

FRAMING THE LIABILITY OF FOREIGNNESS: A CASE STUDY OF THE NATIONAL BASKETBALL ASSOCIATION'S PENETRATION INTO CHINA

Hanhan Xue, Daniel S. Mason
University of Alberta

Aim of abstract/paper - research question

Recent decades have witnessed increasing attempts by western-based transnational corporations and/or sport organizations to expand their business operations in the Chinese market; however, in doing so they have faced various disadvantages and difficulties. For example, during the 1990s, IMG, a global sports and media business company, was forced to cease operations of the Chinese Jia-A League football league as the authoritarian Chinese Football Association (CFA) unilaterally removed operating authority from IMG and presented it to a Chinese state-owned enterprise—China Football Industry Development Corporation, which was under direct control of CFA.

In exploring this phenomenon, researchers have recognized that foreign firms looking to do business abroad experience a *liability of foreignness*—facing extraordinary costs and legitimacy constraints due to an inability to correctly interpret and adapt to local customs, as well as failing to adequately engage pre-existing knowledge networks and structures (Edman, 2009; also see Eden & Miller, 2004; Hymer, 1960; Zaheer, 1995). The difficulty foreign sport organizations have faced in the Chinese market raises a significant question: what are the implications of foreignness and its liabilities on the interactions between foreign sport organizations and the Chinese environment and how does this liability manifest itself? The purpose of this study is hence to explore the meaning of liability of foreignness in China; more specifically, it focuses on how the local Chinese media has framed the foreignness and its associated liabilities of the National Basketball Association (NBA) in China.

Theoretical background or literature review*

The media can provide a platform to influence people's minds through the dissemination news, messages and information about specific issues. Framing has often been employed by news organizations to define and construct a social or political issue (Nelson, Clawson, & Oxley, 1997). Typically, news organizations declare the underlying causes and possible results of the issue or event and then make moral judgments, as well as provide potential treatment for the issue (Entman, 1993). In this manner, media framing can provide a useful way to uncover how the penetration of foreign sport organizations has been articulated and interpreted in a local environment. Therefore, the study will examine how the media have discussed the NBA's attempts to gain a foothold in the Chinese market and the extent to which the liability of foreignness has been a part of that discourse.

Methodology, research design and data analysis

To facilitate the media framing analysis, a qualitative media content analysis was undertaken, focusing on the NBA's penetration into the Chinese market. News articles were obtained via news databases from 1979, the year that the NBA sent the first NBA team to China, through 2013 April, using different combinations of key words such as "basketball", "NBA", "penetration", "foreign", "Chinese market", and "China" as search terms. Sources included the CNKI (Chinese Knowledge Integrated Database), the Google search engine and Sina Weibo (a popular Chinese microblogging website launched in 2009). After data collection,

all of the articles were chronologically organized through Microsoft Word and were then sorted by format (news, editorial/opinion/column, and letter). The data were then analyzed in three steps and this process is ongoing. First, we developed five code categories based on the strategies and practices adopted by the NBA in China: (1) media play, (2) arena development, (3) events, (4) sponsorship, and (5) promotions. Second, we flagged each news article by attaching specific code category tag to the article through ATLAS.ti 6 and then we counted the article number under each code category and sorted format. Third, we studied the media content of articles under each code category to examine the underlying meaning of liability of foreignness, i.e. any difficulties and disadvantages the NBA has suffered in the Chinese environment while local sport organizations and firms do not experience. For example, some news articles under "events" category emphasized a theme regarding local governments' antagonism to the giant plan of foreign sport organization. Frames will then emerge from these themes.

Results, discussion and implications/conclusions**

As the study is still working in progress (it is expected to be completed by August 2013), results are not discussed here. However, there are some significant implications the study should provide. First, the study has made a theoretical contribution to sport management literature by integrating the issue of liability of foreignness into the study of sport organizations' business operation and management in foreign host countries. Second, this study may provide managers of western sports organizations with some insights of what specific difficulties and disadvantages they might face in the Chinese market and how local people might view the organizations' foreign status, due to the messages they receive about the issues through the local media.

References

- Eden, L., & Miller, S. R. (2004). Distance matters: Liability of foreignness, institutional distance and ownership strategy. In M. A. Hitt & J. L. C. Cheng (Eds.), *Theories of the multinational enterprise: Diversity, complexity and relevance* (pp. 187–221). Emerald Group Publishing Limited.
- Entman, R. M. (1993). Framing: Towards clarification of a fractured paradigm. *Journal of Communication*, 43(4), 51–58.

- Hymer, S. H. (1960). *The international operations of national firms: A study of direct foreign investment*. Massachusetts Institute of Technology. Retrieved from <http://hdl.handle.net/1721.1/27375>
- Nelson, T.E., Clawson, R. A., & Oxley, Z. M. (1997). Media framing of a civil rights conflict and its effect on tolerance. *American Political Science Review*, 91, 567–583.
- Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management*, 38(2), 341–363.