008, before the financial crisis, the broadcasting rights were worth NTD 56 million in each of the fourth and the fifth seasons. This amount was equally shared by the 6 teams, as indicated in Figure 6.1. In recent seasons, due to poor ratings and decreasing levels of sponsorship, each club received NTD 3.1 million. Even in 2013, or the 11<sup>th</sup> season, each club was projected to make only NTD 3.35 million.

**Table 6.1: Broadcaster and Broadcasting Rights Fee**

Season (Year)	Broadcaster	Rights Fee	Club sharing
1st Season (03-04)	ESPN	5600000	800000
2nd Season (04-05)	ESPN	27500000	3500000
3rd Season (05-06)	ESPN	35000000	5000000
4th Season (06-07)	ESPN + Videoland	56000000	8000000
5th Season (07-08)	ESPN + Videoland	56000000	8000000
6th Season (08-09)	ESPN(free) + ELTA	6440000	920000
7th Season (09-10)	ESPN + ELTA	23000000	3285714
8th Season (11-12)	ESPN + ELTA	23000000	3285714

(Source: Interviewee C3 from an SBL club)

The SBL clubs also wanted a share of the ticket revenue because, it was argued, it is the players who play the games, not the event organisers. However all revenue from the ticket sales went into the CTBA's account and the clubs were short of additional funds to pay their players. The clubs certainly felt it was unfair. However, from the CTBA's perspective, it not only organised competitions but also had to invest in human and material resources; the cost was large for a non-profit organisation as there were limited sources of funding. The CTBA therefore met its costs with money from ticket sales. However, after some discussion, the CTBA decided to have revenue from the ticket sales, and the clubs were to have the revenue from the broadcasting rights fee. The conflict between the clubs and the CTBA was created because of individual financial interests (Hu, 2008).

In the seventh season, 62,946 tickets were sold; based on the gross profit with the average ticket price at NTD 150, the CTBA would have gained NTD 9 million without conducting any marketing activity. However, the clubs believed the financial allocation was unreasonable. Among them, the more puzzling point was that ESPN had broadcast rights and marketing rights at the same time. Even though ESPN had paid for the broadcast rights, the CTBA had also authorised and paid ESPN for marketing activities. In general, people believed that ESPN would try to reduce marketing expenditures as a cost reduction. Why broadcast and marketing rights had been given to the same company was the question most frequently asked of the CTBA.

A former Deputy Minister of the SAC (G2) claimed that signing the relevant contracts for broadcasting rights was a matter for the business entities involved, and the government had no role to play (Interview with the government officials, 18/01/2011, translated by the author).

Another former Deputy Minister of the SAC (G3) also noted that in terms of professional sports, the role of a government should be as policy maker and a supervisor.

The government should act as a policy maker and leave the practical work to others. When the others do some practical work, the

government then becomes a supervisor (Interview with the government officials, 27/01/2011, translated by the author).

However, in the real situation, the government official was over-involved in the decision of broadcasting unit. A former Deputy Minister of the SAC (G3) claimed that

The SBL was the idea of Lin (former Minister of the SAC). He gave it to ESPN completely at the beginning. However, the CTBA went to argue that they had resources to support. Finally, the SAC cooperated with the CTBA. How could a government give money for a TV channel to organise a basketball event? It was the idea of the Head of government (Interview with the government officials, 27/01/2011, translated by the author).

In terms of the financial structure of the problem of SBL, in addition to the revenue from broadcasting rights, funding of the clubs also came from the parent companies. The clubs that were funded from the state-owned enterprises relied on government budget and as a consequence had a social responsibility to assist the country to cultivate basketball talent. Private companies' engagement in professional sports is mostly fuelled by business owners' love of the sport. Although the firm size and capital is not very large, they still put a considerable amount of money and resources into the club (Hu, 2008). Hence, it may not have been the primary objective for clubs to gain a direct profit from the SBL.

A former Minister of the SAC (G1) argued that the small scale of the parent companies meant that they could not fully support the SBL, while large companies did not want to support basketball.

Clubs in Taiwan did not have large parent companies to support them. Sometimes large companies were willing to support sports, but at the same time they were concerned that the club might damage the brand reputation. In the basketball industry, only Yulon was a large company, and Broadcasting of China and Taiwan Bank were state-owned companies which had enough resources to invest

in sport sponsorship or marketing (Interview with the government officials, 13/12/2010, translated by the author).

'Is it good for the reputation or corporate image?' seemed to be the most important question when a Taiwanese company evaluated the benefits from supporting sports. Professional baseball in Taiwan set a precedent as to how a large company could also be dragged down with the gambling scandals of their baseball teams. Other than gambling scandals, for a basketball club, if the team did not perform very well, it might also damage the reputation of the company. Thus business owners might not want to support professional sport because of the risks. A former Minister of the SAC (G1) mentioned a conversation with the chairman of the Taiwan Beer company.

The chairman told me, why should I spend money for a club that did not really contribute to the company if they kept losing. A normal employee of my company is not paid nearly as well as a basketball player (Interview with the government officials, 13/12/2010, translated by the author).

In this sense, "could we get a positive reputation by winning competitions" became a main concern of the owner. A former Deputy Minister of the SAC (G4) mentioned.

18 million for the Taiwan Bank was affordable. However, if the club gained a negative reputation, why should the company support it? For example, if the club is ranked last every year. Funding a sporting club is a kind of investment which involves high risk (Interview with the government officials, 27/01/2011, translated by the author).

To enhance the corporate reputation, large companies believe that sponsoring mega events will be more effective and involve lower risk than sponsoring clubs. Private companies that sponsor clubs also fear losing control of their clubs as the government would seek ever more involvement for national sports development. For example, the state-owned companies followed the policies of the government to support sporting clubs. The cost of sponsoring mega events is

much higher than sponsoring a domestic club. However some companies still choose to sponsor international mega events because of higher return on investment.

As an example, a former Deputy Minister of the SAC (G4) claimed that Acer would rather sponsor the F1 or the Olympics and BenQ may already have plans to sponsor the European Championship in the future. Although the cost of sponsoring a mega event could fund a domestic club for two or three years, companies with deep pockets would still choose the former. They would all prefer to invest in a more effective sponsorship. Business is business (Interview with the government officials, 27/01/2011, translated by the author).

A Former Minister of the SAC (G1) argued that the income from professional sports is far less than expenditure of running a professional club. Owners are losing money because the sport industry is not big enough to support professional sports.

When the owner of a big company allocates budgets, he will always consider the reputation of the club. Good reputation is good for the parent company. However, if the club is risking getting a bad reputation, owners will think about putting budgets to other purposes (Interview with the government officials, 13/12/2010, translated by the author).

In recent seasons, the size of audience was declining. The stadiums were quite deserted. Negativity surrounding the CTBA, clubs, and marketing unit was expanding. Some scholars believed the declining audience was due to the lack of excitement in the games (Lee, 2000; Hu, 2008).

Clubs in Taiwan used to give funding to elite high school players. Then players joined a SBL club after graduating from high school. However, as clubs always wanted the best players to play for them, clubs competed with each other to give funding to high school players. Therefore, rich clubs could always recruit good players, but normal clubs such as those supported by state-owned companies could not recruit young players by providing pre-contract financial incentives.



Because of this one-sided competition between clubs, the relative strengths of players of the clubs became unbalanced. The SBL's main source of players was also student basketball leagues such as HBL and UBA. This adoption of traditional recruitment reinforced inequalities in the sense that “the big get bigger and the small get even smaller. That is why the game lacks excitement for people to watch” (Hu, 2008).

However, a former Minister of the SAC (G1) argued that the recruitment system would not be a problem if they had a strict draft system.

I believe the system is good. You can give funding to high school players, but you cannot say they are all your property. What I mean is clubs can cultivate players for the league to use in the future. Players should go through the draft system. The result of the draft may not always be the best result for your own club. However, the performance of the league will become better and better (Interview with the government officials, 13/12/2010, translated by the author).

However, Clubs in Taiwan seem to believe that once players are funded they become the property of clubs. Players are weak in the basketball system. The SBL has a maximum salary regulation of NTD 120000 every month per player.

A former Deputy Minister of the SAC (G2) mentioned

For example, Yang Che-Yi is a player who played for the National Team. He might have earned the top salary of NTD 120000 per month. But it is likely he will have a negative attitude and instead be seeking simply to avoid injury when he plays. If he can play longer, he can get more money. Once he is injured, he will lose the NTD 120000 per month. So this situation means that the games are of a poor standard. However the government cannot intervene here because this is a commercial activity (Interview with the government officials, 18/01/2011, translated by the author).

Government officials argued that the SBL should follow market mechanisms. For example, the contracts of players should be treated as a commercial matter. If clubs do not break the law, government cannot get involved.

You can blame no one for the contract of players. It takes two to tango. Good players will always have solutions. If he is the best, he will go to NBA. Or you can take Tzeng Wen-Ting as an example, he now plays in China and he has a big contract (Interview with the government officials, 18/01/2011, translated by the author).

In the view of the interviewees, the government had expected that basketball would develop in a healthy manner. However, in practice, if stakeholders put their own interests first, the government cannot adjust its policy accordingly because the government can do little to intervene in commercial sport.

### **6.3 The Perspective of the Members of the CTBA Staff**

The CTBA is a non-governmental sporting organisation. Since 1954, the CTBA has played a role in promoting basketball. It organises the national team and hosts domestic and international competitions. The CTBA played a crucial role in the emergence of SBL because it was responsible for running the league once the SAC had decided the policy direction.

A vice chairman of the CTBA (F2) mentioned that the idea of a new league had come from fans' pressure.

After the suspension of the CBA, the only basketball competition left for fans to follow was the Division One Amateur League. However, fans were not satisfied with it because they had previously had a professional league. Therefore the SAC became actively involved. It sought to combine the resources of media, clubs, and other organisations to set up the SBL. Basically there were too many federations for the SAC to manage, so the SAC gave the CTBA

autonomy to promote the competition (Interview with the CTBA, 12/01/2011, translated by the author).

Because the CTBA is a non-profit organisation and it thus to be assumed not to get involve with any profit-making activity, it did not sell tickets for the Division One Amateur games. The entire funding of the CTBA came from the government and sponsors. However, once the SBL had been set up, the SAC gave preference to the CTBA for it to handle the most important part of this league operation (facilities, referees, fixtures etc.). The clubs agreed to this in order to make the SBL happen. So the revenue from ticket sales was allocated to the CTBA to pay costs of organising games.

A vice chairman of the CTBA (F2) mentioned that financial issue was one of the considerations of the CTBA when discussing the new league.

The focal point is 'money' when the government authorises a national federation to do something. For example, it is tough for the CTBA to host the competition. The budget is not enough. Fortunately, because the SBL has fans to support it, we can finance the competition by ticket sales. The SBL uses ticket revenue to cover the fees for transportation, facilities, and human resources (Interview with the CTBA, 12/01/2011, translated by the author).

Actual operations were all managed by the CTBA because the government effectively became a supervisor after it had initiated the policy.

When we planned the SBL, we talked to the clubs in advance. Clubs which had the ambition to play and passed the evaluation would be allowed to join the league. Although they were under my structure (the CTBA), we discussed things with them when we planned to set up the SBL. What I mean by 'under the CTBA's structure' is we did more than the clubs, and we supervised them like the SAC supervised us (Interview with the CTBA, 12/01/2011, translated by the author).

The CTBA's official considered its role to be that of an 'authorised supervisor'. Clubs were supervised by the CTBA, and the CTBA was supervised by the SAC. When decisions were to be made for the SBL, clubs played an important, but not necessarily a critical role. However, the SBL was organised under the structure of the CTBA, and the CTBA considered its authority to be greater than that of the clubs. Such an organisation of the league with a confusion of powers led to problems which accumulated for future operations.

Although the CTBA official believed the CTBA played a supervisory role, he argued that all decisions were made together with clubs. He suggested, "We know the stakes involved in decisions. It is impossible for the CTBA to decide everything without the clubs' agreement" (Interview with the CTBA, 12/01/2011, translated by the author).

A member of the CTBA staff (F1) mentioned that before the CTBA made decisions they still consulted clubs although the SBL committee existed in name only.

The SBL committee no longer hosted any meeting anymore. However before this season began, we (CTBA) still invited clubs and government officials to discuss matters. For example, the fixture, the draft system, and the issue of players transfer to China; we had meetings before the season began. We addressed problems in advance then we reached a common view. Once the CTBA and clubs have a common view, the operation and the planning of the SBL promotion ran more smoothly (Interview with the CTBA, 30/12/2010, translated by the author).

This member of the CTBA staff (F1) further claimed that although bidding for marketing and sponsorship had been the responsibility of the SBL committee, the CTBA had taken over this task in recent seasons.

The decision making process of the SBL committee followed the tradition of the CBA. It adopted a collegiate system [common right of members to exercise a veto]. The goal for adopting such a system was to reach a consensus among all

participants in order to avoid losing support of the minority group. The SBL did not adopt a voting mechanism; even though it was inefficient to spend so much time and effort in discussion. In such discussions, it can be observed that clubs set the interests of their parent companies as their first priority. If consensus was not achieved, the SBL committee simply proved ineffective.

A CTBA member of staff (F1) believed the ineffectiveness of the SBL committee led to the SBL's poor marketing campaign.

Originally, the SBL committee was responsible for marketing, and the CTBA was only responsible for the ticket selling. Now the CTBA must decide who is going to do the marketing for the SBL. Maybe it was a problem of communication; we did not decide about the marketing unit until very late. In the seventh season, we did not have a marketing plan until ten days before the opening game. Marketing was a major weakness for the SBL (Interview with the CTBA, 30/12/2010, translated by the author).

Now the final decision over marketing rights was to be taken by the CTBA. A CTBA member of staff (F1) claimed that it was reasonable for the CTBA to take over responsibility for this because clubs could not reach common ground on it.

When the SBL committee could not finish its job, the CTBA had to step in. Because the CTBA is the official organiser, we should ensure that the games happen on time. In the last two seasons, we, the CTBA, had a discussion with the clubs over scheduling of games. Then we went to negotiate with ESPN. "The SBL season should be opened in time", that was the first priority for us. This season (the 8th season) we discussed with the clubs and ESPN in advance. Then we announced that the opening game was set to take place on 25 December. The reason we did this was to give clubs time to set up their training plan and for fans to have the schedule (Interview with the CTBA, 30/12/2010, translated by the author).

It seems the CTBA staff believed that they had done a good job to connect clubs, fans and the broadcasting unit. Faced with criticism of CTBA's marketing strategy, a vice chairman of the CTBA argued that the CTBA had no choice but to outsource the work of marketing because it did not have the human resources to do this itself.

CBA was a professional league so its promotion and marketing could be run by the association because they had enough resources. The SBL involved the organisation of the CTBA, and the CTBA is just a corporation. Unlike a government department which has a lot of staff, there are only seven full time employees working in the CTBA. How can we do the marketing very well? ESPN can achieve something by using marketing and broadcasting together (Interview with the CTBA, 12/01/2011, translated by the author).

A Vice Chairman of the CTBA (F2) implied that the decision-making of clubs was the main cause of the problems in marketing and broadcasting.

There was an SBL committee originally, and they were responsible for the negotiation of marketing and broadcasting rights. In the sixth season, the bidding for broadcast ran aground; ESPN and Videoland quit the negotiation. There was no unit to broadcast the SBL. The CTBA could not sit idle while no fan could get access to the SBL, so the CTBA got involved aggressively. Wang was the chairman at the time and he got involved actively. Finally ESPN came back on-board to broadcast the SBL and we were able to sell tickets (Interview with the CTBA, 12/01/2011, translated by the author).

From the perspective of the CTBA, the sale of TV broadcast rights is essential for the SBL. A Vice Chairman of the CTBA (F2) mentioned that ESPN finally agreed to broadcast the SBL, but they did not have to pay any rights fee to the SBL.

We asked ESPN to come back. The broadcasting and marketing rights were a giveaway. We did not ask them to pay for the broadcasting

and marketing rights at all (Interview with the CTBA, 12/01/2011, translated by the author).

A CTBA staff member (F1) explained the process of decision-making in relation to broadcasting rights.

We, CTBA, the clubs, and ESPN had a meeting together. What the CTBA, as a main organiser, wanted was to ensure that the season opened on time. Then it was fine for the clubs and ESPN to discuss the details of the broadcasting fee in the meeting. However, the game organiser was the CTBA; it was the only entity which could sign the contract with the broadcasting unit eventually (Interview with the CTBA, 30/12/2010, translated by the author).

It is a strange contract since the TV broadcasting fee would have accounted for a majority income for the clubs. This issue is discussed below in the perspective of another stakeholder, namely the media.

Given the view of the CTBA, all contracts should be signed by the main organiser (i.e. the CTBA) because the SBL was not a professional league. However, this mechanism became a point of criticism towards the CTBA.

On the other hand, a Vice Chairman of the CTBA (F2) mentioned that the club owners did not support basketball because of the profit. The owners' concern was with the marketing and reputation of the parent company. This claim implies that the size of the broadcasting fee was not the main concern.

The SBL is not a professional league. It is a semi-professional league, so the clubs participate in the SBL solely for the purpose of promoting their parent companies. The promotion was aimed at increasing public awareness that companies such as Taiwan Beer, Taiwan Bank or Dacin Building support basketball. They have no share in the ticket sales. The revenue from ticket sales was to be used for organising the league. In terms of the share of broadcasting fee, each club would only receive NTD 8 million per season at most.

However, it is just a small part of the costs for a club. So the main reason for support by a club actually comes from the passion of the owner. Taking Yulon as an example, the running of the club cost the owner around NTD 50 million per season. NTD 8 million was not worth a mention to the owners (Interview with the CTBA, 12/01/2011, translated by the author).

This argument underscores the position of the CTBA. The CTBA did not show any real concern about the broadcasting fee, which would be the main income of clubs, and the CTBA obtained all the ticket revenue. This was a probable irritant promoting conflict between the CTBA and the clubs.

From the discussion above, the CTBA's position clashed with that of the clubs. However, on the issue of players' contracts, the CTBA and clubs shared common ground. The CTBA and clubs set up a regulation concerning a salary cap for players – each player could only receive a maximum NTD 120 thousand per month. Apart from this, the CTBA had no other regulation concerning player's contracts with respect to clubs' operations.

According to a statement by a recent vice chairman of CTBA, clubs and the CTBA set up the regulation together because the CTBA believed this regulation could stabilise the development of the SBL.

We did not like the clubs to be involved in excessive competition or the bidding for elite players. For example, if Yulon gives its best player, Tseng, 180 thousand NTD per month, the best player of Dacin, Tian Lei, will complain about his monthly salary of 120 thousand NTD. We hope there is no excessive salary inflation (Interview with the CTBA, 12/01/2011, translated by the author).

In the actual operation of the SBL, there were many differences between the CTBA and clubs. However, they keep maintained a subtly positive relationship in order to maintain their own interests. They might have conflicts on one issue but at the same time remained cooperative on others. Faced with criticism, the CTBA believed it played by its own rule successfully:



It is very difficult to make everything perfect for the current organisational structure of the CTBA. Today's basketball environment was established by everyone together including the clubs, CTBA, media, etc. People should not blindly criticise. Journalists' main interviewees were club representatives and players, so they always reported the complaints of these two sets of parties. Journalists never went to ask for the views of the CTBA. That is why the CTBA was always being criticised. The CTBA had a role to play in providing services. We always try to make things better to satisfy clubs and players. However, clubs and players are too demanding to be satisfied. In terms of the issue of referees, we cannot avoid the mistakes of referees. However you should not over interpret in arguing that one mistake as the cause of the financial loss of a club. People always say something positive about themselves. When we deal with the complaints of clubs and players, we try to do our best. However, we will ignore the demands, which are made of us which we cannot implement (Interview with the CTBA, 12/01/2011, translated by the author).

#### **6.4 The Perspective of the Media**

The suspension of the CBA caused a certain impact on the development of Taiwan basketball. Not only did players lose the stage on which they had been able to display their skills and not only did student players lose a potential future career, but the national team also performed poorly in international competition. This situation did not change until the SAC began to resuscitate basketball in 2003. Eleven of the key stakeholders interviewed for this research mentioned that Lin Te-Fu was the primary influence in the birth of the SBL. A senior journalist (M1) argued Lin Te-Fu created the SBL during his administration.

The policy – 'To create a basketball league suited to Taiwan' did not come from aides but from Lin himself. Firstly, in 2003, Lin, as a

Minister of the SAC, used government budget to renovate Taipei White Stadium. Secondly, he invited people from all circles to set up the league for the CTBA to operate. Lin combined government resources, private resources of clubs and advertising resources of the media, against all the odds, to make a vision and to promote basketball development in Taiwan (Interview with the media, 16/12/2010, translated by the author).

The SAC (2003) mentioned that in order to improve the basketball situation in the downturn the SAC actively assisted the CTBA to plan the SBL. The SAC recruited former National team captain, Cheng Chi-Long, as the convener, invited the CTBA, senior basketball players, and other professionals to form a Republic of China Super Basketball League Promotion Team in April 2003. The managing board of the CTBA passed a resolution to set up the committee of the Super Basketball League in May 2003. The committee consisted of eleven members from the SAC, the CTBA, seven clubs, and independent community members. The SAC used a special budget (NTD 20 million) to renovate the stadium. The SAC also decided to provide NTD\$ 800 thousand per club to support the clubs which would participate in the SBL (SAC, 2003: 96).

This situation reflects the context of the development of sport policy in Taiwan. A former deputy minister of the SAC (G3) argued “sport policy in Taiwan was always initiated by the head of department. The policy of the Ministry of Education came from the Minister of Education. The Policy of the SAC was dominated by the Minister of the SAC. The direction of policy would inevitably be strongly influenced by the head’s subjective views” (Interview with the government officials, 27/01/2011, translated by the author).

At the time, Lin began to promote a new league because he recognised that basketball development was suffering. The first resource he turned to was a TV channel, which was familiar with the operation of basketball games – Videoland Sports Channel. The manager of Videoland Sports Channel (M2) claimed:

The SBL was the final product of a series of discussions. Eight years ago, Lin came to visit me and Ho (the general manager of the Videoland) in order to re-start the CBA, and his major concern was whether the clubs would refuse to join. He therefore asked for our support. I then wrote a proposal for him (Interview with the media, 06/01/2011, translated by the author).

However, when the SBL emerged, the SAC and the CTBA did not choose to co-operate with the Videoland Sport Channel.

After we wrote the proposal, Lin said that the SAC could not show partiality to Videoland, so they opened a public bid. We lost the bid because our team was not strong enough while Nike offered more resources than us (Interview with the media, 06/01/2011, translated by the author).

ESPN co-operated with Nike to win the bid. ESPN was responsible for the broadcasting and Nike was responsible for the marketing of games. Such a combination helped them to win the bid for the broadcasting and the marketing rights. From the perspective of the media, the reason for the successful launch of the SBL was the direction provided by Minister Lin and the support of the media.

A manager of ESPN (M3) claimed:

Minister Lin played an important role in seeking the participation of ESPN/Nike. We put in a very high price on broadcasting rights and Nike put in a very high marketing cost. The SBL therefore became an event which the ESPN could not turn down (Interview with the media, 11/02/2011, translated by the author).

The media attributed the successful launch of the SBL to the direction of Minister Lin together with their own support of media. Although the SBL was established with government support, a senior journalist argued that the government did not really assist in the operation of the SBL.

Take Taipei city as an example, the Taipei Dome, which was built by the government, is useless for the development of professional sports. We need a stadium which can accommodate five thousand people rather than a huge stadium with a capacity of twenty thousand people. Furthermore, there was no incentive for a private company to support the development of basketball, such as tax reduction. The government should focus on the operation of the development (Interview with the media, 16/12/2010, translated by the author).

According to the journalist, even though the government could not support commercial sport directly, the government did not allocate its budget very well because the majority of the budget was allocated to sports in which Taiwan had a better chance of succeeding in international competitions.

The government ignored the development of basketball because we cannot win medals in international competition. Nationalist sentiment is what the government wants, and the medal for baseball helped them to achieve it. This means in Taiwan, a sport which can win a medal in international competitions can be a 'competitive sport'. However, the government said basketball might actually become a 'sport for all' (Interview with the media, 16/12/2010, translated by the author).

A senior journalist (M1) went on to argue that the government supported sports for 'political reasons'.

Both the KMT and the DPP treated sport the same way. Sport was used as a tool by politicians. He further mentioned that there were three points considered by the SAC: first, can the sport win a medal? Second, can the sport arouse nationalist feeling of citizen? Third, is the sport popular? However, the SAC is primarily concerned with popular sports because it can get positive scores in the evaluation for

government departments if it can demonstrate sporting success (Interview with the media, 16/12/2010, translated by the author).

In this sense, the manager of a TV sport channel (M2) argued that government involvement was not necessary for basketball development because the government focused on political aims rather than real sport development.

A politician does not want anything to go wrong during his tenure. The government has its own concerns in terms of elections and its vote count. This is the reason that they always said “professional baseball league cannot collapse or basketball league cannot collapse.” Here I hold a different opinion. If the government identifies professional sport as commercial activity, it should let the market decide everything (Interview with the media, 06/01/2011, translated by the author).

In this manager’s viewpoint, government should encourage the private sector to support, but not to be directly involved in the operation of the sport.

The government should set up some “incentives” for those companies which support sport, for example, a tax reduction plan. The government’s focus should be on the environment, not just the hardware. The stadium which was built by government should be used by the national team as a training facility. So the government should encourage some big IT companies to get involved and give them incentives. If different levels of the company get involved, then different levels of tax reduction can be given. This is what I mean by the environment, not just building a stadium out there (Interview with the media, 06/01/2011, translated by the author).

Three interviewees in the media group argued that the government did not have a practical development plan for the future of basketball but instead made a one-off investment (in the stadium).

## 6.5 The Perspective of the Sponsors

In terms of the establishment of the SBL, A former Nike manager (S1) addressed the relationship of the SAC, ESPN, and Nike.

At that point in time, the SAC was trying to do more things in sport because of the election. It was a political achievement to be addressed. However, Lin was genuinely supportive of basketball development without political motives. He simply wanted to re-open a professional league. When we heard this news, we co-operated with ESPN to make a proposal. In this proposal, TV broadcasting was the responsibility of ESPN and all marketing was the responsibility of NIKE. It was very clear when we signed the contract. What Nike got was sixty percent of the advertisement-selling, and the other forty percent was for ESPN to sell (Interview with the sponsors, 04/01/2011, translated by the author).

This former Nike manager (S1) mentioned that the government supported the establishment of the SBL because the government played a role as a promoter of Sport for all.

If it is a commercial activity, how could you expect the government to help you? If it is not a commercial activity today, and you do not sell tickets, TV broadcasting rights and TV advertisement, you can be a promoter of Sport for All. Fine! The government should give a decent level of support (Interview with the sponsors, 04/01/2011, translated by the author).

Indeed, in the government's position, it could not support professional sports directly. The government had to use an alternative way to support professional/semi-professional sports. Also this manager implied the SBL should represent itself as 'sport for all' rather than taking side with 'competitive sport'.

A former deputy Minister of the SAC (G4) mentioned the complexity of the professional sports system in Taiwan was due to the lack of a single government department covering all the responsibilities for supervising professional sport.

Professional sport is complicated. It involves commercial activities. Commercial activities involve the Ministry of Economic Affairs. The problem is that if policy can guide a professional sport to promote the sport, then of course, it can be the locomotive of the sport at the amateur level. It is good for the development of national sport. However if it is a profit-making unit, government is in a tough position. If the government supports the sport it will be criticised for not supporting other sports events. The government therefore sometimes tried to assist but without getting involved too directly. The government became a coordinator at best (Interview with government officials, 28/01/2011, translated by the author).

Although the government saw itself as a 'supervisor' in the initial stages, the former Nike manager (S1) mentioned that the government funded the SBL directly in the beginning.

The SAC did fund the SBL in the first season. The first funding was for renovation of the stadium. But the stadium was closed after four years. Although it was a strange policy, I feel that the SAC was misled by the CTBA. How can you spend 5 million dollars of budget on a facility which will be closed shortly afterwards? (Interview with the sponsors, 04/01/2011, translated by the author)

The government seemed to have acted beyond its predefined role as 'a supervisor'. However, a former Deputy Minister of the SAC (G5) argued that this kind of support did not violate the role of the government.

The stadium was a public facility. What we did was to help them to operate. It benefited our citizens at the end of the day (Interview with government officials, 28/02/2011, translated by the author).

In terms of the role of the government, this sponsor interviewee had reservations about the way the government supported the SBL because the Taipei stadium was demolished to build a stadium for track and field for the Deaflympics four years later.

After discussing the role the government played in the establishment of the SBL, this former Nike manager (S1) talked about the role of Nike as a sponsor and marketing unit.

Nike had a mission, which was to revive Taiwan basketball. Nike never thought to make profits in this area. Organising events is not a profit source for Nike. What we did was to induce a sporting fever and to increase the identity of the sport. After the CBA collapsed, there had been four years without a long-term league. After internal evaluation, we believed the market was mature and the players had reached a certain level. Of course we put a huge amount of resources into it, and the first and the second seasons were successful (Interview with the sponsors, 04/01/2011, translated by the author).

The manager believed Nike could not make a profit in the process of the emergence of the SBL. All Nike did was to set up a positive atmosphere for basketball. He presented data to illustrate this.

In terms of the Taiwan sporting goods market, the sale of all types of sporting goods amounted to 10 billion NTD. Nike was the top company, and it owned 50% of the market. At that time, the annual marketing budget of Nike was 10%-15% of total income. We can use a rough calculation. Nike had 12% of income for marketing, which was 60 million. This amount of money was used to buy channel promotion, advertisement and sponsorship. What I want to tell you is the marketing budget of the SBL at that time was over 60 million. If the annual marketing budget was over fifteen million, it was a huge amount for a sporting company in a normal situation. However Nike



invested sixty million (Interview with the sponsors, 04/01/2011, translated by the author).

This manager further explained

If you spend ten million annually on the co-operation of media, including TV advertisements, on-site advertisements, newspaper advertisements, and commercial placements, it would have been an amazing amount in a normal situation. Then you had to sponsor events, players and clubs. The total amount, fifteen million was a huge amount (Interview with the sponsors, 04/01/2011, translated by the author).

Nike spent over 60 million NTD on marketing. Nike's investment can be considered to be a key driver that transformed the SBL from nothing into a known sport event in Taiwan. However, the money came from neither the CTBA nor the SBL. If Nike could not make profits from the SBL, what was Nike's incentive?

There is a basketball culture in Taiwan. Basketball product selling was a larger part of total product selling. That is why Nike invested so much in the SBL. A middle term plan should put emphasis on young people and children to get recognition. Whether you host consumer events or a basketball league, you should retain their interests (Interview with the sponsors, 04/01/2011, translated by the author).

In this sense, although there was no immediate return on investment for Nike to support the SBL, interests may be realised in the long-term as development of a basketball culture would likely lead to growth of merchandise sales.

Although Nike invested a lot in the first season, it quit the marketing team in the second season. This former Nike manager mentioned:

We did not want to quit. ESPN kicked us out actually because ESPN realised the value of the advertising billboard. It was not clear when

we signed the contract with ESPN in the beginning. As a manager, I told the boss of Nike to fight for it. Unfortunately, the boss told me not to fight and gave it to them for free. So that was it. We gave up a product which had cost us so much (Interview with the sponsors, 04/01/2011, translated by the author).

From the second season, ESPN enjoyed the broadcasting and marketing rights. This manager argued it was an unreasonable situation for one company to hold two sets of rights together.

ESPN led the marketing strategy and authorized the image advertising to another public relations company. I told SBL clubs that when you merge cost and income units into one, the cost must be very low. When ESPN had no pressure of ticket sales and club-marketing pressure, why did ESPN want to spend money on that? ESPN did not need to enhance the impression while the revenue from the advertising billboard was fine. In this sense, from the second season, all marketing expenses reduced. Nike had planned a lot of outdoor billboards, newspaper commercials, radio commercials, and consumer events. We also did charity events. However, these marketing events never actually happened since ESPN took over the marketing right in the second season (Interview with the sponsors, 04/01/2011, translated by the author).

The sponsor believed that the first season of the SBL had been successful. However since the league and ESPN took over the marketing rights, the SBL attendance declined because the league did not make a marketing plan to sustain the basketball fever. In particular the league did not obtain a market survey for consumers, and the league did not lead a middle-term or a long-term plan for the development of the SBL.

In the first season, we designed a visual image and a slogan called “every game is a final game”. The logos they used belonged to Nike, and we have the copyright for them. The league kept using the same

theme in the second season. There was no creativity from the league. If you look at the marketing theme for the eighth season and compare it with the marketing theme for the first season, there is no difference (Interview with the sponsors, 04/01/2011, translated by the author).

However, Nike treated this issue casually. The former manager mentioned the internal discussion within Nike: "Without any argument, Nike gave it to them to use. I was so frustrated when I led this project. However, the boss did not want to fight for it" (Interview with the sponsors, 04/01/2011, translated by the author).

This manager claimed that Nike gave the marketing resources to ESPN for free. However, ESPN failed to improve or to build on the existing marketing campaign, but instead it kept using the same approach to attract fans even though this had failed to prevent the downturn of the SBL.

The manager not only blamed ESPN, but also argued that the CTBA did not do its job well.

The function of the CTBA is not only to develop the SBL. It also needs to set up the national team and to cultivate basketball talents. However there is no key person doing this at the moment. The current general secretary is a referee. The vice general secretary is a journalist. How can a referee and a journalist take the responsibility of developing basketball in Taiwan because they have no leadership experience in a professional sport league? (Interview with the sponsors, 04/01/2011, translated by the author)

He also argued that there was no incentive for the CTBA to work hard under this system because all profits went to the CTBA automatically.

Ticket revenue was income for the CTBA, but they did not do any promotion for it. In previous years, the ticket price was 200 for the upper deck and 500 for the lower deck. There were 2000 seats in the

upper deck and 800 seats in the lower deck in total. They could obtain 800 thousand NTD of income for a single regular game. For a fully-sold game they could have 1 million NTD. So if they had 10 fully booked games in one season, they could receive 10 million. Then if they could sell 30% tickets in the remaining 90 games, they could bring in 300 thousand NTD per game which means a total 27 million NTD for 90 games. So the CTBA could have earned 37 million NTD per year even without promotion. Even though the SBL did not run very well, it would still have 150 million at least because ESPN covered administrative fees, facilities' rental and costs of referees (Interview with the sponsors, 04/01/2011, translated by the author).

This manager argued that there was no motivation on the part of the CTBA to enhance the operation of the SBL. Without any investment, the CTBA could still obtain a profit because of the deal with ESPN.

I don't want to say that ESPN and the CTBA had any under-the-table dealings because I don't have evidence. However, the broadcasting rights of ESPN were given by the CTBA. So when the CTBA made a request on ESPN, I don't think ESPN would refuse it. They helped each other, and they didn't want too many people involved. Sharing profits within only two entities would be better than sharing with seven clubs. In this sense, the clubs' interests were sacrificed. In fact, it costs at least 20 million to run a club, which means seven clubs invested 140 million in total per year. Clubs spent 140 million just to put on a show, and the CTBA earned a lot without making any investment (Interview with the sponsors, 04/01/2011, translated by the author).

This manager claimed that the TV rights fee and the costs of broadcast were reasonable and affordable to ESPN.

I know the financial structure of a sporting channel. The costs of a sporting channel are so called air time costs. If you want to put an NCAA match on the programme for two hours, there will be a two-hour cost. You will need to buy the broadcasting rights which cost USD\$ 2000 (equivalent to NTD 60000) per hour. In addition, you have to buy the signal which costs USD 2000 (equivalent to NTD 60000) per hour. Therefore, it costs NTD\$ 120 thousand for 2 hours programme. If there are 100 matches for one SBL season, there would be 300 hours programme for ESPN to put on the TV. According to our calculations, 300 programme hours should cost ESPN around NTD\$ 36 million. However, the broadcasting of the SBL cost ESPN way less than any other sporting event (Interview with the sponsors, 04/01/2011, translated by the author).

This manager argued that even though ESPN did not broadcast the SBL; they would still have needed to set up substitute programmes which might cost ESPN more. Furthermore, the manager claimed that the SBL was very important to ESPN because ESPN had to maintain its own value in the war of the cable TV networks in Taiwan. They could not afford to take this on.

Why did ESPN want to broadcast the SBL? It was because of two incentives. The first was the on-site advertisement-selling. In the normal situation in which ESPN buys a programme to put on TV, it can't sell on-site advertising, so you can't set up promoting events with your sponsors and the buyers of advertisement. However, ESPN had the marketing rights for the SBL. Therefore when ESPN broadcast the SBL, the income they could get was much higher than for broadcasting NBA games. Secondly, ESPN would have no local game to broadcast if it didn't broadcast the SBL. When ESPN wants to sell advertising space to the cable TV network companies of central Taiwan and southern Taiwan, it's difficult for them to sell it because it does not have a local identity. Once ESPN had the option of broadcasting the SBL, and the SBL was becoming more popular,

ESPN could gain bargaining power when it negotiated with local network companies (Interview with the sponsors, 04/01/2011, translated by the author).

This manager's comments underlined how ESPN's interests were not only associated with the profits from broadcasting and advertisement-selling, but also with becoming a power in negotiations with cable TV network companies.

The relationship between the SBL and ESPN is just like the relationship between the Chinese Taipei Baseball League (CPBL) and Videoland sport channel. Why was the CPBL so important to the cable TV networks and why was the TV rights fee so high? One crucial reason was the illegal sport. While there was a need for the illegal lottery, the broadcasts would not be replaced. The SBL did help ESPN a lot. However the cost of broadcasting the SBL was very low. But ESPN always told clubs that it cost a lot because live streaming costs a lot, equipment costs a lot and staff cost a lot. What ESPN did not mention was the replacement cost which it would incur if it did not broadcast the SBL. If ESPN did not broadcast the SBL, there were still costs incurred for them to put something else on TV (Interview with the sponsors, 04/01/2011, translated by the author).

ESPN had to negotiate with local cable TV companies to stay in the network. If ESPN was unable to keep programmes that were of interest to local communities, local cable TV network companies might not subscribe to ESPN. Since ESPN did not have the right to broadcast the CPBL, it needed to broadcast another popular sporting event to maintain the value of its channel. That is why the former Nike manager claimed that the SBL means a lot to ESPN, and if the SBL had not chosen ESPN as its broadcaster, this would have placed ESPN in a more difficult situation.

In this context, this manager wondered why the CTBA decided to let ESPN broadcast the SBL because the interests of the clubs were sacrificed when the

CTBA chose ESPN. Prior to the opening of the sixth season, the clubs had preferred Videoland Sport Channel to broadcast the games.

This manager commented on the decision-making process for the broadcasting rights of the sixth season.

The CTBA decided to take the letter of authorization for clubs to sign the contract with ESPN. However, Yulon and Taiwan Mobile Basketball Clubs did not give the CTBA a letter of authorization, and the CTBA could not sign the contract with ESPN at the beginning. Some representatives of clubs claimed that they preferred the Videoland Sport Channel, but the CTBA was not able to give the broadcasting right to the Videoland Sport Channel because ESPN had co-operated with the CTBA very well (Interview with the sponsors, 04/01/2011, translated by the author).

In the end ESPN retained its role as the SBL broadcaster. The final decision was not made a consensus of all of the clubs. A former Nike manager argued with sarcasm that it was still a club decision, but it was from one single club – Dacin – because the Dacin Tigers were owned by the former chairman of the CTBA, Wang.

The Dacin Basketball Club was a CTBA-owned club. What Wang said was the decision of the Dacin Basketball Club. You can predict what the CTBA would do with the decision of the Dacin Basketball Club. It is really poor management to have one man own a league, a basketball association, referees, fixtures, and a club. Who could compete with him? We all knew what the situation was but we could not change it because we did not have resources such as money and connections (Interview with the sponsors, 04/01/2011, translated by the author).

This is rather what one might expect in a Taiwanese business environment, people with greater resources, specifically money and connection, would be able to

control basketball. However, not only did Chairman Wang play a “double role”, but also did Yen, the manager of Taiwan Beer basketball club.

You can say that Dacin Tigers represented both a club and the CTBA. We now have a manager who owns two clubs. Yen is the manager of the Taiwan Beer basketball club, and he is also the owner of the Kinmem basketball club. Thus when Taiwan Beer played against Kinmem, the winning team could be fixed before the game (Interview with the sponsors, 04/01/2011, translated by the author).

A manager of a sport consulting company (S2) explained the organisation of Kinmen basketball club.

Kinmem Kaoliang Liquor Basketball Club is not owned by Kinmem Kaoliang Liquor Company. Yen owns it. Kinmem Kaoliang Liquor Company only owned the naming rights, as sponsor, for NTD\$ 1 million every year. Many years before, because the owner of ETTV was arrested, he wanted to sell his basketball club. However, the ETTV basketball club did not perform very well; therefore nobody wanted to buy it except the Media Corporation. However, following the gambling scandal involving Media Corporation’s baseball club, the CTBA pushed Media Corporation to give up the basketball club. Despite the potential damage to public image and brand perception, and taking over a problematic club, Yen, the manager of the Taiwan Beer basketball club, bought the club. The basketball club could not put the name “Taiwan Beer” on it, and was not able to use “Yen” as its name. Finally, they sold the naming right to Kinmem Kaoliang Liquor Company (Interview with the sponsors, 15/01/2011, translated by the author).

Notwithstanding the fact that the different stakeholders had different interests to realise, the interests of the players seemed to have been ignored within the stakeholders’ network. A manager could sacrifice players’ interests to protect his



own. Interviewee S2 mentioned that the manager of Taiwan Beer basketball club, Yen, signed all contracts with players.

There was a war between managers. Someone tried to push Yen to leave his position. Yen wanted to prevent this situation, so he suggested that all players should sign contracts with him. Then he applied wages from the company to pay players. Yen wanted to keep his position in the basketball system as if he “owned” these players (Interview with the sponsors, 15/01/2011, translated by the author).

When players become the property of a manager, their interests can be ignored when the manager negotiates with the club. Regardless of whether the player wage level was high or low, there was no protection for players. Players were weakest in this system as they might simply not receive wages from clubs, and they were in no position to use the law to protect their interests.

At the end of the sixth season, the Kinmem Kaoliang Liquor Basketball Club had already spent NTD\$ 1 million, which was the amount of money given by the Kinmem Kaoliang Liquor Company. The club could not afford to pay the players. So the club made a decision – they fired those players who had high wages. Players could not sue the club because they had signed their contracts with Yen. This was difficult for players, as they did not receive wages for four months (Interview with the sponsors, 15/01/2011, translated by the author).

It would cost more than four months’ salary for a player to take legal action against the club, and the situation would have been even worse for players with below-average wages. In other words, the clubs were able to regulate and control players via these contractual arrangements. However, when the club deemed a certain player unsuitable for whatever reason, the club could simply terminate his contract. Players could not challenge clubs or managers because they did not have enough power or resources to defend their position.

## 6.6 The Perspective of the Clubs

The SBL is actually an official product. The SAC played a role in actively promoting it. A manager of the Dacin Basketball Club (C1) claimed that the SBL was created by the SAC.

At that time, Minister Lin was ambitious. He felt that it was a pity to suspend the CBA. So he wished to re-start it. Because of the economic turndown, financial and organisational capacity needed to be provided to make it happen. So they believed it would be better to establish a league under the structure of the CTBA (Interview with the clubs, 20/12/2010, translated by the author).

The manager of Dacin (C1) claimed that one of the reasons the SBL was operated by the CTBA was because of the government's concerns about its own legitimacy in terms of undertaking this role.

While the government could not fund a commercial sport directly, the former Minister thought if the SBL could be set up under the organisation of the CTBA, the government would be able to indirectly support the SBL because it was proper for the government to assist the CTBA (Interview with the clubs, 20/12/2010, translated by the author).

The government also recruited some senior basketball players and politicians to help the executive team. A member staff of an SBL club (C3) also mentioned the role of the committee, the media, and clubs when the SBL was formed.

Lin actively promoted the committee. He invited clubs to discuss the establishment of the league. They set up the SBL committee within the organisation of the CTBA to manage and operate the SBL. However the committee was still under the structure of the CTBA. So the CTBA organised the competition (fixtures, facilities and referees). Then they opened a bidding process for marketing and broadcasts. Videoland Sport Channel and ESPN competed in the bidding process

and ESPN won (Interview with the clubs, 14/02/2011, translated by the author).

The government was actively involved with the initiation of the SBL to promote basketball. In order to have a higher-level competition to follow on from the High School Basketball League, the government provided a stage for the SBL” (Interview with the clubs, 20/12/2010, translated by the author).

One of the managers (C1) argued that the government was involved during the establishment of the SBL but it had not subsequently intervened in the operation of the league.

The government gave a little help to the SBL at the start, a little bit of financial help, but the government did not give any help after the second year because it believe of that the CTBA had earned enough money from the SBL to allow them to survive (Interview with the clubs, 20/12/2010, translated by the author).

One manager (C2) believed that government only focused on sports in which Taiwanese nationals could win medals in international competitions.

Referring to our results in several international competitions, we have a better record of achievement in baseball than in other sports, so the SAC normally focused on the Baseball, and this strategy was understandable (Interview with the clubs, 26/12/2010, translated by the author).

A member staff of an SBL club (C3), also agreed with this statement, but believed that this was the wrong strategy to pursue. He argued that basketball was a popular sport that was relatively easier to get involved in in terms of participation and, thus the government should invest more resources in developing the sport. If the government’s goal was to win medals, it should have invested more in the national teams rather than in professional baseball.

From the government’s point of view, it depends on what the government would like to see, if it prefers to win medals in

international competitions, it should use its money to support the Chinese Taipei national team rather than CPBL. From the sports participation point of view, it would be more effective to support the basketball because there were basketball courts everywhere while the baseball pitches are scarce (Interview with the clubs, 14/02/2011, translated by the author).

One manager of the clubs (C1) explained how the government supported the SBL clubs.

The government wants to make the SBL more attractive, but it cannot give the money directly to us and we did not have a lot of money to hire foreign players. However the government came up with a strategy, which was to ask each team to write a plan to enhance competitive capability. The CTBA was to reimburse each team's gate receipts. In order to enhance the capacity of clubs, we shifted better training facilities, which would also incur extra costs. However, total financial support was capped at NTD \$1 million (Interview with the clubs, 20/12/2010, translated by the author).

Although the government supported the SBL in an indirect way, the financial support in terms of the amount of money provided was dwarfed by that spent on baseball. A club manager (C2) said the government gave more than ten million NTD to support amateur baseball teams per year.

I think the government spent most of the funding on baseball because you can see how they gave \$10 million to amateur baseball per year, but there was just a little for the SBL clubs, and a million dollars of sponsorship from the CTBA, which meant the government, was actually quite 'passive' in its support (Interview with the clubs, 26/12/2010, translated by the author).

There are currently seven clubs in the SBL. The scale of each club is not the same since the parent companies may have varying levels of financial capability, and thus the wages of players are different. The average annual budget for a team

was about NTD\$ 30-40 million, but Yulon Club, for example, owns a stadium, which incurs an extra cost. Taiwan Beer also has its own basketball venue. If the cost of maintaining the stadium or depreciation of it were to be included, the total cost of each club would be likely to be higher than the NTD\$30 million suggested.

In terms of the Taiwan Beer Basketball Club, a club manager (C2) mentioned the annual budget of the club.

Our current annual budget is 24 million, the Bank of Taiwan is 18 million, but the players in the Bank of Taiwan can also have an extra salary from the bank, so the 18 million funding is basic funding for the club, because some players who work in the bank branches can also have the bank's salary as well as the wage for being a player. For example, if a player has a salary of 30,000~40,000 per month, the player can also have an extra salary of 50,000~60,000 per month for being a player. In this case the total budget would total NTD\$ 18 million. Thus, their overall pay may not be less than ours (Interview with the clubs, 26/12/2010, translated by the author).

The funding from the government and broadcasting rights fee was thus insufficient to cover the annual budget, and the clubs made up the spending for things such as the cost of advertising and marketing. A club manager (C2) mentioned

Every business owner certainly hopes that the club can help him or her achieve the objectives of sports marketing. Taiwan Beer had a bad record when I became the manager of club. The club was almost dissolved by the executive board of The Taiwan Beer Company but I picked it up. They have now moved on over eight seasons, and our record is acceptable. In addition, because our record is good enough to get us to the playoffs and even the finals, the executive board of Taiwan Beer hopes that the club can keep running like this, resulting in some side effects, which help to achieve their advertising and

marketing objectives (Interview with the clubs, 26/12/2010, translated by the author).

The Dacin Basketball Club also considered the running costs of the club as an 'advertising fee'. A staff member of Dacin (C3) claimed:

Like our company's concern, we think spending 20 or 30 million is the same as spending the money on buying advertisements, because it has the same function of promoting a positive image of the company. We feel that spending the money on an advertising company or newspapers and magazines produces the same outcome as raising a club, which contributes to the positive image of the company (Interview with the clubs, 14/02/2011, translated by the author).

One of the managers from Dacin (C1) mentioned that the main purpose of running a basketball team was to enhance the corporate image, even if the financial cost of doing so is described as a loss.

There was no doubt that the loss of income only resulted from the broadcasting fee. The largest amount of broadcasting fee received was when ESPN co-operated with Videoland as each club received 8 million in those years. Of course, this 8 million was our revenue, and the other means of generating revenue, such as ticket sales, did not belong to us. Another income was from selling merchandise. In addition to selling merchandise, we also hosted a summer camp to increase our income. So in fact, most of the income came from the broadcasting fee as the highest broadcasting fee was up to 10~20 million NTD (Interview with the clubs, 26/12/2010, translated by the author).

The biggest source of income for the clubs was thus from the broadcasting rights. However, the SBL's broadcasting rights were in a very peculiar and unstable situation: the amount of money paid to each club from broadcasting fees dropped from 8 million NTD to nothing when the right to broadcast the games

was provided free of charge to ESPN. This therefore put a great deal of strain on the clubs' finances.

Honestly speaking, in relation to the broadcasting fee, because this was going to be given to the clubs, most of the negotiations were between the ESPN and the seven clubs. Of course the CTBA had provided some support. When the negotiations did not go well, it was Chairman Wang who helped to negotiate, and then he asked ESPN to compromise. However, in fact, the broadcasting rights were wasted. The good times only lasted for two years, which was when the ESPN and Videoland broadcast at the same time. Then it was worth 56 million a year. Each club could take home eight million dollars each. However no one wanted to broadcast [the games] in the next season, in the end the result was that ESPN signed with us reluctantly on a three-year contract with a gradual annual decrease. For the last three years, the fee paid to the teams each year would be lower than the previous year, especially in the 6<sup>th</sup>, 7<sup>th</sup>, and 8<sup>th</sup> seasons. It is the 8<sup>th</sup> season this year; this year's fee was the lowest. So it was 9 million in the 8<sup>th</sup> season, and in the second year (the 9<sup>th</sup> season) it was 11 million. Anyway, the total amount for those three years was 20 million NTD to be shared among seven clubs. Fortunately, there is another media entity, Elta, which was interested in broadcasting the matches and was willing to pay 1.5 million NTD per term every year. However, these three years have been difficult for us because we did not have any income (Interview with the clubs, 26/12/2010, translated by the author).

In fact, in addition to the income from broadcasting rights, the SBL also had income from ticket sales. However, regardless of how many tickets had been sold, all revenue from ticket sales belonged to the CTBA.

The clubs probably enjoyed the best income during the 2<sup>nd</sup> and 4<sup>th</sup> seasons. The 4<sup>th</sup> season, for example, had an income of about 20 million NTD, which was good enough for the CTBA to cover the cost of games, and the excess income could be

used to support the national team. The income from the SBL could cover all costs of the CTBA.

However, some clubs believed the Basketball Association was acting selfishly and was blindly pursuing its own interests.

The CTBA may think that they want all the ticket revenue because of the high cost of hiring courts and personnel. With little help from the government, the ticket income cannot be distributed to the club. Nevertheless, from the clubs' point of view, if benefit can be obtained from the ticket income, it may serve as an incentive for the clubs to take on more responsibilities, such as organising fan clubs or campaigning to attract fans to watch the matches, or making the games a little more exciting (Interview with the clubs, 14/02/2011, translated by the author).

The reason that the CTBA could dominate the decision-making of the league as a whole was that the SBL is a semi-professional league and has been operated within the framework of the CTBA.

The benefit of this operation was that the league could use the CTBA's resources, but the downside was that league was dominated by the CTBA. The operation of the SBL was led by the CTBA, and each club had the space to express its views. However it was not necessary for the CTBA to adopt the clubs' opinion, because that might damage the CTBA's interests. The operation strategy run by the CTBA definitely allowed the CTBA to prioritise of its own interest (Interview with the clubs, 14/02/2011, translated by the author).

Although some interviewees criticised the CTBA, one manager believed the CTBA acted with fairness because it had adopted a collegiate system [a system of decision making by unanimous support]. Clubs could express their own opinions, and the decision was always made on behalf of clubs and the CTBA when they had a common view.



The collegiate system has been adopted for seven years. Of course in every group, the man who is most powerful or has more resources or has more stock shares can speak louder. However, all decisions in the past seven years have been made on the basis of a common view by the clubs (Interview with the clubs, 20/12/2010, translated by the author).

This view of the collegiate system was however challenged by some. A manager of an SBL club (C2) argued that the CTBA was dictatorial. The democratic process was just a superficial element.

There was no real collegiate system. I think the CTBA only allowed the clubs to get involved when they agreed. In a sense, the CTBA respected the clubs. However, the final decisions were still made by the CTBA. The clubs had meetings but it was very difficult to have a common view on all issues. Therefore the CTBA could still make the final decision (Interview with the clubs, 20/12/2010, translated by the author).

Even if the CTBA took its own interests as the first priority, the clubs could not challenge the CTBA, as a staff member of an SBL club claimed. The clubs needed the SBL to provide the stage for their basketball players, but the CTBA did not necessarily need the SBL. This relationship was an issue in relation to the structure of the SBL.

The owner and manager of clubs cannot ask the CTBA to do something because the SBL which is provided by the CTBA is a stage for the clubs and players. If there was no SBL, do you think the CTBA would be damaged? The answer is no for the CTBA but yes for the clubs. The clubs rely on the SBL more than the CTBA. The clubs have signed contracts with players. They will still have to pay players even if there is no match. The CTBA might feel relieved if there were no SBL, then they would only need to focus on the national teams (Interview with the clubs, 14/02/2011, translated by the author).

The development of basketball in Taiwan, especially players' development, was compromised as fighting persisted between the CTBA and clubs. A manager of the SBL clubs (C1) claimed that the CTBA had no vision for basketball in Taiwan, so it did not concentrate on the development of talents and the career development of players.

There was not a complete draft system or a development system for players in the SBL because there was no income for the clubs. All the SBL clubs did not make a profit, and all support came from the parent companies. In this situation, how could the clubs invest in players? (Interview with the clubs, 20/12/2010, translated by the author).

The manager also mentioned that sport in Taiwan needed more support from mega enterprises.

In other countries, private enterprises support professional sport clubs a lot. However, in Taiwan, big companies did not support professional sports. Only state-owned companies supported the sport, but the budget was not enough (Interview with the clubs, 20/12/2010, translated by the author).

From the above discussion, it can be concluded that the rights of players were the lowest priority for the CTBA and the clubs. This situation also happened when a player signed a contract with a club. A staff member from an SBL club (C3) claimed that there was no protection for player's contracts.

The manager of my club took charge of the contract-signing. There are only three people who know the details of every single contract: player, owner and manager. I know some club did not even sign a contract with players (Interview with the clubs, 14/02/2011, translated by the author).

In other words, a player's contract was non-transparent. The only clear regulation on players' contract was the wage cap, which was set by the CTBA and

the clubs together. The maximum wage per month was NTD 120 thousand for a domestic player and USD 10 thousand for a foreign player from the fourth season.

A club manager (C1) mentioned that the wages of players, despite being regulated with a cap, were open to some flexibility, especially since the CTBA was not checking.

Players' wages should be specified, but I mentioned that the CTBA was not very keen on checking the provisions (Interview with the clubs, 20/12/2010, translated by the author).

A member of the staff of an SBL (C3) club argued:

Many regulations of the CTBA were actually only there for reference. In order to keep the better players, they were all willing to do some modifications, such as wages and bonuses. For example the rule said a foreign player's height could not exceed 200 cm, but there were definitely some foreign players who are over 200cm. Furthermore, the wages of foreign players were not supposed to exceed USD 10 thousand as a maximum, but those players might receive more than USD 10 thousand. This was all about winning games. Regulations were out there but under-the-table deals were still going on. If a foreign player can get USD 10 thousand every month, which is equivalent to NTD 300,000, but an elite SBL player can only have NTD 120,000 every month. How would you feel if you were playing as well as the foreign player? (Interview with the clubs, 14/02/2011, translated by the author).

The SBL is a semi-professional league. Therefore it allowed some flexibility in its operation. The responses of the interviewees from the clubs were mainly critical of the CTBA. Furthermore, the obstacles to the development of basketball in Taiwan were seen by some as stemming from 'the collegiate system', and from the 'flexibility' of regulations from the perspective of interviewees from the group of clubs.

## **6.7 The Perspective of the Coaches and Players**

From the perspective of coaches and players, the reduced competitive capability of the national team and the poor showing in international competition were the main reasons for the SAC to promote the emergence of the SBL. An SBL coach (P2) mentioned

After playing in the CBA [China] for two years, the Sina Basketball Club moved back to Taiwan. It was a new excitement for fans. There was a game where the Sina played against the national team. The result was that Sina defeated the National team. Furthermore, fans supported Sina more than the national team during this match. This situation reflected the fans' negative views about the CTBA's policy for developing basketball (Interview with the coaches, 29/12/2010, translated by the author).

The interviewee then claimed that the SBL had been set up because of support from a former Minister of the SAC, Lin.

Lin Te-Fu argued that basketball should break out of the traditional framework of the CTBA to set up a new league. The CTBA should only be an operating unit to plan fixtures (Interview with the coaches, 29/12/2010, translated by the author).

The government co-operated with clubs and the CTBA to establish the SBL. Although in the beginning, the government wanted to improve basketball by setting up a league that was different from the amateur league of the CTBA, the SBL was still set up under the auspices of the CTBA.

The reason why the SBL was controlled by the CTBA was because the clubs did not want to get seriously involved with the operation of the league themselves. However there was one crucial turning point, which was the involvement of Wang Ren-Da, the chairman of the

CTBA and the owner of the Dacin basketball club (Interview with the coaches, 29/12/2010, translated by the author).

In this context, when the clubs had a meeting, the CTBA always got involved because the chairman of the CTBA owned the Dacin Basketball Club and thus had a voice in these discussions. The six other clubs were worried that the chairman would not share resources equally because he wanted his own club to benefit. The clubs therefore doubted the CTBA's position and did not want to follow the instructions of the CTBA.

However, one of the players (P3) argued that the clubs still co-operated with the CTBA because the CTBA was the only basketball agency recognised by FIBA and the CTBA had resources.

If SBL clubs want to do some basketball exchange activity, they all need to go through the CTBA's supervision. Moreover if the clubs want to have a match, the referees all come from the CTBA. Therefore, since the SBL does not have its own company and resources, the clubs need to co-operate with the CTBA (Interview with the players, 13/01/2011, translated by the author).

This player further mentioned that conflict resulted from financial issues.

They argued with each other because of money. The CTBA wanted all of the ticket revenue but the clubs wanted to share it (Interview with the players, 13/01/2011, translated by the author).

As previously discussed, financial considerations were the main concern for the clubs. A coach of an SBL club (P4) argued that the reason that the financial issue became so important was that the government did not really care about basketball.

The government should encourage big companies to support basketball, not only using the concept of social responsibility in order to persuade them, but also giving some incentives to these companies. Once some big companies support basketball, the long-

term prospects for the development of basketball in Taiwan would be better. The government does not need to fund basketball directly, but it should leverage some resources from the private sector to support basketball (Interview with the coaches, 18/01/2011, translated by the author).

From the coaches' and players' perspective, this 'semi-professional' structure of the SBL damaged the development of basketball in Taiwan. The CTBA took over the operation of the SBL because the clubs did not run the business professionally. Moreover, the CTBA and the clubs did not treat players professionally.

A player (P3) did mention the wage of players.

The CTBA and the club imposed a salary cap. The highest wage for a domestic player could have is NTD\$ 120000 per month. I think it is unreasonable. Once a young elite player reaches the highest level (NTD\$ 120000), he will not have any ambition to play really hard in the game (Interview with the players, 13/01/2011, translated by the author).

This salary regulation indirectly led to a diminishing of the appeal of SBL for the fans, because if the players lacked proper incentive to play hard, fan turnout would not improve.

The game is not exciting because of this salary cap. A player with the highest wage will try to avoid injury, so he will protect himself very well in the game. Because he knows if he does not get injured, he can have that contract longer (Interview with the players, 13/01/2011, translated by the author).

Here the interviewee (P3) also mentioned an issue regarding the fragile nature of the contracts held by SBL players. The contract between players and clubs was just a piece of paper and often was not enforced. If a player were to get injured, the club could refuse to respect the contract terms they had signed.

The SBL is not a professional league. Why do the clubs need to sign a contract with players? The clubs only signed contracts with elite players who might want to transfer to China (Interview with the players, 13/01/2011, translated by the author).

In other words, there was no protection for players. A coach (P4) also confirmed this view.

The contract is just a symbolic matter. The clubs can give more money to an elite player, and they can fire a player anytime. There was no policy of the CTBA to regulate this situation because the SBL is a private organisation. Furthermore, there is no player's union to help players to negotiate with clubs (Interview with the players, 18/01/2011, translated by the author).

In this sense, this coach believed the poor operation of the SBL was because players did not have a stable environment within which to perform.

If the skill level of the SBL players does not improve, fans will choose to watch NBA rather than the SBL (Interview with the players, 18/01/2011, translated by the author).

## **6.8 Summary of the Case**

In this case, the perceptions of the key stakeholders tended to be focused more on the relationship between the state and relevant stakeholders in the emergence of the SBL in 2003 and throughout the operation of the SBL. Table 6.1 illustrates the perspectives of specific groups of stakeholders in relation to the key responsibilities for the establishment of the SBL.

With regards to the emergence of the SBL, the government was considered crucial to the success of its establishment. Specifically, the former Minister of the SAC, Te-Fu Lin, was described as the key person with connections to the government's resources to push through a new league by interviewees from a range of stakeholder groups.

From 31<sup>st</sup> January 2002 to 19<sup>th</sup> May 2004, Te-Fu Lin served as the Minister of the SAC. He only served as a commissioner of the Department of Cultural Affairs in Yilan County Government. However, after he took office, he had two major achievements in the sporting domain which were the merger of two professional baseball leagues and the establishment of the SBL.

From the perspective of the players/coaches, players' poor performance in international competition drove the government to promote a new league. However, Lin, the Minister of the SAC claimed that the intention was to set up a stronger league, one in which the players could be role models. Young players, he argued, would then have a dream to chase.

Indeed, the interviewees from the clubs mentioned that the SBL was actually an official product. The SAC played a role in actively promoting it. Even the interviewees from the sponsors group argued that Lin was genuinely supportive of basketball, beyond political motives. However, some interviewees from the government officials' group argued that if the government was seen as a promoter of 'sport for all', Lin could promote the establishment of the SBL as his own personal political achievement. Although there are diverse views on Lin's motives for setting up a new league, it was widely held that the idea of a new league came from Lin.

The government official and an interviewee from the media stakeholders argued that the establishment of the SBL was Lin's personal preference. The government official highlighted how in Taiwanese political culture the Minister's personal opinion often determines policy. This means that the direction of policy would inevitably be strongly influenced by the politician's personal preferences. The aides and officials therefore tended to work very hard to realise policies which reflected the Minister's preferences.

As a consequence, Lin as a Minister of the SAC used the government's resources to coordinate with the CTBA, clubs, and media. However he did not set up a new professional basketball league but a 'prospective-professional' league. This was set up under the organisation of the CTBA because the CTBA and the clubs



argued that it was not a good time to set up a fully professional league, and the clubs did not want to increase their annual budget rapidly from ten million or twenty million NTD to fifty or sixty million NTD as a professional league would require.

As one might have expected, the SBL has not been successful in many operational aspects since its inception. The following accounts that we summarised help to identify which stakeholders were perceived as acting effectively and why, as well as which stakeholders were characterised as operating ineffectively and why in the operation of the SBL.

The SBL was established with the support of the government, but the government has been criticised for being over-involved in the operation of the SBL. A government official argued that the reason why the SBL could not be professionalised was precisely because the government was involved in the internal affairs of the SBL. However, another interviewee from the media group argued that the government did not have a practical development plan for the future of basketball but instead made a one-off investment. In addition, an interviewee from the clubs argued that the government only provided limited assistance to the SBL at its inception, but that the government did not provide any subsequent assistance after the second year. From the accounts of interviewees from the media and the clubs, it was also clear that they believed that the government only focused on sports which had potential to win kudos in international competitions. In this sense, even though the SBL is a prospective-professional league, which means it was intended to be a commercial entity, the key actors still demanded more government assistance. A government official mentioned that private companies were not keen on supporting or sponsoring basketball, but the players/coaches argued that it was up to the government to come up with policies to change this. Thus the perspective of the key actors appears ambiguous, if not self-contradictory, in the sense that while they asked the government to provide more support, at the same time they were criticising the government for being over-involved.

In fact, regarding the operation of the SBL, the relationship between the CTBA and the committee was perceived as being a core problem. Given that the SBL committee is composed of representatives from the CTBA and the SBL clubs, there has always been debate about who is or should be the leader of the SBL. The clubs argued that the CTBA was dictatorial and that the democratic process was just a superficial element. In other words, the clubs thought the CTBA did not have the legitimacy to establish and to run the SBL, which was the solution proposed following the collapse of the CBA. Despite this, the clubs had not left the CTBA or the SBL (yet), because the SBL, for which the CTBA is responsible, provides the only stage for the clubs and players. Therefore, as a semi-professional league, the operation of the SBL was controlled by the CTBA, which owned all the ticket revenue. In addition, a government official and a sponsor mentioned that a core problem had arisen due to the fact that the president of the CTBA, Wang, also owned an SBL club. This meant that he was not only involved with the CTBA's affairs but could also influence the decisions of the SBL committee. While the CTBA was in dispute with the SBL committee, the SBL committee was unable to make and to execute decisions effectively. While the clubs criticised the CTBA, a member of CTBA staff argued that the reason that the CTBA had taken the responsibility for organising the competition was that the SBL committee adopted a collegiate system in which full consensus was required for any action to be agreed. However consensus inevitably proved difficult or even impossible to establish rendering the organisation unable to respond to changing circumstances.

The conflict between the CTBA and the clubs (the committee) was not the only problem for the governance of the SBL. From the case study, it was also clear that "double agency" and the resultant conflict of interest, was a significant governance issue. Because Ren-Da Wang, who owned the Dacin Tigers, served as the president of the CTBA, he could always make decisions for the league that were of benefit to him in the absence of a strong leader of the SBL. In addition, the sponsors also identified a club manager, Yen, who led the Taiwan Beer Basketball Club while actually also owning another club – Kinmen Kaoliang Liquor Basketball Club. In this sense, this individual managed not only two

competing clubs and their assets but also was able to exercise undue influence by having two votes in the SBL committee. This clear conflict of interests was never addressed. The sponsors pointed out that the situation meant that this individual was even in a position to fix the result of a game if he wished to do so. Thus, we see that these conflicts of interest ran counter to the principles of good corporate governance, with clear implications for the development of elite basketball.

The bidding for TV rights and marketing rights represented another battlefield. Nike and ESPN co-operated together to earn marketing and broadcasting rights in the first season. A sponsor argued that Nike invested a huge amount when the SBL was established. However, ESPN broke the arrangement with Nike in order to enjoy the TV and marketing rights alone. The Nike representative argued that since CTBA had awarded ESPN these rights, ESPN had no incentive to improve the marketing of the SBL. It simply continued the same marketing campaign to attract customers; this had resulted in the downturn of the SBL. He argued that ESPN only used the SBL as a bargaining chip to negotiate with local cable network companies. From the Nike representative's viewpoint, the relationship between ESPN and the CTBA was the main difficulty in the SBL's operation because the CTBA chose to co-operate with ESPN to generate profits at the expense of the clubs.

From the above discussion, "profit" and conflicts of interests seemed to be the core element of the arguments. The clubs and sponsors argued that the CTBA was not professional enough to lead the development of basketball in Taiwan and simply wanted to receive the ticket revenue.; the sponsors criticised ESPN in that its main goal was to maximise short run profits from TV and marketing rights.; while the CTBA blamed the clubs for rendering the SBL committee inefficient.

In terms of systemic governance, in the process of the emergence of the SBL, key stakeholders were the SAC, which actively promoted a new league; the fans, who became a pressure group promoting government involvement; the media (ESPN) and the sponsor (NIKE) who co-operated together to broadcast and market the

SBL in the first season; and the CTBA which provided resources to organise the fixtures; as well as the clubs and players who actually played the game.

Beyond systemic governance issues, this case highlights also the character of political governance which appeared in the emergence of the SBL within this network of stakeholders. The case of the SBL is a good illustration of a government's attempts to steer the sports system to achieve desired outcomes (the establishing of the league, and associated political kudos). However its long term influence is limited, since for political and financial reasons its financial investment could not be sustained.

However, as attendance rates went down from the second year of operation, while the strategic resources and thus the influence of some stakeholders waned, while that of others grew. The government was only able to make a one-off investment in basketball. The Chairman of the CTBA actually owned an SBL club, and thus was able to operate on both sides of the negotiations between the Association and the clubs. The CTBA (with the key influence of its Chairman was able to resist the demands of the clubs. NIKE left the marketing team in the second year, and the CTBA kept all ticket sales without sharing with the clubs, whose influence was limited in this case because of the clash of interests with other stakeholders. We discuss these matters further in section 8.1 as the inter-linking nature of the three cases needs to be highlighted in order to provide the context for the discussion of the strategic relations.

**Table 6.2: Responsibility for the outcomes of the establishment of the SBL**

<b>Stakeholders</b>	<b>Key Responsibility for the outcomes</b>	<b>Main Argument</b>
Government officials	* Minister of the SAC – Lin	* Lin had his own preference
	* Minister of the SAC – Lin	* Lin could highlight his political achievement
	* The SAC staff	* Personal emotions, connections and relationship will affect the policy-making process. ‘The Minister’s opinion is the policy’
	* Minister of the SAC – Lin	* Lin preferred the SBL to be set up under the structure of the CTBA because the CTBA was able to provide referring and game organising resources.
	* SAC, CTBA, Clubs	* The SBL’s semi-professional structure was a compromise decision when some people preferred professional league and others not
CTBA staff	* Fans	* Pressures from fans pushed the SAC to set up a new league
	* Fans	* Ticket sales helped the CTBA to maintain the SBL
Media	* Minister of the SAC – Lin	* The policy – ‘To create a basketball league suited to Taiwan’ did not come from aides but from Lin himself.
	* Minister of the SAC – Lin	* The direction of policy will be strongly influenced by the head’s subjective views.
	* Minister of the SAC – Lin	* Lin supported ESPN/NIKE as the broadcasting/marketing unit.
Sponsors	* Minister of the SAC – Lin	* Lin was strongly supportive to helping basketball regardless of political motives.
	* The government	* The government supported the establishment of the SBL because the government played a role as a promoter of Sport for all
Clubs	* The SAC	* The SBL actually is an official product. The SAC played a role in actively bringing it to life and in promoting it.

	* Minister of the SAC – Lin	* Lin invited the clubs to discuss the establishment of the league.
Coaches/players	* Players’ performance	* The reduced competitive capability of the national team and the downturn in results of international competition were the main reasons for the SAC promoting the emergence of the SBL.
	* Minister of the SAC – Lin	* Lin argued that basketball should break out of the traditional framework of the CTBA to set up the new league.

**Table 6.3: Responsibility for the outcomes of the operation of the SBL**

<b>Stakeholders</b>	<b>Key Responsibility for the outcomes</b>	<b>Main Argument</b>
Government officials	* The CTBA and the SBL committee	* The CTBA and the SBL committee have always been in dispute over the issue of who should the leader of SBL.
	* Wang – the president of the CTBA	* Wang as the president of the CTBA owned an SBL club
	* The government	* The SBL cannot be a ‘professional’ league because the government has been involved
	* The government	* The government politician was over-involved in the choice of broadcasting unit.
	* Taiwanese culture	* Big companies did not want to support basketball
	* The owners	* The owner only cared to enhance their reputations by winning games.
	* Taiwanese Environment	* The sport industry is not big enough to support professional sports
	* The CTBA and the SBL committee	* The salary cap limited the development of the SBL
CTBA staff	* The SBL committee	* Adopted a collegiate system - Once consensus was not possible, the SBL committee simply proved ineffective
	* The SBL committee	* the ineffectiveness of the SBL committee was the reason that its marketing was poor
	* The Clubs	* CTBA to take over responsibility for choosing broadcasting unit because clubs could not come to a shared common view on it.
Media	* The government	* The government did not use the budget very well because the government only focused on sports in which Taiwan could succeed in international competition.
	* The government	* the government supported sports for ‘political motives
	* The government	* the government did not have a practical development plan for the future of basketball but instead made a one-off investment

Sponsors	* Nike	* Nike put a huge investment when the SBL was established
	* Nike	* Nike supported the SBL because Nike wanted to set up a long-term basketball culture
	* ESPN	* ESPN kicked Nike out because ESPN realised the value of the advertising billboard.
	* ESPN	* ESPN did not have the pressure of ticket selling and club-marketing while the revenue from advertising was considerable.
	* SBL	* The league did not lead a middle-term or a long-term plan for the development of the SBL
	* ESPN	* ESPN did not improve the marketing of the SBL, and kept using the same approach to attracting customers that had caused the downturn of the SBL.
	* CTBA	* The members of CTBA staff were not professional enough to lead the development of basketball in Taiwan.
	* CTBA and ESPN	* The CTBA co-operated with ESPN to make profit, and sacrificed the interests of clubs.
	* ESPN	* ESPN used the SBL as a stake to negotiate with cable network companies.
	* Wang – the president of the CTBA	* Wang as the president of the CTBA owned a SBL club, and could influence the decisions of the SBL committee – an unchallenged conflict interests
	* Yen – the manager of the Taiwan beer and the owner of Kinmen Basketball Team	* People with the greater resources (particularly money) could control basketball
Clubs	* The government	* The government gave a little financial help to the SBL at the start, but the government did not give any further assistance after the second year.
	* The government	* The government only focused on sports in which Taiwan could win medals in international competitions.



	* Clubs	* The funding from the government and broadcasting rights fee was insufficient to cover the annual budget, and the clubs made up the spending.
	* Blaming of the CTBA	* No matter how many tickets were sold, all the ticket revenue belonged to the CTBA
	* Blaming of the CTBA	* The operation of the SBL was controlled by the CTBA because it was a semi-professional league.
	* Blaming of the CTBA	* The CTBA was dictatorial. The democratic process was just a superficial element.
	* Blaming of the CTBA	* The owners and managers of clubs could not exert influence on the CTBA because the SBL was run by the CTBA and provided a stage for the clubs and players.
	* Taiwanese culture	* In Taiwan, big companies did not support professional sports.
	* CTBA and the clubs	* There was no protection for player's contracts
Coaches/players	* Blaming the Clubs	* The reason why the SBL was controlled by the CTBA was because the clubs did not want to get seriously involved in its operation seriously.
	* Wang- the president of the CTBA and the owner of the Dacin Tigers Team	* Wang Ren-Da who was the chairman of the CTBA and the owner of the Dacin basketball club. He could always influence the final decision for the SBL (conflict of interests)
	* CTBA	* The CTBA wanted all ticket revenue while the clubs wanted to share it
	* The government	* The government should have encouraged big companies to support basketball
	* Blaming of the CTBA and the clubs	* Set up the salary cap
	* The clubs	* The contract between players and clubs was not respected by the clubs and players had no redress

## **Chapter Seven**

### **The Critical Contextual Set of Factors: the Sporting Link with China**

#### **7.1 Introduction**

Our two previous cases have highlighted the importance of local dynamics in the interactions between groups of key stakeholders in processes affecting the development of basketball, particularly the development of professional/semi-professional basketball, in Taiwan. Other than local dynamics, the sporting link with China also represents an important contextual element in the governance of basketball in Taiwan.

After failed attempts to re-open the CBA in 2000, the Sina Basketball Team took over all the players from the HungKuo basketball club to set up its own basketball club on 7th December 2000. Because prospects for basketball development in Taiwan looked bleak without a professional league, the Sina organisation expressed its intention to transfer to the Chinese League in the People's Republic of China (PRC). After several meetings with the CTBA, the Sina basketball club decided to transfer eight players to the Chinese league on May 2001 (Chang, 2001). On 20th September, 2001 Sina officially announced it would use "Taiwan (SuZhou) Sina Lions Basketball Team" as the club name to register in the Chinese league with permission from the Basketball Administrative Centre (BAC) of the PRC (Lee, 2001; Lee, 2001). The CTBA immediately contacted the BAC of PRC to express its disapproval of this move. Sina Basketball Club was determined to transfer to the Chinese League and reacted to CTBA's disapproval by terminating its registration with the CTBA on 28th September, 2001 (Wei, 2001). The BAC of PRC soon set up the fixture list for the Chinese First Class Basketball League for the coming season (2001-2002), and Sina made all the necessary preparations (Lee, 2002). On the 5<sup>th</sup> of October the owner of Sina Basketball Club, Chiang, led the club members to their new home "Suchou". Sina's pre-season training began on 8th October but the club name was still a debate until 30th October when the name "Sina Lions (Taiwanese Enterprise) Basketball Club" was finalised (Gong, 2001).

After two seasons, Chiang decided to quit the Chinese First Class Basketball League on March 2003, and the club returned to Taiwan. Chiang noted that the club could not adapt to the style of the Chinese First Class Basketball League in the PRC and that problems with corrupt referees damaged the club. Lin (2003) argues that Sina was the only club that did not bribe referees. In addition, the average age of players was too high but Sina could not get new blood in China because Sina did not have its own channel to recruit young players from schools or academies. These problems eventually forced Sina back to Taiwan.

The relationship in basketball between Taiwan and China had become a matter of debate since the first Taiwanese player migrated to China in 1999. Since 2001, 41 known sports athletes/coaches have migrated to China, 33 of whom were basketball athletes/coaches. Chou (2009) argues that from the players' perspective, a youth policy in the national team<sup>11</sup> and the suspension of the CBA in Taiwan were the tipping point for those who migrated to the Chinese league from 1999 to 2003, but that self-achievement and salary increase were the main reasons for the players' migration from 2007 to 2010.

However, the sporting link with China was further complicated by political, economic, and cultural changes in cross-strait relationship. This set of structures cannot be fully explained by considering the players' perspective alone. For example, the Taiwan (ROC) government became actively involved in the naming of Sina Basketball Club when the club was in the process of registering in the Chinese League in 2001; the Taiwan government pressured the club to drop the name 'Taiwan' from its title.

The Taiwan government passed legislation entitled 'Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers' following Sina's transfer. The government's concern was related to the issue of national sovereignty while the CTBA and the clubs were worried about losing players. In addition, when several players declared their intention to transfer to the Chinese League in 2008, the CTBA hosted a general meeting to discuss the matter and the outcome was that the executive board banned 24 elite or high-

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<sup>11</sup> National team began to use young talents as the main players instead of senior players.

potential players from transferring to the Chinese League. Other players who were not on the list of the top 24 players could apply for transfer to China. It is clear that the CTBA wanted to use this regulation to stop the best players from leaving the league. The regulation was also beneficial to the clubs because they considered their best players to be their investment. However some clubs had a potential business interest in transferring to China as the size of the Chinese market could afford opportunities for their parent companies to do undertake promotion. In short, different interest groups had different interests to be realised through the basketball link with China. The different stakeholders' viewpoints are thus addressed in this chapter to capture the dynamics of Taiwan-China basketball relationship.

## **7.2 The Perspective of the Government Officials**

When the owner of Sina, Jiang, decided to transfer to the Chinese First Class Basketball League, the first issue he faced was concerning the club's name. The BAC of PRC firstly notified the CTBA that they agreed that Sina could use "Taiwan (Suzhou) Sina Lions" to register in the Chinese First Class Basketball League, and then Sina held a press conference in Taipei to announce that they would use "Taiwan Sina" as their club name in China. However, the SAC immediately rejected this decision and proposed to fine Sina. Then Sina changed its name to "Taipei (Suzhou) Sina Lions", but the SAC still rejected it because issues of national identity. The transfer also violated regulations governing sporting links with the PRC. The first of these was 'the *Regulation of Handling Cross-Strait Sports Exchange*, section 5.2 which states that a team may not go to mainland China to participate in national sports events (Sport Affairs Council, 1998). The second was 'the *Act Governing Relations between the People of the Taiwan Area and the Mainland Area*', item 33 stipulates that any individual, legal entity, organisation, or other institution of the Taiwan Area should not hold any position or become a member of any agency, institution or organisations of the Mainland Area which is affiliated with political parties, the military, administration of any political nature or which are prohibited with public notices by the Mainland Affairs Council, the Executive Yuan in consultation with each competent authorities concerned' (Executive Yuan, 1991, 2012; Ho & Chan, 2002; Lee, 2002).

A former Deputy Minister of the SAC (G4) argued that the government did not want Sina to leave because cross-strait relations were still tense.

It was different in 2001 compared to now. The relationship between Taiwan and China was still tense. In terms of the name issue, our national sovereignty could not be degraded or people would think that Taiwan is part of China. It was this point which concerned the DPP government the most. According to FIBA's regulations, these were two independent organisations. When players wanted to transfer, they needed to report to the national basketball association, and players should follow the Act Governing Relations between the People of the Taiwan Area and the Mainland Area reporting to the administrative department. On the other hand, it was embarrassing for the CTBA for the club to leave. Therefore there was no flexibility for the government and the club. From their business position, transferring to China might obtain a better return at the time (Interview with the government officials, 28/01/2011, translated by the author).

Another former Deputy Minister of the SAC (G3) mentioned that it was not just a battle for the Club and the government. There was a triangular negotiation between the club, Taiwanese government, and Chinese government. Sina was concerned about its business interests, while the Taiwanese government and the Chinese government both had political considerations.

The government did not agree [to Sina's transferring] at the beginning. From the government's perspective, the Taiwanese going to work for China suggested reunification. In addition, the business Sina's owners had in mind been not purely basketball-related. Sina [which is an online media company] wanted to enter the Chinese market because Sina.com saw great business potential in China, so it wanted to do some promotion through basketball. On the other hand, the Chinese had a chance to get a Taiwanese club to play in the Chinese league. This could imply that Taiwan was part of China because Sina was owned by a Taiwanese. The Chinese used this chance to promote the idea reunification. The Taiwanese government therefore said we could not let them put Taiwan in the club name because it would seem as if the club was to

be a Taiwan Provincial team in the PRC's Chinese league (Interview with the government officials, 27/01/2011, translated by the author).

Here this former Deputy Minister of the SAC (G3) suggested that China often politicised sports, with Taiwan reunification being the political agenda.

Recently they held many games such as national intercollegiate athletic games and national rural games, and they asked Taiwan to attend. If Taiwan really sent a team to attend the Chinese national games, Taiwan would be like one of their provinces/counties. However Sina registered in the PRC First Class Basketball League directly without having to advance from the lower-level leagues. China made an exception for Sina because Sina was from Taiwan, and they had some political motive behind this move (Interview with the government officials, 28/01/2011, translated by the author).

In other words, because the PRC government saw Sina's participation in the Chinese League as an opportunity to advance their political agenda through the perception that the club represents a province of the PRC, the Taiwan government demanded that Sina remove 'Taiwan' or 'Taipei' from its name.

However another former Deputy Minister of the SAC (G4) mentioned that if the Sina Lions had not violated the law, the government could not interfere with its transfer to China.

Sina had some business it wanted to develop in China, and it used the Sina Lions to do some commercial advertisements. From a business perspective, it was difficult to change their decision by moral persuasion. At that time we had no solution because they did not break the law (Interview with the government officials, 28/01/2011, translated by the author).

Finally the BAC of PRC put Sina on the fixture list and Sina stated that it would transfer to China in October 2001 even after the club was fined for violating the *Regulation of Handling Cross-Strait Sports Exchange*. After negotiations, Sina agreed not to use country or city names in the club's title. The cross-strait basketball agencies announced the club name at the same time; it was decided as "the Sina Lions Basketball Club". The SAC

actively enacted 'the *Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers*' (Sport Affairs Council, 2002) to make Sina's action legal (Ho & Chan, 2002; Lee, 2002).

A former Deputy Minister of the SAC (G4) mentioned the process of this case:

According to the *Act Governing Relations between the People of the Taiwan Area and the Mainland Area*, Sina was not allowed to transfer. Also according to FIBA's regulations, all the basketball players belong to the national federation. However the Constitution of the Republic of China protected the right to work for all Taiwanese people. Therefore we [SAC] had discussion with the Mainland Affairs Council to see if there was any solution for this issue. Finally Sina was permitted to transfer to China without breaking the law (Interview with the government officials, 28/01/2011, translated by the author).

Later Sina registered in the Chinese First Class Basketball League on time. In the first season it finished 8<sup>th</sup> in the regular season and played in the playoffs. However the club was not nearly as successful in the second season, after posting a losing record and finishing second to last. Finally Sina transferred back to Taiwan at the end of the second season.

In the case of Sina, the government reacted after the issue had surfaced, from the rejection of Sina's request at the beginning to the enacting of the *Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers* at the end. The initial rejection and the latter regulation enactment highlighted inconsistency in the thinking of the government at the time.

From the 2000s, with the relaxation of cross-strait relationships, migration of basketball players became an important issue from both sides. In 2008 when a core player of the ROC (Taiwan) national team player, Sean Chen, decided to transfer to China, the CTBA issued a statement that it would provide a list of 24 Taiwanese elite/potential national team players who would not be allowed to transfer to China (the 24 players list) (Chu, 2008). However, the implementation of this regulation was only maintained for one year. In 2009, three players on the Taiwan national team transferred to clubs in China,

and many more would follow suit after 2009. In terms of the migration of players, the attitudes of different groups of stakeholder were different.

Cross-strait moderation was thus an important context for player migration. A former Deputy Minister of the SAC (G3) mentioned:

Because of the amendment to *Statute For Relations Between The People Of Taiwan Area And The People Of Mainland Area*, Wen-Ting Zheng and Chi-Che Lin (national team players) went to China. However compared to the case of Sina, they did not make a huge impact because that was a personal matter. In the past, if players or businessman went to China without permission, they would be fined. Now if they conform to the law, they can transfer to China (Interview with the government officials, 27/01/2011, translated by the author).

A former Deputy Minister of the SAC (G4) suggested there were two reasons that Taiwanese players transferred to China. One was because of the moderation of the legal limitations. The second was that migration of players had become a normal situation for international sports. However he also mentioned that the migration of Taiwanese players could be a warning signal for the development of sports in Taiwan.

We did not provide a good environment for professional sports to develop. When you have an opportunity to play in China, and they are going to pay you USD 10000 per month, are you willing to go? (Interview with the government officials, 28/01/2011, translated by the author)

Indeed, some interviewees argued that poor development of basketball in Taiwan was the reason for Taiwanese players and clubs wishing to transfer to China. A former Minister of the SAC (G1) argued that the Taiwanese league was not powerful enough to retain players.

The SBL committee could not constrain the clubs, so they wanted the government to constrain the clubs. It is not the government's duty to constrain them, but as an official of the SAC, I think it's a shame if the league



collapses. After all we established the league at the beginning (Interview with the government officials, 13/12/2010, translated by the author).

The statement of this senior politician reveals a contradictory position held by the government. The government could prohibit the migration or it could amend the regulations to make the migration legal. A former Deputy Minister of the SAC (interviewee G3) mentioned that in the past Taiwanese people could not work in China because of the Act Governing Relations between the People of the Taiwan Area and the Mainland Area. In order to let Sina transfer to China, the government adopted a new regulation. So in fact the government did not reject it.

A former Minister of the SAC (G1) said the government could not stop private enterprises from developing in China.

When a club wants to transfer to China, you cannot intervene if the club is owned by a private business. But it is not allowed to use Taiwan or a Taiwanese city name for the club. You cannot say I represent Chinese Taipei playing in the Chinese First Class Basketball League. However, if a company is registered in China, it is a Chinese company. Is the registration legal or not? That is a business issue. The SAC cannot intervene (Interview with the government officials, 13/12/2010, translated by the author).

The government seemed to playing a passive role at the time of the interview of this research [December 2011]. Players or clubs send their applications to the SAC, and then the SAC would examine them by reference to cross-strait regulations.

You should have a common view before you talk to the government. You should firstly deal with the issue “should the player or club transfer to China?” Then the players or club could transfer after the SAC has examined the application by cross-strait regulations (Interview with the government officials, 18/01/2010, translated by the author).

Another former Deputy Minister of the SAC (G5) argued that the government should adopt the same attitude it dis with other cross-strait economic issues.

We should maintain domestic competitive strength of basketball with the same seriousness as the government does with economic issues. For example, the government works hard to ensure that companies which have transferred to China still maintain their roots in Taiwan. I know Sina had its business in China. The situation was like a normal factory which wants to set up new factory in China. Is it really good for the development of an industry if you transfer all your properties and skills to China? (Interview with the government officials, 25/02/2011, translated by the author).

When players transferred to China, the clubs had to bear the brunt of the teams' reduced playing strength. Moreover, when elite players transfer to another country, it causes decline of interest and therefore of attendance in the domestic league. The migration of players from Taiwan to China is further complicated by the delicate cross-strait relationship.

A former Deputy Minister of the SAC (G3) was suspicious of the PRC's motives for recruiting Taiwanese players because he argued that Taiwanese players were not really necessary for the Chinese league.

Although the cross-strait relations have improved in recent years, the problem has not yet been altogether solved. The Chinese government is two-faced. They might say one thing and do another. So we have to beware of the knife behind the smile (Interview with the government officials, 27/01/2011, translated by the author).

Based on this senior politician's discourse, despite much improved cross-strait relations, some elements of the Taiwan government may still have a distrustful attitude toward China. Another former Deputy Minister of the SAC (G4) argued that China actively recruited Taiwanese players as part of their "united front" strategy.

China wanted our players to play in China to portray an image that both sides coexist in peace (Interview with the government officials, 28/01/2011, translated by the author).

Meanwhile he mentioned that the Chinese league attracted Taiwanese players because China's culture and language were similar to those of Taiwan. However did the Chinese league really provide the best opportunities for Taiwanese players, or is it just a matter of the convenience of the transfer in contract and linguistic terms.

Language is an important factor for the migration of players. There is no problem for our players to adopt Chinese culture. If you go to Japan or Korea, you cannot adapt to the environment very quickly. Of course it is very difficult for a player to meet the challenge of the NBA, but our players now just want to go to China because they use the same language and they can pay more (Interview with the government officials, 28/01/2011, translated by the author).

Another former Deputy Minister of the SAC (G2) argued that the government should not be too sensitive when facing cross-strait issues.

Politicians did not want to get into hot water with political debates. However, the government should encourage high-potential and elite athletes to develop internationally with a package of measures, so that when the national team needs you, you have to come back (Interview with the government officials, 18/01/2011, translated by the author).

He further mentioned that if club migration or player migration followed FIBA's regulation, the government should not intervene in it just because it involved China.

Is China different than America if we believe we have a state-to-state relationship with China? Players who want to go to China should be treated with the same standards as those going to America. We have our game rule. If a player wants to transfer to another country, he needs to apply to the CTBA. When the CTBA approves his application, the CTBA will send it to the SAC. In such a case normally the SAC will not stop it (Interview with the government officials, 18/01/2011, translated by the author).

Base on the discussion above, there are two general conclusions to highlight about the current situation of sporting links with China. Firstly, when a player follows the

appropriate regulations (in this case, FIBA's) to transfer to China, the government cannot stop it because it is a matter of personal choice. Secondly it is different when a club wishes to transfer to China because, for some, this involves the issue of national dignity and national sovereignty which are a priority concern of the government.

### **7.3 The Perspective of the Legislators**

While talking about the sporting link with China, both KMT and DPP politicians mentioned that the Chinese market should be open for athletes. However, what the KMT and DPP legislators referred to was a general attitude about sporting links with China rather than specifically referring to basketball.

According to a DPP legislator (L3), although there had been little discussion about sport affairs in DPP's internal meetings, the DPP has tend to be quite liberal with player migration because the party believes it is good for improving long-term competitiveness of the sport.

We did not discuss this issue (the migration of players) in our committee. But I don't think we will stop them [the players]. The future of the SBL is limited. Although players leaving might damage the club, you should let them go if it would be good for the players' career. The idea that you don't want them to go to China is like you don't want Chien-Ming Wang to go to MLB. It does not make sense. Therefore even though the national team or a club might lose a player; you should let them go because it is good for the development of sports. These players will become role models for kids. In my opinion I think migration of players is good for long-term sporting development (Interview with the legislators, 26/01/2011, translated by the author).

Another DPP legislator (L2) reiterated the party's liberal stance on the issue of player migration:

Basically we have no objection to this issue. This is a sport market ruled by market mechanisms, which is the driver behind Japanese elite players' transferring to MLB. Even though the sensitive issue of cross-strait relations

is involved, we should still look at it from a different angle. We should not emphasise political issues too much. Since people recognise the strength of Chinese sport development, I am happy with the exchange of cross-strait sport. I expect this exchange to help to enhance the development of sport in Taiwan (Interview with the legislators, 11/01/2011, translated by the author).

While referring to the market size of basketball in Taiwan, a DPP legislator argued that there should be an Asian Champions League.

We could set up a league with China, Japan, Korea and the Philippines. Taiwan is too small to have a home-away game system. If we can play against China in a proper league, people would be attracted to watch it because of their identity. Otherwise if you just play in Taiwan, there is going to be another downturn [in spectator numbers] (Interview with the legislators, 11/01/2011, translated by the author).

A KMT legislator (L1) agreed with the concept of 'market size'.

Because the market of Taiwan is too small, I suggest there should be an Asian league. We can go to Japan, and Japanese can come to Taiwan. It would be a clearer version of the home-away concept. The increase in fans' identity with teams could improve attendance and profit generation (Interview with the legislators, 22/12/2010, translated by the author).

Although sport development in Taiwan is inevitably complicated by controversy over Taiwan's diplomatic recognition and national dignity, both KMT and DPP legislators claimed that political concerns should not affect cross-strait sport exchanges. A DPP legislator (L2) argued that the government should eliminate obstacles to the development of sport.

I think if we are playing in China, we will degrade our national dignity. However for sport marketing, this is a trend, and we cannot stop it. Actually, we believe there is a special group of people who support the development of sport, so if the government cares about sports, people will support the

government. Therefore there is a concern about the election. If we raise the level of thinking about the development of sport, there is no orientation for the people who support sports. For example people who support baseball come from both DPP and KMT. So there is no political ideology involved. A clever government should make a political choice to support sport; however neither President Ma nor President Chen recognised this. This is poor use of sport policy (Interview with the legislators, 11/01/2011, translated by the author).

Here this legislator was critical of the government for its stance on sport policy. Despite this, he admitted that there was a potential electoral benefit for a politician who would support sports. He argued that the government put too much emphasis on the political thinking underpinning cross-strait sporting exchanges.

A KMT legislator (L1) also blamed the government for not having a fair policy that is conducive to cross-strait sporting exchange because regulations, particularly the *Act Governing Relations between the People of the Taiwan Area and the Mainland Area*, make it difficult for Chinese sports players to stay in Taiwan.

Based on the law, a Chinese coach could work in Taiwan, but the government tried to stop coaches from working in China. However, in fact China uses its economic power to recruit talented people to work for them. They might offer you five hundred thousand [NTD] per month when you can only make fifty thousand [NTD] in Taiwan. It is not reasonable to limit people working in Taiwan. The outcome might be that all the talented people will work in China. We should get used to facing the challenge (Interview with the legislators, 22/12/2010, translated by the author).

This legislator blamed the law. He suggested that government should be more open to cross-strait sporting exchanges because at the moment the exchange between Taiwan and China is treated differently than the exchange between other countries. Indeed, there is a legislation that specifically governs relations between peoples of the Taiwan area and the mainland area. This Act is specially enacted for the purposes of ensuring security and public welfare in the Taiwan Area, regulating dealings between the peoples

of the Taiwan Area and the Mainland Area and handling legal matters arising from national unification. With regard to matters not provided for in this Act, the provisions of other relevant laws and regulations shall apply.

According to Article 11, Chinese people could be employed in Taiwan, but they need to go through a complicated process described in the following passage (Extracted from the published English version).

Any person who employs any of the people of the Mainland Area to work in the Taiwan Area shall apply to the competent authorities for permission.

Any of the people of the Mainland Area who are permitted to be employed in the Taiwan Area may not be employed for more than one year, during which it may not change its employer or work; provided, however, that with the permission of the competent authorities, it may change its employer or work in case the employment relationship cannot continue due to its employer's business being shut down or suspended, or any other extraordinary situations.

For any of the people of the Mainland Area who change employers or work according to the proviso in the preceding paragraph, the duration of their employments shall be calculated by combining the periods of employments before and after the change of their employers or work.

If an employer cannot meet its recruitment need after recruiting publicly in the Taiwan Area with an offer of reasonable working terms and after applying to a public placement service office for recruitment registration, the employer may then apply to the Council of Labor Affairs, Executive Yuan for employment of the people of the Mainland Area to fill the vacancies; provided, however, that the employer, during the recruitment period, informs the labour unions or the workers of its business units of the full text of the recruitment notice and posts such notice at the workplace intended for the people of the Mainland Area to work.

The labour contracts for employment of the people of the Mainland Area shall be in fixed-term.

Rules governing the granting of permission and the administration concerned as referred to in Paragraph 1 shall be drafted by the Council of Labor Affairs, Executive Yuan in conjunction with the authorities concerned and submitted to the Executive Yuan for approval.

To meet the employment demand derived from the service sectors opened in accordance with any international agreement, multinational enterprises or enterprises of the Taiwan Area of which their business scales in Taiwan reach certain threshold may employ the people of the Mainland Area with the permission of the competent authorities and not subject to the restriction referred to in the relevant provisions of the preceding six paragraphs and

Article 95; rules governing the granting of permission, administration, the business scales of enterprises, employment terms and any other requirements thereof shall be drafted by the Council of Labour Affairs, Executive Yuan in conjunction with the authorities concerned and submitted to the Executive Yuan for approval. (Article 11, Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area and Its Enforcement Rules)

According to the Article 33, Taiwanese people who want to work in China should go through a complicated process as well.

Except otherwise provided for in any other law, any individual, juristic person, organization, or other institution of the Taiwan Area may become a member of or hold a position in any juristic person, organization, or other institution of the Mainland Area.

Any individual, juristic person, organization, or other institution of the Taiwan Area shall not hold any position or become any member of the agencies, institutions or organizations of the Mainland Area which are political parties, the military, the administration or of any political nature and



which are prohibited with public notices by the Mainland Affairs Council, Executive Yuan in consultation with each competent authorities concerned.

Any individual, juristic person, organization, or other institution of the Taiwan Area holding a position in the Mainland Area or becoming a member thereof shall obtain the permission in any of the following situations:

Any position in or membership of the agencies, organizations or institutions of the Mainland Area which are political parties, the military, the administration or of any political nature and which are not prohibited with public notices in accordance with the provisions of the preceding paragraph.

Where there is a threat to national security or interests, or a need in policy, and each competent authorities concerned has given public notices in consultation with the Mainland Affairs Council, Executive Yuan.

Any individual of the Taiwan Area holding a position or becoming a member of the juristic persons, organization, or other institution of the Mainland Area may not engage in any activity detrimental to national security or interests.

The determination of the position or membership referred to in Paragraphs 2 and 3 shall be made by each competent authorities concerned; if there is any doubt, the Mainland Affairs Council, Executive Yuan in conjunction with the authorities concerned and scholars or experts may form a review committee to make a decision.

Rules governing the public notices, permission requirements, application procedures, means of review, administration, and any other requirements referred to in Paragraphs 2 and 3 shall be drafted by the Mainland Affairs

Council, Executive Yuan in consultation with each competent authorities concerned and submitted to the Executive Yuan for approval.

Those who had already held positions in or become members of any juristic person, organization, or other institution of the Mainland Area before the

coming into force of the amendments to this Act shall apply to the competent authorities for permission within six months after the date of the coming into force of the rules referred to in the preceding paragraph; those who fail to apply by the expiration of the aforementioned time limit or whose applications are denied shall be deemed without permission. (Article 33, Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area and Its Enforcement Rules)

Given the content of the law, the Taiwan government hesitated to fully open up the exchange between Taiwan and China. A KMT legislator (L1) argued the government should work harder to keep 'political issues' out of the development of sport.

I know many people want to transfer to the CBA. However nationality is still a sensitive issue. It is easier for a player to transfer than for a club to migrate. The government should work harder to make the exchange happen because it would be good for our sport development. I suggest the sport exchange could be pure sport events without political concerns. However in reality the Chinese government is unpredictable, because we don't know whether they want it or not, when we are ourselves willing to do it (Interview with the legislators, 22/12/2010, translated by the author).

Although this KMT legislator (L1) argued that the cross-strait sporting exchange was necessary for the development of sport in Taiwan, the government has failed to make any substantial progress because economic issues have been their top priority.

It is difficult for us to join the CBA because of the political problem. Currently the first priority for President Ma is the Taiwanese economy rather than dealing with the cross-strait political issue (Interview with the legislators, 22/12/2010, translated by the author).

While these legislators were not directly involved with basketball affairs, they focused more on general issues of sport development in Taiwan. They had a positive attitude towards cross-strait sporting exchange and highlighted the urgency to keep sports free of political considerations and intervention. Despite having shared a common mind-set, in reality, both KMT and DPP failed to actively promote cross-strait sporting exchanges.

## 7.4 The Perspective of the Clubs

When answering the question as to why Sina had decided to transfer to mainland China in 2001, the owner of the Sina Lions, Jiang, responded: "I can afford to do it, so why not?" (Lin, 2003).

There were three stages that Sina went through when it transferred to China. The first stage was the acquisition of the disbanded Hung-Kuo basketball team at a price of NTD 20 million. This was followed by securing the sponsorship of the BenQ Corporation. The team name therefore became the BenQ Sina Lions basketball team. Finally, after both basketball associations in Taiwan and China had officially approved of the transfer, BenQ Sina Lions became the 14th team in the Chinese First Class Basketball League. In the first year, the BenQ Sina Lions finished in the top eight. In the second year, however, the aging team and the quality of the bench and foreigner players became a major problem, and the team ended the season second last in the table. Many analysts cite another reason for the team's downturn in the second season, which was that other First Class League teams got used to BenQ Sina Lions team's tactics (Lin, 2003) A former Nike manager (interviewee S1) mentioned another plausible factor: there was no home advantage for the BenQ Sina Lions, which meant they were virtually playing in international competition in every match, making it relatively more difficult for them to win games.

The decision to leave the Chinese League was also a financial one; the cost of playing in China was about USD 1.8 million per year, which was much higher than that of Taiwan. The income from ticket sales and sponsorship was only USD 500,000, and the loss was financed by the owner, Jiang. After losing NTD 100 million in two years, the BenQ Sina Lions quit the league and returned to Taiwan. Nevertheless Jiang still defended the decision, he stated: "I have fought this good fight of faith, at least we had a good time; it was worth it" (cf. Lin, 2003: 264).

Jiang's personal passion for basketball was also shared by club owners of the SBL, who found themselves in the same situation where their enthusiasm for the sport far outweighed the return on investment. Jiang said in an interview: "Basketball is my life's

dream, how many people can actually have the ability to realise their dream? Since I have got the ability, if I didn't do it, I would definitely regret it" (Cf. Lin, 2003: 264).

The manager of a club mentioned that there were reasons for Sina to transfer to China. First, the CBA collapsed and the owner of Sina felt the limits of basketball development in Taiwan. Secondly, the owner did not get on very well with the CTBA because he was a 'new player' who had owned the club for one year only. A club manager (C2) claimed:

When Sina decided to transfer to the Chinese league, the CTBA was the first one to oppose it because Sina did not respect the CTBA. So the CTBA set up a lot of rules to stop clubs from going to China (Interview with the clubs, 26/12/2010, translated by the author).

From the above, it is evident that the CTBA could be the most significant obstacle to players and clubs transferring to Mainland China. However, this club manager (C2) believed Mainland China was the best place for Taiwanese players to go.

If a player wants to improve his skills, he should play basketball in the CBA (Chinese professional league) because the SBL is not a professional league. Furthermore it would be hard for the SBL to develop into a fully professional league because the available 'hardware' and 'software' were insufficient. In addition the home/away game system is not well developed (Interview with the clubs, 26/12/2010, translated by the author).

By this time the CBA was much more developed than the SBL. The CBA was already a well-established professional league; average salary of the players in the CBA was at least five times at of the players in the SBL. Because of this, a club manager (C2) argued that the Chinese basketball environment was good for Taiwanese players to develop their careers.

The development of the CBA is better than the SBL; in particular the annual budget of clubs is at least five times higher than in the SBL. Thus their players are treated better. The skill level is also higher. Furthermore the concept of home and away games is more developed than in Taiwan. The SBL players therefore prefer the CBA, which provides them with real competition. In

addition CBA players get paid better, which is especially important for such a short sport career (Interview with the clubs, 26/12/2010, translated by the author).

However, another club manager (C1) believed that playing basketball in mainland China was not necessarily the best option for Taiwanese players.

In my opinion, unless you have the ability to survive in the CBA, you should not go to there. There is no point in going, because you may end up on the bench for the whole year. Thus every player should evaluate themselves. Xue-Lin Lee is one of the best guards in our national team. Of course he has the ability to play in the CBA. But not everyone can play in the CBA since it is not as easy as people imagine. For example Sean Chen was one of best Taiwanese players in the CBA but he only played two or three minutes each match. In the end he transferred back to the SBL (Interview with the clubs, 20/12/2010, translated by the author).

This manager (C1) implied players who want to transfer to China might not be good enough to survive in the Chinese league, but the wage level in China was the most attractive point for players.

We need to have a good environment, and this can help to keep the most talented players in Taiwan. Now the CBA seems to have treated the players relatively well and it is therefore reasonable that players want to play basketball in CBA. Wen-Ding Tseng wants to play basketball in the CBA as the pay is better. However a player should not just get whatever he wants or it would be hard for clubs to satisfy every player's demand (Interview with the clubs, 20/12/2010, translated by the author).

This manager (C1) was against transferring to the CBA.

From our point of view, it will damage the SBL significantly if every one of our talented player goes to play basketball in the CBA, because that means our fan can only watches second class competition in Taiwan. So I think we should not become an SBL training camp for the CBA – where we develop talent and

send it to China (Interview with the clubs, 20/12/2010, translated by the author).

Another manager (C2) disagreed and argued that it would be good for the development of basketball in Taiwan if talented players played basketball in the CBA. He was even in favour of having SBL clubs join the Chinese league.

We should let more good talented players play in the CBA, as they will bring back good training methods. We will still constantly develop new players in Taiwan, so fans will have fresh talent available, rather than feeling bored with the same look team every year (Interview with the clubs, 26/12/2010, translated by the author).

This manager (C2) also suggested that clubs' transfer to China would be good for the parent companies.

I have given some suggestions to the Taiwan Beer Company this year. I have told the management board that Taiwan Beer products, including alcohol and tobacco, are in high demand in mainland China. In order to help the company to market through advertising, the Taiwan Beer team should transfer to China and play in the CBA as it would be helpful for creating a positive economic impact. In this situation, we hope that both sides can have a good channel to communicate these issues. (Interview with the clubs, 26/12/2010, translated by the author)

This manager (C2) also believed that problems of political ideology could be solved but that the main problem was that some clubs' parent companies are in effect state-owned companies, so the club cannot transfer to China.

We hope our roots remain in Taiwan. We have an idea of having two teams (one in China and one in Taiwan). The private companies can operate in this way as long as the owner supports it; however the government cannot accept this idea. In addition, there are some state-owned enterprises, which mean the budget is funded by the state. Therefore, it will be difficult to implement (Interview with the clubs, 26/12/2010, translated by the author).

Another club manager (C1) thought that although playing in the CBA may be conducive to basketball development, in practice, there would still be many difficulties. First of all there is a difference in skill level between the SBL and the CBA.

In fact, I think currently, the level of our basketball makes it impossible to play in the CBA. For example, our players are much shorter than CBA players, and the players are likely to be tired with all the travelling around China, and can we afford it [financially] at the moment? If we really want to compete in China, we might only have two teams, it depends on the number of elite players we have. Whatever we do, there is no chance that we can win against the CBA teams with our current skill level (Interview with the clubs, 20/12/2010, translated by the author).

In addition this manager (C1) mentioned the issue of the structure of league, the problem of travelling and finance.

There are some challenges for the CTBA and clubs, the first that we have to solve is the resource of talented players. The second is the financial problem. Because playing basketball in Mainland China has high costs, mostly for travelling, and the issue for the sources of income and economic background (Interview with the clubs, 20/12/2010, translated by the author).

Although this club manager (C1) also mentioned that all clubs envision an Asia League, he suggested that no club has the ability to determine the future of Taiwanese basketball when it comes to links with China. This is because if the Chinese government does not agree with the Taiwanese approach, it will simply reject it.

The Asian Basketball Association can establish an Asian professional league and have a leader to run this professional league. This idea is certainly feasible; however it will not happen if the Chinese government does not agree with this plan. In short it is beyond our ability to determine who would join this Asian professional league (Interview with the clubs, 20/12/2010, translated by the author).

Generally, a staff member of an SBL club (C3) saw the market of mainland China as a challenge and recognised its potential to have a positive influence on the development of Taiwan basketball, but the issues about transferring to the CBA were still a live debate. Issues such as politics, clubs' financial structure, different skill levels, and the future development of the SBL remained unresolved, without a consensus between the clubs.

The CTBA and clubs seemingly encourage players to accept the challenge of a high level league, but they felt bad when they lost their players which are their investments. The migration of players has actually caused the greatest damage to the clubs, because loss of an all-star player also means the loss of sales of tickets and merchandise. Of course, the downturn in the league will affect the CTBA indirectly, but when you look at this from the player's point of view, he wants to transfer to the CBA, because the wage is three times higher than he got in the SBL. He can earn two to three million per year, which means he can earn 10 million over three years. A basketball player has a short career; he never knows when he will get injured. On the other hand, a lot of players believe that they can play in the CBA, but this might not be true because his skills may not be strong enough to adapt to the CBA teams' play or his personality may not necessarily be suitable for the CBA culture. That's why club managers have always had reservation about 'the cross-strait basketball issues' as there are too many uncertainties (Interview with the clubs, 14/02/2011, translated by the author).

## **7.5 The Perspective of the Media**

A manager of a sport channel in Taiwan (M2) claimed that if an SBL club wanted to play in the CBA, the Chinese government would be willing to adopt the club. However, the cost of running a team is extremely high, especially costs associated with relocation after transferring to the CBA. Sina is the best example; the club owner sustained two years of financial losses before deciding to quit.



Sina only played in the CBA for two years. The club had spent too much money, around 80 million RMB. Everything requires money, such as the stadium, etc. Just because they allowed you to play in the CBA does not mean you can spend less money. In addition to the player wages, you have a lot more invisible costs, such as management and marketing fees which usually were 2 to 4 times higher than the personnel costs. On the other hand, maintaining a facility was another difficult issue as you have to keep a good relationship with local government including administrative department, municipal government, county government and provincial government. Which means this business was much more complicated than simply playing basketball against other clubs (Interview with the media, 06/01/2011, translated by the author).

After the Taiwanese club transferred to the CBA, what kind of benefit could the club gain when cultural and political issues were solved?

It is unlikely that you will succeed in earning money in the CBA because the CBA has nothing that can make a profit. However the CBA clubs are concerned with other interests, such as the connection with their local business and with other forms of political cooperation. However Taiwanese clubs might not have those kinds of political/business connections. So the purpose of the Taiwanese club may simply be just marketing for the parent company and to play sport. You can see a Taiwanese professional club is supported by the marketing budget of the parent company. So the professional club is just like an advertisement for the parent company (Interview with the media, 06/01/2011, translated by the author).

According to this manager, the motives for supporting a club are different in Taiwan from those in China. For a Chinese club, the owner might use the club to promote his/her connections in order to make money. For a Taiwanese club, the owner spends money on the club in order to meet marketing goals.

After the failure of Sina, SBL clubs had a range of reservations about transferring to the CBA. In contrast to the club owners/managers, the players are still attracted by the CBA mainly because of higher wage.

A manager of a sport channel (M2) mentioned:

All the players want to go to the CBA because of wages. In the SBL, the maximum wage is NTD 120,000 per month. To play in the CBA a player might be offered a contract that is worth 2 million NTD a year at minimum, which is higher than maximum the wage of SBL players. Wen-Ting Tseng (a starting player of the national team) was offered NTD 6 million a year which is two to three times higher than his current wage in Taiwan. However it is not necessarily the case that the player can only get what they asked for once the player complies with the set-conditions and the standard. Sean Chen (the captain of the national team) got an offer of NTD 300 000 per month, but only played in China for two years. The club sent him back because he did not give a good performance (Interview with the media, 06/01/2011, translated by the author).

For the players, the CBA remains a challenge, though they can have relatively high wages compared to the SBL. Their major goal is to survive in the CBA. As manager of a TV sport channel (M2) claimed:

You need to have a certain level of ability to play in the CBA. If you are capable, they will ask you to stay, otherwise they will ask you to leave, like Sean Chen is coming back after this year. It is all about demand and supply. You are a foreign player if you are not from China. So it all depends on your ability (Interview with the media, 06/01/2011, translated by the author).

Currently, all the players who wish to play in the CBA need to follow FIBA's regulations. The list of 24 players which the CTBA announced was just an internal memo to protect the interests of the CTBA and clubs. The interviewee agreed to this because of their mutual interests. The sport channel manager (M2) argued:

The list of 24 players was for the CTBA's own protection. They did not want players to go, and China wanted to keep a good relationship with the SBL, so they have also agreed that they won't contact the players on the list. It is an internal rule, but the rule did not make any sense. The CTBA had no reason to stop the players from earning money in the CBA. Therefore they cancelled the list, and now the players need to follow FIBA's regulations. For example, a transfer to a different club needs to have a leaving team statement from the original club (Interview with the media, 06/01/2011, translated by the author).

## **7.6 The Perspective of the Sponsors**

From the business sector's perspective, a former Nike manager (S1) mentioned that if a club were to transfer to China, it might lose its sponsor because some sponsors cannot support a Chinese club or a club registered in China.

The Taiwan Beer Company is a state-owned company. It's not allowed for a state-owned company to register in China. The Taiwan Beer Basketball club is sponsored by the employee welfare committee of the Taiwan Beer Company. If the Taiwan Beer Basketball club insists on transferring to China, it is going to lose its biggest sponsor as the budget is supervised by the Legislative Yuan (Interview with the sponsors, 04/01/2011, translated by the author).

In addition to the concern our finance, whether Taiwanese players could adapt to the culture of Chinese basketball is another concern. A former Nike manager (S1) implied that Taiwanese clubs might not adapt to the home advantage of Chinese clubs and the culture of Chinese referees.

The CBA [China] has its own culture. Home advantage was significant for their clubs. If your home court was in Jiangsu and there were some players coming from Jiangsu, you might have some kind of home advantages. However if you don't want to develop the home advantage and only recruit Taiwanese players, you won't have such home advantage. How could you

compete with them? Furthermore, if you didn't want to get close to the referees, you lost your home advantage. Therefore the only support for the club was from the companies from Taiwan. When the club performed badly, these owners would quit. How long could the club last in the Chinese league? (Interview with the sponsors, 04/01/2011, translated by the author)

Financial considerations, skill level of Taiwan's basketball player, cultural differences, and political issues seemed to be the four main concerns of a Taiwanese club when it considered transferring to China. However, the former Nike manager (S1) argued that the issue of migration of a Taiwanese club was not only about 'adapting to the Chinese market' but also about the 'impact on the Taiwanese market'.

When Sina transferred to China, it crushed the system of both sides because of a lack of holistic thinking. While all good players transferred to China, Sina let its second team lose every game in the Taiwanese league. Then ticket sales were badly affected. Sina damaged the Taiwanese league when it transferred over completely to China. Sina should at least have left a competitive team in Taiwan as its roots (Interview with the sponsors, 04/01/2011, translated by the author).

From the Nike manager (S1), SBL ticket sales declined following Sina's transfer to China. Furthermore this manager believed losing players to the Chinese league was against CTBA's interest because it would affect sponsors' willingness to support the Taiwanese basketball if all the elite players transferred to China.

Every elite player, such as Chi-Che Lin, Wen-Ting Tzeng, and Lei Tian, may have two hundred teenager fans to buy the tickets every game. If they all played in China, these fans might not watch the game. If the fan attendance declined, the media would not want to broadcast it and the sponsor would not want to sponsor it. In this sense, the CTBA would oppose player transfer (Interview with the sponsors, 04/01/2011, translated by the author).

The fear of losing fan base and sponsorship might be the reason for the emergence of 'the 24 players list'. This manager believed the list was a solution by which to limit players in their cooperation with the clubs and the CTBA.

When the club disclosed to the CTBA, the need to restrict some players, the CTBA announced the list of 24 players. After the clubs signed contracts with players, the CTBA announced that its list of 24 players had become invalid. In short, the attitude of the CTBA and Wang was “the migration would be allowed after I confirmed my favourite players would stay with me.” Furthermore, the clubs owed the CTBA because the CTBA helped them to restrict players. So the CTBA could ask the club to deliver some benefits (Interview with the sponsors, 04/01/2011, translated by the author).

The opinion above is similar to the viewpoint of another interviewee. The manager of a sport marketing company (S2) argued that if an owner had enough new talent for his own team, he would allow some of his players to transfer to China.

The manager of the Taiwan Beer Basketball Club, Yen, helped players to transfer to China. Because players believed in him, he could attract more players to fight for him. When Chi-Che Lin transferred to China, he got more elite players. Also he managed two clubs. So there were a lot of players for him to allocate. Even a player who performed very well in the Kinmen Kaoliang Basketball Team was transferred by Yen to the Taiwan Beer Basketball Team (Interview with the sponsors, 15/01/2011, translated by the author).

These two interviewee’s opinions are slightly different. But we can still detect a common perspective on the attitude of the clubs, which was that ‘while there was no lack of players, the club would allow players to transfer’. Notwithstanding this, the manager of a sport consulting company (S2) argued that most of the clubs still did not want players to transfer freely. This was because most of the clubs had just a few all-star players on the roster, and the clubs would suffer revenue losses due to a decline in ticket sales if their all-star players transfer to China.

Although Yen had many players, most of the clubs had a lack of elite players. The league might collapse because of players’ transferring to China and the subsequent decline in fan attendances (Interview with the sponsors, 15/01/2011, translated by the author).

This group of interviewees took on a financial and marketing perspective to explain the issue of the clubs and players' transferring to China. From their perspective, the players wanted to go to China because of higher wages, and the CTBA and the clubs cooperated to prevent it because they wanted to maintain the status quo and defend their own interests. Furthermore, although the Chinese league was attractive to players and clubs because of higher wages and larger markets, there were still many concerns. For example, although Chinese and Taiwanese people use the same language and share the same history, there are still many cultural differences between the two countries. Moreover, the players and the clubs needed to evaluate whether the player's abilities suited Chinese-style basketball.

## **7.7 The Perspective of the Players and Coaches**

An SBL coach, interviewee P2 (who was also a player of the Sina Lions) claimed that the reason that Sina had transferred to China was that the owner believed the Chinese market was better than the Taiwanese one. Even though there was some debate about Sina's case, it proved the value of Chinese league.

The government said Sina could not go to China at that time. It used many measures to stop Sina. However Sina achieved some things in China in the end. Although it lasted for only two years, there were achievements for both players and the club. The first was the club maintained the players' wages. The second was the players could prove their abilities. Take myself as an example, at that time I retired from the national team, the Chinese league provided me a great chance to challenge myself at another level of basketball. As a player, the Chinese league not only provided higher wages but also a stage (Interview with the coaches and players, 29/12/2010, translated by the author).

One thing this coach mentioned was that Sina set an example where it let people outside Taiwan recognise the capability of Taiwanese players. But this viewpoint was for the players. In terms of the club, the coach argued that it was difficult for a club to transfer to China. The best solution might be a cross-strait basketball exchange.

Although it might be a trend to transfer to China, it's difficult to achieve that in the short term because of the political issues. If you talk about the market, the trend did exist. However, we should also think about how to let Chinese clubs come to Taiwan. Not only can our players transfer to China but also their players could move to Taiwan. This could also benefit for domestic basketball development (Interview with the coaches and players, 29/12/2010, translated by the author).

While this coach argued that Taiwan should be more open to cross-strait basketball exchange, another coach (P4) claimed the clubs should think about whether they 'are good enough to survive in China?'

The clubs definitely want to go to China because there is a bigger market for them in which to operate. However, will the Chinese government allow you to transfer to the Chinese league? The clubs should think about the difficulties of the current situation (Interview with the coaches, 18/01/2011, translated by the author).

Here the coach mentioned the changing attitude of the Chinese league or Chinese government. In the past the Chinese league had encouraged the Taiwanese clubs to transfer to China, but nowadays they only recruited Taiwanese players to join their teams. Sina was probably treated by the Chinese league and government as a one-off exception because allowing a Taiwanese club to join the highest division of Chinese league directly was a violation of the Chinese system. The Chinese league system stipulates that clubs must have competed and outperformed other teams in lower classes before being promoted to the First Class. This is likely to be difficult for a Taiwanese club to achieve.

An SBL player (P3) mentioned the club owners thought basketball in Taiwan was still semi-professional, so they had reservations about for the costs for the clubs. Under these circumstances, it is difficult for the clubs to transfer to China and the owners did not want to pay too much to the players.

Many players have transferred to China. The Chinese paid five times more (Interview with the players, 13/01/2011, translated by the author).

While this player blames the club owners for under-investing in basketball, another coach (P1) also blamed the poor development of the domestic league as another reason for players to leave.

If a player wants to earn more, of course he must transfer to China. We could not afford the wages they are asking for. On the other hand, recently we had some problem on the marketing and broadcasting (Interview with the coaches, 22/12/2010, translated by the author).

The coach indicated that wages were not the only reason for players to want to transfer to China; the fact that players felt unsafe in the Taiwanese league was another factor.

The first reason why the players wanted to go to China was the poor financial structure of the clubs. Secondly, our facilities were not good enough. Players felt the development of basketball in Taiwan had got worse (Interview with the coaches, 22/12/2010, translated by the author).

In terms of the issue of the migration of players, an SBL player (P3) complained that in spite of the CTBA and the clubs' opposition to players' transfer to China; they never came up with an effective way to improve the domestic environment.

The clubs did not want the teams in Taiwan to become a training camp for the Chinese league. Taiwan should raise the basic salary of players and provide a better environment for players than the Chinese league could provide. The CTBA did not want players to go to China as well, but they did not have a valid regulation by which to restrict them (Interview with the players, 13/01/2011, translated by the author).

There was a regulation for the CTBA to restrict player transfers. An SBL player (P3) noted the sanctions adopted to restrict mobility.

The committee members of the CTBA selected 24 players. Most of players in the list were players of the national team. When the players who played in China returned to Taiwan, they would be suspended for one year (Interview with the coaches and players, 29/12/2010, translated by the author).



The original intension behind the list of 24 players was to avoid the collapse of the SBL, which might come about if all of the best Taiwanese players transferred to China. However, the regulation only lasted one year. After that if a player did not have a contract with a club, he could transfer to China. Actually when the policy was relaxed, the club and the CTBA no longer had a plan to manage player migration. Thus the list of 24 players remained an issue in debates about basketball in Taiwan. Some people believed the list was good for domestic basketball development, while others did not. Furthermore one coach indicated that the list was not decided by the CTBA and clubs together. The timing of the announcement of the list benefitted the Dacin Tigers.

When the CTBA announced the 24 player list, some players had already played in China. If these players decided to return to Taiwan, they would have been punished immediately (Interview with the coaches and players, 29/12/2010, translated by the author).

The coach (P2) suggested that the timing damaged other clubs' interests.

It's reasonable to say some elite players should be restricted, but the CTBA should not announce the list after we let the players go. It turned out that the Dacin Tigers were the only team that did not break the regulation (Interview with the coaches and players, 29/12/2010, translated by the author).

This coach argued that the CTBA should have discussed with clubs about how to deliver compliance with this regulation. Without the discussion, when the players returned to Taiwan, they could not play for their original club [because players would be suspended]. The Dacin Tigers thus won the league easily.

The 24 player list might be not a reasonable regulation to make players stay in Taiwan. However, an SBL coach (P4) argued that measures would be taken to retain talented players in the country.

The CTBA should have thought about this earlier. Did they see the core problem? They might say just a few players moving to China would not influence the market. However, if every club loses two players, there will be fourteen players moving to China in total. Specifically, these players are all

the best players in their clubs, the performance of the clubs and the league would definitely deteriorate with the migration of players. There is no reason for a parent company to spend 50 million every year to support a club, which is a training camp for the Chinese league (Interview with the coaches, 18/01/2011, translated by the author).

Thus this coach was clearly opposed to the migration of players, and he also suggested that the clubs were not happy with this either.

The clubs were not happy with this situation. If players could transfer freely, there would be no elite players in Taiwan. So the policy should be 'conditionally open'. Like the Taiwanese IT industry, which was not permitted simply to move to China, all the players who want to transfer to China should go through an evaluation by the SAC (Interview with the coaches, 18/01/2011, translated by the author).

However this coach also noted that for Taiwanese clubs, it was difficult to make talented players stay because the clubs limited their investment in basketball.

Compared to the generous Chinese clubs, the Taiwanese clubs' policy was 'to spend less'. So it was also difficult for the Taiwanese clubs to ask players to stay (Interview with the coaches, 18/01/2011, translated by the author).

From the perspective of the coaches and players, there seems to be a common view concerning club migration. They indicated that the Chinese market might offer good financial returns for the clubs. However, it was difficult for the clubs to transfer to China at that moment because of the political and economic differences between Taiwan and China. On the other hand, there were still debates about players transferring to China. If the interviewees from this group adopted the players' perspective, they would agree it was good for players to pursue higher wages and to accept the challenge of a higher-level league. However, if the interviewees adopted the clubs' position, they argued that players might not suit the Chinese league. In addition, the migration of players would damage the performance of the clubs as well as the development of basketball in Taiwan.

## 7.8 Summary of the Case

The third case in this research moves from a 'local' focus onto sporting links with China. In the context of relations with China, the interaction between the various parties was not simply a matter of a sporting exchange because of its clear implication in the contexts of intergovernmental relations and diplomacy. This case, in part therefore, explores the macro context relationship between of the two Chinas (Republic of China and People's Republic of China) in the professional basketball system.

The first part of the case focused on a specific decision – the Sina Lions Basketball Club's transfer to China in 2000, which took place after the CBA's suspension in 2000. The interviews revealed that there were three key sets of actors: the Taiwanese government, the Chinese government, and the Sina Lions Basketball Club. The interviewees from the group of Taiwanese government officials claimed that there was a political concern on the part of the Taiwanese government which motivated its activity. It believed that China (PRC) was using basketball to promote reunification. During that period, while the relationship between China and Taiwan was still tense, the government tried to use legislation to stop Sina from transferring to China. In addition, the interviewees from the clubs argued that the CTBA did not support Sina because Sina withdrew from the CTBA, which was considered a disrespectful move by the other actors. The CTBA positioned itself as a basketball administration and argued that if the clubs had an issue, they should "sit down and discuss" matters with the CTBA. However, according to the media representative, the owner of Sina, Jiang, had already discussed the issue of transfer to China with the Chinese authorities. So Jiang insisted on going ahead with the transfer even though he would be fined by the Taiwanese government. The government officials commented on the fact that Jiang was so confident and determined in making this move because he had a business plan to realise in China. Finally the Sina Company and the government did sit down and talk. All parties compromised to some degree. Sina decided to avoid using a sensitive name for the team when registering in China. The Taiwanese government enacted 'the Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers' to make Sina's action legal. Table 7.1

illustrates the explanations of the key responsibilities of the various stakeholders in the migration of Sina to the Mainland.

The second part of this case was related to the situation concerning migration of players and clubs in the SBL. Basically, there were two types of attitude, negative and positive. Based on the attitude of the key actors, they had different explanations for the players' or clubs' migration. The government and the media attributed the players' desire to transfer to China to the pursuit of higher wage levels (average salary in the Chinese league was five times that in the SBL). The players, however, argued that the wage itself was not the only factor. They were concerned that the SBL did not provide a good environment for the players' career development.

Indeed, the Chinese market became attractive not only to players but also to club owners. Club owners recognised the potential for profit if their clubs could transfer to China. However, interviewees from the media and a sponsor claimed that it was not a time for the clubs to go because finance would be a problem. The interviewees from the clubs agreed with this argument and shared the common view that the transfer would only be good for the reputation of the parent company. But the downside to a club's migration to China was that the costs of running a club in China may be too high to make a profit.

In terms of the migration of players, the interviewees from the clubs claimed that the Chinese league provided a better stage for the players and it also benefited the players in terms of skill development. However, the clubs also argued that players' migration could have a negative effect on basketball development in Taiwan because players' performance may decline, causing ticket and the merchandising sales to reduce as a consequence. The players/coaches were particularly concerned with the issue because losing good players is equivalent to making a loss on an investment.

The media interviewee also claimed that players' transferring to China also harmed the CTBA because of declining ticket sales. However, this was not explicitly stated by the CTBA staff, who argued that maintaining the stable operation of the CTBA and retaining talents to keep a good level of play were their main priorities.

Despite on-going arguments over which organisation should lead the SBL, the CTBA shared a common view with the clubs on the migration of players in 2008. The sponsors believed that this is the reason the CTBA co-operated with the clubs to list 24 players who were not allowed to transfer. This measure taken by the CTBA and the clubs to prevent players from transferring was eventually terminated in 2009. From then, the players were permitted to transfer to China in accordance with FIBA regulations. To this date, the loss of talented players to the Chinese league still remains a lingering concern for clubs, which are concerned with declining levels of play and the subsequent downturn of the SBL. The government officials also argued that China might use the migration of the players as a way to promote unification.

This third case was about more than simply the basketball business and it has significance for understanding the governance system and the changing of the structure of key stakeholders as issues change. In the two previous case studies, the key stakeholders (those most significantly influencing, or influenced by, governance decisions) were the CTBA, the clubs, the media, the sponsors or the SAC and our commentary has focused for example on the conflicts of interests involved in the system. However, in this case, though government was a key stakeholder, the department, which ultimately took responsibility to negotiate with the club, was not the Sports Advisory Council but the Mainland Affairs Council. This reflects the fact that the government's main concern was not sport development but national dignity. The issues of club migration and player migration illustrate how the Taiwan government, the club and the Chinese government dealt with the issue of cross-strait basketball exchange, and the actors and the interests represented in the systemic governance illustrated in case three are almost entirely different. We will return to discuss the interrelationship of the network of stakeholders, and how different stakeholders used different actions/tactics to fulfil their interests in this very different context, in section 8.1 of the next Chapter.

**Table 7.1: Responsibility for the outcomes of the Sina's transferring**

<b>Stakeholders</b>	<b>Responsibility for outcomes</b>	<b>Main Argument</b>
Government officials	* The Taiwanese government	* The Taiwanese government was concerned most about the name for political reasons.
	* The Taiwanese government	* the government did not want Sina to leave because cross-strait relations were still tense
	* Sina	* Sina was concerned about its business interests
	* The Chinese government	* China often used sports as a vehicle to promote reunification.
	* The Taiwanese government	* if the Sina Lions did not violate the law, the government could not stop the club when it wanted to transfer to China
	* Sina	* Sina agreed not to use country or city names as the club name.
	* The Taiwanese government	* The SAC actively enacted 'the Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers' to make the Sina's action legal
	* The government	* The government could not stop private enterprises from developing in China.
Clubs	* The CTBA	* Sina did not respect the CTBA
Media	* Sina's owner – Jiang	* Jiang said: I can afford to do it, so why not? He thus said this on a matter of individual power and performance
	* Sina's owner – Jiang	* Jiang said: I have fought this good fight of faith, at least we had a good

		time, and it was worth it.
Sponsors	* Sina	* Sina could not get used to the home advantage enjoyed by the Chinese clubs and the culture of Chinese referees.

**Table 7.2: Responsibility for the outcomes of the SBL players' migration to China**

Stakeholders	Responsibility for outcomes	Main Argument
Government officials	* The SBL	* The Taiwanese league was not powerful enough to retain players.
	* The Clubs	* The club did not support player to transfer because it would cause the decline of attendances for the domestic league.
	* China	* China wanted Taiwanese players to migrate was because of its united front strategy.
	* Players	* Players want to go to China because China uses the same language (culturally comfortable) and its clubs can pay more (economically better off).
Legislators (Law makers)	* DPP supported players to transfer	* Migration of players is good for long-term sporting development
	* DPP supported players to transfer	* this exchange to help to enhance the development of sport in Taiwan
	* DPP's work	* If we play in China, we will degrade our national dignity.
	* DPP's purpose	* There was a potential electoral benefit for a politician who would support sport
	* (KMT) blamed the government	* The government for not having a fair policy of cross-strait sporting exchange while according to the <i>Act Governing Relations between the People of the Taiwan Area and the Mainland Area</i> , Chinese people coming from the PRC did not find it easy to stay in Taiwan.
	* (KMT) suggested the government should migrate the impact	* The government should work harder to not let 'political issues' intervene in the development of sport.
Clubs	* Club manager	* Unless you have the ability to survive in the CBA, you should not go to there
	* Club manager	* The Chinese basketball environment was good for Taiwanese players to develop their careers
	* Players	* The wage level in China was the most attractive point for players.



	* Clubs	* Clubs should let more good talented players play in the CBA, as they will bring back good training methods.
	* Clubs	* In terms of clubs' migration, finance is the main problem.
	* Clubs	* The migration of players has actually caused the greatest damage to the clubs, because loss of an all-star player also means the loss of sales of tickets and merchandise.
	* The league	* The downturn in the league will affect the CTBA indirectly
Media	* The clubs	* Clubs would have financial difficulties in China
	* the club owner	* Clubs owner wanted transfer to China in order to meet marketing goals for their own companies.
	* Players	* Players wanted go to China because of higher wages than in Taiwan.
	* The CTBA	* The CTBA used the 24 player list to restrict players, and maintain the SBL which is owned by the CTBA.
CTBA staff	* CTBA	* The original intension behind the list of 24 players was to avoid the collapse of the SBL, which might come about if all of the best Taiwanese players transferred to China.
Sponsors	* Sponsors	* State-owned companies cannot support a club to play in China.
	* Clubs	* Clubs prefer the Chinese market but have financial concerns.
	* Players	* Players wanted to transfer because of higher wage levels.
	* Clubs	* Clubs' concern was not only about 'adapting to the Chinese market' but also about the 'impact on the Taiwanese market'
	* CTBA	* The CTBA did not want Taiwanese players to transfer to China because it would affect sponsors' willingness to support the Taiwanese basketball if all the elite

		players transferred to China.
	* CTBA and clubs	* the 24 player list was a solution though which to limit players in their cooperation with the clubs and the CTBA
	* Clubs	* If all-star players transfer to China, the ranking of the club would become poor, and ticket sales would decline.
Coaches/players	* The owners	* The owner believed that the Chinese market was better than the Taiwanese equivalent.
	* The Chinese league	* China only recruited Taiwanese players to join their team because the system would break down if Taiwanese clubs joined the highest class of Chinese league without playing in the lower leagues gaining get promotion.
	* The Taiwanese owner	* The Taiwanese owners did not want to pay more to players
	* The Players	* Many players have transferred to China. Chinese paid five times more.
	* The players	* Players felt the development of basketball in Taiwan had deteriorated.
	* Clubs	* The clubs did not want the teams in Taiwan to become a training camp for the Chinese league.
	* The CTBA	* The CTBA did not discuss with clubs how to deliver policy of the 24 player list.
	* The owners	* Players wanted to leave because the clubs did not invest in basketball.

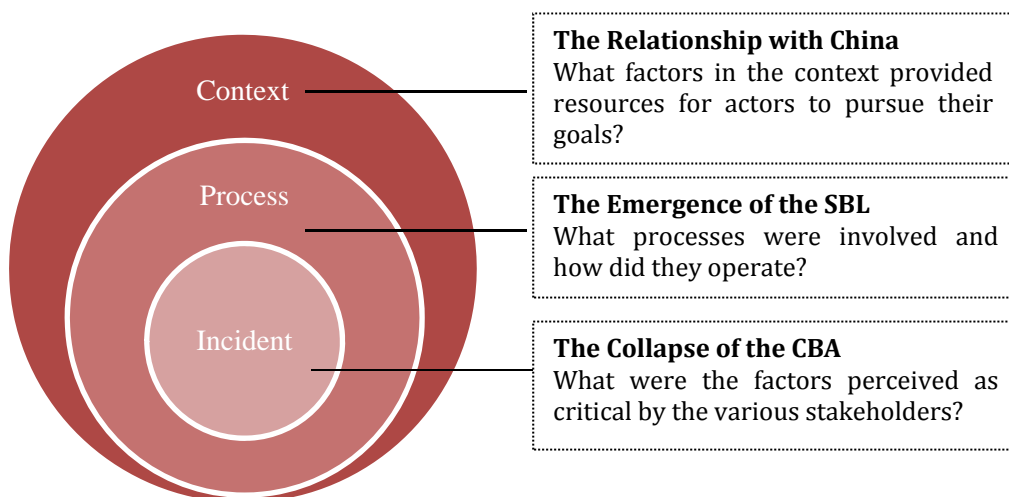
# Chapter Eight

## Conclusion

### 8.1 The Governance of Basketball in Taiwan

This study addresses the phenomenon of sports governance in the context of Taiwanese basketball. It is a part of wider study which considers three cases / junctures in relation to the governance of Taiwanese basketball. The first is a **critical incident** – the collapse of the Chinese Basketball Alliance (CBA), Taiwan’s first professional basketball league, in 1999. The second is a **critical process** – the process of establishing and running a new semi-professional or prospective professional league, Super Basketball League (SBL). The third is a **critical contextual set of factors** related to the development of sporting and economic relations with the People’s Republic of China. This focus on incident, process and context allows us to evaluate governance issues at different levels of specificity.

Figure 8.1: The World of Taiwanese Basketball



The analysis of these three cases has focus on the following themes: (i) stakeholder perspectives on the reasons for the collapse of the CBA and the emergence of the SBL; (ii) the exercise of power and tactics between various

stakeholders, such as media, the state, clubs, national federation, politicians and players in the basketball system; (iii) the relationship between the development of professional basketball and the Taiwanese politico-economic domain and more specifically its relations with the PRC. These themes illustrate how stakeholders behaved in order to achieve their goals, but also identify the formation or the contexts within which actors sought to achieve their goals. We will consider these matters of action, context and outcomes forming further contexts for each of the three cases, using the conceptual frameworks of governance theory and at a 'meta-level' of strategic relations theory. We start, in summarising matters considered to date, with governance theory and in particular with systemic governance, as a means for capturing the interplay of stakeholders.

### **8.1.1 Actions/Tactics, Interests and Outcomes of Stakeholders in the Case of the Collapse of the CBA**

In the case of the CBA's collapse, different stakeholders had different perspectives on this matter. Data acquired for this research suggests that inadequate organisational structure, ineffective marketing strategies, loss of TV rights fee, the owners' philosophy, and the Asian financial crisis were all perceived as contributing factors with differing levels emphasis by different stakeholders. If we analyse this from the approach of governance theory, the interrelationship of stakeholders conforms to what some commentators characterise as a complex web, a transversal (i.e. non-hierarchical) system (Henry & Lee, 2004). As shown in figure 8.1, in such networked governance, no single stakeholder could dominate the development of the CBA entirely.

In the web of systemic governance, different stakeholders may be driven by their own interests to compete or to co-operate with each other. We seek not only to identify how well principles of good organisational governance were established, but also to explore the local dynamics among stakeholders; indeed some outcomes of the operation of the system might have produced bad organisational governance. The notions of systemic and political governance are therefore

useful to this study as they help to analyse the interaction between various stakeholders. They also help understand the nature of their action and how they exercise their power. The question to be contemplated is if traditional hierarchies of power no longer obtain, then who are the stakeholders? What are their interests? Are they complementary, conflictual or neutral to those of others in the system? How do they go about realising their interests? What are their resources, tactics and strategies?

From our consideration of the previous case study, we can appreciate the perceived importance to some actors of the TV rights fee to the development of the CBA. Here we begin to identify relationships among stakeholders by focusing on the TV rights fee. The TV rights for the first season (1994-1995) were sold to TVIS for NTD\$ 15 million. In the second season ETTV-U2 outbid TVIS to obtain the TV rights for NTD\$ 45 million, following the CBA's success in the first season. After the second season, ETTV-U2 won the bid for the third to the fifth season for a total of NTD\$ 328 million. In other words, ETTV had to pay an average of over NTD\$ 100 million per year to secure the TV rights. The reason why ETTV was willing to pay such a large amount was because there was competition from other cable network companies (Lee, 2000; Wen 2010). The strategic context was thus an oligopoly, in which competition was intense. ETTV could sell its rights to other cable TV network companies as a means to off-set its costs. Intense competition among media companies for rights to broadcast sport meant that the value of the TV rights fee was way beyond what was generally estimated on the basis of market value.

Wen (2010) argued that the CBA put too much emphasis on the 'size' of the TV rights fee. The amount of TV rights fee should have been decided not by an unrealistic bid due to competition among the cable networks but rather by the market value. As economists argue, oligopolistic competition has a tendency to promote bids based on competitive positioning rather than market value. The reason that ETTV asked the CBA to refund NTD\$ 30 million at the end of the fourth season was because it recognized that the market value of the CBA had been overestimated. Even though the CBA received a huge TV rights fee, it did not use the income in a sustainable manner to set up a long-term development

and marketing plan. Other revenues such as sponsorship and advertisement did not increase in the same way.

This development resulted in the CBA's first announcement of a 'lockout' on 21st January 1999 after the ETTV refused to pay the broadcasting fee. At first, ETTV refused to pay the TV rights fee for the fifth season because total revenue from broadcasting the games was far lower than first anticipated and far lower than the rights fee it had paid out. ETTV demanded that a reduction in the rights fee be negotiated with the CBA, which rejected the demand and insisted that the contract be followed. The two reached a stalemate and the CBA decided to suspend ETTV's right to broadcast. Finally ETTV quit the broadcasting entirely, and the CBA was suspended. When the league first announced the lockout in the beginning, there was some room for manoeuvre. However, with different stakeholders having different and mostly conflicting goals, 're-opening' of the league was not an outcome commonly sought after by all stakeholders. Eventually the league was suspended indefinitely.

The state tried to step in when the CBA was suspended; the then Vice President Lien was actively involved in discussion regarding 'how to save professional basketball'. On 25 March 1999 Vice President Lien hosted a meeting with the Chairman of the CBA and club representatives. Lien promised to improve the environment for the CBA. In this meeting, he emphasized that "it was everybody's responsibility to promote sport." He would provide support for a certain period to help the CBA to re-open so that "young people could cheer for their favourite sport again" (Lin, 1999).

Vice President Lien instructed the Sport Affairs Council (SAC) to cooperate with the CTBA. Therefore the SAC not only communicated with the CTBA, but also provided funding to host a warm-up tournament, the CBA Millennium Memorial Tournament, in preparation for re-starting CBA. In fact, the CBA's suspension happened when the presidential election in 2000 was just a few months away. The KMT government intended to use 'supporting basketball' as a strategy to increase the populating and rate of support for the party.

According to Wei's (1999a) report, an important precondition for the CBA to re-open was the finding of "a new owner for Tera Mars Basketball Team". After the KMT councillor Chien-Zhi Chen who as Speaker of Taipei City Council intervened, the KMT even instructed its own state-owned business, the Broadcasting Company of China (BCC), to buy the Tera Mars Basketball Team, which had been struggling in the financial crisis. KMT then escalated policy support into a physical investment. KMT councillor Chien-Zhi Chen, who was the Taipei City Council Speaker, argued that rejuvenation and charity were objectives which would help the KMT to improve its reputation. Therefore assisting the CBA to start up again and buying the Tera Mars team were consistent with the KMT's objectives.

However, under Ren-Da Wang's leadership, the Chinese Taipei Basketball Association (CTBA) exhibited reluctance over the re-opening. On 6 October 1999 Wang had a meeting with the Minister of the SAC, Zhao, to exchange opinions about the re-opening of the CBA. When Zhao suggested that the CBA should re-open first then deal with all the problems during the season, Wang, the chairman of the CTBA, insisted the CBA be re-opened only after sorting out the league structure and improving the quality of facilities (Chang, 1999). From the case study, it is clearly evident that Wang was motivated by two incentives: firstly, Wang hoped to secure government funding to build a new stadium, the contract for which would be awarded to his own building company; secondly, if attempts to re-open the CBA were to fail, elite basketball clubs and players would return to the amateur league, which was hosted by the CTBA. Under these circumstances, Wang would have been in a position to benefit regardless of whether the CBA would be re-started successfully or not.

When the CBA announced its suspension of activities, it was expected that Wang (the president of the CTBA and the owner of the Dacin Tigers) would lead the re-opening of the league (Wei, 1999b). However, Wang did not take on the responsibility for leading this because of differences between the CTBA and the SAC. Zheng-Zhong Chen, the manager of the Hung-Fu Rams, took on the responsibility for leading the re-opening committee. Zheng-Zhong Chen's first mission was to maintain the structure of the league, which meant finding a new

owner for the Tera Mars team. Because Zheng-Zhong Chen played an important role in KMT councillor Chien-Zhi Chen's campaign team, Chien-Zhi Chen helped him to secure funding from the Broadcasting Company of China (BCC) for the Tera Mars team (Wei, 1999a). The BCC eventually bought the Tera Mars franchise.

After the Tera Mars Basketball Team's ownership had been decided, and with the SAC's funds available to breathe life into the league project, the club managers announced together that the 3-month-long CBA Millennium Memorial Tournament would tip off on 1 January 2000 (Wei, 1999c). However, while all of the CBA clubs participated in the CBA Millennium Memorial Tournament, some of the clubs' parent companies were in financial crisis.

According to Wen (2010), every CBA club lost NTD\$ 50 million on average every season. This loss could be absorbed by the parent companies when businesses and economic prospects were good. However, in 1997 the Asian financial crisis hit the CBA clubs' parent companies heavily. Even Hung-Kuo, which was one of the largest building companies in Taiwan, could not survive. This raised serious questions about the financial viability of basketball clubs?

In the case study, some interviewees argued that the dispute over the TV rights fee was the last straw in the CBA collapse. In effect, this issue was used by the parent companies of some clubs as a pretext to quit the basketball business. When the CBA was suspended, reviving the league was not a common objective shared by the clubs. The owner of Hung-Kuo, for example, had lost interest in funding the basketball club because the company had been troubled by overdue debt repayments totalling NTD\$ 60 billion (Tian, 2011). Hung-Kuo eventually announced dissolution of the club in November 2000. In addition, the owner of the Yulon Basketball Team, Kai-Tai Yen, believed re-opening the CBA held no value for his team since the team's main rival, Hung-Kuo, was no longer around. Due to the absence of such key rivals, Yen, who ran Yulon as a profit making franchise, saw no hope of making a profit in the CBA in the future (Wei, 2000). He believed the environment then was no longer conducive to the running of a for-profit professional basketball league. He therefore announced in November



2000 that Yulon would quit the professional league and return to the amateur level (Chang, 1999b).

Although financial viability appeared to be Yen's only consideration, Wei (2000) argued that political factors also contributed to Yulon's decision. In 2000, the KMT had been actively involved in the rebuilding of the CBA, following Zheng-Zhong Chen's lead as the leader of the re-opening team. The restarting of the CBA, it seemed, had become an instrument of KMT political promotion. Moreover, after the DPP won the presidential election in the same year, Sin-Yi Lin, the president of one of Yulon's car companies, was recruited to be the Minister of the Economy in the DPP government. At that moment, Yen's business was seen by the public as heavily linked with political groupings and/or the government. However, according to Wei (2000), Yen, as a businessman, did not want to support an activity which was closely associated in the public's view, with political activities, with the connotation of a KMT or DPP orientation, he therefore decided that Yulon was going to quit the CBA.

With two marquee teams quitting the league, it was highly likely that re-opening of the league would fail, but Zheng-Zhong Chen was able to use his political connections to drum up support from the government and the clubs. Unfortunately, despite Chen's efforts, Dacin and Lucky remained unsupportive of the re-opening. Failure to get enough clubs on-board resulted in Chen's announcement on 23 November 2000 that the league was to be abandoned.

Different parent companies have different business cultures, resulting in different goals and reasons for supporting basketball clubs. Some businesses ran clubs for historical reasons, having been recruited by the government or for family<sup>12</sup> reasons. For such teams ranking in the league was their first priority. Other clubs were running for marketing purposes. However most of the clubs were funded because of the owners' personal interest (Wen, 2010). During periods of poor economic conditions, business culture determined a club's survival. An interviewee in the case study (Interviewee S2) argued that the

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<sup>12</sup> Basketball development is seemed to be a concern of the Yen's family since Kai-Tai Yen's father, Chin-Ling Yen served as the first chairman of the CTBA.

owners did not run professional sports as an independent business branch but as an appendage to their main business. Because of this, decisions were inevitably influenced by the fiscal performance of the parent companies. This may thus be a critical factor behind the failure to re-open the CBA regardless of government support and SAC funding.

Henry and Lee (2004) point out that that the government may seek to influence and to steer rather than command the sport system particularly when the resources come from a mixture of public, voluntary and commercial sectors rather than solely from the public sector. Notwithstanding the character of the forms of political governance which appeared in this critical event, the CBA collapsed eventually, with different stakeholders failing to meet different goals. Five clubs returned to the amateur league. The Hung-Kuo Basketball team was bought by Sina and subsequently transferred to China. The media lost its chance to make profits through broadcasting. The SAC did not deliver on its policy of 'saving professional basketball'. KMT invested heavily with millions dollars but did not receive support from 'professional' basketball teams in return. Some players lost the stage on which to display their skills while others lost their job.

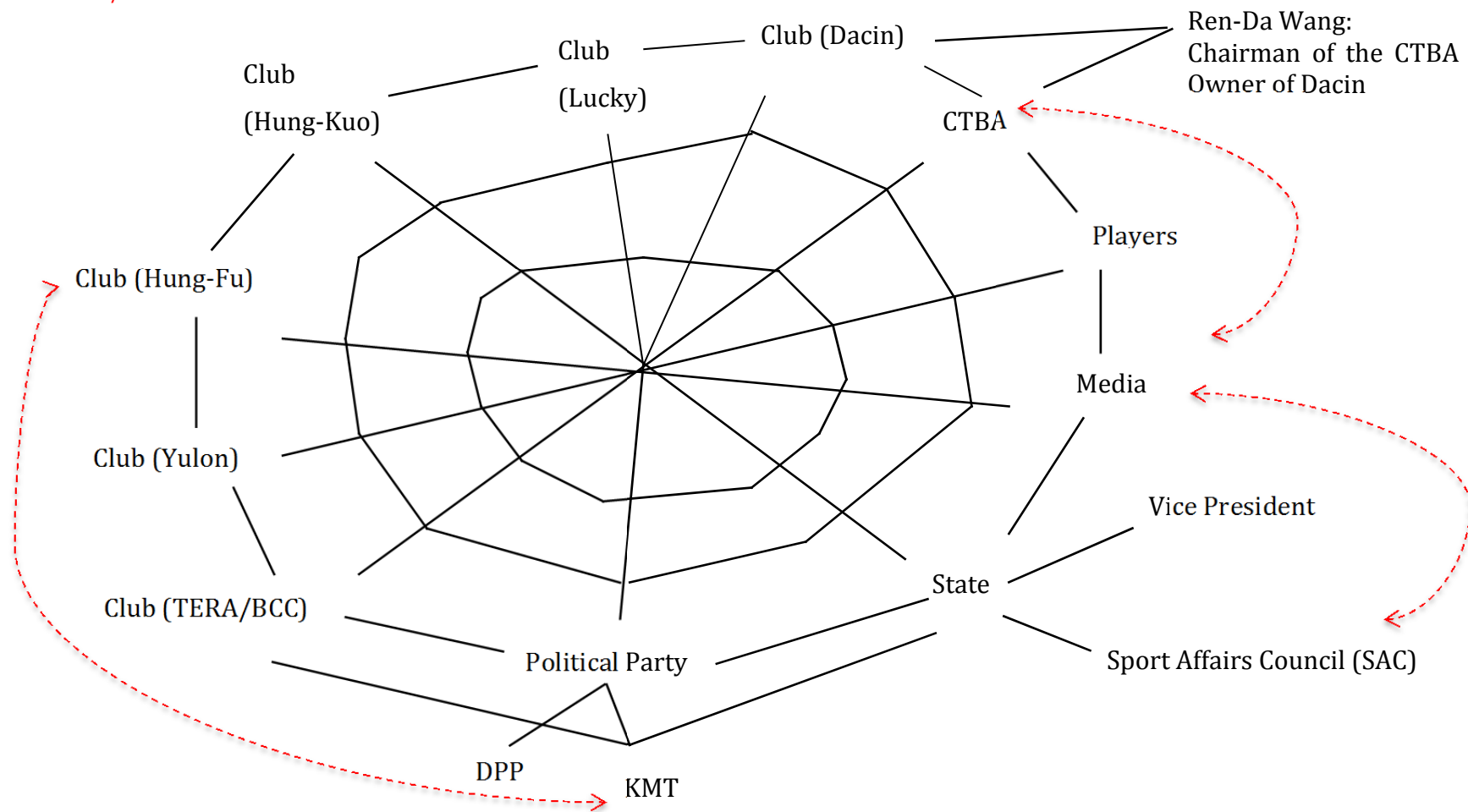
In summary, the circumstances surrounding the collapse of the CBA illustrate the actions, tactics, interests and outcomes, which stemmed from the governance system. Table 8.1 below provides a brief summary of what actions or tactics the stakeholders had undertaken, and the interests as well as the outcomes, which characterised the critical incident.

**Figure 8.2: Systemic Governance of Sport – the Collapse of the CBA**

Key:

Overt / formal inter-stakeholder links ———

Covert / informal inter stakeholder links - - - - -



**Table 8.1: Actions/Tactics, Interests and outcomes of Stakeholders in the collapse of the CBA**

<b>Stakeholders</b>	<b>Actions/Tactics</b>	<b>Interests</b>	<b>Outcomes</b>
<b>Media (ETTV)</b>	*Refused to pay TV rights fee	*Push the league to reduce the TV rights fee	*CBA collapsed *Lost potential profits from broadcasting a professional league
<b>Government (SAC)</b>	*Asked/negotiated with the CTBA to support *Funded the CBA Millennium Memorial Tournament as a preparation for re-opening the league	*Policy delivery - follow the direction of White Paper *Support the government's policy: Competitive sport and Sport for all *Response to public opinion	*CBA collapsed *National team performed badly after CBA collapse
<b>Club (Hung-Kuo)</b>	*Spent NTD\$ 10 million to prepare re-opening *Attended the CBA Millennium Memorial Tournament as a preparation for re-opening the league	*Quit basketball to save money for the parent company during the Asian financial crisis in 2000	*announced dissolution because of financial difficulties of the parent company *Sold the club to Sina *Sina transferred to China
<b>Club (Yulon)</b>	*Spent NTD\$ 10 million to prepare re-opening *Attended the CBA Millennium Memorial Tournament as a preparation for re-opening the league	*CBA could be good for parent company's reputation *Owner's 'hobby'	*Decided to quit because of Hung-Kuo's dissolution *Register in the CTBA's division A
<b>Club (Hung-Fu)</b>	*The manager took responsibility to organise the re-opening. *Entrusted the manager's company to handle the re-opening process *Insisted the CBA would re-open on time to convince the other owners *Attended the CBA Millennium Memorial Tournament *Spent NTD\$ 10 million to prepare re-opening	*The re-opening organisation belonged to the manager *The manager earned most of the money for organising the re-opening. *Potential leader of the CBA if the league could be re-opened.	*Could not achieve re-opening *Register in the CTBA's division A
<b>Club (Lucky)</b>	*Spent NTD\$ 10 million to prepare re-opening *Attended the CBA	*Quit basketball to save money for the parent company	*Registered in the CTBA's division A

	Millennium Memorial Tournament	during the Asian financial crisis	
<b>Club (Tera/BCC)</b>	<ul style="list-style-type: none"> <li>*Tera sold the club to the Broadcasting Corporation of China (BCC)</li> <li>*Attended the CBA Millennium Memorial Tournament</li> <li>*Spent NTD\$ 10 million to prepare re-opening</li> </ul>	<ul style="list-style-type: none"> <li>*Tera wanted to go through the Asian financial crisis</li> <li>*Maintain the club's operation to dissolution</li> </ul>	*Registered in the CTBA's division A
<b>Club (Dacin)</b>	<ul style="list-style-type: none"> <li>*Spent 10 million to prepare re-opening</li> <li>*Attended the CBA Millennium Memorial Tournament</li> <li>*Support the decisions from the CTBA, not the league</li> </ul>	<ul style="list-style-type: none"> <li>*Satisfy the owner's wishes</li> <li>*Support the CTBA's decision</li> </ul>	*Register in the CTBA's division A
<b>CTBA</b>	*Chairman of the CTBA asked the SAC to fund his own company to build a new stadium as a condition of supporting re-opening	<ul style="list-style-type: none"> <li>*Make profits for the chairman's company</li> <li>*Control the clubs if they all register in the CTBA's amateur league</li> </ul>	*Most of clubs registered in its amateur league
<b>Politician/party (KMT)</b>	<ul style="list-style-type: none"> <li>*Vice president of ROC (Taiwan) hosted a meeting to support re-opening of the league</li> <li>*Gave funding to Tera</li> <li>*BCC spent NTD\$ 25 million to buy Tera to be a club owner</li> </ul>	<ul style="list-style-type: none"> <li>*Media Exposure</li> <li>*Enhance KMT's reputation</li> <li>*Political motives - people might vote KMT</li> </ul>	<ul style="list-style-type: none"> <li>*CBA collapsed</li> <li>*Spent millions to support an amateur club</li> </ul>
<b>Players/coaches</b>	*Asked for wages at a professional level	<ul style="list-style-type: none"> <li>*Higher wages</li> <li>*professional stage</li> </ul>	<ul style="list-style-type: none"> <li>*No professional environment</li> <li>*Lower wage level because the clubs registered in an amateur league</li> </ul>

### **8.1.2 Actions/Tactics, Interests and Outcomes of Stakeholders in the Case of the Emergence of the SBL**

As mentioned in the case study, the SBL is not a traditional amateur basketball league. The SBL was set up as a semi-professional league because the nature of the stakeholders' network had changed. Specifically, the reason why the SBL did not fully professionalise was because the stakeholders, who had different goals in the basketball system, employed different tactics to act. Finally the outcome of the competition/co-operation among the stakeholders was a semi-professional league hosted by the government-appointed CTBA and operated with commercial marketing strategies by ESPN. Here we analyse the stakeholders' tactics, interests and outcomes when the SBL emerged.

After the CBA was suspended, the highest level of basketball tournament in Taiwan was the Division One amateur league. Surprisingly, even with free entry into the stadiums, the games remained unappealing to the general public and the media showed little or no interest in broadcasting them. Because of the difficult situation where basketball was rapidly losing popularity, possibly causing declining performance by the national team in international competitions, the Minister of the SAC took the initiative to help the CTBA and the clubs to launch a new league.

As we mentioned in the case study, the SBL represented a 'compromise product'. The SAC, the CTBA, and the clubs intended to transform an unexciting amateur league to a more attractive one. They tried to have a comprehensive coverage on all aspects, including regulations, broadcasts, facilities and fixtures, in order to attract fans. Nevertheless, they did not have enough resources to establish a fully professional league. Although the government should not assist a commercial sport directly, the SAC still funded the SBL under Minister Lin's lead. The SAC therefore became a guarantor for the SBL and provided resources for it. The SAC provided NTD\$ 20 million to renovate the stadium. The Minister of the SAC, Te-Fu Lin, visited private businesses to seek support and to raise funding for the SBL. The SAC also provided NTD\$ 800 thousand to each club to win their support for the launching of the SBL.

The SAC also authorised the CTBA to be the main organiser of the SBL because the CTBA claimed that it had human resources including refereeing and game staff. Thus the clubs were under the authority of the CTBA. Even though there was an SBL committee, the power to take decision on games matters, broadcasting, marketing, and ticket sales still lay with the CTBA. In these circumstances, the CTBA received revenue from all ticket sales and used it to pay expenses related to event organisation. The clubs' external income was only from broadcasting rights and minor marketing activities. For two seasons prior to the 2008 financial crisis, the broadcasting rights were worth NTD 56 million in the fourth season and fifth season. In recent seasons, due to poor TV ratings and decreasing level of sponsorship, each club received only NTD 3.1 million per seasons. Even in the future, limits were established such that each club would receive only NTD 3.35 million in the 11th season.

**Table 8.2: Broadcaster and Broadcasting Rights Fee**

<b>Season (Year)</b>	<b>Broadcaster</b>	<b>Rights Fee</b>	<b>Club sharing</b>
<b>1st Season (03-04)</b>	ESPN	5600000	800000
<b>2nd Season (04-05)</b>	ESPN	27500000	3500000
<b>3rd Season (05-06)</b>	ESPN	35000000	5000000
<b>4th Season (06-07)</b>	ESPN + Videoland	56000000	8000000
<b>5th Season (07-08)</b>	ESPN + Videoland	56000000	8000000
<b>6th Season (08-09)</b>	ESPN(free) + ELTA	6440000	920000
<b>7th Season (09-10)</b>	ESPN + ELTA	23000000	3285714
<b>8th Season (11-12)</b>	ESPN +ELTA	23000000	3285714

(Source: Interviewee C3)

As discussed in the previous chapter, there were always arguments between clubs (in the committee for the league) and the CTBA about who should be the decision maker for the SBL. After the 2004-05 season, most of the clubs asked the CTBA to transform the SBL into a fully professional league. However, the CTBA did not accept this proposal. In April 2006, the ETTV Basketball Club partnered with 4 other clubs, namely Taiwan Beer, Taiwan Bank, Videoland, and YMY, to announce their intent to resign from the SBL and to set up a new league(Sun, 2006a, 2006b). The CTBA reacted by inviting the clubs to the

negotiation table where technical issues such as ticket sales, broadcasting, and marketing with clubs, and the future operation of the SBL were open for discussion. The clubs eventually agreed to stay in the SBL under the condition that they and the CTBA would work out a fairer resource-sharing system (Sun, 2006b). However, to date, there are still debates regarding how to 'professionalise' the league and how to share ticket sales equally in a system, which is still monopolised by the CTBA.

Since the broadcasting fee was not enough for the clubs to maintain their operation, funding for the clubs mostly came from their parent companies or the clubs' owners. This structure thus presented a source of potential crisis. Because the clubs are highly dependent on funding from the parent companies, the latter's motive for running the clubs become a key determinant for their sustainability. It was a positive sign that the club owners loved basketball themselves, but unfortunately none of the owners treated running a basketball club as a potentially independent profitable business. Other than personal interest in the sport, their ulterior motive for sponsoring the clubs was to use basketball as an avenue to build reputation for the company or to increase brand awareness. Because of this, there was lack of long-term planning for the development of the clubs, which would be in jeopardy once the marketing goal, was met, no longer needed, or funds ran out.

TV broadcasting always played an important role in the development of basketball in Taiwan. When the SBL was under construction, Minister Te-Fu Lin sought the media's assistance for a proposed plan covering the new league's broadcasting and marketing. The CTBA hosted a bid, during which different companies proposed their plans on how to do the broadcasting and how to promote the league. Finally ESPN won the bid. Not only did ESPN broadcast the league, but it also undertook the marketing job for the SBL. Although ESPN was a multinational enterprise, the scale of its organisation and staff was not big in Taiwan.

ESPN's goals were to boost its audience rating and to build brand value. Compared to Videoland Sport Channel, which broadcast professional baseball



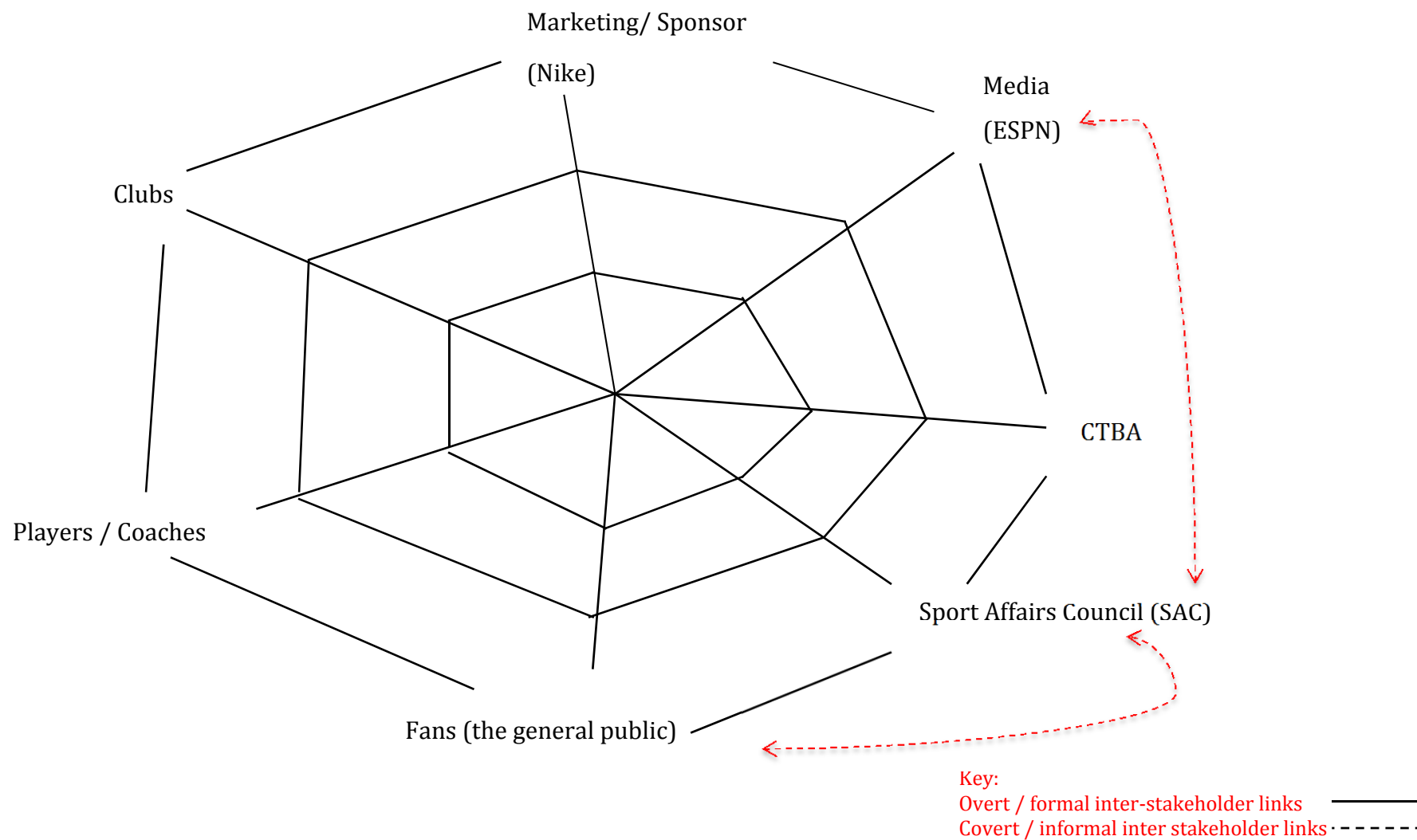
and billiards, ESPN's lack of coverage and broadcasting of local sport competitions put it in a poor position to attract a local audience. Broadcasting the SBL thus became an important business for ESPN to increase its market share and to win over local people's identity and loyalty. ESPN won the bid because it co-operated with Nike, which had a lot of resource and experience in promoting the High School Basketball League. ESPN was in charge of broadcasting and Nike took responsibility for its marketing; the deal allowed Nike to pocket sixty percent of the advertisement sales, while the remaining forty percent would go to ESPN. In fact "SBL was indispensable to ESPN because ESPN had to maintain its own value in the war of the cable TV networks" (interviewee S1). ESPN would not have a local game to broadcast if they did not broadcast the SBL. When ESPN wanted to sell advertising space to cable TV network companies in central Taiwan and southern Taiwan, it would be difficult for them to sell it because it does not have a local identity. In other words, the ESPN's interests were not limited to making a profit from broadcasting and advertisement sales alone, but also from increased bargaining power on price negotiations with Cable TV network companies.

Nike was another key stakeholder when the SBL emerged. As a leading sporting goods company in Taiwan, Nike applied its experience in promoting the High School Basketball League and spent over NTD\$ 60 million on marketing for the SBL. The former manager of Nike argued that the company had not earned much profit when the SBL was set up. Nike invested in the SBL because it was in the company's interest to revive Taiwanese basketball culture, which could then translate into long-term profits from merchandise sales. However, Nike was forced to quit the broadcasting/marketing team by ESPN in the second season because ESPN wanted to enjoy the sole benefits from the rights.

Figure 8.3 illustrates a web of the interrelationship among stakeholders. Once again the feature of political governance appeared in the emergence of the SBL. The case of the SBL is a good example to show the processes by which governments or governing bodies seek to steer the sports system to achieve desired outcomes. According to Lee (2011), this could be done by applying moral pressure, by use of financial or other incentives, or by licensing, regulation and

control, to influence other parties to act in ways consistent with desired outcomes. The circumstances surrounding the processes of the emergence of the SBL manifest the local dynamics among stakeholders within the basketball system, and how the stakeholders set up a field (the SBL) for themselves to pursue their own interests in the post-CBA era. Table 8.3 below provides a brief summary of what actions or tactics the stakeholders had undertaken, and the interests as well as the outcomes, which resulted from this process.

Figure 8.3: Systemic Governance of Sport –the emergence of the SBL



**Table 8.3: Actions/Tactics, Interests and outcomes of Stakeholders in the emergence of the SBL**

<b>Stakeholders</b>	<b>Actions/Tactics</b>	<b>Interests</b>	<b>Outcomes</b>
<b>Government (SAC)</b>	<ul style="list-style-type: none"> <li>*Minister of the SAC sought the Media's assistance</li> <li>*Minister of the SAC discussed with club owners</li> <li>*Provided funding to renovate the facilities</li> <li>*Recruited committee to organise a new league</li> <li>*Funded clubs in the first season</li> <li>*Funded the CTBA to organise a new league</li> </ul>	<ul style="list-style-type: none"> <li>*Ease public pressure</li> <li>*Revive Taiwanese basketball culture</li> <li>*Fulfil the Minister's ambition</li> <li>*Highlight The Minister's achievement</li> <li>*Earn public supporting for the government</li> </ul>	<ul style="list-style-type: none"> <li>*Set up the SBL</li> <li>*Give authorization to the CTBA</li> <li>*Set up a semi-professional league</li> </ul>
<b>Clubs</b>	<ul style="list-style-type: none"> <li>*Raise the budget to a semi-professional level</li> <li>*Asked the government to support</li> <li>*Supply of players</li> <li>*Set up SBL committee by clubs owners</li> </ul>	<ul style="list-style-type: none"> <li>*Enhance the reputation of the parent companies</li> <li>*Use basketball as a marketing strategy for the parent companies</li> <li>*Satisfy the owners' hobby</li> </ul>	<ul style="list-style-type: none"> <li>*Obtain the government's funding in the 1<sup>st</sup> season</li> <li>*Obtain TV rights fee</li> <li>*Lost all ticket sales</li> <li>* ineffective committee</li> </ul>
<b>CTBA</b>	<ul style="list-style-type: none"> <li>*Ask the government to set up the SBL under the structure of the CTBA because it owned resources (referees, organising staff)</li> <li>*Intervened in the club's decisions as the chairman of the CTBA owned a club.</li> </ul>	<ul style="list-style-type: none"> <li>*Take the CTBA's interests as the first priority</li> <li>*Reject the decisions (might damage the CTBA) from the clubs</li> </ul>	<ul style="list-style-type: none"> <li>*Become a role of supervisor for the SBL</li> <li>*Dominate the decision making process</li> <li>*Obtain all revenues from ticket sales</li> </ul>
<b>Media (ESPN)</b>	<ul style="list-style-type: none"> <li>*Co-operated with Nike to earn the bid of SBL's broadcasting and marketing</li> <li>*Assisted the CTBA to set up the SBL</li> <li>*Used the broadcasting as a condition to negotiate with the CTBA and clubs to lower the TV rights fee</li> </ul>	<ul style="list-style-type: none"> <li>*Profits from advertising</li> <li>*A power to negotiate with Cable TV network companies</li> </ul>	<ul style="list-style-type: none"> <li>*ESPN+Nike became the broadcasting /marketing unit</li> <li>*Flexibility for the price of TV rights fee.</li> <li>*Enjoy the benefits of broadcasting for seven</li> </ul>

			seasons
<b>Sponsor (Nike)</b>	*Co-operated with ESPN to earn the bid of SBL's broadcasting and marketing *Provided marketing resources	*Profits from advertisement and marketing *Interests from long-term basketball culture	*60% share of the advertisement sales in the 1 <sup>st</sup> season *Forced to quit SBL's marketing team from the 2 <sup>nd</sup> season
<b>players</b>	*Make their best performance, to be recruited in the league	*Certainty of employment *Highest wages	*to be treated as the clubs' / owners' properties
<b>Fans</b>	*Use negative view for basketball as a pressure to push the government to get involved	* Revive Taiwanese basketball culture *Better performance for international competitions	* Set up the SBL

### **8.1.3 Actions/Tactics, Interests and Outcomes of Stakeholders in the Case of the Migration of Sina**

In September 2001 Jiang, the owner of the Sina Lions decided to transfer his basketball club to China. As discussed in the case study section in the previous chapter, this case involved many issues, such as players' career after the collapse of the CBA, future development of the club, and owners' ambition. Notwithstanding Sina being a privately owned business, its migration resulted in a special relationship between various stakeholders on both sides of the Taiwan Straits, including the governments, the clubs, and basketball federations. On 16th September 2001 the General Administration of Sports (China) approved of Sina's registration in the Chinese First Class Basketball League. Consequently, Sina also announced its registration as "Taiwan (Suchou) Sina Lions Basketball Team" in the Chinese First Class Basketball League on 20th September. Taiwan's Mainland Affairs Council, Executive Yuan, and Sport Affairs Councils soon expressed their concerns.

As indicated earlier, the Sina Lions transferred to China with the Taiwan government's support in the end. However, this case was significant beyond the national level. Even though this was a sport incident, the government department which was concerned extended from the Sport Affairs Council to the Mainland Affairs Council. Thus the web of governance changed its form. Here we will discuss the interrelationship of stakeholders when Sina decided to transfer to China.

Since Taiwan experienced an economic recession in 1999, Taiwanese enterprises lost confidence in domestic development and sought to develop overseas business. The Chinese market was especially attractive to Taiwanese businessmen (Lee, 2001). A similar situation happened in Taiwan's basketball development. The Chinese league was attractive to basketball players and club owners. Jiang, the owner of Sina, was one owner who wanted to transfer his club to China in order to raise his company's reputation as well as to obtain profits from TV broadcasting and advertising. Therefore when the General Administration of Sports [China] agreed to allow Sina to register in the 2001/02

season, it was a great chance for Jiang to extend his business to a ‘greater China basketball system’. This was the reason that Jiang insisted on transferring to China. He even withdrew from the CTBA and declared that he would have no hesitation in quitting all Taiwanese basketball events if Sina were not allowed to transfer to China (Liang, 2001).

**Table 8.4: Key events in the case of Sina’s migration**

<b>Date</b>	<b>Event</b>
<b>07/Dec/2000</b>	All Hung-Kuo players transferred to Sina
<b>May/2000</b>	Sina informed the CTBA that it would take its club and 8 players to China
<b>16/Sep/2001</b>	General Administration of Sports (China) agreed that Sina could register in the Chinese First Class Basketball League
<b>20/Sep/2001</b>	Sina officially announced it would use “Taiwan (SuZhou) Sina Lions Basketball Team” as the club name to register in the Chinese First Class Basketball League
<b>28/Sep/2001</b>	Sina withdrew from the CTBA
<b>08/Oct/2001</b>	Sina began its pre-season training in Suchou, China
<b>30/Oct/2001</b>	Sina confirmed its club name ‘Sina Lions (Taiwanese Enterprise) Basketball Club to begin its Season
<b>Mar/2003</b>	Sina withdrew from the Chinese First Class Basketball League, and returned to Taiwan.

However, the thinking of the Taiwan government was somewhat different from that of the other stakeholders. The Taiwan government believed the reason that Sina successfully registered in the Chinese Division A was because Sina used ‘Taiwan’ or ‘Taipei’ in its club title, implicitly legitimating the notion of Taiwan as part of China (Lee, 2001). When the Mainland Affairs Council responded to Sina’s migration, it emphasised that the government could understand that many players would want to play in China because the basketball environment in Taiwan was not good for a players’ career. However, any exchange activity had to be legally permissible, and it had to safeguard national dignity (Lee, 2001). Apparently it was a political consideration rather than a basketball business decision when the Chinese government insisted that Sina use ‘Taiwan’ or ‘Taipei’ in its club title. Despite of the objection from the clubs of the Chinese Second Class Basketball League, the Basketball Administrative Centre (China) allowed Sina to register in the Chinese First Class League because China wanted to use Sina’s ‘Taiwan features’ as a political indicator (Gong, 2001). A former Deputy

Minister of the SAC suggested that China often used sports as a subtle vehicle to promote reunification.

Recently China has held many games such as the national intercollegiate athletic games and national rural games, and has invited Taiwan to attend. If Taiwan really sends a team to attend the Chinese national games, Taiwan would be like one of its provinces. Therefore when Sina registered in the Division A directly without playing in the lower level leagues to get promotion, China actually broke the rules. The reason why Sina had this privilege was because Sina was from Taiwan, and there was some political motivation in relation to this issue. (Interviewee G3)

At the beginning, the Mainland Affairs Council argued that players could not be members of the Chinese league. According to Article 33 of the Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area and Its Enforcement Rules:

Any individual, juristic person, organization, or other institution of the Taiwan Area shall not hold any position or become any member of the agencies, institutions or organizations of the Mainland Area which are political parties, the military, the administration or of any political nature and which are prohibited with public notices by the Mainland Affairs Council, Executive Yuan in consultation with each of the competent authorities concerned.

Players who violated the regulation had a fine imposed of more than NTD\$ 100,000, and not more than NTD\$ 500,000. However, in the end, the Mainland Affairs Council modified the *Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers* in order to improve the plight of the players allowing them to move to China (Lee, 2001). A former Deputy Minister of the SAC (G4) mentioned the turning point of this case:



According to the *Act Governing Relations between the People of the Taiwan Area and the Mainland Area*, Sina was not allowed to transfer to China. In addition according to FIBA's regulations, all the basketball players belong to the national federation. If a player wants to transfer to another country, he must get permission from the federation. However the Constitution of the Republic of China protected the right of work for all Taiwanese people. Therefore we (SAC) had discussions with the Mainland Affairs Council to see if there was any solution for this issue. Finally Sina was able to transfer to China without breaking the law. (Interview with the government officials, 28/01/2011, translated by the author)

Sina believed its migration was only a matter of sport business. As one interviewee of this study, a former Deputy Minister of the SAC argued that 'Sina wanted to open the Chinese market because it needed the business potential of China' (interviewee G3). On the other hand, Sina's migration would be positive for improving Taiwanese players' skills. Therefore Sina argued that this was purely a sport matter [without political purpose]. The players also had a meeting and decided to support the club's decision. They declared that the players' responsibility was to play the game. The club should solve all the legal issues (Lee, 2001).

In the beginning of this case, the government and Sina were in a state of confrontation. When the Chinese government insisted the club should put an area name in its title, Sina wanted to transfer to China with a club title containing 'Taiwan' or 'Taipei' in order to obtain benefits/interests from the Chinese market. The government's concern was Sina's migration could damage national dignity, and it could use the *Act Governing Relations between Peoples of the Taiwan Area and the Mainland Area and Its Enforcement Rules* to stop Sina. If the government and Sina did not compromise, the outcome would have seen that:

1. Sina could not transfer to China, but withdrew from the CTBA and refused to attend all the basketball events, which would mean that the domestic league and the national team would lose some elite players.

2. The government would be criticised for obstructing the development of basketball and depriving players of their work rights.

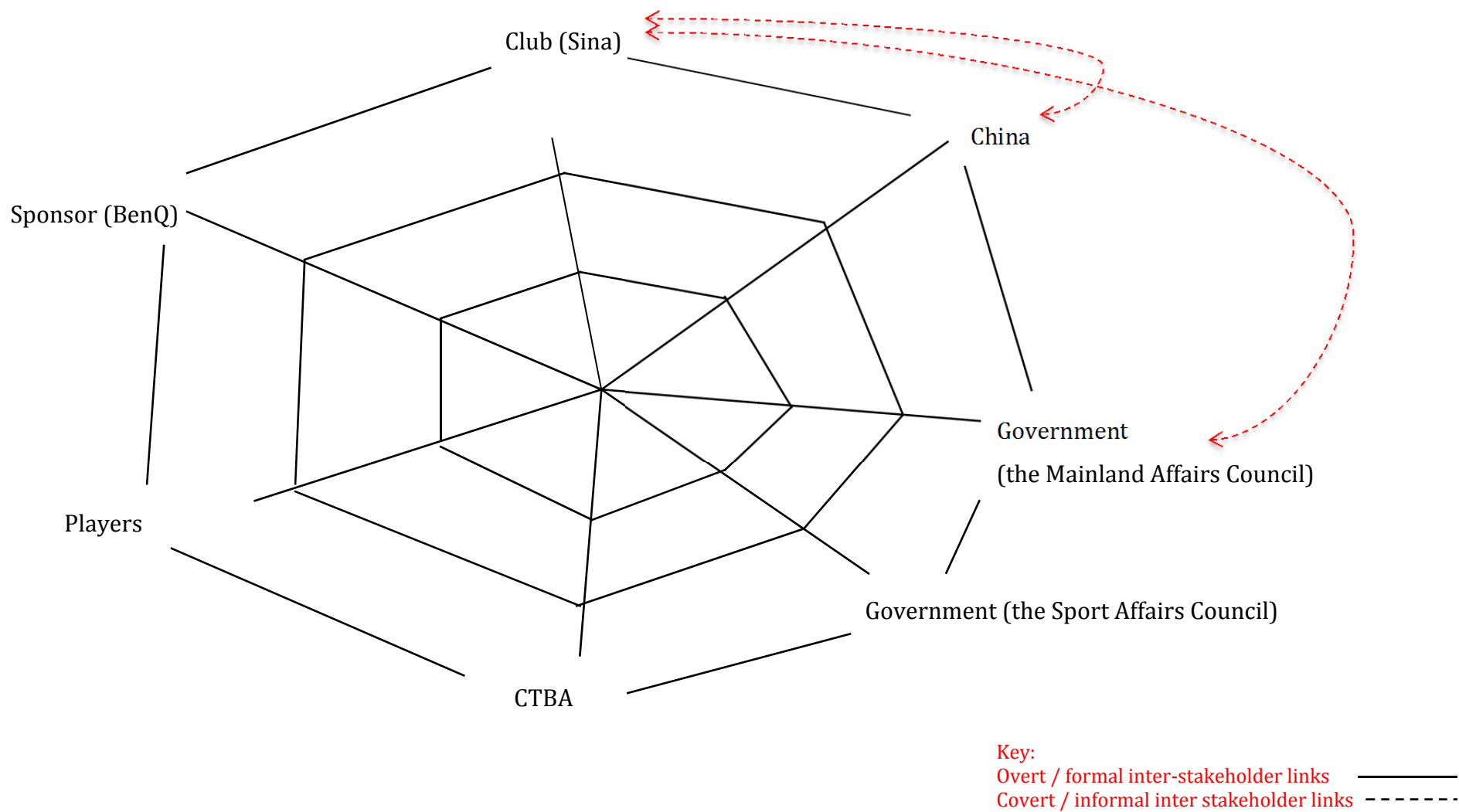
Finally as the Chinese government did not insist that there should be 'Taiwan' in the club title, the Mainland Affairs Council and Sina adopted a common view in October 2001 and thus avoided confrontation (Chen, 2002). The Minister of Mainland Affairs Council declared that

1. The government could understand the need of a club or a player [to transfer to China].
2. In this case, the government hoped the club would understand that the government had a concern about the state's interests.
3. There was some room in this case for compromise. The government had some flexibility in dealing with this case (Tang, 2001).

From the statement, the government implied that it could help Sina to transfer if Sina consider the state's interest. Finally Sina decided not to use 'Taiwan' or 'Taipei' in its club title (and China agreed with it), and the Taiwan government deliberated and agreed to accept Sina's transfer as legal.

Sina and its players eventually transferred to China. This case has a significant meaning for the governance system because it was more than simply a basketball business when it related to China. The department, which ultimately took responsibility to negotiate with the club, was not the SAC but the Mainland Affairs Council. The government's main concern was not sport development but national dignity. Even though Sina returned to Taiwan after two years, the case illustrates how the Taiwan government, the club and the Chinese government dealt with this cross-strait basketball exchange. Table 8.4 below provides a description of what actions/tactics the stakeholders (see figure 8.4) had undertaken; and the interests reflected, as well as the outcomes, gained, from the migration of the Sina Lions.

Figure 8.4: Systemic Governance of Sport – the Migration of Sina



**Table 8.5: Actions/Tactics, Interests and outcomes of Stakeholders in the Migration of Sina**

<b>Stakeholders</b>	<b>Actions/Tactics</b>	<b>Interests</b>	<b>Outcomes</b>
<b>Government (the Mainland Affairs Council)</b>	<ul style="list-style-type: none"> <li>*Rejected at the beginning by the Act Governing Relations between the People of the Taiwan Area and the Mainland Area</li> <li>*Moral persuasion</li> </ul>	<ul style="list-style-type: none"> <li>*Protect national sovereignty</li> <li>*Taiwan is not part of China</li> <li>*Sina should not use 'Taiwan' or 'Taipei' in its club title</li> </ul>	<ul style="list-style-type: none"> <li>*Develop the Entitled Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers to make the legitimacy of Sina's migration</li> <li>* Sina used the name 'BenQ Sina Lions (Taiwanese Enterprise) Basketball Club to register in China</li> </ul>
<b>Government (the Sport Affairs Council)</b>	<ul style="list-style-type: none"> <li>*Asked Sina to follow FIBA's regulation</li> <li>* Raise this issue to national level to let the government involved</li> </ul>	<ul style="list-style-type: none"> <li>*Followed the Executive Yuan (the Mainland Affairs Council's decision)</li> </ul>	<ul style="list-style-type: none"> <li>*Sina transferred to China</li> </ul>
<b>Club (Sina)</b>	<ul style="list-style-type: none"> <li>*Recruited all Hung-Kuo's players</li> <li>*Sought BenQ's sponsorship</li> <li>*Insisted Sina's migration would realised</li> <li>*Withdrew from the CTBA</li> </ul>	<ul style="list-style-type: none"> <li>*Parent company's marketing in China</li> <li>*Achieve the owner's ambition.</li> </ul>	<ul style="list-style-type: none"> <li>*Change its name to satisfy the government</li> <li>*Transferred to China</li> <li>*Lost NTD\$100 million in 2 years and returned to Taiwan</li> </ul>
<b>China</b>	<ul style="list-style-type: none"> <li>*Asked Sina to use Taiwan or Taipei in its club name</li> <li>*Allowed Sina to play in the Division A without achieve promotion from Division B</li> <li>*Set up fixture for Sina</li> </ul>	<ul style="list-style-type: none"> <li>*Promote reunification</li> <li>*Promote its own league</li> </ul>	<ul style="list-style-type: none"> <li>*Sina did not use 'Taiwan' or 'Taipei' in its club title</li> <li>*Sina played in China for two years</li> <li>*Portray an image of reunification</li> </ul>
<b>CTBA</b>	<ul style="list-style-type: none"> <li>*Raise this issue to national level to let the government involved</li> <li>* Asked Sina to follow FIBA's regulation</li> <li>*The CTBA would not select players who transferred to China in</li> </ul>	<ul style="list-style-type: none"> <li>*Former CBA clubs registered in the amateur which owned by the CTBA</li> </ul>	<ul style="list-style-type: none"> <li>*five former CBA clubs registered in the amateur league</li> <li>*Sina transferred to China</li> </ul>

national team squad			
<b>Players</b>	*Ask for their right to work overseas to be respected.	*Higher wages *Play in a challenging league *Media exposure	*Transferred to China as Sina's player *Lost chance to be a member of national team squad
<b>Sponsor (BenQ)</b>	*Sponsored Sina	*Marketing benefits in China	*Owned the naming right : Sina used BenQ Sina Lions as its club name to register in China

### 8.1.4 The Governance Discussion for the Players' Migration to China

After Sina returned to Taiwan, the SBL began its first season in 2003. The first and second seasons turned out to be successful operationally and financially because the league's marketing were conducted well by ESPN and Nike. It also received ample support from the government. As mentioned in the previous chapter, the semi-professional approach to developing the SBL was jointly set up by the government, the CTBA and the clubs. The league was designed to be set up somewhere between the status of professional and amateur league in order to maintain the financial stability of the league and keep the competitive balance of the clubs. At the time, basketball in Taiwan seemed to be enjoying stable development in this mode, and from June 2002 to September 2007, there was no player transfer to China or any other country (Chou, 2009). However, as previously mentioned, it is believed that management failures after the second season and the ousting of Nike from the SBL's marketing team had gradually resulted in SBL's decline in popularity. Eventually, the clubs and the CTBA had a conflict of interests, and from 2007, players began to transfer to China.

**Table 8.6: Key issues in the case of Sina's migration**

<b>Date</b>	<b>Event</b>
<b>Nov. 2003</b>	The SBL began its first season
<b>2004</b>	Nike was forced to leave SBL's marketing team. ESPN took over all TV rights and marketing rights.
<b>Apr. 2006</b>	4 clubs intended to withdraw from the SBL to set up a new league. The CTBA convinced the clubs to maintain their presence the league
<b>2008.11</b>	Disputes about the TV rights fee. ESPN obtained the TV rights and marketing rights free. The clubs had no revenue from TV rights
<b>2009.08</b>	4 clubs intended to withdraw from the SBL to set up a new league because of the share of ticket sales. The CTBA then communicated with the clubs convincing them to maintain the league
<b>~2009</b>	SBL players began to transfer to China.

In 1995 China began the professionalisation of basketball by reforming the system of the CBA (the First Class Basketball League) when the State General Administration of Sports persuaded stakeholders to 'stick with the right direction and seize the opportunity to develop the sport industry' (Wang et al., 2008). In 2001 the Chinese Basketball Association authorised the sale of naming rights, marketing rights, and 75% of facilities rights to the International Management Group (IMG). On April 2004 the president of the Chinese Basketball Management Centre announced the launch of 'the polestar project for the Chinese basketball' with the aim of rebuilding the league brand and developing the league culture as a truly professional sport. The objective of this project was to develop the CBA (the First Class Basketball League) into a world-class professional basketball league. Nowadays, the CBA is recognised as the biggest and the strongest professional league in Asia (Wang et al, 2008).

China has adopted a relaxed policy in relation to Taiwanese citizens in China, who are regarded as 'residents of Taiwan Province', seeking employment in China. The Chinese government provided trade, education, and working benefits to Taiwanese citizens (Tseng & Wu, 2010). In terms of sports policy, according to *regulations on the administration for registering/transferring of Athletes and coaches of the Chinese Men's Professional Sports* and *regulation on the administration of wages for players and coaches in the CBA*, players from Taiwan, Hong-Kong and Macao had the same rights, obligations, and wage regulations as Chinese players. Specifically, in the *regulation on the administration of wages for players and coaches in the CBA*, Taiwanese players were recognised as Chinese domestic players. The quota and wages of Taiwanese players were not limited by the restrictions placed on foreign players. Given the context of the enhancement of the basketball environment in China and the Taiwan-friendly policies, Taiwanese players began to transfer to China from 2007.

**Table 8.7: Key contents of regulations/laws/rules of China for Taiwanese players transferring to China**

Laws, Regulations, Rules	Key contents
<b>Provisions on the Administration of the Employment of Taiwan, Hong Kong and Macao Residents in the Mainland (2005)</b>	Taiwanese have rights to obtain employment in China and to join the social insurance.
<b>Regulations on the administration for registering/transferring of Athletes and coaches of the Chinese Men's Professional Sports (2008)</b>	Players from Taiwan, Hong-Kong and Macao were in the catalogue of domestic players.
<b>Regulations on the administration of wages players and coaches in the CBA (2009)</b>	The quota and wages of Taiwanese players were not limited by the restrictions placed on of foreign players.

In contrast to China's liberal policy, the Taiwan government's regulations aimed to restrict the exit of elite players. Even though the Taiwan government enacted the *Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers* when Sina transferred to China in 2002, the Taiwan government still had reservations about the issue of players/clubs migration to China. In our interviews, the government officials believed the Chinese government had a hidden motive, that of promoting Taiwan as part of a greater China. Even though both the KMT and the DPP legislators agreed that free migration of professional athletes was the prevailing trend in world sports, the government's main focus was not on sport policy. The main concern of the Taiwan government was with political issues such as national dignity and national sovereignty.

After the conflict between the clubs and CTBA in the fourth season of the SBL, in 2007 a number of players transferred to China. In 2008 the media (Lee, 2008) reported that Sean Chen, who was an elite player in the SBL and a member of the national team, intended to transfer to China to seek better opportunities. Because Sean Chen was an icon of basketball in Taiwan, the CTBA began to oppose his migration to China. The CTBA firstly rejected Chen's request based on the fact that he was a member of the national team. In June 2008 the CTBA held a



general meeting to discuss the issue of players' migration. After that meeting, the CTBA announced:

- A Player who wants to transfer to another country must follow FIBA's regulations. The player must have a leaving certificate from his/her original club in order to apply for permission to migrate. After the CTBA passes his/her application, the CTBA will inform the receiving party.
- In order to maintain the quality and skill level of the domestic league, the CTBA will list 24 elite players who will not be permitted to transfer. Other players who meet regulations may be permitted to transfer to the other country for one year. After one year, the player would need to apply FOR AN extension.
- According to the committee's decision, the following players who are in the national team squad would not be permitted to transfer: Chih-Chung Chen, Shih-Nien Chen, Hao-Chieng Hsu, Chih-Chun Wang, Hsueh-Lin Lee, Chih-Fong Chang, Ching-Ming Yang, Sean Chen, Chi-Che Lin, Ching-Heng Oh-Yang, Che-Yi Yang, Chih-Chiang Hsu, Ching-Bang Lin, Shou-Cheng Ho, Yi-Hui Lin, Chien-Lung Wu, Cheng-Ju Lu, Tai-Hao Wu, Wen-Ting Tzeng, Chia-Hung Jian, Chi-Yi Lee, Feng-Yung Lee, Ying-Li Yue, Chi-Wei Chen

The CTBA announced the list of 24 players because it believed a rapid change of policy on players transferring to China would damage the training of the national team and the development of the SBL. Although losing elite players would be likely to lead to declining skill levels, according to the interview data, the main reason for making the list was actually to protect revenue from ticket sales because all revenue from the SBL's ticket sales belonged to the CTBA.

However, the policy of the 24 player list was abandoned in 2009 when another icon of basketball in Taiwan, Chi-Che Lin decided to transfer to China. Because the 24 players list was not consistent with the regulations of FIBA and it did not follow the trend in world sports, players kept arguing with the CTBA. After one year's discussion, and with pressure from the general public, the CTBA decided to relax the policy. Finally Chi-Che Lin signed a contract with the Zhejiang Guangsha Lions Basketball Club in September 2009, for a wage of approximately

NTD\$ 5 million per season, which was the highest wage ever paid to a Taiwanese player. Subsequently Sean Chen who was stopped from transferring by the CTBA in 2008 signed a contract with the DongGuan New Century Leopards basketball club in November 2009, and his wage for the first season was approximately NTD\$ 3 million. Basically a Taiwanese player could on average earn wages five times greater in the CBA [China] than in the SBL [Taiwan].

**Table 8.8: Key contents of regulations/laws/rules of Taiwan for Taiwanese players transferring to China**

<b>Law, Regulations, Rules</b>	<b>Key contents</b>
Military service law (1937)	It is every R.O.C. male's duty to serve in the army. Young athletes could not free to travel abroad or transfer to other countries freely.
Act Governing Relations Between Peoples Of The Taiwan Area And The Mainland Area (1992)	According to article 11 and article 13, people from Taiwan who want to work in China needed to have their case evaluated by the government.
Regulations Governing Permission for Athletes from the Taiwan Area to Join Athletic Groups in Mainland China as Members or Official Workers (2001)	A temporary regulation passed by the government to support Sina's migration. The previous regulation was abandoned on 28.2.2004 and changed to <i>Regulations Governing Permission for people from the Taiwan Area to Join corporates or institutes in Mainland China as Members or Official Workers</i>
The 24 players list from the CTBA	In order to maintain the quality and skill level of the domestic league, the CTBA will decide on a list of 24 elite players who would not be permitted to transfer.

In the previous chapter, we outlined how the restriction on players from leaving was actually decided by the CTBA and the clubs together. Although the CTBA and the clubs had conflicts about the operation of the SBL, they were on the same side to stop players from leaving. They believed that players' transferring to China would lower the excitement of the SBL; and if the clubs lost their star players, they would lose their ticket sales and audience ratings as well. In addition, the SBL clubs worried that they might become a training camp for the Chinese league in the future. From the analysis of the case studies, the clubs considered players as their property. The clubs and players shared a (loyalty) connection which had developed since the players were in high school. Therefore even if a player became a free agent; he would still need to 'communicate' with the club. On the other hand, if a player transferred to

another country eventually, the clubs wanted assurance that the player would play for the club again upon his return to Taiwan.

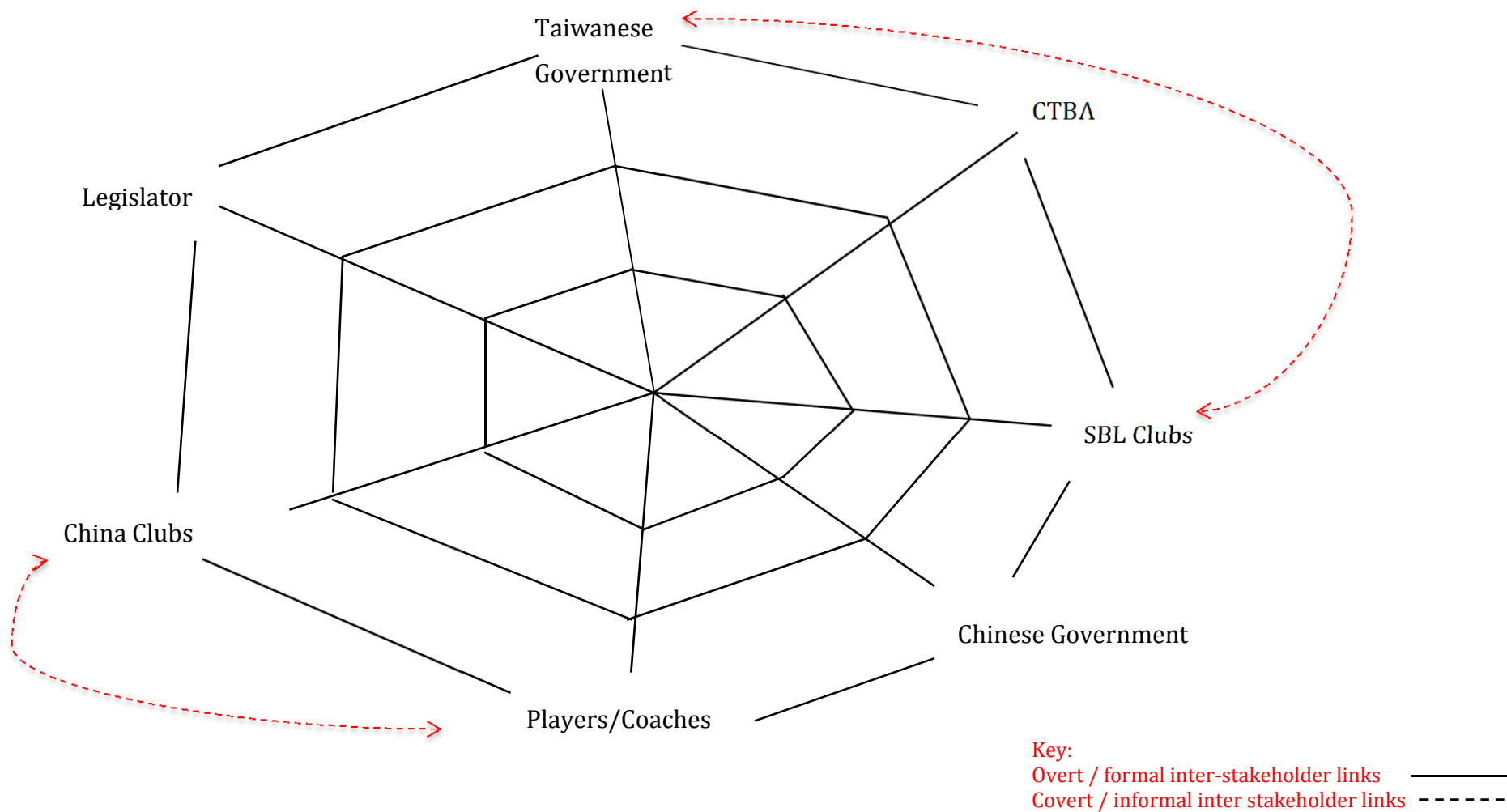
In effect, after 2009, the official attitude of the CTBA towards players' migration was 'simply following FIBA's regulations'. One player claimed (interviewee P3) "although the CTBA and the clubs were not happy with players' leaving, they did not have a valid regulation by which to restrict players' migration." In addition, the level of players' wages and the cultural similarities were attractive to Taiwanese players. Therefore the CTBA and the clubs could not stop this trend. The clubs even asked the government to intervene. However, a former Minister of the SAC claimed that "it was not government's duty to constrain the players" (interviewee G3). Although Sina's case and players' migration were both related to cross-strait relationship, the government did not actively intervene in players' migration. A former Deputy Minister of the SAC suggested that there were two factors which facilitated Taiwanese players' transfer to China. One was the moderation of the law. The second was migration of players had become a normal situation in international sport (interviewee G4).

A former Deputy Minister of the SAC argued that "although the cross-strait relations had improved in recent years, we have to be wary of the knife behind the smile" (interviewee G3). This quote shows that the Taiwan government still had some suspicions about the political issue. However, another former Deputy Minister of the SAC suggested that the government should keep developing talented players and let them migrate in order to honour Taiwan (interviewee G2). Therefore even though the relationship between the CTBA and the clubs turned from competing to cooperating and the government was asked to intervene, the government seemed to stay neutral. On the other hand, the opening policy of the Chinese government and the resources of the Chinese clubs were irresistible to Taiwanese players. These developments set the context for the transfer of more than ten players to China from 2007.

Because there were different stakeholders involved in this case, the governance system appeared to take a different form (See Figure 8.5). In the interrelationship of the stakeholders' web, different stakeholders used different

actions/tactic to fulfil their interests because they were in different positions. Table 8.8 provides a description of the actions/tactics the stakeholders had undertaken; also included in the table are their interests, as well as the outcome of the issue of players' migration to China.

Figure 8.5: Systemic Governance of Sport – the Players' Migration



**Table 8.9: Actions/Tactics, interests and outcomes of stakeholders for players' migration**

<b>Stakeholders</b>	<b>Actions/Tactics</b>	<b>Interests</b>	<b>Outcomes</b>
<b>Taiwan Government</b>	<ul style="list-style-type: none"> <li>*Stated “it’s not the government’s duty to constrain player movement”</li> <li>*Help to maintain the SBL’s operation</li> <li>*Followed cross-strait relationship regulations</li> </ul>	<ul style="list-style-type: none"> <li>*Maintain domestic basketball development</li> <li>*Protect national sovereignty</li> </ul>	<ul style="list-style-type: none"> <li>*Players can transfer freely but government officials worried the knife behind the smile of China</li> </ul>
<b>Legislator</b>	<ul style="list-style-type: none"> <li>*‘Mentally’ supported players to challenge overseas</li> <li>*Supported moderation of the legal limitation</li> </ul>	<ul style="list-style-type: none"> <li>*Good reputation for supporting players</li> </ul>	<ul style="list-style-type: none"> <li>*might have positive image when running campaign.</li> </ul>
<b>Chinese Government</b>	<ul style="list-style-type: none"> <li>*adopted a relaxing policy for residence of people from Taiwan</li> <li>*gave the convenience and benefits for trade, education, and work to Taiwanese</li> <li>*Taiwanese players were recognised as Chinese domestic players.</li> </ul>	<ul style="list-style-type: none"> <li>*Portray an image that both sides co-exist in peace</li> </ul>	<ul style="list-style-type: none"> <li>*The Chinese League was attractive to Taiwanese players</li> </ul>
<b>China (clubs)</b>	<ul style="list-style-type: none"> <li>*Provide Higher wages</li> <li>*Higher level basketball</li> </ul>	<ul style="list-style-type: none"> <li>*Portray an image that both sides co-exist in peace</li> <li>*Media exposure</li> <li>*Recruit best Taiwanese players</li> </ul>	<ul style="list-style-type: none"> <li>*Best Taiwanese players played in China</li> </ul>
<b>Players/Coaches</b>	<ul style="list-style-type: none"> <li>*Ask for their right to work overseas</li> <li>*Asked to transferred to China because of similar language and culture</li> </ul>	<ul style="list-style-type: none"> <li>*Higher wages</li> <li>*Higher level basketball competition</li> </ul>	<ul style="list-style-type: none"> <li>*Follow FIBA’s regulations to transfer</li> <li>*Some players adapted the Chinese league very well, some did not.</li> </ul>
<b>CTBA</b>	<ul style="list-style-type: none"> <li>*Co-operate with clubs to set up the list of 24 players to stop players</li> <li>*Use the list of 24 players to stop</li> </ul>	<ul style="list-style-type: none"> <li>*Maintain the operation of the SBL</li> <li>*Ensure the ticket sales</li> <li>*Maintain the</li> </ul>	<ul style="list-style-type: none"> <li>*Abandoned the list and follow FIBA’s regulation to let players transfer</li> <li>*SBL might become training camp for</li> </ul>

	<p>players</p> <p>*The CTBA would not select players who transferred to China in national team squad</p>	<p>sponsorship of the SBL</p>	<p>the CBA</p> <p>* The CTBA select players who transferred to China in national team squad because the list was invalid.</p>
<b>SBL Clubs</b>	<p>*Co-operate with CTBA to set up the list of 24 players to stop players</p> <p>*Asked government to constrain players</p> <p>*Signed contracts with elite players and used contracts to restrict players' transferring</p> <p>* Ensured the players who transferred to China would return to the club when they returned to Taiwan</p>	<p>*Protect their 'investment' in players</p> <p>*Maintain the clubs' competence</p> <p>*Keep fans' supporting</p> <p>*Maintain the ticket sales to ensure the revenue from TV rights fee</p>	<p>*Elite players transferred to China</p> <p>*Seek new talented players</p> <p>*Become training camp of the CBA</p>

## **8.2 Go Beyond the explanation of Governance: a Strategic-Relational Perspective for the Development of Basketball in Taiwan**

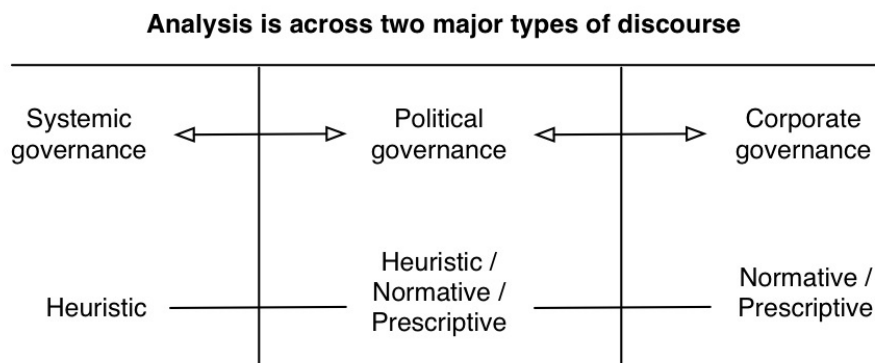
With regard to governance theory as employed in the case study, there are two kinds of discourse across the analysis. Since systemic governance relates to competition, negotiation and mutual adjustment between the various stakeholders, systemic governance can be regarded as an heuristic concept, which illustrates and explains how organisations, stakeholders or interest groups behave. The use of the web framework in the previous sections shows that much of the commentary which is developed there reflects the dynamics of systemic governance. From this heuristic discourse, we identified who the key stakeholders/organisations were and how they behaved, in order to map out how the governance system operated in material contexts.

On the other hand, political governance is partly heuristic as it concerns itself with explaining how the steering of policy is undertaken by governmental actors. Thus the webs of interaction also illustrate aspects of political governance in relation to how government or national governing bodies achieve (or do not achieve) their goals, and how they do so by, for example, forms of regulation, fiscal measures or 'moral' leadership. In particular, in this research, we identify the actors who were influenced by the government or the Chinese Taipei Basketball Association (CTBA) and the outcomes that emerged. For example, in the case of the emergence of the Super Basketball League (SBL), the Minister of the Sport Affairs Council (SAC) used government funding to support the clubs in facility renovation as a means to get support from the clubs to set up the new league.

Corporate governance, in contrast to the other two governance types identified, relates to what constitutes good practice. It reflects normative concerns about what should be done in the organisation to promote principles such as transparency, accountability, democracy, responsibility, equity, effectiveness, and efficiency. Although corporate governance may appear to reflect only secondary interests for some actors, it does represent a normative/prescriptive (rather than heuristic) discourse which is employed by some actors at some points in the discussion about development of the basketball system.

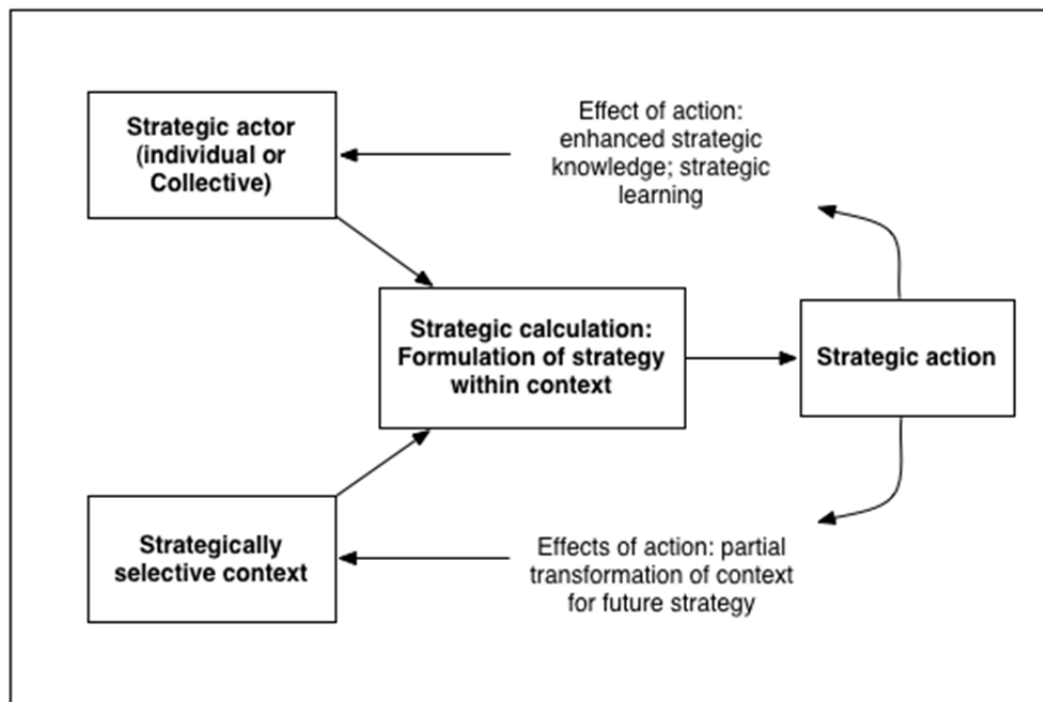


**Figure 8.6: Two major types of discourse with governance analysis**



At this point we are able to move from our concern with ‘governance’ as the primary focus to ‘strategic relations’. Specifically, we are moving from governance explanation which is related to political or business interests to a meta-theoretical level analysis which is related to the nature of social actions. In Chapter 3 we have addressed the role of structure, strategy and agency in the strategic-relational approach, as illustrated in Figure 8.7.

**Figure 8.7: structure, strategy and agency in the strategic-relational approach**

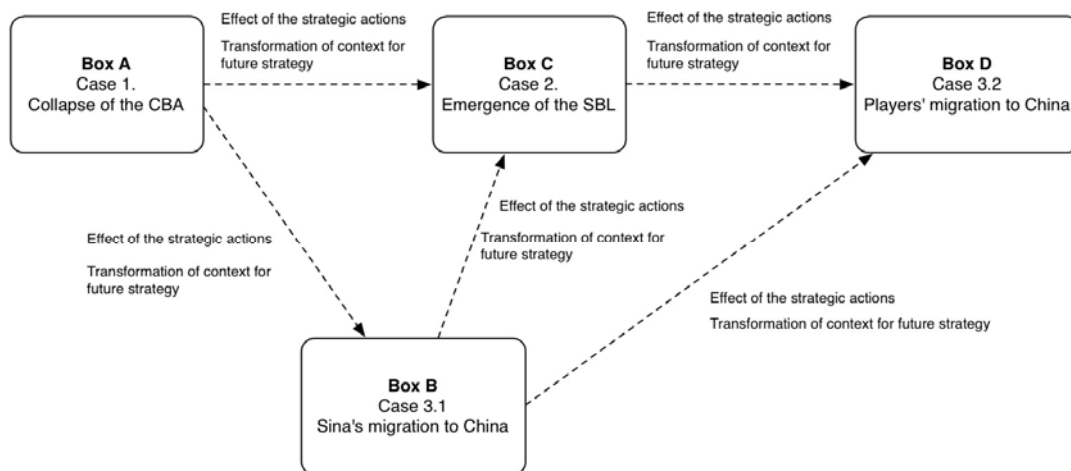


Source: Adapted from Hay (2002: 131).

Strategic relations theory operates under a meta-theoretical framework, in which the strategic environment is strategically selective, and “social and political outcomes are contingent upon strategic choices; the context itself presents an unevenly contoured terrain which favours certain strategies over others” (Hay, 2002: 129). Moreover the actors within the context are conscious, reflexive and strategic. They are able to design or revise their actions by the use of strategic resources to which they had access, including the knowledge they gained from the context in order to realise their intention. In the process of strategic calculation, corporate governance is used as a resource for persuasion (or legitimation) by some actors but it is also something which is consciously or, unconsciously strategically ignored by others. We thus treat this prescriptive discourse as a strategic resource in the strategic relations framework. In this sense, the outcomes of events are effected by a dynamic process of strategic actions undertaken. However, strategic actions or outcomes will influence or transform the future context, and the actor will gain some knowledge through this process which becomes a resource for future action.

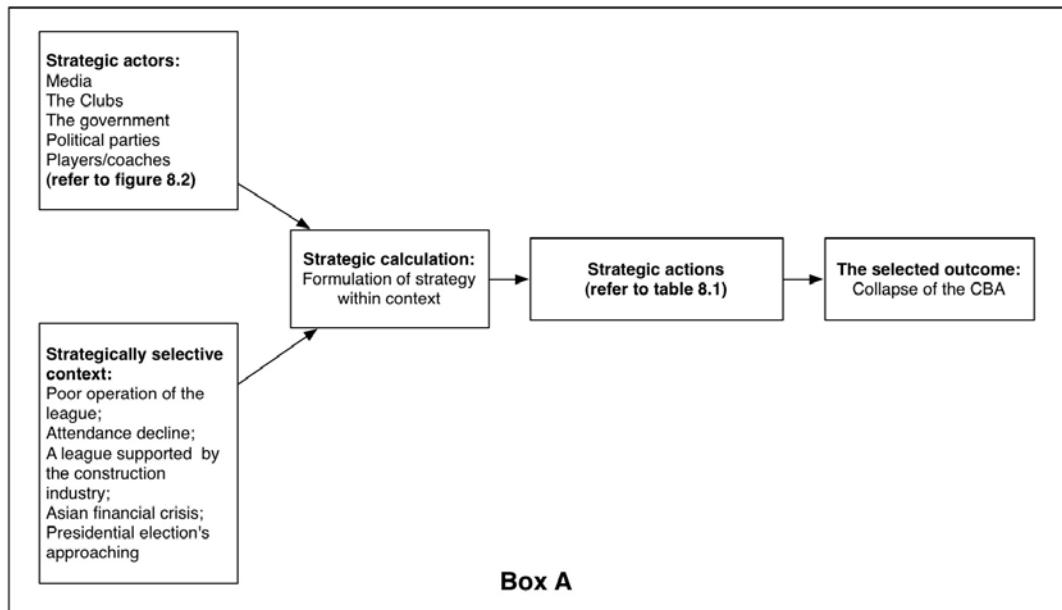
With regard to the strategic relations features of spatio-temporal relationality of structure and agency at play in the case study, even though different events/processes have taken place at different levels and in particular time periods, one set of events or outcomes forms the context for the next event. Figure 8.8 shows the link between different events within the strategic relations framework for the three case studies.

**Figure 8.8: The relationship between three cases**



Box A shows the collapse of the CBA which became a key element in the context for the migration of Sina and the emergence of the SBL. However, the outcome – collapse of the CBA – was a product of strategic actions undertaken by actors with access in the context to the resources to undertake such an action. Figure 8.9 illustrates the strategic relations for the collapse of the CBA, which is also Box A in Figure 8.8.

**Figure 8.9: structure, strategy and agency in the case of the collapse of the CBA**



This case reflects the facts that the collapse of the professional league was the outcome of the interaction of strategic actors and the strategically selective context. In effect, this outcome was not ‘inevitable’ but ‘strategically selected’. From our previous case study, we know that at the beginning of the CBA’s suspension (the CBA’s lockout when the ETTV refused to pay the TV rights fee), the clubs, league, CTBA, and the government expected the league would be re-opened. We could argue that re-opening the CBA was one of the outcomes for some significant stakeholders to choose. However, the context did not provide resources to support this outcome. The main support and funding of the league came from the owners of construction companies who were devastated by the Asian Financial Crisis in 1997-1998. Combined with this aspect of the context, the suspension of the CBA actually presented an opportunity for the owners to reconsider their investment in basketball. At the same time, with the national presidential election fast approaching, the KMT became actively involved in the re-opening operation, including negotiations with the CTBA, addressing the ownership of the Tera Mars team,

and provided funding for the warming-up tournament. The KMT believed these actions would earn the support from young voters. However, Wang, chairman of the CTBA and owner of the Dacin Tigers Team, took advantage of the situation by using the resources of the CTBA and Dacin to solicit funding from the government for Wang’s building company to build a new stadium for the league as a condition to support the re-opening. Eventually, Wang did not support the re-opening as the government refused his request for funding to build a new stadium. Finally, when every stakeholder had his/her own strategic goal to pursue with the consideration of the context (please refer to table 8.1), the outcome - indefinite suspension of the CBA – was selected by given actors within the dynamics of the interaction between of the strategic actor and the context.

The case of the collapse of the CBA became an important context for the development of basketball in Taiwan since the 2000s because it would continue to influence many actors in their strategy decisions. In the case of Sina’s migration to China’s well-developed basketball league, the interests of the Chinese market for the club owner, and the political considerations between Taiwan government and Chinese government were main concerns in the strategic calculation. However, the collapse of the CBA can be considered to be the principal trigger factor which initiated Sina’s transfer to China.

**Figure 8.10: structure, strategy and agency in the case of Sina’s migration**

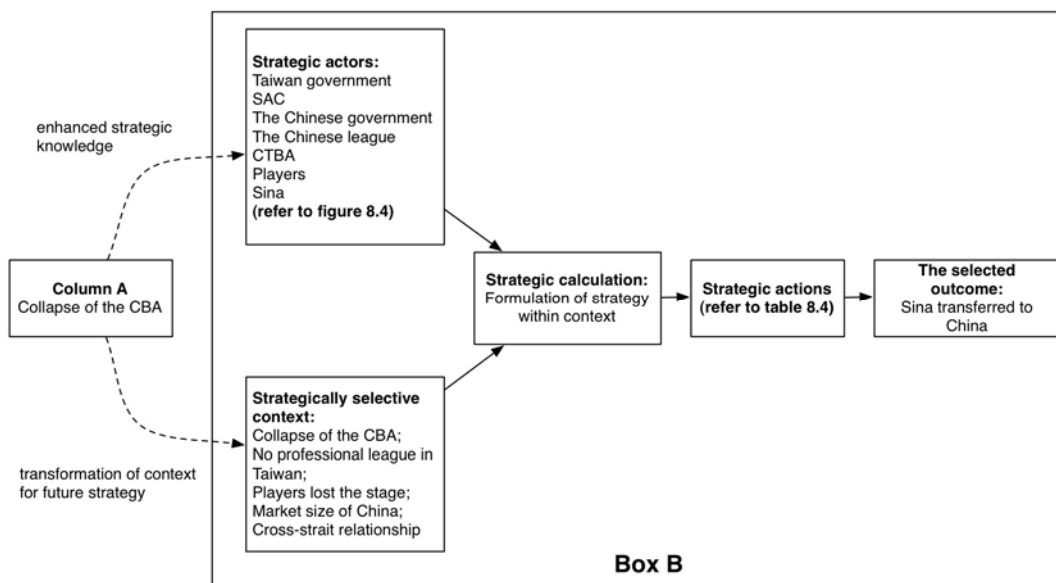
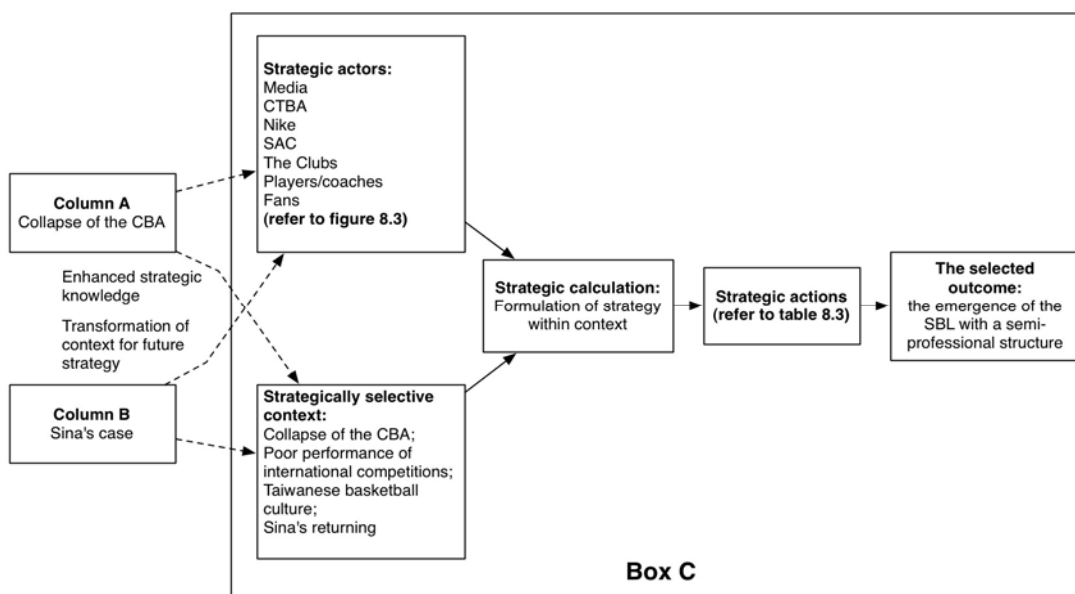


Figure 8.10 illustrates that the collapse of the CBA resulting in the decline of professional basketball development in Taiwan. Since the clubs and the players lost an

elite stage on which to play, they gained strategic learning about the deficiencies of the Taiwan basketball environment. After comparing with the Chinese league and its the environment, the level of skills of players, and the nature of cultural similarities, migration to China became a desirable option. The Chinese league (or Chinese government) used the collapse of the CBA and the advantage of the Chinese market as a strategy to attract the Taiwanese club. Of course, in the process of strategy-making, different actors had different considerations (please refer to table 8.4), for example, the Taiwan government's primary concern was with national dignity while the Chinese government might have used the club's migration to promote unification, and Sina was primarily concerned about the commercial interests of its parent company. However, through this case, we can still recognise that the effects of the previous event, in this case, the collapse of the CBA, would still influence the future context and actors' strategies.

In the sense of spatio-temporal relationality of structure and agency, again, in 2002 the collapse of the CBA and the Sina's migration became a significant context for actors to form their strategies when the SAC promoted a new league.

**Figure 8.11: structure, strategy and agency in the case of the emergence of the SBL**



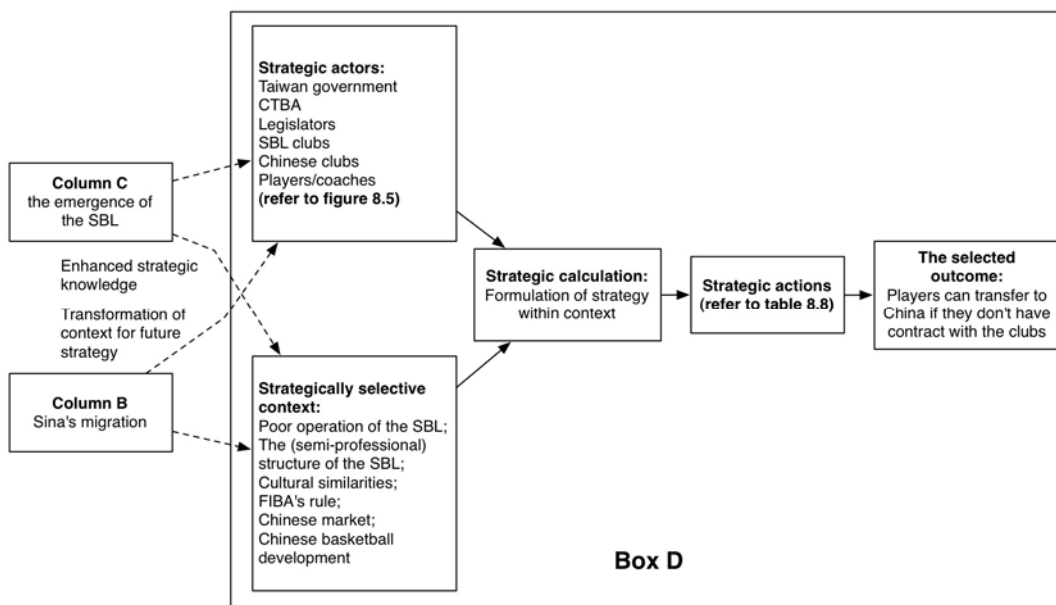
From the data analysis, we recognised that former Minister of the SAC, Lin, was a key person in the promotion of the SBL. He used the government's resources to subsidise the clubs' operating budgets and the renovation of the facilities. However, the interview

data shows that at the beginning, he favoured re-opening of the CBA or setting up a new professional league. But we realise that in the end, the SBL was a prospective (semi-professional) league which was constructed under the CTBA's organisation. We have discussed the process for the establishment of the SBL with the key stakeholders' interests and the nature of their actions (please refer to table 8.3). When applying the strategic relational approach, this process was inevitably influenced by the previous events, for example, the collapse of the CBA resulted in the downturn of the development of basketball in Taiwan, as well as the national teams' poor performance in international competitions. As pressure from the general public mounted, the government initiated the idea of professionalising the basketball league. However, considering the other actors within this process, some club owners enhanced their strategic knowledge after the CBA collapsed. Thus, when Minister Lin discussed with them the matter of the new league, they argued that it would be difficult for them to raise the budget to the professional level; and some club owners worried that the market size in Taiwan could not support full professionalisation. Since the notion of strategic relations theory informs us that the interaction of the strategy and context can shape the development of the context as well as the very conduct and identity of strategic actors after the event (Hay, 2002: 134), the clubs had already acquired the knowledge that made them question "whether it was necessary for Taiwan to have a professional league". Furthermore, the CTBA learned that it might lose its dominant role in Taiwanese elite basketball if the professionalisation of the CBA had been continued. It thus used its resources, such as its control of the supply of referees and its ability of to organise tournaments, to argue that the new league should be set up under its organisation. As we know, the SBL finally became a compromise product and was organised by the CTBA with government funding and media coverage. In the sense of the framework of the strategic relations, this 'prospective-professional' structure was selected by the strategic actors and the context together.

However, this prospective-structure became the next case's context very soon. In chapter six, we not only analysed the process of the emergence of the SBL but also discussed the operation of the SBL including the conflict between the CTBA and the clubs for the sharing of ticket sales, the poor operation of the league, and the poor marketing by the league and ESPN. These management failures could have been a result

of SBL's 'semi-professional structure' which was the outcome of the previous case. This semi-professional structure caused the confusion of power between the clubs and the CTBA about who should be the leader of the SBL and resulted in the management failures that obstructed the development of the SBL. When the SBL, as the highest level basketball league, could not lead the development of basketball in Taiwan, the Taiwanese league was no longer the only option for the player (and clubs). Moreover, with rapid development of the Chinese basketball league and attractive offers from the Chinese clubs, players were willing to fight with the clubs and the CTBA for their freedom to transfer to China. Although in 2008, the CTBA and the clubs tried to use the '24 player list' to restrict elite players' migration, players eventually could transfer to China if they became free agents under the protection of FIBA's regulations; player migration to other countries has also become an international trend even though the CTBA and the clubs might not fully support their decision.

**Figure 8.12: structure, strategy and agency for the players' migration to China**



In the above discussion, we emphasise that current strategic actions will influence the context's selectivity and actors' tactics. Undoubtedly the outcome of previous event is not necessarily the determining factor of the current event, but the concept of strategic relations, in particular, spatio-temporal relationality of structure and agency provides us with a dynamic understanding for the interaction of actor and context across the three cases. Specifically this meta-theoretical strategic relational approach the

governance analysis in the previous chapters helps us to realise the trajectories and the nature of development of the governance of basketball in Taiwan which is the aim of the thesis.

### **8.3 Conclusion**

In our earlier discussion of critical realism we focused on the appeal to underlying reality on the part of Bhaskar's framework. Strategic relations theory is also realist in its intensions, however here what is focused on is not (real) structures, but what is real is the strategic context in which actors find themselves, and the dialectical relationship between this and actors strategic choices/actions whether this be "intuitive, routine or habitual strategies and practices" or "explicitly strategic action" (Hay, 2002: 132).

Jessop (2005: 41) argues that Bhaskar's arguments were a general defence of realist ontological methodology rather than a defence of any particular realist position. Indeed as Jessop points out there are shared ontological foundations between forms of critical realism and strategic relations theory (Jessop, 2005: 42).

For social forms are a necessary condition for any intentional act; their pre-existence implies their autonomy as possible objects of scientific investigation; and their casual efficacy confirms their reality. But human agency is required for the actualisation of these causal powers. These principles underpin Bhaskar's transformational model of social action, Archer's detail account of the development of selfhood and collective social action, and, indeed, the strategic-relational approach (Jessop, 2005: 42).

The major proponents of critical realism and structuration theory (see Archer et al., 1998; Archer, 1995; Stones, 1991) have focused their mutual critiques around elements of the chronological/primacy of structure over agency. Structuration theory arguing for the immanence of structure and agency (with no instance of one being possible out with an instance of the other), and critical realism premised upon the logically necessary conceptualisation of structure on temporary prior to action or agency. Jessop argues that strategic relations theory goes beyond this debate in useful ways. This is perhaps best illustrated reference to Jessop's own diagrammatic representation of the 'league' of the strategic-relational approach.



Jessop begins with the crude dichotomy of structure and agency, with external constraints on actions and intentions of free willed agents representing the ('naive') building blocks of his schema. These constraints constitute the context within which agents are socialised into behaviours and form structures in relation to the domain of activity.

Jessop's second move is to argue that within these structures individuals are able to make strategic calculations (given structural context, action X will produce outcome Y). Thus strategic calculation takes place in the context of 'strategically inscribed selectivity'.

The third move in his argument is to point to the reflexivity of agency. "If I do X then Y will happen, but if another agent sees me doing X to achieve Y then they may make their own reflexive strategic choice to try to ensure that Z will happen". Thus I select my strategies and tactics 'recursively'. This has the implication that structures are reflexively recognised (rather than simply emergent).

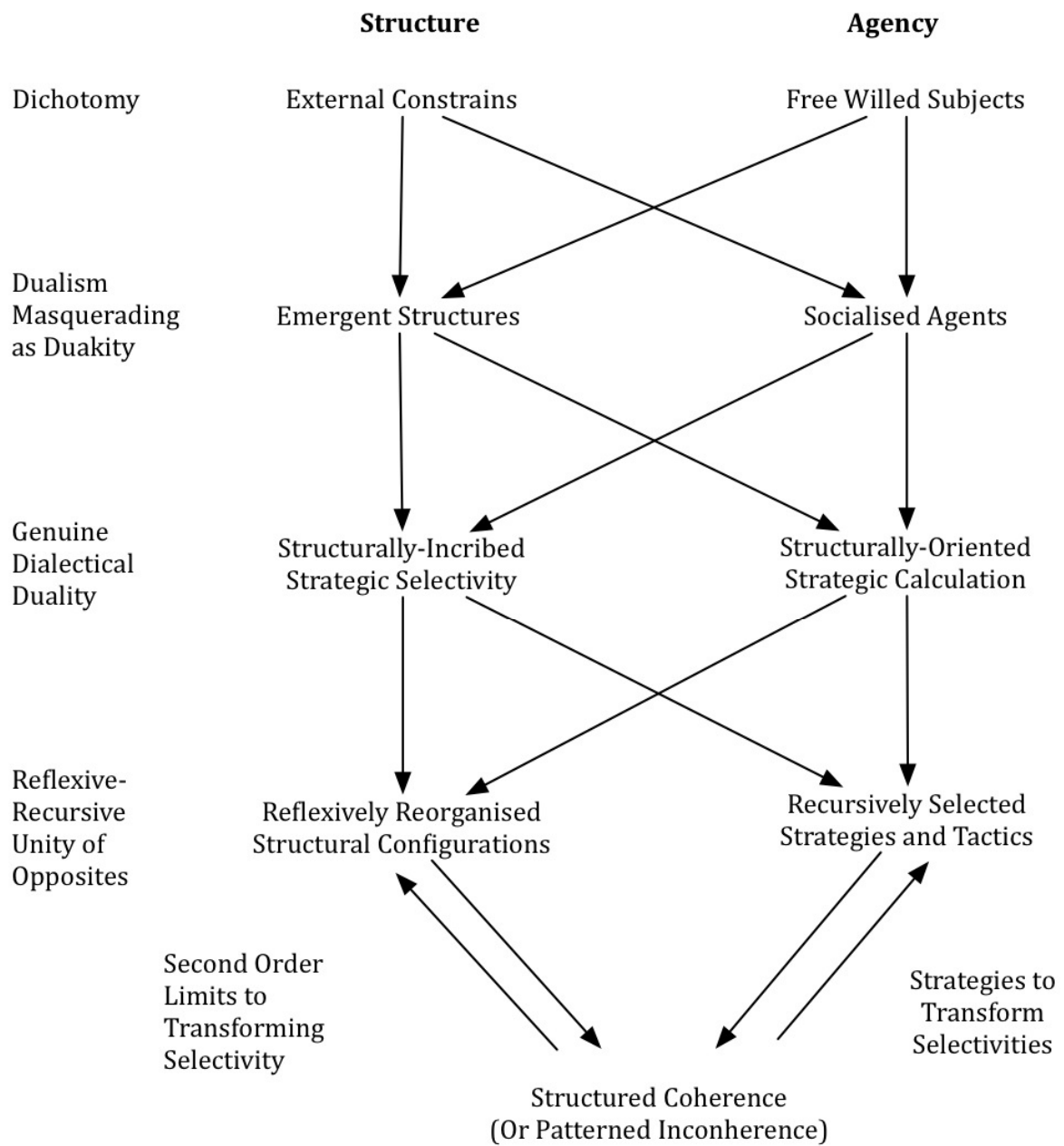
The fourth move is to identify what strategies are employed to transform selectivities, and to identify the limits to this transforming selectivity.

It is through these four 'moves' that we arrive at a strategic relations account of structural coherence (or pattern forms of incoherence), in the case of our study this is the coherence/incoherence of the outcomes of our three cases. As a meta-theoretical level of explanation this form of realist account is, I argue, complementary to. In particular systemic and political governance explanations of individual and group behaviours and outcomes, but also employs analysis of the use by some actors of corporate/good governance and political governance as strategic resources consciously or unconsciously to effect particular outcomes.

As Jessop argues

A major advantage of the strategic-relational approach as developed here and elsewhere is its explicit concern with the spatio-temporality of structures, agents, and agency and its integration of this into the initial presentation of the core concepts rather than their subsequent introduction on an ad hoc basis (Jessop, 2005: 51).

**Figure 8.13: A Strategic-Relational Approach to Structure and Agency**



Adapted from Jessop (2005: 50)

This reflects the research approach adopted in this study that we have sought to provide spatio-temporal forms of explanation, though in a strict sense we have not employed a classic retroductive methodology. This approach has rarely been employed in sports policy analysis with exceptions being Girginov (2001, 2009) and Lee (2005) though in both cases the context of analysis was somewhat different (even though the

latter study was Taiwan-based). By focusing on these three inter-related studies we have been able to produce explanation of how the outcomes of one case provide the strategically inscribed selectivity of the next which with recursively selected strategies and tactics on the part of stakeholders produces the structured coherence/pattern (and at times incoherence) of the Taiwanese (male) prospective-professional basketball system.

As Hufty (2011: p. 403), writing about political governance, points out “governance has become an important focus of attention; but debates show a lack of clarity at the conceptual level and a confusion between the use of the concept for prescriptive and analytical purposes.” This study has employed the threefold typology of governance developed by Henry and Lee, namely of systemic; good / corporate; and political governance. The first of these represents an analytic / heuristic approach to explaining how governance is effected; the second a prescriptive approach as to how it *should be* effected; the third represents a mixture of analytic / heuristic and of normative or prescriptive accounts of how states in particular (but not just states) seek to obtain outcomes without direct control of sports systems. The emphasis in this study has been largely on the first of these approaches. This is not to say that explaining the failure of the basketball system has ignored potential failings in corporate governance. However we have been largely concerned with understanding how different stakeholders perceived or explained governance failings, suggesting to whom or to what they ascribe cause or (where they use pejorative terms) ‘blame’ for certain outcomes. This is not to say that we cannot identify aspects of good corporate governance as being respected or not in the three case studies. Clearly there are examples of what stakeholders identify as good or bad corporate governance. However it is to say that identifying the quality of governance decisions from a corporate or good governance perspective is not our primary concern.

We can and do point to explanations by stakeholders of particular outcomes being attributable to failings in corporate governance terms. For example, the management arrangements for the SBL do not provide for independent and transparent decision-making because the appointment of the manager of the league from 2003 has not been that of an independent regulator but rather management responsibility was undertaken in turn by the managers of the individual clubs. This has reduced the potential for

transparency and maximised the potential for self-interest rather than efficiency or long-term effectiveness.

A further example of corporate governance failings is represented in the channelling of funding from government through the CTBA, although the responsibility for delivering the league programme lay with the clubs. The CTBA thus have authority without responsibility, and the clubs had responsibility without authority - a clear failure in democratic terms leading to major problems between the stakeholders.

The third example of such failure relates to the dual role played by the owner of one of the six clubs who was also Chairman of the CTBA. This individual also owned a construction company and was perceived as having sought to use his influence to gain a contract for the construction of a major stadium. When the government declined to fund this construction the individual concerned refused to support the attempt to re-establish the league, and thus the initiative failed.

These are but three examples of governance failure in prescriptive terms but they are also examples of social construction of incidents which nevertheless have real consequences. Abuse of power as described in the third example may or may not have occurred, but the mere suspicion that it had explains why stakeholders subsequently acted as they did in certain circumstances. The consequences of such constructions are often thus very real.

Within this context, we have argued that the development of Taiwanese basketball is only to be captured by an understanding of the different stakeholders' constructions of governance features, and their subsequent rationales for action. If we are to understand the development of basketball, we need to consider in Jessop's terms the spatio-temporal relationality of structure and agency, not only analysing the current context and actors' actions, but also referring to the previous critical events and processes which shape the possibilities for future outcomes.

We end this concluding section by underlining the nature of the contribution of this analysis to understanding the development of basketball in Taiwan in the period under consideration. Explanation of these three cases takes place at the micro-level of the individual actor/stakeholders; at the meso-level, encapsulated in governance theory;

and at the macro level through a consideration of strategic contexts and actors. More specifically, the nature of temporally produced outcomes, which become key features of the context of subsequent decisions (e.g. the next case in this series of three), provides innovation in the form of explanation which goes beyond the single case, offering a diachronic frame for analysis of the unfolding developments in these three cases.

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## Appendix I

### Sample of Interview Transcript and Translation

A：主要一開始的時候，可能是一些政府的基本角色，在經營到籃球的部份，像一開始我們在看的政府，就你擔任主委怎麼樣去支持運動政策？為什麼要去支持運動政策？

B：在台灣現在要成為職業運動的，在以前大概就只有職棒和職籃，其他都還沒有職業化，那政府在對職業運動方面的態度，一般來講，因為都把它界定為職業運動就是一種商業，比較商業性的，那就是應該以球團他們自己去努力，那在政府頂多是在運動設施上面，就例如你要打棒球，就有棒球場；你要打籃球就有籃球場，但是籃球，在我上任之前，前五年前就倒了，後來就只有最高級的比賽就是總統盃的甲組聯賽，那總統盃的甲組聯賽是最高級的，但是都沒有觀眾，那在一個政府主管來講，就會覺得如果你連最高級的都這麼，就是社會普遍的不認同或不重視，這個運動要很大力的去推展事實上是很難的啦。那我推展棒球跟籃球是有點不一樣的心態，那棒球的部份，就是我們如果要以國家名義去參加亞運或奧運的話，是有奪牌的希望。籃球就不是這樣，籃球我記得那個時候，亞運的話好像打到第八名還是第九名，以前我們大概都可以在五名內，後來就是連中東加進來以後，大概排名都排到最後去，但是大家關心籃球的人非常多，為什麼很多，就是台灣會打籃球的人特別多，就是因為我們的運動設施它是最多的、運動人口是最多的...你看，就連社區裡都有籃球架，然後學校裡面有籃球場，所以它的運動人口是最多的，連國中的女生都曉得籃球的規則，所以籃球在台灣可以說是最普遍的一項球類運動，那如果這個職業運動把它弄好的話，就會有人看。會有人看，甚至是有職業的球員，他就有薪水，有薪水那又很高的話，就會讓很多人嚮往，像打棒球的朋友，像小時候在練的時候，他就像王建民一樣，那籃球也是這樣，如果那個最高級能再往上提，然後一個球員就會受到很多的崇拜，像明星一樣，就會讓很多人小朋友他們然心嚮往之的那樣。

**1. At the beginning, I want to know the role of the state in sport. Can you tell me what role does the state play in sport and elite sport when you were the minister of the SAC (Sport Council Affairs)? And why should the state support sport?**

There are only two sports can be professionalised which are baseball and basketball. The government's attitude towards professional sports, generally, is we treat them as a business, a private commercial business. So the clubs should operate by themselves. The government will just help them on the facilities. For example, if you want to play baseball, we will give you baseball field; if you want to play basketball, there will be a basketball court. However the professional basketball was suspended five years before I took the minister of the SAC. So the highest-level basketball game in Taiwan is the president cup tournament. But there was no one watching it. It reflected that people didn't care about that sport while a highest-level game performed like that. As a head of government official, I felt that is difficult to promote sports in this phenomenon. In fact, the attitude is different between basketball and baseball when I promote them. In terms of baseball, there is a hope for we to win a medal when we send a national team to play in the Asian game or the Olympic game. But the basketball is different. I remember the

national basketball team won 7<sup>th</sup> or 8<sup>th</sup> place this time in the Asian game. We were top 5 when I was in charge of the SAC. After the Middle East country joined, our ranking kept going down. However, there are a lot of people cares the basketball very much in Taiwan. Most of People play basketball because we have enough facilities. Even local communities have their own basketball court. The number of participation of basketball in Taiwan is significant. Even a girl junior high school student knows the rule of basketball. So basketball is the most popular sport in Taiwan. If we can make the professional basketball very well, people will like to watch it. If people like to watch, the professional player will get a high salary. The high salary could be a incentive for children and teenager to chase. Children and teenagers who play baseball will image themselves to be Chien-Ming Wang. Basketball can be the same. If we can raise the game level, then players could be role models, like a star. Children and teenagers will yearn for it.

A：所以政府在這裡面的政策是推展這個運動還是教育層面？

B：是要推展這個運動，因為以青少年來講，如果比政策上更深依然就青少年，講粗俗點，就是把他困在球場，讓他的精力在球場上面發洩，而且對他的將來成長還是有幫助的。有人講打籃球好像對身體發育，是因為常常要跳投，事實上是不錯的然後青少年很多的精力可以在球場上面發洩，這個對整個國家的青少年的政策，也是一種好的，那我們也希望說這個在國際上的比賽，我們的成績不要經常是墊底的，甚至我們可以把國際賽的排名往前推，就以主管體育的人就會這樣想，就以國家來想，以後如果你去比賽不要經常是墊底的，我們可以更往前推。

## 2. So why the state want to support sport? For more detail.

In terms of teenagers, roughly, we can trap them on the court. Let them use their energy on the court. Also it's helpful for their body growth. It's good for state's teenager policy.

We also hope we are not the bottom of the ranking when we attend the international competitions. As a person who is in charge of the sport in Taiwan, there are two aspects. Internationally, if we can push our ranking up in the international level, the national identity and exposure can be raised at the same time. Domestically, It's helpful to decrease the teenagers' problem and enhance people's fitness if more teenagers delicate in sport. This is the attitude of basketball. Two aspects of it.

Then if you want to talk baseball, there is another viewpoint.

A：所以像是棒球的思考是比較屬於奪牌的那種

B：會比較有奪牌的，又可以比較跟國際接軌的，甚至可以跟美國的職棒，就像足球一樣嘛，他們就會嚮往到歐洲去打足球一樣，可以在故鄉揚明益萬，然後大家就會效法，有一個這樣的明星出來的話，整個運動就會往上提升，所以我講說最後這一提，那時候就是因為考量這樣又考量到現況，那時候的現況就是甲組聯賽，那時候我記得好像有六隊，就是台啤、中廣、裕隆、九太、達欣、台銀好像有六隊，那時候我就是帶著承辦員就去拜訪他們的老闆一一的拜訪，就聽取他們對籃球的意見，然後最後就找他們來一起討論，我是去拜訪像嚴凱泰也有去拜訪台銀

的董事長，台啤的董事長中廣的董事長我也去拜訪，就去聽取他們的意見。你要去聽聽企業主對於他的球隊期待是什麼？還有他對於這個球隊的想法是什麼。

### 3. So what is the thinking of baseball?

Baseball has potential to win a medal. An also it can connect international level and compete in the international level. Even we can compete with the MLB. Like football, players want to play in the Europe, and then be a star in their home country. And they can be role models. Then the sport can be promoted.

So if you refer to this question (another interview question about the establishment of the SBL), when I wanted to set up a new league, the “thinking of role model” and the atmosphere of basketball were the points I cared about. I visited owners of leading teams in division one league one by one. Listened to their voices. Finally invited them to discuss in the SAC. I visited Yen (the owner of Yulon). I also visited the chairman of the board of Taiwanese bank, the chairman of the board of Taiwanese beer company..etc. I want to hear the voice of the parent company. I want to understand their expectations and what he think about his own team.

A：所以說那時候是您去找他，而不是他來找你？

B：對對對，我一一的去拜訪他們，然後到最後才討論出一個結果說，如果要恢復職籃的話，好像在段期間大家職籃的夢靨才能跟過，就從甲組聯賽跟職籃的取中間點，才有 SBL，就是準職籃的的，強度又比甲組聯賽高一些！

### 4. You went to visit them?

Yes, I visited them one by one. Then finally we had a conclusion that we can't afford a professional league at that moment. We took the middle point between the division one and the CBA to set up the SBL higher than the division one, which is a compromise, and perspective –professional league.

A：那當初像這個決定做這個的決策，那您開始去拜訪就一開始是怎樣想說，是誰提出說決定要...

B：這個當然是討論出來的，就說體育界一直都有說，如果有機會的話是不是職籃能夠再現，那有一派的人就說，現在沒有向職籃那樣的空間。那我去拜訪了那個企業主以後，就發現他們對他們的球隊也會繼續支持。這個支持不能無底洞的支持，有些期待是這樣，那有一些他們只能容許到這樣的一個程度，譬如說一個職業籃球如果要六千萬養一支球隊，然後他們現在大概都在兩、三千萬左右。他也沒辦法爭資到說六千萬，就也考慮到現狀，又有一些理想性，中間就是 SBL 才就是這樣誕生出來的。所以這個也沒有當時就預計出說會成為 SBL 才去找他們說，先問了才去爭取說大家的意見也知道整個球隊的狀況，企業主對球隊的支持度怎麼樣是這樣來的。

## 5. Who made the decision? Why did you want to visit the club owners?

Of course the decision was been discussed. I always heard voice from sport domain. Some people push me to re-organise the professional basketball league. Some people told me that there are no enough resources, market, and capacity to develop a professional league.

After I visited the club owners, I realise that they are still support their own team. They had their own expectation on basketball and their team. However, they didn't want to put an endless support in it. The support for the owners is limited. For example, maintaining a professional team needs around 60 million per year. But the owner can just afford 30 million per year. He could not raise the budget to 60 million. So we considered the current situation (Division one) and the ideal (Professional). The SBL set up at the middle point by this context. So at the beginning, I didn't assume such a league. The idea of the SBL came out after I visited them. It came out after consulted people, understood the operation of teams and realise the supporting situation of the owners.

- A：那所以就是最主要的話，我們都有看到這裡面的系統在起來的時候，是體委會、政府部門、各球團他們，大概都包括，還有轉播。那最主要是哪些人在決定，還是說大家意見都是一起被採納的？
- B：當然說，一開始真的講還是體委會在發動的，這件事情是體委會發動，由我去拜訪這些，然後把他們招集過來成立 SBL，那 SBL 裡面的一些的規則、一些規定當然是籃協這邊他參予比較多，譬如裁判的制度、球員的制度...等等。他們就參與比較多，那在這個過程裡面球團事實上，這個就是職業球隊跟業餘，經常在全世界各國都一樣，業餘的跟職業的同一類性質的，譬如說棒協跟職棒再心態上是不一樣的，這個都很難免啦。我的意思你知道吼！這都很難免，一個是業餘一個是職業，那這個又界兩者之間，當時也有聲音說這個應該是要在籃協之外成立的，那我是比較主張放在籃協裡面，運用籃協現有的人力還有整個裁判系統，然後我們又有職業這樣的精神在，但我們又不是職業，那所以像那個轉播啦、哪個球場，這個都是體委會的意見，體委會的意見就是說體委會也有資源，那時候我記得花了好幾千萬去整修白館，讓白館變成是 SBL 的固定場地，那個轉播我也是去找那個 USBL，當時講說要給他幾年，後來我把他接頭了，籃協好像第二年還是第三年開始標那個...不然 USBL 好像也有點生氣，就說你們一開始大家都不看好，他又先投入了，那投入了以後那個緯來就要介入，後來為了這個，那時候我好像已經離開了(A：那是第四季第五季)那在這裡面我還記得有一個 SBL，有一個選秀制度也還沒有完全去建立，那另外一個就是跟大專的學生，因為他有大部份都是大專或是研究所的學生在打 SBL，然後他們又在大專杯的時候又打，看是怎麼樣去做區隔，這當時都有討論到，後來當時好像沒有認真的再繼續把它變成是一個規則，譬如說你第二年可以打大學的，但你三四年就是打 SBL。

**6. In the SBL case, who are the most influential groups/ individuals in relation to the elite basketball system?**

Of course, the SAC raise the discussion at the beginning. I went to visit them and invite them to set up the SBL. In terms of the rules and the system, of course, it developed by the CTBA (Chinese Taipei Basketball Association) the most. For example, the rule of players and referees. In this case, you know that, the attitudes of a professional league and amateur are different. But the SBL is set up between professional and amateur. SO some people told me that the SBL should set up outside the CTBA. However, I advocate that the SBL should set up under the CTBA system. Then we can use the resources of the CTBA like some human resources and the referee system...etc. Then we can put some professional spirit in it. However, it's not a professional league operated by them. So the SAC can have opinion for the broadcasting and facilities. The opinion means that the SAC had some resources. I remembered that we spent tens of millions to renovate the white stadium (Taipei Stadium) and made it the fixed court for the SBL. The broadcasting contract was also been discussed by my effort. I asked ESPN to broadcast the SBL. I told the ESPN that I was willing to give them multi years contract. However, the ESPN pissed off when the CTBA began to do the bidding of broadcasting in the 2<sup>nd</sup> or 3<sup>rd</sup> season of the SBL. But I had left in that time.

I remember there was a UBA league (University Basketball Association) caused some problems. There was no draft system for the SBL. Most of the SBL players played the UBA league as well. We didn't know how to do the market-separation. You saw some players played in the UBA league in weekdays and played in the SBL on the weekend.

A：因為我們其中有一個問題就是這個養成系統跟教育系統和球員招募到底是怎麼樣去成行，因為這就牽側到教育部體育司，對那這個東西是到現在好像還沒有是...

B：這個就是要有人去強力的介入，我講的是說介入，為什麼？你看我們現在很多的制度都是球團，球團很強勢，那每一個球隊他都很想要有好的球員在他的手上，那譬如說他在高中的時候他就給營養費阿，就先把你綁起來再說，到大學的時候也是先把你綁起來給營養費，那這個人以後就沒辦法很自由的選秀，你不太可能就釋放出來，如果這個沒有很強力的去做介入的話，就被綁緊緊，如果這樣的話強者恆強，那你這個就不好看啦，就是那個競爭度就不高就不好看了。不好看沒有人要看的時候，你每次都第一名有什麼用，但是球團他不會想到這個，他以單一球團的話他只求勝，我想要贏。好啦，那所有的你資源比較多，每個球團的資源都不太一樣、老闆投入的經費也不太一樣。我這裡給你八萬，那如果我要這個人那不是就要十萬，這樣也不好。所以這個會牽側到選秀的這個問題，選秀的話我當時我比較強力主張說這個要比較非強團的人來做這件事情，如果以球團的話他一定會先為自己球團，那對於跟大專要怎麼樣做切割，這個也要處理好，譬如說你現在是打輔大的，但是你在打 SBL 時你可能就是一個企業隊，就有一點重複了，所以在這方面要怎麼樣去把 SBL 跟大專做分割，然後他要怎樣去做永續的經營、怎麼樣去做選秀，這些好像也都還沒有完整的去建立，所以 SBL 就這樣在不斷的紛擾當中，前面幾年還好啦那時候大家不看好，然後我看最後到那個決賽的時候，我看白館那邊在排隊，我就覺得很欣慰，終於觀眾都回來了，應該是要坐下來有比較中間人、立場比較中間的。

## 7. You mentioned about the draft system. Who was responsible for setting up the player recruitment and the education system?

It needs some one to intervene. What do I mean for “intervene”? At the moment, most of rule came from clubs. Clubs are mighty. Team owners want good players to play for them. They gave funding to player when they were high school student. Tried to control players. When players went to university, they also gave them funding. So players cannot free to choose in the future. Clubs are not easy to “release” players they brought up. So if there is no powerful intervention, players are always controlled by clubs. So the leading teams are always leading. Nobody wants to watch when the game is not competitive enough. But the clubs do not care about this. They just want to win. Every club has different resources for their own team. If they just use their financial strength to make a “player’s salary rivalry”, it is not good for the draft system. So for the draft system, I argued that the draft should be operate by “the third-party” unit which is not come from clubs because the club staff will just care about his own club. However, there is no one to complete this system yet. The SBL operated under chaos. I think there should be a person with middle, neutral position to deal with the draft system.

A：所以現在就是因為比較沒有辦法大家的力量都差不多，並沒有人可以出來做一個決策像你當初說...

B：事實上講說政府的心態政府主管的單位心態，一般來講，政府不太願意介入那個比較有職業性的、有賣票的這樣的體育運動，他會比較注重在業餘的方面，那這個看主治者的心態是怎麼樣，我當然那個棒球我也是花了很多心力去整合兩個聯盟，因為看沒有觀眾啦、兩邊都不好啦，看怎麼樣把它整合在一起，然後重新出發，籃球也是這樣，那我的態度就會比較積極取處理比較火車頭的那部份。

## 8. It seems nobody can do the final decision? Who has the power to do it?

In fact, government has its own attitude. In general, the government is not willing to involved in a “professional”, “ticket-selling” sport. It will care about the amateur sports more.

But it depends on the attitude of people in power; I made efforts to deal merging of two professional baseball leagues. Because I saw that there is nobody want to watch it. That situation is not good to both two leagues. I thought about how to integrate them to restart a league. Basketball got the same thought, my attitude is try to be the “head” who is push the development of basketball, aggressively.

A：所以你的意思是如果可以政府其實可以成為最有影響力的...

B：因為政府它有資源，如果用的好的話就例如白館就免租金，租金都可以省，那個冷氣、記分板我都幫你用，棒球的時候我也是用這樣阿。那你說哪幾個棒球場要整理，說台南哪個地方要整理，好我答應把他整理好。

A：所以說政府還是可以，只是政府沒有出來大家就沒辦法，就變成互相角力？



B：我的意思是說如果我們把環境做好、基本的做好，那剩下的當然說要看你這個聯盟或是你這個球團去努力，那台灣還有職業運動還有一個比較奇怪的，就是球團很強、聯盟很弱，棒球也一樣，這邊 SBL 委員會有時候他要去做限制的時候，那球團還會仰遠說我就不參加...連為了一個轉播的權利金分配的怎麼樣都可以這樣，這表示說這個聯盟還是不夠強。

### **9. So do you mean the government has potential to be the most influential unit?**

Because government has “resources”. If you have a good proposal, you can free to use the white stadium. Even I can paid for the air condition and hardware. Like baseball, I did the same thing. They told me which field need to be rebuilt. Then I promised them to rebuild them.

What I mean is “We can make the environment and the basic construction well, then the clubs should take responsibility for the league.”

There is a strange situation in Taiwanese professional sports. “The clubs are strong and the leagues are weak.” The decision made by the SBL committee could be ignore by clubs. Clubs will threaten the league that they want to quit if they push them to follow a rule that they don’t want to follow.

A：所以在政策上面，不管是籃球還是我們其他運動政策大概都是這個狀態...

B：我看大概都是這個狀態，政府對於職業運動基本上只是樂觀其成，它通常不太會去很大力的去支援！

### **10. Is this a same situation in basketball, baseball or other sports?**

I think they are all the same. Basically, government will not support professional sports strongly.

A：你剛有提到那個權利金，像如果權利金在分配上面就已經政府比較沒有在管？

B：這個就沒有在管了。

A：所以就是自己協調。

B：門票都歸給你們。

A：政府就是基礎，看要怎麼把它帶起來，怎麼用你們自己去用

B：因為他們有他們的機智。

## 11. In terms of TV rights fee? Did you involved in this issue?

It's not the SAC's business.

Like the ticket revenue is all belong to the league. They can decide how to use by themselves.

The government is the fundamental. They had their own mechanism.

A：那像你剛有講到說就是看主事者嘛，不同的是像那時候是從國民黨到民進黨執政，那這中間的時候，像在你的立場你會覺得政府還是運動還是在體育方面有不同的處裡。

B：我倒是覺得要政黨對於體育政策的傾向，我覺得不是那麼強，譬如說我不是民進黨那時候我就特別對哪項運動我都沒有，倒是常存在這個體委會或是體育界的心態，那個心態比較重要，那個心態就是對職業運動大家都不願意去接觸，他們都覺得這個比較商業性的，我是比較不一樣，我是看到整個體育發展，那個火車頭如果不往上拉的話，你底下拼命推，如果台灣沒有職棒的話，小孩子玩那個...或是球隊的數目一定都會減少。

## 12. You mentioned the people in power. Is there any difference between the three periods (from KMT to DPP, From DPP to KMT) in sports policy generally, and towards professional sport and basketball in particular

I don't think there is a significant tendency between different parties. Like I worked for DPP government. I am fair to treat every sport. However, the attitude of the SAC or sport domain is that they don't want to touch the professional sport", because the professional sport is a commercial, private business. I am different. I got a vision for the sport. If the head doesn't want to promote, if there is no professional sports, the children will have no goal to chase.

A：所以在政黨方面沒有那個...

B：我這樣觀察是不是那麼明顯

## 13. Is there any difference in sport policy between different parties?

From my observation, there is no difference.

A：可是剛也有講到我們其實會想要看小孩子還是說小球員他們未來的發展，像你剛才講到說營養金那個綁緊，那有點合約上問題，就是政府對於那些營養金、合約那些的態度是怎麼樣？

B：我是覺得這個很好阿，你在高中生的時候就給營養費，但是你不能說這個就既為己有，就說每個球團你要培養好的球員給大家以後聯盟可以用，但是這個人不是你的，主要我的意思是這樣，當然我很樂界說高中生的時候就有人給他營養費這很好，但是這個人不是你的，那時候就像棒球的時候，就希望每一個棒球隊都要

去支持一個高中的球隊，但他將來還是要透過公開選秀，這個公開選秀不一定是為了這個球隊效益，但是他會增強我們整個聯盟的可看性。

A：可是球團又覺得他在花錢

B：但是你花他也花就沒影響了，球團就想贏，每一次都你冠軍那誰要看就不好看了，所以這個選秀制度也很重要，你要從最後一名的人他會先選嘛然後他來補充他的戰力，人家會發展他的制度一定有他的道理，他要盡量讓你這六隊七隊你要平均戰力，這樣比賽起來又精采刺激那會有人看，在很多職業運動裡面都有明星，有明星出來了以後，然後他可以去代言也可以幫你公司做形象...等等。那他變成明星以後，底下的人就會像鮭魚一樣力爭上游想要到達這個目的地，這個運動就會蓬勃了，這個運動一蓬勃的話，那我們在亞運的那種成績自然就會好了，就是這樣。

A：那所以態度上是當然是好，但像那些合約上政府有規範嗎？像薪水？

B：沒有！沒有！事實上他們都會相約就不要超過十五萬或超過幾萬...這個就要給球團相約，譬如以我的立場我當然是希望你們領的薪水越高越好，只要你們公司付的起，當時我在跟棒球的那些球團講說如果你有辦法一個月一百萬，他們最高好像二十幾萬，我說如果你有辦法到達一百萬，我相信做假球的機會就會比較少，他們就會好像這個工作保護的好，所以就是說如果別人拿一百兩百萬給你，你的心就會比較動搖了，所以當然我是希望說職業球團他能夠給球員更多薪水更好，但是這個我當主委我就不能去規定...這還是要看公司的作法，不然後來他們就自己協調。

**14. You said that you cared about the development of children and teenager players. You also mentioned that the culture of funding in Taiwan. Is there any regulation of the contract between teams and players?**

I think it is good that you can support/sponsor high school players. However, players are not your assets. What I mean is that we can bring out potentials, but they are not belong to one person. Take baseball for example, we hope every professional team can sponsor a high school team, but after the high school players graduate, they should join the draft. The draft is not set for one specific team. The draft can enhance the performance of the league.

The draft system is important. Nobody wants to watch a league that he can know who is the champion in advance. The players' level should be balanced between teams. Then, the game will be excited enough to attract fans. There are many "stars" in the professional sport. They can do some marketing, promotion for their own team or company. Stars can be incentives to push players of grass roots to chase their own dream. Then the sport will develop vigorously. So we can get more medals in the Asian game.

We don't have a law to regulate the contract. In fact, the club owners and companies had their own deal to limit the wages of players. It is all come from the clubs. For my viewpoint, I hope players can have a higher wage level as long as your team can afford. I told those clubs if you can pay a player one million per month, the gambling scandal would disappear. So of course I hope they can give players more but I can't regulate that as a minister of the SAC. It decided on the clubs.

A：所以像你剛剛在講他們的需要還是球團一定會有需要、還是對球員、還是對籃協有需要，你是怎麼去知道的它們就是...

B：他們透過開會或者我找他們談，譬如說我就去找球團的老闆，他們除了老闆以外還有領隊，我要看看老闆支持球隊他們的支持度是如何。

A：所以有時候會不會有什麼要求說要補助我們兩千萬...

B：那個球團我就不補助，因為那個是你公司的名字，達欣就是達欣工程的，但是你們一起比賽的這個聯盟這個部分，場地、設施、宣傳...體委會可以來支持

**15. How do you get to know about the needs and attitudes of the stakeholders such as team owners, players, and fans?**

They had some meetings. Sometime I went to visit them. For example, I visited club owners. Also team leaders, I tried to figure out their attitude to the teams and the league.

A：所以當初他們要求過嗎一開始的時候？所以要求補助我們還是說...

B：補助的這個事情是沒有，直接補助球團是沒有，大概他們也說不出口，這些都是有名的，所以權利金就是給你們去分，就是說政府不會從裡面在撈錢進來，我就提供基本的設施、提供器材...你能夠用這些去生財，就是你的。但是我也知道你不足

**16. Are you ever contacted by players, fans, team owners other government departments or governing bodies etc. requesting support or action?**

I didn't support clubs because it's private sector. Like Team Dacin is owned by Dacin engineering. But the facilities, promotions and the league, the SAC can pay for it.

Clubs didn't ask for the direct funding ever. But they can share the TV rights fee, they didn't need to pay to the government. I mean I knew it's not enough, but I just can give you the basic facilities. It's your duty to "use it".

A：那像籃協也是一個很大的在處理這事情，那政府跟籃協的關係是？

B：他是一個人民團體，那政府當然要促進這個體育運動的話，也是需要透過人民團體去執行，我的意思是說他要組成國家隊的時候，當然是籃協而不是體委會。在國際上大家認可的是協會，不是政府，所以你看出外參加比賽的時候，就是奧會，奧會底下就是協會，他不會用國家，他是代表國家隊但不是政府官員去主導，是協會，他們認可的是協會，這個體育運動組織就是這樣。

A：我在問這個問題的時候，是因為有些時候我們在看那些籃球發展還是聯盟發展的時候，我們想要釐清的是政府在帶還是籃協在帶，因為現在就是我們在讀的一些文獻，大家都在講說籃協怎麼樣、政府怎麼樣...所以我才會說政府跟籃協之間到底對於那種推動還是說發展

B：基本上是籃協在推動，但是政府運用他的公家的資源來協助籃協，政府不可能去所有的海洋運動、所有的運動都政府來做，它一定會有大量的人民團體，這些組織政府可以去補助或是單案的補助、有整年度的補助，然後你也要向民間去做捐助，來發展這個單項的運動。

**17. The CTBA (Chinese Taipei Basketball Association) seems played an important role on the development of basketball; can you talk something about the relationship of the government and the CTBA?**

It's an agency. If the government wants to promote the sport, it should be operate by the agency. The national team composes by the federation. They recognise the federation, not the country in the international competitions. The national team represents a country but the government does not manage it. It's lead by the federation.

Basically, the promotion of basketball operated by the CTBA. But the government used its resources to help the CTBA. The government cannot handle all sports. So the government agency and federations can ask seek supports and funding from the government. And the agency seek supporting from social organisations as well.

A：那如果我們在回到籃球，那時候你在擔任主委的時候，之前是 CBA 倒掉了，那一定是因為他倒掉了然後有什麼衝擊，到最後你才決定開會來弄 SBL，那這些衝擊是因為很多衝擊對政府、對我們教育就像你剛提到的教育體系，還是國際成績都有很大的影響，所以才決定開始做 SBL。我意思是說有哪些衝擊才讓你...？

B：普遍都認為說，有職業運動對於該項運動的推展是有幫助的，有普遍大家都認為說怎樣去振興籃球運動，這是一般關心體育的人都會這樣想，那我也去了解了為何會倒掉...後來就像放風箏一樣，大家越放越高，然後我們台灣喜歡運動的這些企業主，公司也不是大到非常大，然後這個收入又很少然後支出又很多，就是在這方面我也去了解，然後也去找企業主就是這樣一步一步鋪成過來的。SBL 是一個最終的產品，不是原來就有 SBL 然後在用這個東西去說服他們，不是這樣，這也是討論出來...

**18. Back to the basketball issues. What impact has the collapse of the CBA in 1998 had for elite sports (basketball) business? I think it's a factor influenced you to promote the SBL.**

Generally, the development of professional sport is helpful to the promotion of the sport. People who cared about sport thought about revitalise basketball in Taiwan at that moment. So I went to understand the reason why it collapsed. I realised it's because companies that supported the professional teams were not big enough to afford it. The SBL is a final product after discussion. We didn't assume such a league in the beginning.

Including baseball, the parent companies of clubs are not big companies. Some big companies were worried about that the professional sport might damage their corporate image. For example, the Acer was interesting at the beginning, but they worried about that might damage their image before benefit it. So, the big enterprise didn't want to support professional sports sometimes.

Regarding to the basketball, just the owner of the Yulon (Nissan) likes basketball and his company has power. There were an interesting dialogue between me and the president of the Taiwan beer. He said if the team record (ranking) always sucks with no contribution to the company, why my company need to spend money for players to play. Workers in my company worked hard to carry the beer just earned a little money. Why I should spent tens of millions on basketball. He told me if the team can't perform well, he wants to dismiss it.

So when the business owner thinks about his budget, he will care about the reputation of his team. If the team can perform well, it benefits its own company. Otherwise, the owner will says that why I should do it. The business owner plays an key role in the professional sport because the revenue of the professional sport is not enough to support a team. Play the professional sport is to lose money because our sport market is not big enough to support it.

- A：你剛提到像 CBA 當初倒的原因你也有在了解，因為我們在看的時候是在看金融海嘯，然後那些企業就沒有辦法支持下去
- B：這個就是台灣現在很多...包括棒球，就是集團的母公司不是非常龐大的公司規模，譬如說棒球那時候像宏碁還有一家銀行，那原來也有意思但他們又會怕對我的企業形象還沒有幫助之前，就讓我企業公司受損，所以很多大型都不太願意。籃球也有幾個，像裕隆他本身就是喜歡然後他的企業又有力，像公家的中廣就比較沒有台銀也沒有這些都是公家單位，然後我去台啤跟那個董事長那時候有一段精彩對話，他是說如果都打這麼爛的話，我公司幹嘛繼續出這個錢讓他們好像沒有對公司有很大的貢獻又不是打的很好，然後大家就是搬啤酒這樣工人、公司的人這樣才賺多少錢而已，然後一年給你花兩三千萬的部份，他說如果再打不好的話，公司也不要。所以說這企業主他在分配他的預算的時候，他也要看如果這支球隊它在社會上是很受到重視，而且聲望也很好那母公司也是盟利，但是如果也不好企業主就會想我為何這樣，所以在職業運動裡面大概企業主也是一個很大的

關鍵，而且台灣現在的這個職業運動所帶來的收入是源源的不夠他去養一支球隊，所以算起來都是賠錢，我們的運動產業還沒有大到說可以去支撐它。

A：那所以之後我們做了 SBL 之後，那些有比較好嗎？所以說像你說的對於球員未來的發展還是...但在你現在的立場，我們覺得我們也知道現在有點又風雨飄搖...

B：這就是說，我也有看過體育界記者寫過，他們在吵鬧之餘他們要去想想當時"林德武"主委，大家都不太認為說那不可能的任務，然後好不容易的 SBL 像今天這樣的成果，大家都要放狠話說沒有就算了，大家去想想，這個時候大家就要堅去球隊各自的願望，我建立了不算長，但至少我建立了，後續的有一些規則是要去建立，但是沒人強力去介入的時候，這裡就是拖延。

A：最後還有一個是比較最近的或是說當初比較特殊的就是像跟大陸的關係，如果說那時候的政府，當然說那時候沒有球員到大陸去...

B：那時候"新浪"在大陸，在那邊，後來就回來

A：SBL 之後新浪在大陸，那像政府對於這些說球員去大陸還是說球隊去大陸，態度是...？

B：球隊去大陸的話，如果是企業的話大概你也管不到，但是不能用掛台北，像是新浪那時候好像是掛在杭州還是...？新浪是企業的，那你不能說我代表台北中華台北去那邊打甲組，政府很明顯就是你不能用我們這裡的地名去那邊打，但是如果你自己球隊要去，沒有辦法限制

#### **19. We all know there was an Sina team issue. Does the state have a role to limit or push teams or players to play in China?**

The Sina did play in China but they came back later.

If a team owned by a private business want to play in China, we can't control it. However they can't use Taipei or Taiwan in their team's name . While the Sina belongs to the private sector, they can't say that they represent Taiwan or Taipei. Obviously, the government will not allow you to use our (city) names to play in China. But there is no limitation if your own team want to play there.

I always feel that we can discuss sport issues with China but we all know they always want to dwarf us. I do not matter if we do the sport exchange with China but they keep dwarfing us on the "name issue". I don't know if the roles reversed someday, will we do this as well. We had already used Chinese Taipei to attend international competitions.

Our space was compressed in the international level. It might relate to our sport performance. If we can perform well, things will be different. So the Sport is power. It is not a war age; the country should show their power in the sport field.

A：那如果限制地名，那像現在台啤想要去註冊 CBA 台灣啤酒，那怎麼辦？

B：它是企業，但它不代表台北

A：所以主要是私人的...

B：這支球隊是台啤的，那至於說如果它有球員在大專讀這是另外一個問題，就說那個球員的身分，那他到底能不能去那邊打...

A：那如果像台啤過去打，那 SBL 減少一隊，那看板球隊...

B：這個就是聯盟沒力，如果聯盟有力，那個季節好像不一樣也可以接受...美國職棒很有力，就說他的正式球員不能去參加奧運，那個是聯盟去規定。他是保有我是世界上最強的聯盟，比賽強度是世界最高，奧運都沒有我最好的球員去，他要保持他商業上的利益、獨家，那是聯盟規定的不是每一個球團規定。那如果你說一個聯盟，SBL 聯盟委員會能約束到一個球團那是沒辦法，這個就由政府去做約束，政府就是角色不對因為他是企業的球隊它要去大陸打，政府幹麻去限制人家。台啤在大陸有註冊台啤的話他就是一個大陸的公司，他到底是不是大陸的公司合不合法那是另外商業的問題，他的球員有沒有在唸大學有沒有受到管制是另外一個問題，所以政府沒有辦法去約束。以體委會的角色來講，我怎麼能去限制你，但是以聯盟 SBL 委員會來講，你都去那打，這裡就沒了，那我們這裡就要解散了。我們也不是說六隊都去那裡，就欠你這隊你不能做害群之馬，可惜我們當初好不容易弄出來。

**20. But if one team, for example Taiwan beer, go to play in China, it must impact Taiwan basketball.**

It's because the league is weak. The MLB is powerful so it can say that who play in the MLB can't play in the Olympic. They want to show that the MLB is the strongest league in the world. Players play in the Olympic are not as good as mine. They want to keep their own business interests. It is not possible for the government to limit the club wants to play in China when the SBL can't constrain clubs. It is not the government's role because it is private sector. Why should a government limit it? If the Taiwan beer registers in Chian, it's a Chinese company. "Legal or not" is another business issue. "Is their players studying in the universities" is another issue. As the role of the SAC, how can I limit it? But for the SBL committee, if teams all go to play in China, the SBL will be dismissed. Or maybe just one team go to China, it will be one black sheep to damage a league that we made great effort to set up.