DEVELOPMENT AND SOCIETY
Volume 47 | Number 3 | September 2018, 423-450
DOI 10.21588/dns/2018.47.3.005 **Article**

# An Analysis on the Factors Affecting the Development of the Cable Television Industry in the United States, 1969-2010*

Jin Won Chung | Korea University

*Cable television in the United States began as a device for relaying the programming of broadcast television networks to remote areas where signals hardly reached. However, it has grown to a major medium providing diverse programming via cable networks. Drawing upon population ecology and the new institutionalism in organizational sociology, this study examines a key aspect of this development: the founding of cable networks. The results of negative binomial estimates for cable network foundings (1969 – 2010) show that ecological dynamics revolving around the number of cable networks explain, but do not fully explain the development of the industry; rather, policies have had palpable effects on industry development, shaping how organizations respond to changes in regulations.*

***Keywords:*** *cable television industry, cable network, ecology, institutionalism, policy*

*This work is supported by the National Research Foundation of Korea (NRF-2016S1A3A2925085).

## Introduction

Only a few decades ago, the United States only had three or four television channels available – all of them being broadcast. At the time, it might have been difficult to imagine that hundreds of commercial cable networks would be available and compete with broadcast television networks to attract viewers. In contrast, those who subscribe to cable television today may take numerous channel options for granted. Some people, especially those who have lived in cable subscribing households all their lives, may have trouble distinguishing between broadcast television and cable television. Technically, broadcast television is provided by the public airwaves that are radiated into space from station transmitters to receiving antennas whereas cable television is provided by a cable operator via underground cable. However, the difference is not confined by technological aspect. They also defer in terms of business models and revenue streams, as well as regulations that apply to them.

How, then, did cable television emerge, and how has it developed to its current state? Some media scholars argue that most media technologies come on the scene to improve the functions that are already served by existing media (Mullen 2003). Cable television started as a response to the physical limitations of broadcast television signals. Because broadcast signals are not only limited in their ability to travel long distances from their origination site but also are susceptible to interference from such things as severe weather and mountainous terrain, cable television was created so that people in areas where broadcast signals hardly reached could enjoy watching television retransmission (Crandall and Furchtgott-Roth 1996; Mullen 2008). It worked in a way that a tall antenna, known as a community antenna, was installed in areas with good reception, such as a hilltop, picked up broadcast signals and then retransmitted them through a coaxial cable to those households that could not receive clear signals. Indeed, the primary function of cable television service had been a retransmission of the signals of broadcasting station until the 1970s (Parsons and Frieden 1998). However, cable television has since evolved into a major player in an increasingly dynamic media industry.

Cable television in the United States has developed within a frequently changing policy environment. In the early years of cable television, the Federal Communications Commission (FCC), a regulatory agency charged with regulating communications, refused to regulate the industry because it

thought the cable television was a stopgap technology that would eventually disappear as more broadcast television stations established; in its view, cable television would not pose any threat to the broadcast television industry. After the late 1960s, however, FCC regulations appeared that were meant to protect the interests of broadcast television as the cable television system began to spread. Later regulations then grew more conducive to the companies engaged in cable television–particularly with the deregulation of recent decades. In the face of such changes, the U.S. cable industry experienced dramatic growth.

While much social science research has addressed various cultural industries, there is a surprising dearth of research addressing cable television industry. This dearth is unfortunate given the complexities of that cultural industry: it started as a stopgap mechanism for relaying the programming of broadcast TV networks, however it has evolved to provide its own original programming via emergent cable networks like HBO, CNN and ESPN that would take away the audiences that once hegemonic broadcast networks had enjoyed. The dearth of scholarship is also likely due to the difficulties of gathering sufficient data by which to make sense of the dramatic change that unfolded over a few decades. This study fills a notable gap in the literature by taking the cable television industry as a focal industry.

This study addresses the development of cable television industry in the United States, particularly with regards to the entry of new cable networks–those entities that created programming that compete with the programming of the broadcast networks. I do so by drawing on theoretical perspectives in the sociological study of culture and organization which have a common interest in the emergence and evolution of industry; however, they also have different focuses.

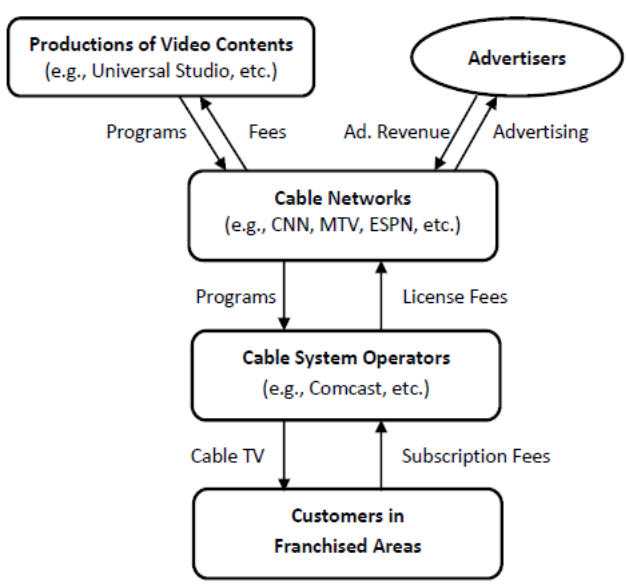
Ecologists have focused on the numbers of organizations and their vital rates, while institutionalists have emphasized culture (e.g., norms and values) and its manifestation in such things as rules and regulations (Haveman and David 2008). Moreover, ecologists often emphasize the commonality in the process of development in the industries, whereas institutionalists emphasize the differences that can arise from the divergent policies that various industries face. As a result, institutionalists tend to give greater attention to historical context than do ecologists, paying great attention to the implications of the state and its policies. By applying these theoretical approaches, this study seeks to find key factors that affecting the development of the cable television industry in the United States.

This paper proceeds as follows. First, I briefly describe the current

structure of the cable television industry in the United States to understand how it operates. I then discuss how population ecology and the new institutionalism explain the development of industries while enumerating research hypotheses derived from those perspectives. Also, I trace the history of the cable television industry, focusing on changes in policies, to develop specific hypotheses regarding the effect of policy expected by the new institutionalists. After describing the data and methods, findings from the analysis will follow. Finally, I conclude this study with a discussion of what the cable television tells us about processes and factors that shape industrial development.

## The Current Structure of the Cable Television Industry

Broadly speaking, the cable television industry consists of three sets of players; program producers, cable networks and cable system operators. Program producers (e.g., Paramount Pictures) sell programming to cable networks. Cable networks then deliver packages of video content that they produce or purchase from program producers to multichannel video




Source: Chipty and Snyder (1999: 328), as modified by the author

**Fig. 1.**—The Current Structure of Cable Television Industry

programming distribution (MVPD) providers, including local cable system operators. Cable system operators (e.g., Comcast), in turn, redistribute the cable network programs through wires to consumers in their local franchise areas. Figure 1 illustrates this structure of the cable television industry.

A cable system operates under a franchise agreement. It is a contractual agreement between the cable operator and a local franchising authority, which is the local municipal that regulates certain aspects of the cable television industry at the local level. A cable system operator bids for monopoly franchise to provide cable programming to communities. Once accepted, it pays franchise fees to the local franchising authority for the right to access public rights of way to offer cable service. Because cable system operators serve exclusive franchised areas, cable networks strive to obtain channel space on as many cable systems as possible to maximize their viewing audience (Chipty and Snyder 1999). For this reason, cable system operators are often considered as gatekeeper in the industry in that they can exert their influence to determine which cable networks are delivered to their subscribers (Goolsbee 2007).

In the early years of the cable television (1950s), most cable systems were owned and operated by small businesses in local markets (Parsons 2003, 2008). As the industry has developed however, most cable systems are owned by multiple system operators that operate more than one local cable systems. The concentration among cable system operators has continuously increased because increasing size is beneficial to them. For example, it enables a cable system operator to have substantial bargaining clout due to its increased purchasing volume leverage (Waterman and Weiss 1997). Moreover, it enables a cable system operator to generate sufficient cash flow for the company to compete effectively by, for instance, upgrading its infrastructure to incorporate new technology (Crandall and Furchtgott-Roth 1996). As a result, cable companies actively pursued merger and acquisition, and consequently gave rise to concerns about vertical integration in the industry (Waterman and Weiss 1997).

## Theoretical Concerns

Population ecology and the new institutionalism have common interests when studying the dynamics of organizational world. They both focus on similar phenomena such as legitimacy, the emergence and spread of new organizational forms and practices, organizational survival and failures

(Haveman and David 2008). However, it has often been pointed out that there are underlying differences between them. For example, they both believe that legitimacy is necessary for the persistence and proliferation of existing organizations; however, ecologists consider legitimacy as cognitive taken-for-grantedness that an organizational form can obtain as it increases in number, whereas institutionalists take regulative and normative dimension into account. The different ways to conceive legitimation lead to different ways to measure organizational legitimacy. Ecologists count the number of organizations in the focal population whereas institutionalists emphasize the necessity for more contextually sensitive measure of legitimacy (Haveman and David 2008).

*The Organizational Environment: the Impact of Ecology*

Ecologists have focused on the environmental resources and the level of competition for such resources when studying the development of an industry of a certain type. They argue that all industries can only support a certain number of organizations given limited resources. Moreover, across a wide range of industries, the vital rates of organizations are a function of population (i.e., aggregates of organizations that depend on similar resources, such as the industry) and that the processes of legitimation and competition shape the growth and decline of an organizational population (Hannan and Freeman 1977, 1989). Specifically, Hannan and Freeman (1977) argued that density (i.e., the number of organizations) captures the processes of legitimation and competition in the population and those processes create inverted U-shaped relationship with organizational foundings. In the early stages of the development, an increasing density indicates the improved legitimacy of a new organizational form, thereby increasing the founding rate of those new organizations. As density continues to increase, however, competition with others for resources intensifies. Given limited resources, competition functions as a force opposite to legitimation, tending to reduce founding rates. Therefore, over time the relationship between density and the number of organization founding takes the form of an inverted U-shaped curve. If population ecology argument holds, then the following should hold:

> **Hypothesis 1.** Density will have an inverted-U shaped effect on the number of cable networks founded in that year.

Ecologists also found that previous patterns of founding and failure have

significant effect on current founding rates (Delacroix and Carroll 1983; Tucker, Singh, and Meinhard 1990; Haveman 1993). They argue that foundings in one year encourage foundings in subsequent year by signaling a favorable environment for entry to prospective firms. As foundings increase further, however, high numbers of foundings in one year may exhaust available resources, so that it decreases foundings in subsequent year by making it difficult to assemble the resources necessary to found a firm in the next year (Hannan and Freeman 1989). Therefore, prior foundings show an inverted U-shaped effect on current foundings. Previous failures have analogous effects. Initially, failures free resources that can be assembled into new organizations. However, many failures signal a harsh environment and thereby discourage foundings (Carroll and Delacroix 1982; Delacroix and Carroll 1983). Thus, prior failures have an inverted U-shaped effect on current foundings. If the argument regarding previous foundings and failurs holds, then the following should hold:

> **Hypothesis 2.** The previous number of cable network foundings will have an inverted-U shaped effect on the number of new cable networks in the subsequent year.
> **Hypothesis 3.** The previous number of cable network disbandings will have an inverted U-shaped effect on foundings.

*Industrial Characteristics*

Some researchers in organization studies argue that in mutualistic industries such as telephone industry, a new firm's success depends on the total number of available network connections (Barnett and Amburgey 1990; Dobbin 1995; Dobbin and Dowd 1997, 2000; Hannan and Carroll 1992). In other words, in such industries, the existence of large firms has a positive effect on the survival chances of new firms by serving huge networks that new firms can rely on. In their study on the early telephone industry, Barnett and Amburgey (1990) argue that a company could benefit from connecting to a large company; it not only expands its reach to lots of customers but also gains the strengths of the alrge company, such as a political clout.

In the cable television industry, a cable network's prospect depends on the number of cable system operators that deliver their programming to subscribers. The more cable system operators deliver their programming, the more profit cable networks can make as one of their primary source of income is a license fee from cable system operators (Newcomb 2004).

Therefore, it can be expected that the number of cable system operators may have a positive effect on cable network foundings.

> **Hypothesis 4.** Number of cable system operators will have a positive effect on cable network foundings.

Researchers also found that industrial concentration, the extent to which a few firms dominate an industry, has an impact on organizational foundings and failures. Carroll (1985) proposed a model called as resource partitioning that applies to industries characterized by strong economies of scale. The basic resource partitioning model argument is that within a population, large generalist organizations (i.e., generalists) compete with each other to occupy the center of the market. This competition for similar resources frees up peripheral resources that are often used by specialized organizations within the population (Carroll 1985). As concentration among generalists increases, the environment becomes more benevolent for specialists that exploit different resources. Consequently, increasing concentration among generalists which decreases the vital rates of generalist increases the vital rates of specialists (Mezias and Mezias 2000). Many empirical studies in a wide range of organizational and industrial settings support this resource partitioning argument (e.g., Carroll 1985; Carroll and Swaminathan 1992; Mezias and Mezias 2000; Negro, Visentin, and Swaminathan 2014).

This type of resource partitioning is relevant to the cable television industry where large economies of scale exist. The market concentration of a few large networks may create room at the periphery for specialized networks and thereby boost cable network foundings. Admittedly, a nuanced testing of resource partitioning would assess founding rates for specialists and generalists separately. That makes sense when looking at foundings for, say, beer breweries (generalists) versus microbreweries (specialists) as Carroll did in his study of resource-partitioning (Carroll 1985). However, the distinction between generalists and specialists in the cable television industry is not so clear–particularly as the U.S. cable industry has historically provided a "specialist" alternative to the generalist approach of broadcast networks like ABC, CBS, and NBC. Consequently, I take a less nuanced approach to resource partitioning, but a historically informed approach, by assessing the impact of industry concentration on the founding of all cable networks.

> **Hypothesis 5.** Industry concentration will have a positive effect on cable network foundings.

*The Socio-political Context: the Impact of Policies*

The new institutionalism in organization studies argues that organizations are significantly affected by a broader institutional context that is not limited to their economic and technological environments but encompassed by their social and cultural environment (Meyer, Scott, and Deal 1981). Given their interest in legitimacy, institutionalists tend to give great attention to historical context, particularly the implications of the state and its policies. They emphasize that the state, in the form of industry regulations, has a significance effect on shaping organizations (DiMaggio and Powell 1983; Dobbin and Dowd 1997; Dobbin and Sutton 1998; Meyer and Rowan 1977). Specifically, state policy is considered to be significant factor because it provides the framework within which competition among market actors and the ecological dynamics of organizational foundings and failures take place. Therefore, institutionalists speak of policy regimes in which rules and regulations shape the common way that organizations within an industry conduct their business.

For example, Dobbin and Dowd (1997, 2000) find that different policy regimes produced different forms of competition in their study of Massachusetts railroad companies. While showing the ways in which public policies affected the founding rate of railroads, they demonstrate how the introduction of regulations could change the industry and affect the success or failure of individual firms by favoring certain organizational forms over others. Also, Lippmann (2007) shows that changes in the institutional environment of radio broadcasting, marked by the 1927 Federal Radio Act, shaped the way that market forces allowed to play out in the industry in a way to grant legitimacy on full-time commercial stations, over the part-time commercial stations. The institutional emphasis on changing policy environments resonates with the history of U.S. cable television. In this study, I focus on two deregulation policies–the Cable Communications Policy Act of 1984 and the Telecommunications Act of 1996.

In the early years of the cable television, cable television was neglected by the FCC because they considered it as a local retransmissions service that posed no threat to existing broadcast television (Mullen 2008). However, a group of broadcasters claimed that cable television's importation of their signals from large market into small towns discouraged advertisers from buying the same time slot on the small town stations so that it would eventually lead to the economic demise of the small town broadcast stations

(Parsons and Frieden 1998). As a result, the FCC started to regulate cable television to the extent that cable television's development proved injurious to the very broadcast television that the FCC was obligated to sustain and promote. It affected the industry as a whole and opened the door for a regulatory role for the FCC (Mullen 2008).

With increasing social attention to cable television, however, cable television began to be seen as a means of local community expression, especially in service to minority interests that the broadcast television had failed to serve (Parsons and Frieden 1998). Morever, the FCC authorized domestic communications satellites in 1972; it enables cable networks disseminate their programs nationwide cost effectively by bypassing expensive network carriage fees. As a result, a good many other cable networks started businesses. Along with increased numbers of cable networks, cable broke into urban markets, offering new packages of movies, sports, and broadcast signals imported from around the region and across the country. Accordingly, competition among cable system operators to acquire big city franchises intensified. Furthermore, the cable industry and local municipalities fiercely disputed issues of regulation. In this circumstance, the Cable Communications Policy Act was enacted in 1984 for the purpose of striking a balance between the interests of the cable industry and those of the municipalities (Parsons and Frieden 1998; Mullen 2008).

The 1984 Act was the first comprehensive cable legislation establishing general governmental authority over cable television. It considerably deregulated the cable industry. For example, the Act prohibited state and federal regulation of nearly all subscriber rates, while authorizing local regulation of basic rates only in cases where "effective competition"[1] did not exist in a given area. As a result, cable systems could charge whatever the market would bear (Parsons and Frieden 1998). Furthermore, in the mid-1980s, the must-carry rules[2] were struck down by the appeals court in that it violated cable operator's First Amendment right of editorial discretion. In the early development of cable, must-carry rules somewhat benefitted cable system operators in that they were given a free source of quality programming from the major broadcast networks. However, as cable penetration increased and more viable sources of programming became available to cable systems operators, must-carry rules became a burden to them. Indeed, must-carry

[1] The FCC defined "effective competition" as the availability of three or more, unduplicated, over-the-air television channels in the cable system's market area (Crandall and Furchtgott-Roth 1996).

[2] The must-carry rule required cable to carry local broadcast stations (Creech 2007).

rules were very restrictive because it severely constrained the programming options for cable system operators. Therefore, this decision allowed greater freedom in program and station selection for the system operator.

Overall, the 1984 Act and related rules were highly favorable to the cable industry, thereby considerably helping cable industry expansion both in terms of programming and system construction. Therefore, it can be expected that the deregulation policy regime beginning by the enactment of the Cable Communications Policy Act of 1984 would raise cable network foundings by reducing restrictive rules and regulations.

> **Hypothesis 6.** The passage of the Cable Communications Policy Act of 1984 will have a positive effect on cable network foundings.

Another policy this study addresses is the Telecommunications Act of 1996. In the 1996 Act, the FCC was once again directed to deregulate the cable television industry. However, at this time, the emphasis was on the promotion of the growth of cable television industry through competition. The general objective of the 1996 Act was to open up markets to competition by removing unnecessary regulatory barriers to entry. Policymakers believed that deregulation would produce more competition and lower prices, while critics argued that deregulation would produce less competition, higher prices, and higher concentration of cable services (Newcomb 2004).

The most notable change in the 1996 Act was that it abolished many of the cross-market barriers, especially between cable and telephone. This meant that owners of cable systems were permitted to provide phone service over their wire, and telephone companies were permitted to provide video programming in their own service areas. In other words, the cable television industry started to face new competition from telephone companies.

The 1996 Act, as well as related federal legislation and FCC rule changes have reshaped the structure of media industries. It has been observed that more consolidations have occurred among large corporation after the enactment of the 1996 Act. In addition to eliminating the barriers between telephone business and cable business, increasing competition from outside of cable industry promoted the merger trend because, in many cases, a company can ease its competitive problems by increasing its size. It helps operating economies of scale, and it provides sufficient cash flow generation for the company to compete effectively in the deregulated era (SPIS 2000). In addition, new technologies such as wireless and fiber-optic also helped consolidation because only the larger players can afford to invest in them

(*ibid*). In such circumstances, cable companies rushed to consolidate. Small cable companies rushed to sell because they were fearful that potential competition would wipe them out, or at least, make them less valuable (SPIS 1998).

The most remarkable example of merger and acquisition was that of AT&T with TCI. In March 1999, AT&T, the nation's largest telephone service provider acquired TCI, second to Time Warner among cable operators at that time, and this marked the first major merger between telephone and cable since the 1996 Act (SPIS 1999, 2000). Mergers and acquisitions continued to grow in the 2000s. As a result of increasing mergers and acquisitions, the cable industry has become more top-heavy every year. In other words, increasing consolidation has led to greater industry concentration; the biggest companies claim a disproportionately large share of market.

For potential cable networks, the increasing consolidation of the industry would not provide favorable business environment. As the industry was increasingly concentrated as a result of merger and acquisition, the market power of the large cable companies kept growing. By the benefit of the deregulation, they were able to increase subscriber rates while consolidating operations and negotiating huge amount of discounts from cable programming networks (Mullen 2008). Therefore, it can be expected that the increasing consolidation through merger and acquisition has an adverse effect on the founding rate of cable networks, as it provided hostile environment to entrants. Thus, I expect that the 1996 Act, which significantly deregulated cable television industry, will reduce cable network foundings.

> **Hypothesis 7.** The passage of the Telecommunications Act of 1996 will have a negative effect on cable network foundings.

*Economic Condition: vitality of capital market*

Both ecologists and institutionalists in organization studies find that the availability of capital has a positive effect on organizational foundings (Hannan and Freeman 1989; Dobbin and Dowd 1997). They argue that organizational foundings depend not only on the competition for resources, but also on the availability of resources. According to those researchers, the availability of resources can be captured by capital market vitality. Following them, I measure the vitality of capital market by economic growth in the previous year. I expect capital market vitality has a positive effect on cable network foundings.

**Hypothesis 8.** Growth of the U.S. economy in the previous year will have a positive effect on foundings in the subsequent year.

## Data and Method

### *Data*

Data for this study came from various sources. The primary data source was the Television and Cable Factbook (hereafter, the Factbook). The Factbook provides comprehensive information for the broadcast television, cable, and related industries. In particular, it has reported all existing programming networks in a given year since 1982. By using this almanac, I constructed a longitudinal dataset that contains information on founding and disbanding years of cable networks. I treated founding years of cable networks as the launch years that the Factbook reported. For disbanding years, I assumed that the cable network ceased operation if I do not observe a cable network in a given year's Factbook after it appeared in a previous volume.

It is often pointed out that ecological research on foundings understates organizational diversity because it includes only the outcomes of successful founding attempts while overlooking unsuccessful founding attempts (Delacroix and Carroll 1983). Due to the dearth of data on organizing processes, ecologists rarely distinguish successful events from nonevents in the founding process (Amburgey and Rao 1996). As a result, a sample bias might be introduced because many emerging organizations fail before they start operation due to various reasons (Hannan and Carroll 1992; Amburgey and Rao 1996). The Factbook has separately listed cable programming networks that are planned to operate in near future. Some of them appeared as operating cable networks a few years later or otherwise disappeared. By treating the first year when a planned service appeared as a founding year of that cable network, I try to avoid a sample bias that might occur when including only successful founding attempts.

The data for this study begin in 1969 because it was the earliest founding year of a cable network that the Factbook reported. In order to ensure coverage of early cable networks, I used academic and industry sources that offer exhaustive listings of early cable networks (e.g., Crandall and Furchtgott-Roth 1996). The dataset ends in 2010 because it was the last complete year for which I had information when I began data collection. In total, I identified 1,588 cable network foundings across 41 years.

I augmented the dataset by making use of Standard and Poor's Industry Surveys (1982-2011) to get aggregate level information on the industry, such as the annual number of cable system operators and the number of basic subscribers of Top 10 cable system operators in a given year. For the earlier years (i.e., 1969-1981), I referred to Sterling (1984)'s Electronic Media – A Guide to Trends in Broadcasting and Newer Technologies, 1920-1983.

*Variables*

**Dependent Variable**

The dependent variable is a count of cable network foundings in a given genre-market area in a given year. The ecological hypotheses have an aspect of competition, which means assessing foundings in a relevant context, such as a particular market. However, identifying that context sometimes takes considerable amount of work. In his study on the radio broadcast industry, for example, Lippmann (2007) limited his analysis to the 100 largest broadcasting markets because it was virtually impossible to construct discrete market areas for every station on the dial due to great variation and overlap in radio station market. Inspired by Lippmann's study, I constructed discrete markets of cable networks by genres. For cable networks, the choice of genre is one of the major considerations when deciding to enter the industry in that they have to determine which genre of programming is both underserved and, thereby, likely to draw enough interest and paying customers (Mullen 2008). Thus, the unit of analysis for this study is the genre-market year, or one observation per genre-market, per year.

When constructing genre-markets, I referred to SNL Kagan's data, which provide proprietary data on more than 225 cable networks. It classifies cable networks into ten genres; Arts & Entertainment, Family & Kids, Film, General/Variety, International/Ethnic/Foreign language, Music, News, Niche, Sports, and Women's. I applied SNL Kagan's genre classification to the dataset. The Factbook, a primary data source, provides a brief description of programming type for each cable network. Based on those descriptions, I identified the genre of cable networks in accordance with the genre classification of SNL Kagan. However, there were several types of programming that could not be classified into any one of those ten genres. Therefore, I additionally created four other genres; religion, adult, home shopping, and the unidentified for those that did not provide descriptions of programming types. Consequently, I constructed fourteen different genre-markets. In this study, then, organizational foundings are treated as the

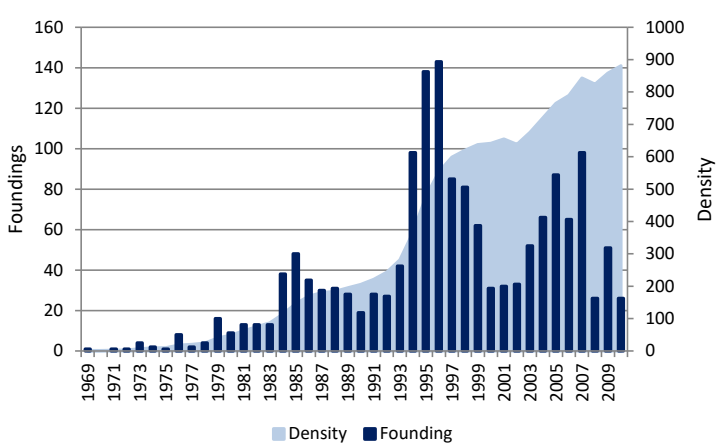
number of cable networks that entered a particular genre-market in a given year. Therefore, the total number of observation for the analysis is 574, which is 41 years of foundings multiplied by fourteen genres.

**Independent and Control Variables**

Based on the literature, I included eight variables to investigate factors that affecting the foundings of cable networks. Ecological account yields three sets of variables; density, previous numbers of foundings and disbandings. To assess the effect of density on cable network foundings, I documented the total number of cable networks in a given year. Following prevailing practice, I coded density as the number of cable networks surviving at year's start, calculated as cumulative foundings minus cumulative disbandings. Second-order terms control for possible non-linear effects of density. Figure 2 graphs cable network foundings and density from 1969 to 2010.

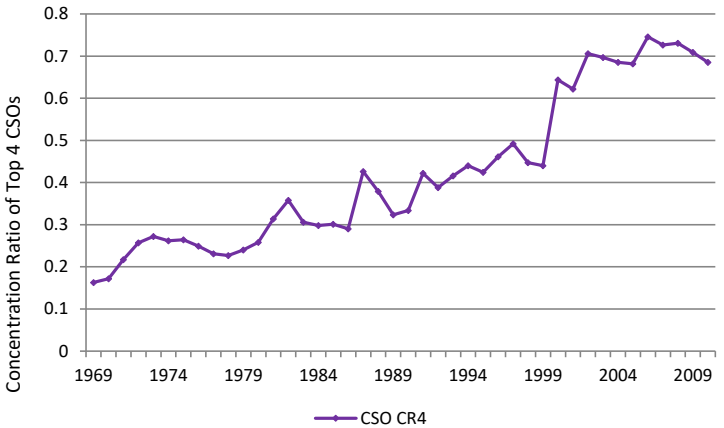
As seen, both density and number of cable network foundings stayed low before the mid-1980s when the 1984 Act was introduced. It is also shown that density has sharply increased after the mid-1990s when the 1996 Act was enacted. In terms of cable network foundings, it also increased noticeably around 1996, although the fluctuation ranges are relatively bigger than that in the early years.

The lagged numbers of foundings and disbandings of cable networks were included to examine the impacts of the previous numbers of foundings and disbandings on cable network foundings in subsequent year. A cable




Source: Television and Cable Factbook, 1982-2011

**Fig. 2.**—Cable Network Foundings and Density, 1969-2010




Sources: Television and Cable Factbook (1982-2011); Standard and Poor's Industry Surveys (1982-2011)

**Fig. 3.**—Concentration Ratio of Top 4 Cable System Operators, 1969-2010

network disbands when it ceased operation or when it is acquired by another firm. Although acquisitions are not technically disbandings, I treat them as such to replicate previous studies (see Dobbin and Dowd 1997, 2000). To detect non-linear effects of those variables, I also include second-order terms.

Industrial characteristics were measured by two variables; the number of cable system operators and industry concentration. The Factbook has reported the number of cable system operators in a given year. To examine the effect of industry concentration on the cable network foundings, I used four-firm concentration ratio ($CR_4$), which shows the proportion of total industry revenues accruing to the largest four firms.[3] It ranges between 0 to 100%, where 0% indicates perfect competition or at the very least monopolistic competition and 100% means an extremely concentrated oligopoly. In this study, I used the annual number of basic subscribers of the four largest cable system operators over the total number of basic subscribers.

Figure 3 graphs the concentration ratio of top 4 cable system operators from 1969 to 2010. As seen, concentration generally increased as the years went by, and sharply rose after the late 1990s. This might be caused by the

[3] More recently, the Herfindahl-Hirschman Index (HHI) has been widely used to measure industry concentration. The HHI is expressed as the sum of squared market shares of all firms in an industry. It is often believed that the HHI is more precise measure because it takes into account all companies. Due to data availability, however, I was not able to construct the HHI for measuring industry concentration.

fact that mergers and acquisitions have increased steeply as a result of the Telecommunications Act of 1996, which allowed cross-ownerships between cable and telephone companies.

Two variables reflecting policies were included to test the hypotheses based on institutional argument; the Cable Communications Policy Act of 1984 and the Telecommunications Act of 1996. It is common to measure the impact of policy on industry dynamics with years prior to and including the passage of a certain Act coded as 0 and the subsequent years coded as 1, beginning with the first full year the regulations were in effect. (Dobbin and Dowd 1997, 2000; Lippmann 2007; Schneiberg and Clemens 2006). Following the common way, I coded two deregulation policy regimes as binary variables. Two variables equals to 1 from 1985 to 1995, and from 1997 to 2010, respectively.

Lastly, I included a variable that capturing the vitality of capital market to control economic conditions. To measure the capital market vitality, I adopted the way that ecologists used for measure it. They invented a measure of capital market vitality by counting the number of months of the economy held steady or grew in the previous year (Hannan and Freeman 1989). Following them, I included a measure of capital market vitality by using the Gross Domestic Product (GDP) of the United States. I operationalized it with the number of quarters the economy held steady or grew in the previous year because GDP is only available in quarterly increments.

Table 1 summarizes the variable definition as well as the descriptive statistics of all independent variables used in the analysis.

*Method*

The dependent variable, the number of cable network foundings in a given genre-market area in a given year, consists of counts. Because certain assumptions of ordinary least squares regression, such as homoscedasticity, are violated when the outcome variable is non-negative and integer value (Berry 1993), researchers often employ another statistical method. Specifically, a count process, such as annual organizational foundings, is modeled by a statistical distribution in the Poisson family. However, Poisson model holds the strong assumption that both the variance and the mean of the event counts are equal $\mathrm{Var}(Y_t) = E(Y_t)$). When the data are overdispersed, in other words, when the variance exceeds the mean, the use of Poisson estimates is not appropriate because they can lead to deflated standard errors and, in turn, erroneous rejection of the null hypothesis (Barron 1992). The

**TABLE 1**
**Variable Definition and Descriptive Statistics for The Variables Used in the Analysis**

| Variable | Definition | Descriptive Statistics | | | |
|---|---|---|---|---|---|
| | | Mean | S.D. | Min | Max |
| Dependent Variable | A count of cable network foundings in a given genre-market area in given year | | | | |
| Independent Variables | | | | | |
| Density | The number of cable networks in existence in a given market at the beginning of the year | 22.66 | 32.40 | 0 | 218 |
| Density$^2$ | Square of density | 1561.03 | 4267.42 | 0 | 47524 |
| Previous foundings | Number of cable networks founded in a given market in previous year | 2.72 | 4.61 | 0 | 37 |
| Previous foundings$^2$ | Square of foundings in a given market in previous year | 28.63 | 105.37 | 0 | 1369 |
| Previous Disbandings | Number of cable networks failed in previous year | 1.23 | 2.39 | 0 | 18 |
| Previous Disbandings$^2$ | Square of disbanding in previous year | 7.20 | 27.28 | 0 | 324 |
| Number of CSO | Number of cable system operators | 7140.88 | 3038.47 | 2260 | 11218 |
| Concentration ($CR_4$) | Combined market share in terms of the number of basic subscribers of four largest cable system operators | 0.42 | 0.18 | 0.16 | 0.75 |
| The Cable Comm Act (1984) | Binary variable for regulatory period before and after the Cable Communications Act of 1984 | 0.29 | 0.46 | 0 | 1 |
| The Telecom Act (1996) | Binary variable for deregulatory period before and after the Telecommunications Act of 1996 | 0.34 | 0.47 | 0 | 1 |
| Vitality of Capital Market | Quarters U.S. economy held steady or grew | 3.85 | 0.47 | 2 | 4 |

quadratic parameterization of negative binomial regression corrects this problem with the specification ($\mathrm{Var}(Y_t) = E(Y_t) + \alpha E(Y_t)^2$) (*ibid*). A *t*-test of the hypothesis that the overdispersion parameter, α, differs significantly from zero indicates the need for negative binomial regression. Thus, researchers often select negative binomial regression which corrects for overdispersion in the data with the specification (e.g., Barnett and Amburgey 1990; Dobbin and Dowd 1997; Dowd 2004). Following the examples of such researchers, I used negative binomial regression to model cable network foundings when the data exhibit overdispersion while using Poisson regression. The basic model is:

$$\lambda_t = \exp(\pi' X_t)\, \varepsilon_t,$$

in which the presence of $\varepsilon_t$ produces overdispersion.

I used the statistical package LIMDEP to derive both Poisson and negative binomial models via maximum likelihood estimation (Greene 1992). In each model, I lagged the independent variables, so that each predicts the effect of variables in $\mathrm{year}_{(t-1)}$ on the number of cable network foundings in $\mathrm{year}_{(t)}$. The interpretation of the regression coefficients is given by the formula, 100[exp(coefficient) – 1] representing the effect that a one-unit change in an independent variable has on the expected number of cable network foundings in the following year. The fit of a given model is calculated by using the formular: (-2) × [(log-likelihood of model A) – (log-likelihood of model B)]. It yields a likelihood-ratio chi-square by which to measure the improvement in fit, with degrees of freedom corresponding to the number of variables unique to model B (Dowd 2000).

## Results

Table 2 presents the results of the negative binomial models of cable network foundings, from 1969 to 2010. The dataset contains 14 different genre-markets over the study period which ranges 1969 to 2010; therefore, the N is 574. Multicollinearity was checked using the Variance Inflation Factor (VIF) at cut off point 10. If the VIF was more than 10, the relevant independent factor was deleted from the model. For each model, I generated both Poisson and Negative binomial estimates. However, no model in Table 1 met the assumptions of Poisson regression since the overdispersion parameter (α) of each significantly differed from zero. As a result, I report only the negative

**TABLE 2**
**Negative Binomial Regression Estimates of Cable Network Foundings, 1969-2010**

| | Model 1 | Model 2 | Model 3 | Model 4-1 | Model 4-2 |
|---|---|---|---|---|---|
| *Intercept* | -.896 | -1.431*** | -1.107* | -1.593*** | -1.412*** |
| | (.459) | (0.432) | (0.466) | (0.425) | (0.426) |
| Previous foundings | .149*** | 0.124*** | 0.109*** | 0.088*** | 0.086*** |
| | (.026) | (0.025) | (0.026) | (0.025) | (0.026) |
| Previous foundings$^2$ | -.003** | -0.002** | -0.002** | -0.002 | -0.002 |
| | (.001) | (0.001) | (0.001) | (0.001) | (0.001) |
| Previous disbandings | -.015 | -0.028 | -0.020 | -0.029 | -0.007 |
| | (.052) | (0.049) | (0.049) | (0.046) | (0.047) |
| Previous disbandings$^2$ | -.003 | -0.001 | -0.002 | 0.000 | -0.001 |
| | (.004) | (0.004) | (0.004) | (0.003) | (0.003) |
| Density | .031*** | 0.018*** | 0.023*** | 0.028*** | 0.029*** |
| | (.005) | (0.005) | (0.005) | (0.005) | (0.005) |
| Density$^2$/1000 | -.120*** | -.050* | -.067** | -.082*** | -.086*** |
| | (.024) | (.025) | (.026) | (.025) | (.025) |
| Number of CSO | | .157*** | .169*** | .098*** | .169*** |
| | | (.021) | (.022) | (.024) | (.021) |
| Concentration ($CR_4$) | | | -.773 | | |
| | | | (.423) | | |
| The 1984 Act | | | | .601*** | |
| | | | | (0.119) | |
| The 1996 Act | | | | | -.620*** |
| | | | | | (0.131) |
| Vitality of Capital Market | .164 | 0.057 | .021 | 0.130 | 0.048 |
| | (.117) | (0.110) | (.111) | (0.108) | (0.108) |
| $\alpha$ | .731*** | .605*** | .597*** | .533*** | .541*** |
| | (.085) | (.075) | (.074) | (.070) | (.071) |
| Log likelihood | -1052.329 | -1025.591 | -1023.918 | -1013.187 | -1014.536 |

*p < .05; ** p< .01; *** p< .001
Standard errors are in parentheses.

binomial regression estimates.

Starting with general factors as a baseline, before turning to historical specifics, Model 1 contains ecology variables previously used to test resource availability and competition: density, prior-year foundings, and prior-year disbandings. It also controls for economic condition represented by the vitality of capital market. This model offers a significant improvement in fit when compared to the null model ($\chi^2$ = 316.034; $df$ = 7). It shows that density and prior-year founding have significant effects on cable network foundings in the following year. Specifically, density has an inverted U-shaped effect on cable network foundings; an increasing number of cable networks in the previous year paves the way for more cable network foundings in the subsequent year, as a growing number of cable networks legitimates the organizational form of cable networks. However, this positive effect of density grows less pronounced as density further increases and eventually reaches a point of carrying capacity. After reaching carrying capacity, density started dampening the later cable network foundings as shown by the -.120 coefficient. Likewise, prior-year foundings also significantly shape current founding in an inverted U-shaped fashion. It means that a low to moderate number of cable network foundings in one year stimulates an increasingly high number of cable network foundings in the following year (see the .149 coefficient); however, a high number of cable network foundings has the opposite effect (see the -.003 coefficient). On the other hand, prior-year disbandings do not have a significant effect on cable network foundings in the following year.

Model 2 adds one variable measuring the impact of industrial characteristics: the number of cable system operators. It provides a significant improvement in fit over Model 1 ($\chi^2$ = 53.476; $df$ = 1). The significant and curvilinear effects of density and prior-foundings are robust in the presence of the number of cable system operators. The impact of economic condition represented by the vitality of capital market also remains statistically insignificant. Regarding the impact of the number of cable system operators, the result shows that it has a positive and significant effect on cable network foundings. It indicates that cable network foundings increases as the number of cable system operators increases (Hypothesis 5). In other words, in the cable television industry, network size, represented by the number of cable system operators which deliver cable networks programming to costumers stimulates cable network foundings.

Model 3 adds the other industrial characteristic variable that is industry concentration measured by four-firm concentration ratio ($CR_4$). Note that

this midel does not offer a significant improvement in fit over Model 2 ($\chi^2$ = 3.346; *df* = 1). In this model, the effects of density and prior-founding on cable network foundings remained significant and curvilinear in the presence of industry concentration variable. The result shows that industry concentration does not have statistically significant effect on cable network foundings. It implies that an increasing concentration among the cable system operators is not likely to open up the ways for new cable networks whose programming delivered by them.

Model 4-1and Model 4-2 include variables representing deregulation policy regimes.[4] First, Model 4-1 adds a variable representing the impact of the 1984 Cable Act on cable network foundings. This model offers a significant improvement in fit over model 2 ($\chi^2$ = 24.808; *df* = 1). The 1984 Cable Act has a significant positive effect on cable network foundings, which means that the 1984 Cable Act significantly promotes more foundings of cable networks (see the .601 coefficient). The effect of density and the effect of the number of cable system operators remain their significance in the presence of a policy variable measuring the impact of the 1984 Cable Act. However, in this model, only the first term of prior founding parabola showed a significant effect. In other words, the effect of prior founding in this model turned out to be linear rather than curvilinear, suggests that even at high founding rates, each additional founding increases cable network foundings.

Model 4-2 shows the impact of the other deregulation Act, the 1996 Telecommunication Act, keeping other variables the same as Model 4-1. This model also offers a significant improvement in fit over model 3 ($\chi^2$ = 22.11; *df* = 1). Like in Model 4-1, the effect of density as well as the effect of the number of cable system operators remain their significance in the presence of a policy variable, at this time measuring the impact of the 1996 Telecommunication Act. As in Model 4-1, only the first term of prior founding parabola showed a significant effect. Note that the 1996 Telecomm Act has a significant effect on cable network foundings, but the direction of its impact is opposite to the 1984 Cable Act; the 1996 Telecomm Act has a significant negative effect on cable network foundings which means it decreases cable network foundings.

These results suggest that, although those two Acts intended to

[4] I droped industry concentration variable in Model 4-1 and Model 4-2 because of two reasons; it was statistically insignificant in previous model, and it is highly correlated with a policy variable, measuring the impact of the 1996 Telecommunicaton Act (.861).

deregulate the cable television industry, their respective impact on cable networks is somewhat different; the 1984 Act significantly promotes more foundings whereas the 1996 Act promotes less foundings. Note that the coefficient of the 1996 Act is comparing years before the Act (i.e., 1969-1996) to years after the Act (1997-2010). What this model shows is that the 1996 Act actually made the cable television industry less vital in terms of entries of new cable networks.

In sum, results of negative binomial regression estimates of cable network foundings show that the growth of cable television industry represented by the founding rate of cable networks is significantly affected by organizational ecology as well as the socio-political context. It shows that density significantly shape current cable network foundings, as does the annual number of cable system operators (Hypothesis 1, 2 and 4). Also, two deregulation policies significantly affect the cable network foundings rate (Hypothesis 6 and 7). In other words, the process of legitimation actually works in the cable television industry in a way that affects cable network foundings. The processes of legitimation and competition represented by the number of cable networks and policy regimes significantly affect the growth of cable television industry in a way that shapes cable network foundings.

## Discussion and Conclusion

This study addresses the development of the cable televeion industry in the United States. Specifically, it investigates factors affecting the development of cable television industry in the United States by focusing on cable networks. In so doing, I drew theoretical perspectives from population ecology and the new institutionalism which both provide intriguing accounts for studying dynamics in the organizational world. Indeed, there have been increasing numbers of studies that attempt to combine ecological perspective with institutional insights (e.g., Haveman 1993; Dobbin and Dowd 1997, 2000; Mezias and Boyle 2005) for analyzing the development of various industries such as rail, music recording, book publishing, and so on. However, there is a surprising dearth of research addressing cable television industry. Cable television industry provides unique opportunity to study the development of the industry; starting as a stopgap mechanism for relaying the programming of broadcast TV networks, it evolved to provide its own original programming via cable networks which became broadcast TV networks' rival competing for the audiences. This study contributes to literature by filling the

gap in the literature by taking the cable television industry as a focal industry.

Both ecologists and institutionalists argue that the process of legitimation is essential to understand the development of an industry. However, there are underlying differences between them. For ecologists, an organizational form is legitimated when its existence and prevalence are taken for granted (Hannan and Carroll 1992). In other words, they conceive legitimacy to be cognitive in nature, which increases as the number of organization of a certain form increases. For institutionalists, however, organizational legitimacy is greatly affected by broader socio-political and cultural environment which such organizations are embedded. It indicates that legitimacy rests not only on cognitive foundation but also on regulative and normative foundations (Scott [1995] 2001). In particular, institutionalists have turned their attention to external factors such as the laws and regulations, and have investigated how organizations respond to them and how those responses confer legitimacy on organizations. They argue that, for example, different governmental policies can lead to different patterns of industry development by altering the environment in which organizations operate. They also point out that, even though public policies seem to be simple external forces, the responses of organizations are not simple in that such policies in many cases allow discretion in their interpretation and application (Edelman 1992; Dobbin and Sutton 1998).

The results of negative binomial estimates for cable network foundings from 1969 to 2010 support both ecologists' and institutionalists' arguments on the development of an industry. From ecologists' perspective, the processes of legitimation and competition represented by density significantly shape cable network foundings. Industrial charateristics represented by the number of cable system operators has also significantly positive effect on cable network foundings. From the institutionalists' perspective, organizational legitimacy conferred by the public policy significantly affect waxing and waning of cable network foundings. This indicates that public policies have palpable effects on the growth of cable networks and its effects cannot be reduced to counts. Note that analyses of the founding rate of cable networks from 1969 to 2010 show the consequences of different policy regimes. The Cable Communications Act of 1984 expanded the cable television industry by balancing power between cable television operators and the government and reducing an unnecessary regulation that could have potentially brought about an economic burden on cable system, thus boosted cable network foundings. Meanwhile, the Telecommunications Act of 1996 which among other things, sougth to promote the growth of cable television

industry by increasing competition actually resulted in fewer foundings of cable networks. This corresponds with argument among institutionalists that government policies purport to do one thing but in reality it turns out the opposite, for example as was the case with early antitrust law, which led to rising consolidation, not greater competition in railroad industry (Dobbin and Dowd 1997).

In sum, this study shows that ecological dynamics revolving around the number of organizations, in this case cable networks, explain but do not fully explain the development of the cable television industry in the United States. Rather, policy has had discernible effects on industry development, shaping how organizations respond to changes in regulations.

More recently, the television industry has increasingly grown complex as the competition from new technology consistently arises. For example, the subscription video on demand (SVOD) services (e.g., Netflix) have emerged as tough competitors for cable providers. Particularly, the ease and accessibility of SVOD services poses a powerful impact on the cable television industry as cable television providers are losing subscribers to online video streaming companies. How, then, does the competition from new technology impact cable television industry? Does this eventually lead to the development of an even more specialized medium for the future? Those questions await further research.

(Submitted: May 11, 2018; Revised: July 6, 2018; Accepted: July 13, 2018)

## References

Amburgey, Terry L. and Hayagreeva Rao. 1996. "Organizational Ecology: Past, Present, and Future Directions." *Academy of Management Journal* 39(5): 1265-1286.

Barnett, William P. and Terry Amburgey. 1990. "Do Larger Organizations Generate Stronger Competition?" Pp. 78-102, in *Organizational Evolution: New Directions*, edited by Jitendra Singh. Newbury Park, CA: Sage.

Barron, David. 1992. "The Analysis of Count Data." *Sociological Methodology* 22:179-220.

Baum, Joel A. C. and Christine Oliver. 1991. "Institutional Linkages and Organizational Mortality." *Administrative Science Quarterly* 36(2): 187-218.

Berry, William. D. 1993. *Understanding Regression Assumptions*. Newbury Park, CA: Sage.

Carroll, Glenn R. 1985. "Concentration and Specialization: Dynamics of Niche

Width in Populations of Organizations." *American Journal of Sociology* 90(6): 1262-1283.

Carroll, Glenn R. and Anand Swaminathan. 1992. "The organizational ecology of strategic groups in the American Brewing industry from 1975-1990." *Corporate and Industrial Change* 1(1): 65-97.

Carroll, Glenn R. and Jacques Delacroix. 1982. "Organizational mortality in the newspaper industries of Argentina and Ireland: An ecological approach." *Administrative Science Quarterly* 27(2): 169-198.

Chipty, Tasneem and Christopher M. Snyder. 1999. "The Role of Firm Size in Bilateral Bargaining: A Study of the Cable Television Industry." *Review of Economics and Statistics* 81(2): 326-340.

Crandall, R. W and Harold W. Furchtgott-Roth. 1996. *Cable TV: regulation or competition?* Washington, D.C.: Brookings Institution.

Creech, Kenneth C. 2007. *Electronic Media Law and Regulation*. 5th edition. Burlington, MA: Focal Press.

Delacroix, Jacques and Glenn R. Carroll. 1983. "Organizational foundings: An ecological study of the newspaper industries of Argentina and Ireland." *Administrative Science Quarterly* 28(2): 274-291.

DiMaggio, Paul J., and Walter W. Powell. 1983. "The Iron Cage Revisited: Institutional Isomorphism and Collective Rationalities in Organizational Fields." *American Sociological Review* 48(2): 147-160.

Dobbin, Frank. 1995. "Railroads." Pp. 59-86 in *Organizations in Industry,* edited by Glenn R. Carroll and Michael T. Hannan. Oxford University Press: New York.

Dobbin, Frank and John Sutton. 1998. "The Strength of a Weak State: The Rights Revolution and the Rise of Human Resources Management Divisions." *American Journal of Sociology* 104(2): 441-476.

Dobbin, Frank and Timothy J. Dowd. 1997. "How Policy Shapes Competition: Early Railroad Foundings in Massachusetts." *Administrative Science Quarterly* 42(3): 501-528.

_____. 2000. "The Market that Antitrust Built: Public Policy, Private Coercion, and Railroad Acquisitions, 1825 to 1922." *American Sociological Review* 65(5): 631-657.

Dowd, Timothy J. 2004. "Concentration and Diversity Revisited: Production Logics and the U.S. Mainstream Recording Market, 1940-1990. *Social Forces* 82(4): 1411-1455.

Edelman, Lauren B. 1992. "Legal Ambiguity and Symbolic Structures: Organizational Mediation of Civil Rights Law." *American Journal of Sociology* 97(6): 1531-1576.

Goolsbee, Austan. 2007. "Vertical Integration and the Market for Broadcast and Cable Television Programming." Federal Communications Commission Study No. 9, April, 2007. Retrieved July 4, 2013 (https://www.fcc.gov/media/media-ownership-2006-research-studies-archive)

Greene, William. 1992. *LIMDEP Version 6.0*. Econometric Software.

Hannan, Michael T. and Glenn R. Carroll. 1992. *Dynamics of Organizational Populations: Density, Legitimation, and Competition*. New York: Oxford University Press.

Hannan, Michael T. and John Freeman. 1977. The Population Ecology of Organizations. *American Journal of Sociology* 82(5): 929-964.

_____. 1989. *Organizational Ecology*. Cambridge, MA: Harvard University Press.

Haveman, Heather A. 1993. "Follow the Leader: Mimetic Isomorphism and Entry into New Markets." *Administrative Science Quarterly* 38(4):593-627.

Haveman, Heather A. and Robert J. David. 2008. "Ecologists and Institutionalists: Friends or Foes?" Pp. 574-595 in *SAGE Handbook of Organizational Institutionalism*, edited by Royston Greenwood, Christine Oliver, Kerstin Sahlin and Roy Suddaby. Thousand Oaks, CA: Sage.

Lippmann, Stephen. 2007. "The Institutional Context of Industry Consolidation: Radio Broadcasting in the United States, 1920-1934." *Social Forces* 86(2): 467-495.

Meyer, John and Brian Rowan. 1977. "Institutionalized Organizations: Formal Structure as Myth and Ceremony." *American Journal of Sociology* 83(2): 333-363.

Meyer, John and W. Richard Scott, and Terrence E. Deal. 1981. "Institutional and Technical Sources of Organizational Structure: Explaining the Structure of Educational Organizations." Pp. 151-178 in *Organization and the Human Services*, edited by Herman D Stein. Philadelphia: Temple University Press..

Mezias, John M. and Stephen J. Mezias. 2000. "Resource Partitioning, the Founding of Specialist Firms, and Innovation: The American Feature Film Industry, 1912-1929." *Organization Science* 11(3): 305-322.

Mezias, Stephen J. and Elizabeth Boyle. 2005. "Blind Trust: Market Control, Legal Environments, and Competitive Intensity in the Early American Film Industry, 1893-1920." *Administrative Science Quarterly* 50(1): 1-34.

Mullen, Megan. 2003. *The Rise of Cable Programming in the United States: Revolution or Evolution?* Austin: University of Texas Press.

_____. 2008. *Television in the Multichannel Age–A Brief History of Cable Television*. Blackwell.

Negro, Giacomo, Fabiana Visentin, and Anand Swaminathan. 2014. "Resource Partitioning and the Organizational Dynamics of Fringe Banking." *American Sociological Review* 79(4): 680-704.

Newcomb, Horace. 2004. *Encyclopedia of Television*. 2nd ed. New York, NY: Fitzroy Dearborn Publishers.

Parsons, Patrick R. 2003. "Horizontal Integration in the Cable Television Industry: History and Context." *The Journal of Media Economics* 16(1): 23-40.

_____. 2008. *Blue Skies: A History of Cable Television*. Philadelpia, PA: Temple University Press.

Parsons, Patrick R. and Robert M. Frieden. 1998. *The Cable and Satellite Industries*. Needham Heights, MA: Allyn and Bacon.

Schneiberg, Marc and Elisabeth S. Clemens. 2006. "The Typical Tools for the Job: Research Strategies in Institutional Analysis." *Sociological Theory* 24: 195-227.

Scott, W. Richard. [1995] 2001. *Institutions and Organizations*. 2nd ed. Thousand Oaks, CA: Sage.

SNL Kagan, a division of SNL Financial LC. *Media & Communications*. (http://www.snl.com/SNLWebPlatform/Content/Home/Home.aspx)

Standard and Poor's Corporation. 1982–2011. "Broadcasting and Cable." in *Standard and Poor's Industry Surveys*. New York: Standard & Poor's Corp.

Sterling, Christopher H. 1984. *Electronic Media – A Guide to Trends in Broadcasting and Newer Technologies*. New York: Praeger.

Tucker, David J., Jitendra V. Singh and Agnes G. Meinhard. 1990. "Organizational Form, Population Dynamics, and Institutional Change: The Founding Patterns of Voluntary Organizations." *Academy of Management Journal* 33(1): 151-178.

U.S. Bureau of Economic Analysis. Gross Domestic Product (GDP). Retrieved January 2013. (http://www.bea.gov/national/index.htm

Warren, Albert. 1982–2011. *Television and Cable Factbook*. Washington D.C.: Warren Communications News.

Waterman, David and Andrew A. Weiss. 1997. *Vertical Integration in Cable Television*. Washington DC: Aei Press.

***JIN WON CHUNG*** is a Research Professor at the Graduate School of International Studies, Korea University. She received her Ph.D. in Sociology from Emory University. Her research interests lie in the institutionalization process by which social and cultural practices become widely accepted. Her current research areas include cultural sociology, organizational sociology, human rights and globalization. *Address*: Graduate School of International Studies, Korea University, 145 Anam-ro, Seongbuk-gu, Seoul, Republic of Korea. [*E-mail*: jinwchung@korea.ac.kr]