PROFILES OF CREATIVE ENTREPRENEURS AND THEIR ENGAGEMENT WITH GOVERNMENT IN THE CHINESE CONTEXT

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Statement of Original Authorship

This work has not previously been submitted for a degree or diploma in any university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

(Signed)____________________________

Linda Watterson
Abstract

The concept of creative industries was first introduced to China in early years of the twenty-first century. Arguably, an understanding is lacking of how creative entrepreneurs operate in their daily business activities in terms of dealing with constraints and limits that industry-specific rules and regulations imposed on private operators. Culture, as both the object of government’s ideological control and the essential element of the products and services of creative businesses, plays a crucial role in the organisational construction and strategies for creative entrepreneurs, whose key resources are very much embedded in the social connections and relations that underpin their cultural capital.

Making do by using resource ‘at hand’ is the principle of the key theory – bricolage in business by Baker and Nelson (2005). Through the main device of application of the concept of bricolage to the in-depth study of three everyday entrepreneurs, this thesis provides insights into how creative entrepreneurs in Chinese set up their businesses to survive or succeed by answering the following three questions:

Q1. What are the characteristics of institutional environment of the creative industries that make the entrepreneurs work as bricoleurs to operate their businesses?

Q2. What are entrepreneurs’ resources ‘at hand’ to be utilised in their business operation?

Q3. How do creative entrepreneurs use bricolage in their business operations in response to the characteristics of the creative industries; in particular, how they do they use bricolage in dealing with external and internal institutional and cultural environments?

Combined with the notions from institutional work (Lawrence & Suddaby 2006) and strategic choice (Child 1972), the cases of entrepreneurs and their companies’ use of bricolage in response to their external and internal operation conditions are dissected through examining four components in the theoretical framework: industrial and institutional environment, resources ‘at hand’, institutional bricolage and strategic bricolage.

The theoretical thrust of the thesis rests on the foundation of Roy Bhaskar’s Critical Realism and in particular his defence of the notion of ontological depth both in the social and the natural sciences. By providing an exploration at the theoretical and qualitative levels of the process of entrepreneurship in the Creative Industries in China, this thesis uses a case study methodology.
that anchors the findings firmly within the Chinese context in order to avoid the problem of researching and writing about China from the outside.

The fieldwork for this research was carried out during three trips to Beijing in 2007 and 2008 utilising the following research methods: participant observation of entrepreneurs and their business activities; semi-structured interviews with entrepreneurs and their key business associates, customers, suppliers and staff; and a survey conducted with their staff. The key aspects of entrepreneurs’ personal background, career path, business development and relations with government, as well as their production process and consumption of their own product are discussed and analysed both in detail in each dedicated chapter, and in the concluding chapter through cross-case comparison.

The profiling of entrepreneurs – Insider, Outsider, and Outrider, in the paradigm of power relations between the entrepreneurs and the authorities in the commercial world of creative industries in China is achieved through the provision of a contemporary understanding of creative entrepreneurs’ institutional bricolage and strategic bricolage that are unpacked in the commercial activities and arrangement in their day-to-day enterprising. This profiling captures the characterization of the formation and operational processes that give rise to creative entrepreneurs and fills an important gap in the knowledge about understanding the activities of effective individual entrepreneurs within an economy which is partly authority-controlled. The profiling and the understandings through the profiling could be further applied in other study of entrepreneurship in different economies.
Keywords

Bricolage, bricoleur, China, creative entrepreneurs, creative entrepreneurship, creative industries, entrepreneurship, institutional bricolage, institutional work, strategic bricolage, strategic choice.
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<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>CCP</td>
<td>Chinese Communist Party</td>
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<tr>
<td>CFGC</td>
<td>China Film Group Company</td>
</tr>
<tr>
<td>GAPP</td>
<td>General Administration of Press and Publication</td>
</tr>
<tr>
<td>ICIA</td>
<td>International Creative Industries Alliance</td>
</tr>
<tr>
<td>MoC</td>
<td>Ministry of Culture</td>
</tr>
<tr>
<td>SAPPRFT</td>
<td>State Administration of Press, Publication, Radio, Film and Television</td>
</tr>
<tr>
<td>SARFT</td>
<td>State Administration of Radio, Film and Television</td>
</tr>
<tr>
<td>SME</td>
<td>Small and medium enterprise</td>
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<td>SOE</td>
<td>State-owned enterprise</td>
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Chapter 1: Introduction

China’s emergence within the global economy since the launch of economic reforms in 1979 has been breathtaking. Once seen as an economic and social backwater saddled with a totalitarian communist government, China’s emergence as an economic and social centre has been extraordinary and is commonly described as a ‘miracle’ (Cai, H & Treisman 2006; Hung 2008).

However, China’s emergence as a cultural power has lagged, although it has followed the economic trajectory. As China has become more wealthy (Enderle 2010), its people have developed aspirations to possess and consume both tangible and cultural goods. This emergence has been facilitated by new media, and especially by the emergence of the internet (Bi 2001).

The rate of economic growth in China at the beginning of the new century was so rapid that some critics, including Hutton (2007), argued that the Chinese economy was running up against a set of increasingly unsustainable contradictions that would have a damaging universal fallout. The Chinese banking system was in danger of collapse; there were problems of endemic corruption and dependence on political favours; and contradictions existed between the one-party state and the demands of institutional reform required by China’s broader involvement as a capitalist-based knowledge economy (Hong & Wang 2011; McNally 2009).

It was also pointed out by US strategist George Friedman (2009) that China’s status as the stronghold economy amid the global financial crisis (GFC) was vulnerable, since its domestic market was under-nurtured while the majority of its exports relied on the highly indebted US consumer market, which was itself on shaky ground as a result of GFC in late 2008.

However, China’s Keynesian style turn-around through a massive four trillion yuan ($700 billion) stimulus package in response to the GFC not only saved the Chinese economy, but also supported some of the commodity-exporting economies (Cai 2014), while some Western countries – such as the United States, the United Kingdom and Greece – sank into deep and seemingly intractable recessions despite various forms of government intervention (Taylor 2014).
China’s emergence as an economic powerhouse has been the subject of much debate among the international community, especially since the ‘financial tsunami’ that began in late 2008 and penetrated every corner of the global economy. Hookway, Barta and Mattioli (2012) point out that, with China leading, Asia as a whole is tending to take steps to boost domestic demand by increasing wages. What this will bring to the world economy is clear, as China and Asia are the most populous countries in their own geographical category.

In a similar vein, the influential founder of the Demos think-tank, Martin Jacques (2012), has predicted that China is set to take over from the United States, and will dominate the world. This dominance may even include a military dimension (Roy 2013; Zheng 2015). Jacques’ argument is that the ever-growing economic power is ‘creating the conditions for it [China] exercising much greater cultural and ideological influence – its ‘soft power’ (2012, p. 3). A severe crisis of confidence among Western, especially American, elites is evident at the economic (Summers 2014), political (Brzezinski 2009), and corporate levels (Worden 2003). This may have led some – like Jacques – arguably having gone overboard with their praise and admiration of the Chinese state.

The Chinese economy continues to flourish. Every progressive movement on the economic front worldwide seemed – and indeed still seems – to hinge on China’s economic wellbeing (Golley 2013; Lardy 2012). As a result, apart from some strong performances in social, economic and cultural aspects, China’s political power in major international fora has been growing increasingly influential.

This thesis is drawn primarily from events in this period when China was commencing its rise to its current status as a lead character on the world stage in the economic, political and cultural fields. The thesis aims to provide some insights into how China’s economy developed through a case study on a micro unit of the economy: entrepreneurs and their business operations. It will unveil the lived texture of the economic and political life of a number of entrepreneurs, placed against their cultural environment. In so doing, the findings of this thesis will be of relevance to all who do or wish to do business with China and to all those who see the growth of China as vital to the health of their own country’s economy (Raby 2013).

This thesis emerges from a focus on and analysis of the development of the creative industries in China. Even when the global economic downturn in 2008 foreshadowed increasing risks to the Chinese economy, there was a positive atmosphere in the creative industries sector in China, with an abundance of encouraging yet seemingly superficial phenomena, such as dozens of creative clusters emerging in every key city in China like ‘bamboo shoots after spring rain’ (yuhou chunsun) (Keane 2013; Kong 2009; Krischer 2014;
A number of city or district governments put aside annual dedicated funds to support the development of creative industries (Keane 2013). Major banks such as the Communication Bank of China sanctioned loans to creative enterprises with a ‘fast-lane’ approach (Sheng 2009), even without proven workable procedures.

At the time (and this is still essentially the case) the Chinese Communist Party’s (CCP) overriding doctrine of the necessity for a ‘harmonious society’ (hexie shehui), which was first mentioned in Jiang Zeming’s report to the 16th Party Congress in 2002 (Guo, S & Guo 2008) tended to obscure the importance of any concepts, thoughts or ideas that were different, new or not the ‘norm’. There is perhaps a feeling in official quarters that these could potentially threaten the ideological monitoring of the CCP and move it out of its comfort zone. The reform process in China operated from the basic assumption that “‘Socialism’ simply meant that the party [CCP] would stay in power at all costs and forever” (Wang, C 2015, p. 30). Even though innovation is what the central government advocates (Hu 2007), there is no real workable mechanism that would encourage, cultivate or nurture creativity among the mass of institutions, especially among the seemingly similar and overlapping systems of government policies that are officially intended to promote the creative industries as the process of censorship of the arts (Kraus 2004) and the internet (King, G, Pan & Roberts 2013) make clear. CCP policy has set up a number of ‘forbidden zones’, which if the artist crosses into, arrests follows swiftly (Shih 2008, p. 281).

However, several years after the endorsement of the concept of the creative industries was introduced to China (Keane 2013), cultural and creative industries are still enjoying steady growth overall, with more sub-sectors emerging, digital content products increasing rapidly and cultural products’ foreign trade flourishing (Zhang, Wang & Zhang 2013). In Beijing, where the creative industries are centred around Chaoyang District, the municipal government’s promotion of the capital city’s cultural identities will greatly benefit the development of creative industries through science and technology innovation (Liu 2013; Zhang 2014).

Riding the wave of creative industries’ development, surfing among the tensions between policy intentions and political and commercial reality, creative entrepreneurs in China manoeuvre their businesses among the domains of culture, commerce and politics by utilising their cultural capital accumulated through a lifetime of social connections (Yang Keming 2007). They are compelled by the ‘Chinese-characteristics market economy’ to be adaptive in their business strategies, operational approaches and social mentality if they are to survive in their respective competitive environments (Dickson 2009; Guthrie 2009).
1.1 BACKGROUND

1.1.1 Personal Background

From a personal point of view, as a native of Chaoyang District, I have always wanted to develop a better understanding of Chaoyang District’s rapid economic, social and political growth during the past 20 years. During my time as both a native Chinese employee working for overseas companies and an Australian business person dealing with Chinese clients, I have obtained certain levels of advantage in understanding the entrepreneurial mentality in the commercial domain in different levels of communities, whether it is in Chaoyang District, in Beijing as a city or in China. The entrepreneurial mentality includes, in relation to this PhD research, a capacity to negotiate between politics and commerce, which is a crucial part of business planning for most entrepreneurs, particularly creative entrepreneurs in China as discussed in subsequent chapters.

An initial interest in research on entrepreneurs was connected to my experience as Marketing Communication Specialist for Sun Microsystems’ Chinese operation in the early 1990s and as business owner in engineering and mining industries. I enrolled in the Creative Industries Faculty in QUT in order to develop a higher academic expression of my experience and knowledge. As the owner-operator for a private business, I was working in multi-roles in every part of the daily operation especially at the early stages of developing the business. These experiences nurtured a long-lasting interest for me in understanding entrepreneurs as one of the major driving forces in the modern economy. Although not claiming to be an insider towards the business operations of creative industries, I benefited substantially from the experience in running my own engineering venture which gave me a deeper understanding of the owner-entrepreneurs under constant pressure and challenge, particularly, from the social, cultural and economic point of view.

1.1.2 Creative Industries Development in Major Cities in China

According to the Beijing municipal government’s categorisation, the creative industries include advertising, publishing and IP services, cultural recreation and entertainment, TV and radio broadcasting, film, industrial design, computer and software, internet and mobile service, online gaming and cultural products (Beijing Government Publicity Department 2006). These are understood to most often prosper in large international cities (Zhang, J 2014).

The fieldwork of this study was carried out during the first years of the ‘creative industries’ concept emerging in the major cities in China. This concept later became official language in the government’s economic development policy. During those years, according to the 2007 *China Creative Industries Development Report*, compiled by the China Creative Industries
Research Centre, Beijing and Shanghai, as the two largest cities in China, exhibited the fastest development in creative industries (Xinhuanet 2007; Zhang 2007). Supported by statistical data relating to business, employment, assets and revenue in all major cities, Beijing and Shanghai ranked first and second among fifteen major cities in China by a wide margin (Zhang 2007). For example, the number of people employed in Beijing and Shanghai in the creative industries was 1.03 million and 0.89 million respectively, while Guangzhou, ranked third in the list, had less than half the workforce of Shanghai.

In this compilation, Zhang (2007) points out that some other cities had a leading edge and achieved outstanding performances in one or two of the areas of the creative industries. For example, Chongqing ranked fourth in the area of film and video, despite being positioned ninth in the overall statistics. Qingdao, although ranked tenth overall, was ahead of the majority of comparable cities, coming second in the area of art, craft and fashion. Nevertheless, overall, the statistics show that Beijing and Shanghai will be the leaders in the development of creative industries for a long time to come, simply because of their clear advantage as highly concentrated political, cultural and commercial centres.

Given the traditional rivalry between Beijing and Shanghai (Demick 2010), there would be an intensive (and hopefully healthy) undercurrent of competition motivating the principal actors of each city – government, professional institutions, business communities and even the ordinary residents – to take action to further reinforce and build on their leadership status in the development of this exciting new territory. In turn, this creates new challenges to develop and deepen our understanding of how these cities are embracing the creative industries.

From his British perspective, Rossiter (2006) provides a brief description of the creative industries in Beijing. He does question whether the term ‘creative industries’ is applicable to China, because the situation there is so different from that pertaining in Britain. Specifically, the creative industries in Britain have sprouted in the spaces left by the decay of British industry. Rossiter (2006) makes a crucial distinction between creative industries policy and what actually happens on the ground. He argues that there is a ‘distinctive homogeneity in the way creative industries travel internationally as a policy discourse’ (2006, p. 369). However, he claims that such discourse bears ‘little resemblance to the actual experiences and condition of those working in the creative industries’ (2006, p. 367). In many ways, the approach of this thesis – the use of a number of detailed case studies – is due to recognition of the validity of Rossiter’s observations.

Like many British cities, Manchester has experienced in many respects a process of decay (Banks et al. 2000). Beijing, by contrast, is expanding at a rate that is common among Asian...
to get some idea of scale, in this context, it is worth noting that Rossiter (2006) points out that the investment by Tsinghua University in the high-tech zone of Zhongguancun makes ‘the privatisation and the R&D efforts by Australia’s elite universities notably underwhelming at the levels of infrastructure and pace of development’ (2006, p. 368).

1.1.3 Chaoyang District

Chaoyang District is located in north-east of urban Beijing, covering 470.6 square kilometres. With a population of around three million, Chaoyang is the largest and most densely populated urban district in Beijing (China Daily 2015). Including the CBD of the city, Chaoyang has seen significant investment in commercial, business and cultural infrastructure, and as a result stands out as the district with the strongest modern flavour in Beijing.

Ring roads, inter-regional expressways, the light-rail, the subways and the Capital Airport have formed a three-dimensional transport system in the district (Chaoyang District Government 2014). With thousands of foreign businesses and all but two foreign embassies located in quiet areas within the district, Chaoyang serves as the diplomatic window of Beijing.

During the years (2007 and 2008) when the fieldwork was carried out, a number of major city development projects fuelled the dynamic of the district: the establishment of the CBD, the relocation of China Central Television, Phoenix Star Television and Beijing Television into the district, and the successful 2008 Olympic Games all greatly expedited the process of the urbanisation of suburban areas, the modernisation of urban areas and the internationalisation of the district as a whole.

Chaoyang District plays an important role in Beijing’s economic development, with relatively high fiscal revenue and a high per capita income. Among the 195 counties in Beijing, nine out of the ten richest counties are within Chaoyang. According to Chaoyang District Statistical Office, the sum of value added of the core cultural industries reached 5.31 billion yuan (A$900 million) with employment of 73,400 in 2003 (cited in Hui 2006).

Chaoyang has a strong investment in culture, despite lacking the kind of ‘cultural crown jewels’ of other areas, such as the Forbidden City (Zijincheng, in Dongcheng District).
term ‘cultural creative industries’ \(^1\) (CCI) was first used in Chaoyang District (Hui 2006), ahead of other districts and counties in Beijing. In Chaoyang, moreover, the development of the creative industries has progressed in antiques and crafts, contemporary visual arts, performing arts, cultural and leisure entertainment, and festivals and events like the Chaoyang International Pop Music Festival, China International Gallery Exposition and the Dashanzi International Art Festival, resulting in the establishment of a solid foundation and the promise of further and even brighter prospects (China Daily 2015).

1.1.4 The Government’s Involvement in the 11th Five Year Plan

China endorsed the ‘Five Year Plan’ system, borrowed from the former Soviet Union, as early as the 1930s (Kan-Chih 1959). Yan Xishan, one of the prominent warlords at the time in Shanxi province, formulated a ‘Ten-year Plan of Economic Reconstruction’ (the plan was cut short to five years by the invasion of Japan’s military force), inspired by the success of the Soviet Union’s First Five-Year Plan (Gillin 1965).

The first national Five-Year Plan (1952–57) started in January 1953 when the ruling Chinese Communist Party was closely allied with the Soviet Union (Simon & Goldman 1989), an alliance that lasted until the 1960s (Dreyer 2008). The second Five-Year Plan (1958–62) was overtaken by the Great Leap Forward, which was launched in 1958. Even though there were intentions of adopting Third, Fourth and Fifth Five-Year Plans, they were never disseminated due to the continuous social disasters that wracked the nation until the end of the Cultural Revolution in late 1976 (Stewart & Choi 1990).

Following the ‘Open Door’ policy, sanctioned under the leadership of Deng Xiaoping in December 1978, there came the Sixth Five-Year Plan, which commenced in 1981, followed by a succession of Five-Year Plans. The full name of these ‘plans’ is the National Economics and Social Development Five-Year Plans. The principle intent of each plan is to set the target and direction for national economic development, and allocate the national key projects and major developments among all sectors of the economy (Chinagate Net 2006).

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\(^1\) Cultural Creative Industries is quoted only when referring to an entity who use such a term, such as the Ministry of Culture or the Beijing government.
By early 2006, China’s central government was advocating the concept of ‘autonomous innovation’ (zizhu chuangxin), announced by Premier Wen Jiabao in the 11th Five Year Plan (Xinhua News Agency 2005), which set the principal guideline for the overall direction of economic development: moving away from low-cost manufacturing, and moving into the knowledge and service economy based on innovation.

As part of the 11th Five Year Plan, the undertaking of ‘autonomous innovation’ stressed the importance of a favourable mechanism and an environment that required institutional reform in science and technology, the protection of intellectual property, and the creation of a healthy and attractive environment for cultivating all kinds of talent. For the embryonic CCI, this guideline affirmed the importance of its development in the national agenda, and defined the underpinning issues as the disjuncture between manufacturing and advanced services, the cultural trade deficit and the reform of cultural institutions into creative enterprises (Chinagate Net 2006; Keane 2013).

China has been viewed as the ‘world factory’ for decades, with its exports of traditional goods, textiles, clothing, footwear, machinery, electronics and computer hardware, mainly based on the cheap labour context as the basis of the nation’s competitiveness. Two of the major downsides of this, apart from the low international status of this development model politically, are the accompanying environmental issues and growing concern over the quality of Chinese exports, as in the case of the Mattel recall (Burke 2007).^2 So when the concepts of a creative economy and creative industries were officially introduced into Shanghai in late 2004, they gained swift acceptance, particularly among the large city governments (Zhang 2007, Zhang et al. 2007). Major cities like Beijing, Shanghai, Chongqing and Xi’an incorporated comprehensive policies on creative industries into their development plans, and entered into competition with each other.

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^2 The Mattel Recall in 2007 refers to a series of product recalls and import bans initiated by the product safety institutions of the United States, Canada, the European Union, Australia and New Zealand against products manufactured in and exported from mainland China because of numerous consumer safety issues regarding such goods as pet food and toys. This created adverse consequences for confidence in the safety and quality of mainland Chinese manufactured goods in the global economy.
The Chinese government’s fascination with the potential of the creative industries is well known. However, for some reason – perhaps ideology and the imperative to prioritise national stability – the issues of competition, risk-taking, intellectual property and innovation, which are central to the media and creative industries internationally, do not register as important, and do not receive the attention they should (Keane 2006).

Philip Dodd, former director of the UK Institute of Contemporary Arts, has also observed that in China, ‘the economic imperative and political ones are not always in harmony’ (2005, p. 14). For example, in the index of one of the documents published by the Beijing municipal government in November 2006, aimed at promoting creative industries development in Beijing, the government categorised industry investment into four groups: encouraged, permitted, limited and prohibited (Beijing Development and Reform Committee 2006). This is evidence of a continuing high degree of intervention from the government, which makes risk-taking even more difficult for potential investors or operators in this industry sector.

Animation and on-line gaming, among the others, are categorized in ‘encouraged’. By this categorization, non-state owned business entities, private or overseas, are encouraged to invest and operate in these sectors. There is no restriction on the source of investment and similarly management is not regulated.

However, in the limited category, for example, non-state-owned investment is not allowed in the distribution – wholesale or retail – of books, newspapers and magazines. Also in the limited category, for advertising agencies for TV and radio, non-state-owned and overseas investment are allowed, but have to be in a joint venture entity, with over 51 per cent state-owned. In the prohibited category, overseas and non-state-owned investment are excluded altogether from many sectors of CCI, such as publishing of books, newspapers, magazines, AV products, and electronic publications, regular programs on TV and radio, and film importing operations. Private businesses are disallowed for publishing publications, as shown in the cases of Han Yan in Chapter 6.

The explanation of this obviously contradictory mentality (on the one hand promoting creative industries, while on the other hand setting obstacles in the path of business) among the policy-makers lies in the relationship between politics and culture, and the historical co-existence of ‘two great camps’ (liang da zhenying), which have remained at the forefront of politics in modern China.

1.2 THE RELATIONSHIP BETWEEN CULTURE AND POLITICS

The overthrow of the Qing Dynasty led by the ‘Father of Nation’, Sun Zhongshan (also known as Sun Yat-sen), in 1911 reinforced the cultural debate between Confucian-oriented
traditionalism and Western Enlightenment liberalism, which had begun in the middle of
nineteenth century when China was forced to open up to the outside world by the knock of
‘imperialism’s cannons’ on the doorstep (Kan-Chih 1959). Amid the constant war-torn
instability of the first half of the twentieth century, this cultural discourse survived until the
start of the regime of Chinese Communist Party in October 1949.

In the name of ‘serving the people’ proposed by Chairman Mao, culture started to be utilised
as a mechanism to fine-tune the ‘unity of contradiction between intellectuals and peasants’
(Keane 2007, p. 55) in the early 1950s at the beginning of the regime of the CCP. The locus
classicus for Maoist aesthetics is the series of talks that Mao gave in 1942 at the Yanan
(Yan’an) forums, when he attempted to recruit art and artists to the revolutionary cause –
specifically, in this case, the war against Japan (Mao 1967). Mao was not unaware of a
tension between the demands of art and the demands of politics. He explicitly condemned art
which was ‘correct in political viewpoint but lacking in artistic power’ (Mao, quoted in
Solomon 1979, p. 252). However, in practice the dictate that art should serve the interests of
the people morphed into serving the interests of the party, and serving the interests of the
party, in turn, into serving the interests of the party leader.

This centralisation of power was followed by an accumulation of political and economic
disasters, including three years of famine from 1957 to 1960 that saw over 30 million deaths.
These were caused, in large part, by Mao’s series of flawed economic policies based on his
own misunderstanding of Marxism (Xin 2008). This made it imperative for Mao to control
political power through propaganda. Given the non-Marxist basis of Maoist politics, it is
scarcely surprising that culture became the tool of political control over the minds of the
masses, and constituted the essence of the main body of propaganda – all in an effort to
sustain the hegemony of Mao’s rule (Guillermaz 1977; Hsia 1972).

This was to take extreme forms during the Great Proletarian Cultural Revolution, when
‘cultural activities fell under the jurisdiction of central authorities … the ideological
component came to determine the productivity of culture. Diversity and novelty were put
aside in favour of standardisation and quotas.’ (Keane 2007, p. 55) According to Kraus
(2004), the CCP was the main, and probably only, source of patronage for the culture system
for the first few decades of the socialist system until the end of the 1970s.

This rigid form of patronage reached its end with culture starting to de-link from politics in
the late 1970s, when a pragmatic political policy was adopted in the new era of economic
reform (Kraus 2004). The real sense of cultural discourse gained its strength gradually as the
starting point for the rise of a post-industrial society (Keane 2007). Culture is no longer
solely at the service of party lines, or regarded as a means of distribution of the party’s
ideology. Instead, as Keane points out, it returned to its normal functionality as ‘a bearer of universal and sometimes anti-hegemonic value’ (2007, p. 64). Thirty years on, the autonomy of culture has substantially been achieved, although the strings connecting culture and politics are still held firmly and pulled from time to time by different camps in the political domain in China (Xin, Z 2008).

Hillman-Chartrand and McCAughey’s (1989) arm’s length model illustrates the relations between arts and government in terms of four types of status: facilitator, patron, architect and engineer. In the United States, funds for the arts primarily come from foundations or individual donations. This system promotes a culture of giving, allowing tax deductions for personal and corporate contributions. This facilitator state model is aimed at promoting an entrepreneurial culture, one not reliant on government. It also appears to promote a diversity of creative activities, decided by the diversity of funding sources it intrinsically possesses. As Hillman-Chartrand & McCaughey state, the government is not involved in targeting arts of national standard or importance. In this model, the government is kept at a (long) arm’s length distance.

Hillman-Chartrand & McCaughey further illustrate that the patron state funds culture through councils. This model has prevailed in the United Kingdom and some other Commonwealth countries such as Australia and New Zealand. The fund is provided by the government, granted by the councils composed of a board of trustees appointed by the government, through peer evaluation. The policy dynamic of the patron state tends to be evolutionary, responding to the changing forms and styles of the artistic community. The government can’t claim credit for promoting creativity, nor can it be criticised for the failure to do so. It simply passes responsibility to independent reviewers, thereby remaining at arm’s length.

By contrast, Hillman-Chartrand & McCaughey explain, the architect state model funds the arts through a Ministry or Department of Culture. In France, Austria and a few other European countries, the granting is the decision of the government, based on social welfare objectives. It tends to support the arts meeting community standards of creative excellence, promoting national recognition or national heritage. In this model, government is heavily involved in many aspects of the development of creativity. In brief, the arm’s length is shorter.

The engineer state model implies the ownership of all aspects of artistic production. It supports the political standard of excellence, not the process of individual creativity. Hillman-Chartran & McCaughey’s comparison leads to the finding that the funding decisions are made by political commissars, very much along lines dictated by party politics.
The arts are at the service of the political purpose of the governing party. This model existed widely among the communist countries before the end of the Cold War.

Hillman-Chartrand and McCaughey (1989) point out the convergence of different models of public support in countries. There is a tendency for patron and architect states to move towards the tax-expenditure model, which is the character of the facilitator model. In short, the facilitator model epitomises the entrepreneurial model, while the other models demonstrate a cultural field populated by officials rather than business persons.

Like the former Soviet Union, the People’s Republic of China has, since its establishment in 1949, arguably been a typical engineer state. It reached its extreme period of absolute control of cultural works during the Great Proletarian Cultural Revolution, which started in 1966 and ended in 1976.

The transformation from institution (shiye) to industry (chanye) became a key topic among policy-makers, academics and cultural workers (Zhang 2006). The People’s Daily was among the first media institution to commence operations in an entrepreneurial style. This symbolised the end of the government’s total control of the cultural sector, through to the period of cultural institutes acquiring business licences and forming media groups in the 1990s. The process is continuing, with the reform in the system of organisation within cultural institutions in full swing (Zhang 2006). From this perspective, China is in the course of transferring from engineer state to architect state, with some elements of the facilitator state emerging in some sectors.

1.3 THE POLITICAL ‘TWO CAMPS’ IN PARTY POLITICS IN CHINA

According to Xin Ziling (2008), a senior researcher at the China National Defence University specialising in contemporary Chinese politics, the wrestling between the two camps in Chinese politics within the CCP – particularly after the party came to power in the early 1950s – has always hinged on belief or disbelief in the firm establishment of Mao Zedong’s revisionism within the party.
The argument revolved around the extent to which Mao’s views departed from an orthodox Marxist approach. The underlying struggles of reformists such as Liu Shaoqi and Deng Xiaoping, who formed one camp, against Mao and his ever changing allies in another, in the first seventeen years of ‘New China’ reached a climax in the often brutal suppression of the ten years of Cultural Revolution, which began in 1966 (Hsia 1972). Liu and Deng’s own political careers were affected (Guillermaz 1977). Death ended that of Liu Shaoqi, while ten years of disgrace befell Deng Xiaoping (Vogel 2011). Ironically, according to Xin (2008), all this took place despite the fact that their obviously more effective economic policies had saved Mao’s own career repeatedly by steering the country out of calamitous states into which it had been pushed single-handedly by Mao himself.

Reformists such as Liu and Deng were ultimately unable to control the disastrous regression that overtook China in the 1960s, even though they were in the elite rank of policy-making for the whole country. This was because, according to Xin (2008), they failed to control the ideology of the party – the ‘right of speech’. Liu and Deng were made to act out humiliating ‘self-criticisms’ in public or to Mao privately, even on such seemingly minor issues as holding a different opinion from Jiang Qing, Mao’s wife, on a certain movie. This is why, even after Deng returned to power as paramount leader of China and despite bringing about unprecedented economic achievement, his leadership still had to adopt the so-called ‘indicating left, but turn right’ approach to justify their essential deviation from the conservative party line (Xin, Z 2008).

This kind of wrestling between the ‘two camps’ has also manifested in the discourse of cultural industries versus creative industries in recent years. Even though some of the major cities’ municipal governments are keen on the idea of creative industries pioneered by Professor Li Wuwei (2005, 2006, 2009a, 2009b) as a leading player in national political reform based in Shanghai, the Minister of Culture, as the government body to control the

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3 Liu Shaoqi was Chairman of the People’s Republic of China, China’s head of state, from the late 1950s to the late 1960s. His ‘right-wing’ approach resulted in him being labelled as China’s premier ‘Capitalist-roader’ and a traitor. He died after enduring harsh treatment in late 1969.

4 One of the incidents was about the movies The Secret History of Qing (Dynasty) Palace (Qinggong Mishi) and Wu Xun (Wuxun Zhan), when Mao authorised his wife Jiang Qing to be involved in the political review of the films. This paved the way for Jiang Qing’s elevation to her official position in culture management during the Cultural Revolution.
media in the culture front, still considers the idea of creative industries to be incompatible with the Chinese character. As always, the Beijing government adopted the hybrid of ‘cultural creative industries’ as a compromise, while Shanghai named this newly defined sector of the economy ‘creative industries’, as it was imported from overseas (Keane 2009b).

The fight between the political ‘two camps’ is most clearly displayed by the series of events that occurred in recent years in relation to the downfall of Bo Xilai, one of China’s most prominent leaders. As one of China’s ‘princelings’, Bo’s Neo-Maoist populism, through his unhidden ‘ambition, aggressive and ruthlessness’, constituted threats to his political rivals (Broadhurst & Wang 2014, p. 163), who ousted him in the name of ‘fighting corruption’. The real fight is between two extreme ideologies (Li 2012) from two factions within the party (Cheng 2013) that bear ‘two sharply contrasting and controversial perspectives on the country’s near- to medium-term future’ (p. 41).

This close relationship between culture and politics in China, and the struggle between the two political camps, has shaped the political landscape in China, and thus established the political context for creative industries development. Therefore, unlike most other sectors of economy in China, the creative industries are generally facing more obstacles, such as ideological control or monitoring of the government, in carrying on their businesses.

Baker and Nelson’s (2005) social construction of resources bears the necessary elements that guides the insight-seeking of this research. The refusal to enact the limits or constraints necessitates the improvised construction of the resources ‘at hand’ to fit the useful purpose that initially was deemed to be ‘nothing’. The concepts of *bricolage* and the *bricoleur* provide a theoretical framework to analyse the business activities of the entrepreneurs to deal with their external and internal cultural and institutional environment (Glynn 2008; King, R 2012; Levi-Strauss 1966).

Encountering those self-constraining industrial policies, businesses in the creative industries in China have to deal with more burdens imposed on them, generally before the business venture even starts. Especially when people are determined to get into the ‘forbidden area’, they will have to manage to ‘go around’ the system – a process that requires extra effort in improvising, as we shall see in the case studies, on top of dealing with the challenge of incubating or nurturing a business.

This thesis intends to provide insights into how creative entrepreneurs in China operate their businesses in such a cultural, social and political environment by answering the following questions:
Q1. What are the characteristics of institutional environment of the creative industries that make the entrepreneurs work as bricoleurs to operate their businesses?

Q2. What are entrepreneurs’ resources ‘at hand’ to be utilised in their business operation?

Q3. How do creative entrepreneurs use bricolage in their business operations in response to the characteristics of the creative industries; in particular, how they do they use bricolage in dealing with external and internal institutional and cultural environments?

1.4 SIGNIFICANCE OF THE RESEARCH

The significance of this research lies in the following aspects:

1.4.1 Micro-scope approach

The limitation for wealth-creation at the traditional micro-economic level has been recognised by government in the current knowledge-based economy (Cunningham 2005). A new framework is needed to ‘advance the sustainability and positioning of the cutting-edge end of creative industries into the future’ (2005, p. 283). Governments should be armed with more innovative approaches to better direct or facilitate the development of the creative industries – especially in China, where the rich source of culture on which creative industries could draw upon is far from being fully exploited.

Chaoyang District is the most important financial district in Beijing. The district has a much higher per capita income than the norm. Its annual RMB 5 billion Yuan (around A$800 million) annual tax contribution to the Beijing and the central government (according to Chaoyang District propaganda officials) show that it is a dynamic region and worthy of great attention. In other respects as well, Chaoyang District is a typical urban area with many features of modern development (e.g. real estate, entertainment facilities and business infrastructure).

Through a case study of a number of creative entrepreneurs operating their businesses in and around Chaoyang District, this thesis intends to provide some insights that are needed to form the basis of government policies at the macro-economy level, and that could be used as guidelines to governments or individuals who are considering investing in the creative industries in China. The aim is to construct a useful picture of what the potential investor might come up against, together with a practical knowledge of the environment as well as a
different theoretical understanding of creative industries in China. Hopefully, this also represents a new direction for research into China’s creative economy.

1.4.2 Chinese SMEs and Literature Gap

In their study on the governance of SMEs in China, Li, Yongqiang, Armstrong and Clarke (2011a) set their work in the context of the collapse of 20% of SMEs and the near collapse of another 20% during the financial crisis of October 2008 to March 2009. They address the following research question – ‘What are the governance mechanisms of small businesses in China from the institutional economics perspective?’ By compiling that SMEs make up 99% of registered businesses and employ 80% of the workforce in the towns and cities, that SMEs contribution to GDP is an impressive 60% and 55% of the national tax revenue, Li Armstrong & Clarke point out that the government’s attitude towards SMEs has gone from tolerance in the 1980s to encouragement today.

Though the government does contribute significant sums to support development of SMEs, $177 billion in 2009, Li, Yongqiang, Armstrong and Clarke (2011b) argue that the regulatory framework is one that suits big business. This leads to their finding that the evidence of formal financing being superior to informal financing is contradictory, which in turn confirms that social networks and family ties still remain crucial to the growth and running of SMEs.

Chen (2006) outlines three phases in the development of SMEs in China. The first phase, which he dates from 1978 to 2002, involved the encouragement of the growth of SMEs. Within the Chinese context of total state ownership, it was a very radical initiative to encourage SMEs at the township, collective and individual level.

The second phase aimed to reduce the number of State run SMEs through the processes of

- Restructuring the state owned SME
- Mergers and acquisition with and by the private sector
- Partnerships with private SMEs
- Leasing to the private sector
- Setting up contracting out or selling-off.

The third phase from 2003 until the present involved the passing of laws intended to provide a legal framework to create a “level playing field”, remove barriers in the SMEs operation, and therefore, to encourage the growth of efficient private SMEs and to encourage technological and scientific upgrading (Chen 2006, p.141).
In Chen’s attempt to appeal for the government to do more, or to be more accurate, perhaps, to allow the market greater power, we catch a glimpse (only) of the role of the CCP and the question of the survival of the CCP. However, Chen fails to address this in great details and to explain why he has to make pleas for the Government i.e. the CCP to allow a market driven society to evolve fully. By contrast my thesis directly addresses the role of the CCP and sets the case studies in terms of a relationship with the dominant power in the country.

Tang and Ke (2013) conducted a longitudinal study from 1998 to 2006 into three SMEs in Wenzhou, a city of some 3 million people in Zhejiang province in the South East of China. The study consisted of in-depth interviews with 18 managers taken at three separate time intervals over a nine-year period (1998-2006). Focussing on the influence of what they call the ‘dual order system’ of the law, in the form of legal framework developed for SMEs, and the guangxi or informal social influence in firms growth and development, they found that in the beginning of the firm’s existence guangxi networks were most important. By contrast when firms were more established the legal framework acquired greater significance.

Tang & Ke’s research is an academically commendable effort to differentiate and profile entrepreneurship in regard to the relationship with the government in a vertically temporal spectrum. In contrast, this thesis endeavours to profile entrepreneurs in a horizontally categorical spectrum.

Using an interview of 82 top managers of 41 SMEs from 4 major cities of Beijing, Shanghai, Shenzhen, and, Suzhou, Zhu, Wittmann and Peng (2012a) examine the institutional barriers to growth and development and functioning of SMEs with a special emphasis on the impact of institutional barriers on innovation.

Zhu, Wittmann and Peng (2012a) found that the conditions of five key aspects in China are not favourable for SMEs:

- Competition fairness – government favours big business
- Access to financing – SMEs only received 25% of bank credits
- Laws and regulations – even the law exist were often not enforced
- Tax system – the tax burden was seen as excessive
- Support system – the support is overall rated as ‘lacking”

It is worth noting in this context that access to finance for SMEs is indeed a matter of concern, as Cai, P (2014), para.8 reports
The soaring cost of funding for SME is one of the Chinese economy’s most pressing problems. According to the latest report from the Ministry of Industry and Information Technology, the cost of funding for small- and medium-sized businesses increased 17.5 per cent in the first six months of 2014. Some businesses are paying as much as 30 per cent interest on their loans.

Zhu, Wittmann and Peng (2012b) have undoubtedly made a useful contribution to the field of entrepreneurship studies in addressing the institutional barriers to the innovation of SMEs in China. What their work lacks, from the point of view of this thesis, is that they do not probe beyond the recording of the surface phenomena, to ask why? To do so would bring into consideration the underlying mechanisms and structures that generate the problems that they map. My work argues that the key underlying mechanism is the relationship with the CCP and it is that relationship which my thesis attempts to profile and explain.

Guo, H and Cao (2014a) use a questionnaire with the top managers of 166 SMEs in China, as emerging economy, to assess the impact of the firm’s external and internal environments on their strategic flexibility - ‘the degree to which a firm is willing to change its strategy in response to opportunities, threats, and changes in the external environment” (Zahra et al as cited in Guo, H & Cao 2014a, p.274). Through an impressive quantitative design of this study, one of their findings is that the resource combination positively moderates the relations between strategic flexibility and firm performance while, as also part of their findings, that cost of managerial ties – firm managers’ external social ties, outweigh their benefit in the strategic flexibility relating to the firm performance.

Their focus on social ties with the government comes close to my use of the category of ‘insider’ to describing the relationship with the CCP. However, this is left at a superficial level without further articulating the spectrum of managerial ties. As Guo, H and Cao (2014b), show in studying the underlying mechanisms of strategic flexibility in relation to firm performance, this thesis endeavours to expand and categorize these concepts through a predominantly qualitative study.

A search of the literature reveals firstly a general lack of studies into entrepreneurship in emerging economies (Bruton, Ahlstrom, & Oblo, 2008). An examination of the literature in Creative Industries also reveals, as Rossiter (2006) pointed out, a paucity of studies which go below the level of discourse to engage with real life businesses and entrepreneurs.

Among the studies that do attempt to engage with Chinese entrepreneurs on the ground, there is the large scale empirical study by Holm, Opper, and Nee (2013) into the psychology of 700 CEOs in the Yangzi Delta in China. They found that the CEOs differed from others in their tolerance of multi-lateral competition and the absence trust. In a similar vein Simeon,
Qian, Roland, and Zhuravskaya (2006) did psychological profiles of entrepreneurs in Russia and China. Their work is difficult to evaluate because of their apparent difficulty with the English language. Thus in the “finding” that Chinese entrepreneurs are more ‘greedy’ than Russian entrepreneurs, they base their conclusion on the following definition of greed as ‘not willing to retire to earn more money’ (Simeon et al., 2006, p. 361). Possibly they mean here that “greed is the lack of willingness to retire, they want to earn more money”. This of course raises even more questions. A reluctance to retire can be due to an unwillingness to leave the world of work, for example. Added to these difficulties Simeon et al. (2006) do not address the political and social context nor do they differentiate the category of entrepreneur.

Through addressing the literature gap on the aspects of relations between national culture and entrepreneurship, Hayton, George and Zahra (2002) reveal that there is substantial work on the role of cultural values, which is connected with the political institutional context (Kreiser et al. 2010), on entrepreneurial activities. However, they also point out that “the relationship between economic and institutional contexts and entrepreneurial activity is a research area that merits further scholarly inquiry.” (p46)

Research by Valdez and Richardson (2013) on institutional determinants on entrepreneurship from a macro-level concedes that the provision of understanding by this broad measure applied in their study is limited. A micro level approach with smaller samples and greater details to comprehend “the mechanisms at play” is desired.

It would seem then that to address one area of the gap in the literature would be to locate the lens of study on creative entrepreneurs’ commercial activities, business operation and their product processes and production. It is true that Yang Keming (2007) attempts, through his work Entrepreneurship in China, both to address the under-theorizing of entrepreneurship in the Chinese context and to combine this with three qualitative case studies of entrepreneurs. This arguably addresses this gap in much greater detail than other research on a similar theme, however his work does not endeavour to categorize entrepreneurs or their business operation against any set of social and political spectrum. It is this last aspect that this thesis examines.

Liao and Sohmen (2001) attempted a differentiation of entrepreneurs into three categories. These were the individual business person (getihu) or self-employed street vendors making a subsistence living. Liao and Sohmen’s second category is the group of managers who largely produce inputs for the State Owned Enterprises (SOEs). The third category consists of those Chinese who were trained or educated abroad and were returning to set up businesses (Liao & Sohmen, 2001, p.28). Liao and Sophmen’s work is undoubtedly interesting. Nonetheless,
I would argue that their categories are primarily demographic and functional and shed little light on the institutional and cultural context, or relationship with authority.

By contrast this thesis attempts to differentiate and profile entrepreneurs in a spectrum of inter-relations between entrepreneurs and the institutional context, in particular with regards to the regulative and political aspects of government. This attempt directly foregrounds the differing choices that are made in response to institutional and often arbitrary power. By combining the notions of the entrepreneur as bricoleur with the concept of institutional work and strategic choice, this thesis has made an original contribution to the field of entrepreneurship in China that could be applied in both methodological and categorical dimensions.

1.5 THESIS OUTLINE

Chapter 2 begins with a review of the seminal work of Levi-Strauss (1966) on bricolage, combined with a discussion of culture as the foundation concept for the thesis. This is followed by Baker and Nelson’s (2005) resources social construction or reconstruction through bricolage in business to introduce the core elements involved in dissecting the case study data. The discussion of institutional work by Lawrence and Suddaby (2006) and strategic choice by Child (1972) locates the lens of the research on two aspects of entrepreneurs’ resources environment – external and internal.

Three categories of institutional work provide the basis for the concept of institutional bricolage in dealing with the external business environment and for the categorisation of three types of position that entrepreneurs take with regard to their relations with government and their effect on institutional environment; while strategic choice guides the research on entrepreneurs’ organisational arrangement in utilising their internal resources through what is termed as strategic bricolage.

Chapter 3 commences with the compilation of the methodology of the research by first laying the philosophical groundwork for the overall research approach through an account of critical realism (Bhaskar 2008). In the research design, the rationale of the choice of case study, data collection and case selection are proposed to guide the range of research methods in following section. A case study framework is proposed, based on the discussion of bricolage in Chapter 2, to facilitate a four-part template structuring the case study chapters at the later stage, namely: (1) industrial and institutional environment; (2) resources ‘at hand’; (3) institutional bricolage; and (4) strategic bricolage.

Chapter 4 outlines an overall picture of creative entrepreneurs in China through discussions of a range of concepts such as entrepreneurs and entrepreneurship in China, creative
entrepreneurs in China and their relations with government. Three categories of entrepreneurs in China are laid out according to the power relations between the entrepreneurs and the authorities: Insiders, Outsiders and Outriders, exemplified by the descriptions of three successful ‘celebrity’ entrepreneurs from different sectors of the creative industries in China.

Chapters 5, 6 and 7 are predominantly descriptive chapters, compiling the three cases of ‘ordinary’ creative entrepreneurs in detail. They present the data and material gathered for this study based on the research design, both from sitework including observation, questionnaires and interviews, and in-house content analysis.

Leading the descriptions of each entrepreneur, a title is given to each case based on one distinguishing characteristic to assist in differentiating each entrepreneur from the others. The main body of each chapter is constructed on the basis of the template devised in Chapter 3 to acquire an in-depth understanding of how entrepreneurs utilise bricolage through their business operations.

Each of these three entrepreneurs fits into the categories of power relations with government examined in the Chapter 4. Wang Hao, as an Insider, has set up a solid cooperative relation with the government body through the connection he cultivated during his early business engagements, in order to safeguard his current operation. Han Yan, a typical Outsider, shields her business from the complexity of politics by paying ‘rent’ through a periodical but stable cooperative arrangement with a state-owned entity. Su Tong, as an Outrider, influences government’s lines of communication with the public through his various effective connections with key members of the government.

To answer the research questions posed in the thesis, Chapter 8 carries out a cross-case comparative analysis using the same framework as that presented in the case study chapters. The analysis in the institutional environment across the three sub-sectors of creative industries reveals the characteristics and the formation mechanisms of the operational conditions for entrepreneurs. A full range of resources ‘at hand’ is examined to disclose the choices entrepreneurs have in constructing and deploying their resources. Different external arrangements relating to the authorities and internal organisation structures, production and product consumption process are assessed to show the various ways in which entrepreneurs carry out institutional and strategic bricolage. A number of suggestions are then provided for future research.
Chapter 2: Between Culture and Creativity: Institutional and Strategic Bricolage

Entrepreneurs and the entrepreneurial role have been studied as far back as the mid-eighteenth century by thinkers such as Cantillon (Murphy, Liao & Welsch 2006). Like many themes in economic thought, the nature of the role has evolved from a functional one – bringing together physical assets and resources to create value – to something broader and more profound, relating to the nature of opportunity perception and appropriation (Scott & Venkataraman 2000). Cantillon (1959)’s notion of the entrepreneur as the ‘coordinator between producers and consumers’ is perhaps illustrative of the very earliest notions of entrepreneurship, in which the value-adding processes were seen as primarily physical and tangible.

Knight (1964) saw the entrepreneur as an agent dealing with risk and uncertainty. This approach builds on the Hayekian notion that entrepreneurs are key social and economic actors – reading, creating and acting on informational price signals to ensure that the economy functions as it can and should (Hayek 1945). For Joseph Schumpeter, another Austrian economist, the entrepreneur’s ‘wild spirits’ create economic development through myriad self-optimising actions. The processes of economic development, Schumpeter notes, were not without cost for incumbents, with ‘creative destruction’ (Schumpeter 1942) being a perturbing process that creates winners, losers and economic changes.

Paralleling the emergence of the services sector as the largest employers and the main generators of wealth in Western economies, entrepreneurship theory moved from focusing primarily on physical production to concentrating on the services sector and, importantly for this research, cultural production. While studies in manufacturing continue to dominate entrepreneurship research, significant work that explicitly explored the role of the entrepreneur in the cultural sector includes Lelyveld (1990), who explored the creation of entertainment media in post-colonial India, the emergence of high culture in nineteenth-century Boston (Dimaggio 1982) and the emergence of a ‘new media’ cluster in Toronto (Britton 2007).

Thus the creative industries, as a sub-set of the services sector, have emerged as a minor but important element of entrepreneurship research (Cunningham 2005, 2009; Hartley 2005; Hartley & Montgomery 2009; Heebels & van Aalst 2010). These investigations into the role of the cultural entrepreneur have dovetailed with a growing focus on the importance of the creative industries more generally by an increasing number of academics, industry experts and policy-
makers (including at all levels of government) for over a decade. This discussion has morphed into an international discourse (Rossiter 2006), with its proponents arguing that it has had a significant positive impact on the local, regional and global economy (Hartley 2005; Henry 2007; Howkins 2001; UNCTAD 2008).

The location for this research is China where, during the decades of social and economic reform following Deng Xiao-Ping’s ascendency in 1978, there have been enormous social, political and cultural changes. While such change was initially most notable in the transformation of China’s manufacturing sector, all aspects of China’s economy and society have been transformed during the intervening decades.

However, the cultural sector in China has a set of constraints not experienced by the manufacturing sector (Keane 2009a; Tan & Tan 2012). The paradox of the rapid emergence of private wealth within a totalitarian communist state (Zhang 2008), which at the same time constitutes an Orwellian status quo, calls for critical social commentary. The cultural field that determined the positioning of various agents under Mao, and even under Deng Xiaoping’s cultural policy, has changed considerably. The social pact that has emerged trades the creation of economic wealth for the opportunity to critique the political arrangements of the state. These constraints are particularly felt in the cultural field, where artists, academics and social commentators operate under complex arrangements of censorship.

These constraints and paradoxes are among the uncertainties of modern Chinese life (Breznitz & Murphree 2010; Huang Yasheng 2008; Puffer, McCarthy & Boisot 2010; Stern & Hassid 2012; Tsai 2006, 2007). This is particularly true where creative entrepreneurs operate in a grey area between tolerated ‘entertainment’ and constrained ‘social commentary’. As such entrepreneurs blend these cultural activities with a view to creating commercial advantage, they are challenged by continuous change and uncertainty. This makes for a difficult operational environment in which they must struggle to ensure that the business succeeds, grows – or even survives.

In this research, the manner in which these challenges are met can be seen through the metaphor of bricolage (Baker & Nelson 2005; Levi-Strauss 1966). Bricolage suggests that economic agents create value from whatever is at hand (Baker & Nelson 2005; Bjerregaard & Lauring 2012; Garud & Karnøe 2003; Salunke, Weerawardena & McColl-Kennedy 2013; Wright & Stigliani 2013). This process occurs through an integration of locally available resource opportunities and internal organisational productive and combinatory capabilities.

The role of the bricoleur is contextually unique, and hence is not formulaic. There is no textbook instruction for entrepreneurial bricoleurs, particularly those operating in some of the
newly emerged industry circles such as those discussed in this study. Therefore, the bricolage process – fitting in and benefiting from the institutional environment while recombining external and/or internal resources – is somehow instinctive and intuitive. Bricolage is thus highly contingent, instinctual in relation to the entrepreneurs themselves and mostly triggered, facilitated and constrained by the enactment of the limitation in institutional or strategic conditions imposed on the business operation.

This chapter starts with the discussion of bricolage to provide a theoretical platform for the study of a number of entrepreneurs in the thesis. Following this, there is a discussion of institutional work (Hargrave & Van De Ven 2009; Lawrence, Suddaby & Leca 2009). The integration of these two themes forms the basis for the concept of institutional bricolage. This integrative construct assists in analysing how entrepreneurs assess and evaluate the external environment to position themselves in relations to their institutional conditions. The concept of culture – both as the main part of the institutional nexus with which business people have to deal and as the main element of their product – is introduced and discussed to help develop an understanding of institutional bricolage.

The third element integrated into the discussion is the concept of strategic choice (Child 1972). Strategic choice helps to build the idea of strategic bricolage, for the purpose of this thesis, in an attempt to understand how entrepreneurs design internal structure, operational arrangements and resource allocations to deal with the constraints imposed upon their business. The concepts of creative space and social network are also introduced to provide more analytical rigour in the assessment of entrepreneurs’ engagement with the external environment.

2.1 BRICOLAGE

2.1.1 Bricolage and Culture

The concepts of bricolage and bricoleur have been applied in the social sciences in a diverse manner. Examples can be seen in the fields of education (Dennis 1974; Hatton 1989), child development (Gess 2010), business (Baker & Nelson 2005), ethnography (Dolson 2012), finance (MacKenzie 2003), medicine (Dumont 1996) and psychotherapy (King 2012). These concepts were first utilised by the anthropologist Claude Lévi-Strauss (1970) in his seminal work La Pensée Sauvage, which was translated into English, perhaps unfortunately, as The Savage Mind and published in 1966. Leach argues that the obvious translation is Savage Thought and that the use of ‘mind’ has metaphysical resonances that do not fit the book, in that The Savage Mind is concerned primarily with logic (1970, pp. 83–4).
Lévi-Strauss was, of course, not unaware of the negativity attached to words such as ‘savage’ and ‘primitive’. He preferred the more accurate term ‘people without writing’, and was at pains to point out that he always used quotation marks around the word ‘primitive’ (Levi-Strauss 1966, 1978). He also distinguished his own approach from that of other anthropologists such as Malinowski who, according to Lévi-Strauss, believed that the thought of people without writing was always governed by basic needs. Lévi-Strauss also disagreed with the approach of Lévy-Bruhl, who regarded the thought of people without writing as of a fundamentally different order, being determined by emotion and mysticism. By contrast, for Lévi-Strauss the thought of people without writing could be disinterested – that is, non-utilitarian (contra Malinowski) – and also intellectual (contra Lévy-Bruhl) (Levi-Strauss 1978).

There is no precise English translation of bricoleur. It means something like our handyman or odd job man. How, then, did Lévi-Strauss use the concept? He was attempting to describe mythical thought. He writes:

the ‘bricoleur’ is still someone who works with his [sic] hands and uses devious means compared to those of a craftsman. The characteristic feature of mythical thought is that it expresses itself by means of a heterogeneous repertoire which, even if extensive, is nevertheless limited. It has to use this repertoire, however, whatever the task in hand because it has nothing else at its disposal. Mythical thought is therefore a kind of intellectual ‘bricolage’ – which explains the relation which can be perceived between the two. (Lévi-Strauss 1966, pp. 16–17)

If we move from thought to doing, then the bricoleur is a person who works with a closed repertoire of things that are ‘at hand’ – things that they find or have kept in case they will come in handy someday. The things that the bricoleur assembles may originally have had another purpose, but the bricoleur adapts them.

For Lévi-Strauss (1966), the contrast is with the engineer, who has a project or plan in mind and brings the appropriate tools and resources to that task, while the principal of a bricoleur’s role is always to make do with ‘whatever is at hand’. For the bricoleur, the materials or tools are always universal, and have no particular relation to any project. The set of tools and material ‘is the contingent result of all the occasions there have been to renew or enrich the stock or to maintain it with the remains of previous constructions or destructions’ (1966, p. 17). The bricoleur’s tools, resources and processes cannot be defined in term of a project, but rather by their potential usage.

Dolson’s (2012) use of the concept of the bricoleur in his study of inner-city youth in London, Ontario, Canada is particularly challenging. The task of these young people is to
survive on the streets. Their lives are marked by parental abuse, neglect or rejection, mental illness, substance abuse, hustling – including petty theft and prostitution – and intermittent engagement with what in Ontario is termed the Workfare System (OW). How do these young people get by? According to Dolson, they do so through putting a life together with what is at hand. This includes songs, storytelling, busking, shops to steal from, places to which to hock the stolen goods and a network of relationships. These are the kids’ tools or materials, which are the contingent result of their lifetime stock of skills, environmental opportunities and constraints.

As Levi-Strauss points out, the elements in the tools or material that bricoleurs gather and utilise are ‘pre-constrained’ – in the case of Dolson’s kids, very pre-constrained. While engineers and craftsmen endeavour to go beyond these limits or constraints, bricoleurs ‘by inclination or necessity always remain within them’ (1961, p. 19). According to Levi-Strauss, bricoleurs may not achieve certain purposes or accomplishments, but they always ‘put something of [themselves] into it’ (1961, p. 21).

In his comparison of the method of working of the engineer and the bricoleur, Levi-Strauss says that the engineer/scientist works with concepts while the bricoleur works with signs. Engineers’ concepts tend to be totally independent from the immediate context, while bricoleurs’ signs consent and ‘even require the interposing and incorporation of a certain amount of human culture into reality’ (1966, p. 20).

2.1.2 Culture and Cultural ‘Tool Kits’

The concept of culture has been described in many ways, in terms of both stocks and flows. In a broad sense, culture is the totality of a nation or a community’s knowledge or intellect. At a more fundamental level, it is also the totality of a nation or a community’s arts, beliefs and social institutions, which form the characteristics of a community (Hofstede 1983; Hornby 1993).

In a procedural sense, cultural systems embody the processes of culture’s development. This definition from the Oxford Dictionary (Hornby & Cowie 1988) corresponds with a contemporary Chinese description in the Cihai (literally meaning ‘sea of words’ – Chinese dictionary): culture in a broad sense is ‘the sum of all the material and spiritual wealth created by human beings in the course of the historical development of society’ (Cihai 1989, p. 1731). At the societal level, culture is a lived and shared experience (Flew 2007) and a ‘way of life’ (Williams 1988, p. 12). It can be seen as the collective modes of experience and an inventory of values, beliefs, symbols, understanding, style and standards. It is mediated symbolic communication: ‘culture entails a system of social, linguistic and psychological relationship through which “individuals” are “produced”’ (1988: p. 140). Culture is also a
resource (Yudice 2003) that, at the social level, promotes collective behaviour that is constructive to economic growth (Flew 2007, p. 142).

Furthermore, culture is connected with policy discourse (Bennett 1998, 2003). As discussed in the previous section, governments have different cultural policies. Using cultural policy to achieve social objectives is sometimes called governmentality (Foucault 2003; Foucault & Faubion 2000). Governmentality examines the mentalities that underlie governments’ roles in sustaining cultural harmony, normalcy and control in a multicultural society such as China. This forms a substantial part of institutions with which entrepreneurs have to deal in China’s creative industries.

Culture is seen as being acquired through socialisation (Swidler 1986; Vaisey 2008), through accumulated life experiences that begin at the moment of birth, and are accrued through constant interactions with both human factors, including parents, close family, people from schools, social formations and workplaces, and symbolic institutions, including language, rules and norms.

In contrast with the Weberian and Parsonian values model, Swidler (1986, p. 273) offers the model of culture as consisting of ‘symbolic vehicles of meaning, including beliefs, ritual practices, art forms, and ceremonies, as well as informal cultural practices such as language, gossip, stories, and rituals of daily life’. In her attack on the values model, Swidler utilises the ‘culture of poverty debate’. This circles around the notion that the poor are poor because they do not share the values of the middle class. However, she points out that the poor often have the same values as the affluent. Why, then, do they select different goals? The metaphor that Swidler (1986) deploys is of culture as a ‘tool kit’ of habits, skills and styles – that is, a set of capacities that supports certain lines of action. The poor select different goals or ends not because they have different values, but because their ‘tool kits’ are different. They do not have the tools needed to acquire an affluent lifestyle, and the cost of acquiring them is too great.

Swidler points out that, at the individual level, in settled periods the match between culture and action is very close. In unsettled periods, such as adolescence, though, ideology becomes important in directing action. It competes however with other ideologies, and there are structural determinants of which ideology will survive. For Swidler, people incline to ‘shape their goals or ends around the cultured capacities they have than to reshape their capacities around their ends’ (Swidler, 2008, p. 615). This point of view resonates with the principal themes in this research in that it bears a similar logic as that of bricolage.
2.1.3 Bricolage in the Enterprising Role

By applying Levi-Strauss’s bricolage concept to organisation studies in business, Baker and Nelson (2005) challenge what they term ‘objectivist’ accounts of the environment, and offer an integrative definition of bricolage as ‘making do by applying combinations of the resources at hand to new problems and opportunities’ (2005, p. 333). As Baker and Nelson point out, the refusal to accept the limitations in definitions of resources, routines or standards is the foundation of ‘making do’, and in doing so, businesses and individuals ‘consciously and consistently [test] conventional limitations’ (2005, p. 335) that are often defined by institutional or cultural settings.

The rejection of the prevalent objectivist definition of resources by bricoleurs is based on a close and comprehensive knowledge of ‘existing practices and norms and a conscious willingness to abrogate them’ (2005, p. 342). It is very much part of the social construction of the resource environment which, as a consequence, is wider for bricoleurs than would be the case in an orthodox economic sense. The main thrust of bricolage is the ability to recombine the resource for new purposes – in some cases through improvisation based on intimate knowledge of the resource (Weick 1993).

This notion of the intimate pragmatic knowledge of resources illustrates the ability of bricoleurs to harness their past experience. When people improvise in such ways, ‘they have [resources] available to work with [that] are the residue of their past experience and the past experience of people in their design group, the meanings attached to this past experience, observational skills, and their own willingness to rely on imaginative recombination of these materials’ (Weick 1993, p. 353).

These imaginative recombinations or reuses lead to different applications of the resource from those originally intended, some of which are regarded as valueless, or simply rejected as ‘nothing’ (as Baker and Nelson’s article title suggests) – or, as shown in the cases of some entrepreneurs in Baker and Nelson’s article, viewed as unfavourable. The irony in Baker and Nelson’s article title – ‘Creating Something from Nothing: Resource Construction through Entrepreneurial Bricolage’ – is, of course, that there is never ‘nothing’ to be assembled into ‘something’.

It is a matter of judgement for the actors in question whether one or a number of resources or materials is valuable or not. This is differentiated by actors’ ability to ‘grasp possible uses and combinations of those inputs’ (1993, p. 330) in resource construction through bricolage. The answer to the question of ‘How do you create something from nothing?’ , according to Baker and Nelson (2005, p. 356), lies in ‘refusing to treat (and therefore see) the resources at hand as nothing’. This refusal facilitates the setting where businesses actively apply their
innovative and combinatory capacities, their ability to improvise and their capacity to make positive usage of evolving sources and opportunities.

In attempt to model entrepreneurial bricolage through a field study of 29 companies, Baker and Nelson (2005) categorised five environmental domains in which bricolage was applied to create something from nothing. The first three feature input domains, including: (1) physical inputs such as worn, discarded or previously utilised single-application materials; (2) labour inputs such as the contribution of labour from networks of customers, suppliers and hangers-on; and (3) skills inputs by utilising amateur or self-taught skills that are otherwise unappreciated. The fourth domain is about customer/market bricolage. In this domain, firms create customers from non-customers and supply the services in the ‘shadows and lacunae of institutionalized practice’ (2005, p. 349).

The fifth domain for Baker and Nelson is in the institutional or regulatory arenas. This domain is the most relevant to the entrepreneurs in this study:

> By refusing to enact limitations with regard to many ‘standards’ and regulations, and by actively trying things in a variety of areas in which entrepreneurs either do not know the rules or do not see them as constraining, bricolage creates space to ‘get away with’ solutions that would otherwise seem impermissible. (2005, p. 349)

Cases of adopting certain practices due to the ambiguity of the regulation, or the total disdain of the rules – such as environmental regulations about emission levels – were observed in Baker and Nelson’s fieldwork. This micro level of bricolage in relation to institutions underlines the crucial element of the development of intimate knowledge of ‘what they can get away with’ (2005, p. 345).

At the community level, in response to changing situations, bricolage in institutional relation-formation is the management of common property (Cleaver 2001). It has been suggested that this is reflected in (1) the complex identities of the bricoleurs, (2) the regularity of cross-cultural borrowing and multi-purpose institutions, and (3) the dominance of arrangements and norms that nurture cooperation, respect and reciprocity. This is achieved through the process by which actors ‘consciously and unconsciously draw on existing social and cultural arrangements to shape institutions’ (2001, p. 26).

A macro-level of bricolage in the institutional domain and regulatory arena is exemplified by the Chinese government’s general approach of gradualism and eclecticism in policy transplantation – in particular, the ‘eco-city’ or ‘low carbon city’ phenomenon (de Jong 2013). For de Jong, the achievement of what he terms successful ‘institutional transplantation’ is achieved by cobbling together previously good but disparate practices. It is also necessary to allow room for negotiations among the domestic players, not to have a
dominant attitude towards those who are contributing to policy, and to strive for a good fit with existing institutional arrangements and practices. Disassembly and reassembly of the original policy are the key processes that are undertaken; such a process ‘matters much to the outcome’ (2013, p. 95), the result of which is a divergence and variety that will reflect the preference and institutional propensity among different cities or nations.

2.2 INSTITUTIONAL WORK

It might appear strange or paradoxical that the discipline of institutional studies rests upon a core concept – the ‘institution’ – that is not clearly defined (Greenwood et al. 2008). In his survey of the Chicago School of sociologists, Barley (2008, p. 495) shows that few of them said ‘directly what they meant by the term [institution]’. Even the notable exception, Hughes, while attempting to define some of the features of the term, declared: ‘It is not my purpose to explore the limits of a concept.’ (cited in Barley 2008, p. 495)

It is scarcely surprising, then, that in their comparison of the work of ecologists and institutionalists, Haveman and David (2008, p. 587) argue that the absence of a clear definition is a debilitating weakness in that ‘fuzzy definitions open doors for fruitless debates’. They go so far as to call for a halt to the use of the ‘vapid’ umbrella term ‘institution’.

The definition given by Greenwood et al. (2008) is sufficient for the purposes of this thesis. The authors define the term ‘institution’ as referring to ‘more-or-less taken-for-granted repetitive social behaviour that is underpinned by normative systems and cognitive understandings that give meaning to social exchange thus enable self-reproducing social order’ (2008, pp. 4–5).

Since the start of neo-institutionalism in 1977 (Greenwood et al. 2008), with the works of Meyer and Rowan (1977) and Zucker (1977), institutional theory has been the principal system utilised to comprehend organisations:

The institutional perspective has brought to organization theory a sophisticated understanding of symbols and language, of myths and ceremony, of decoupling, of the interplay of social and cognitive processes, of the impact of organizational fields, of the potential for individuals and groups to shape their environments, and of the processes through which those environments shape individual and collective behaviour and belief. (Lawrence, Suddaby & Leca 2009, p. 2)

According to Greenwood et al. (2008), scholars continue to find interesting questions emerging from the institutional approach. Thus the last three decades have seen the steadily rising popularity of the theory, as shown by the growing number of citations of key
literature. Greenwood and colleagues claim that, with its ‘thematic cohesion’ despite its ‘rather splintered proliferation’, scholars find institutional theory’s ‘capacity to contextualize organizational phenomena beneficial, and its tolerance for theoretical and methodological pluralism advantageous to knowledge sharing within organization analysis’ (2008, p. 31).

2.2.1 Institutional Work and the Individual Agent

In their introduction, Lawrence et al. (2009, p. 1) stress that their concept of institutional work is not a new idea. Rather, they suggest that it is a useful concept in that it ‘connects a set of previously disparate ideas, and in doing so points to new questions and opens up space for new conversations’. The characterisation of the interactions between entrepreneurs as ‘institutional work’ is substantially useful for the purposes of this thesis. Similarly, the authors’ definition of institutional work as ‘the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions’ (2009, p. 1) is particularly suited to the study of the three entrepreneurs discussed here. It makes it possible to plot the activities of the entrepreneurs studied across a spectrum.

The early study of neo-institutionalism attempted to explain how the behaviour of organisational actors is shaped by relevant institutions (DiMaggio & Powell 1983), while the institutional entrepreneurs school of scholars (Thornton & Ocasio 2008) tends to overstate the logic and action of the entrepreneurs upon the institution with little attention to the embeddedness of the actors/agents. This development pathway of institutionalism has led to the adoption of a notion of institutional work that ‘draws on the strengths of the traditional views without suffering from their overstated positions’ (Lawrence, Suddaby & Leca 2009, p. 3).

Institutional work provides an alternative approach to the study of interaction between actor/agent and institution, with a focus on recursive relations between institutions and action. As Lawrence and colleagues point out, the broad vision of agency established through this more balanced approach avoids viewing agents as either a ‘cultural dopes’ trapped within the dynamics of the institution or ‘hyper-muscular institutional entrepreneurs’ (2009, p. 1).

Drawing from the ‘practice approach’ that emerged in the 1970s is one way to progress a more balanced approach to the relationship between actors and institutions. A typical instance of the practice approach is Bourdieu’s (1993a) seminal *The Field of Cultural Product*, in which he develops a thesis to explain the relationship between agents’ actions and the cultures in which the agents are embedded.
Bourdieu’s (1993a) field conception describes interactions among actors and their position in the field: ‘A cultural field can be defined as a series of institutions, rules, rituals, conventions, categories, designations, appointments and titles which constitute an objective hierarchy, and which produce and authorize certain discourses and activities.’ (Webb, Schirato & Danaher 2002, p. 21). The field concept describes possible positions adopted by actors during the course of interactions and transactions. The key point is that when a new actor enters the field (or an industry), they will take up a position in the field relative to others, and relative to the power relations (political and commercial) that already exist. Therefore, the field metaphor refers to fluid and dynamic, rather than static, entities (Webb, Schirato & Danaher, 2002). The structure of a field is shaped by the relations between the positions taken in the field by agents. As Johnson (1993) explains, ‘In any given field, agents occupying the diverse available positions (or in some cases creating new positions) engage in competition for control of the interests or resources which are specific to the field in question.’ (Johnson 1993, p. 6)

How do social formations develop in relations to the field? Johnson (1993, p. 12) points out that:

According to Bourdieu’s theoretical model, any social formation is structured by way of a hierarchically organized series of fields (the economic field, the educational field, the political field, the cultural field, etc.), each defined as a structured space with its own laws of functioning and its own relations of force independent of those of politics and the economy, except, obviously, in the case of the economic and political field. Each field is relatively autonomous but structurally homologous with the other.

It is important to note that the concept of the cultural field is not just about institutions, rules and regulations; it encompasses interactions among the institutions, rules, behaviour and practices. Institutional work highlights the interactions between institutions and actions: some of these actions are dramatic and high profile (exemplified by research on major institutional entrepreneurship), while some of the interactions are fairly invisible and usually mundane, such as the day-to-day adjustments, adaptations, and compromises of actors attempting to amend or sustain institutional conditions (Lawrence, Suddaby & Leca 2009).

Another conceptual term of Bourdieu’s – habitus – has also provided a foundation for research into institutional work relating to the social status and social capacity of agents (Lawrence, Suddaby & Leca 2011). If the position of an agent is relative within a given field, the way in which the agent might respond to specific events is reflected in what Bourdieu calls ‘habitus’ – a set of dispositions that direct practices and perceptions:
Habitus are generative principles of distinct and distinctive practices – what the worker eats, and especially the way he [sic] eats it, the sport he plays and the way he practices it, his political opinions and the way that he expresses them are systematically different from the industrial owner’s corresponding activities. (Bourdieu 2001, p. 8)

Similar to the term ‘socialisation’, habitus is the outcome of inculcated understandings and experiences that begin at a very young age (Johnson 1993). Habitus is ‘the durably installed generative principle of regulated improvisations’ (Webb, Schirato & Danaher 2002, p. 36). It can be perceived as the values and dispositions acquired from cultural history that led people to react to rules and rituals in different ways. In this view, responses are usually ‘largely determined – regulated – by where (and who) we have been in a culture’ (2002, p. 44).

Habitus ‘predisposes’ the agent to enter a certain field – in other words, one should possess certain habitus when going into a field, or in order to ‘play the game’ (Johnson 1993, p. 8).

Certain forms of habitus manifest only when in the field, and ‘the same habitus can lead to very different practices and stances depending on the state of the field’ (Bourdieu 1990, p. 116). ‘As agents move through and across different fields, they tend to incorporate into their habitus the value and imperatives of those fields.’ (Webb, Schirato & Danaher 2002, p. 37)

Bourdieu’s (1990) work acknowledges that an awareness of the boundary conditions of their habitus provides the agents with the capacity to transform the given structures. In other words, the agents are able to change the social relations. This implies the possibility of elements of social structure being ‘objectified at the level of individual subjectivity’ (Lawrence, Suddaby & Leca 2011, p. 54), and because of their subjective position in the community or an organisation, the agent is in better position to resist or contest the ‘conforming pressure of institutions’ (2011, p. 54). This capacity is built upon an accumulated ‘institutional portfolio’ (Viale 2008) – or cultural capital, as Bourdieu terms it – that often grants the agent high social status, which is closely related to a Chinese term of suzhi. Suzhi is generally associated with distinction: if you have low suzhi, you are regarded as coarse and often socially inferior. Zhang (2001, pp. 210–11) points out that ‘the notion of suzhi can be better understood in light of Bourdieu’s habitus. Like habitus, suzhi refers to one’s disposition, abilities and ways of acting, which are formed through one’s upbringing’, such that ‘both habitus and suzhi mediate between the conditions of existence and subjective experience’ (Zhang 2010, p. 15).

As Bourdieu (1998, p. 8) points out, ‘the same behaviour or even the same good can appear distinguished to one person, pretentious to someone else, and cheap and low to yet another’. In this sense, habitus also reflects tastes, which are an effect of cultural capital. In China,
despite the effects of a so-called classless society under Maoism, the concept of taste discriminates people who are well educated and well connected from those who are perceived not to have the requisite cultural capital qualities.

Not only is culture manifested in the organisational actors’ dispositions, point of view, action, behaviour and conduct; it carries institutions as interpretive structures, patterns of meaning and rule systems (Scott 1995). Among the nested three levels of analysis – individuals, organisations and society – the institutions at the organisational and societal levels stipulate a ‘progressively higher level of opportunity and of constraint on individual action’ (Thornton 2002, p. 83). In other words, ‘carriers of institutions cut across different sectors of society and levels of analysis, thus providing opportunities for institutions to come into conflict and into complementarity, creating prospects for organisational change and stability’ (2002, p. 83). The creation, maintenance and disruption of the institutions are the manifestation of the interrelations of the individual action and the changes and stability of the institutions.

### 2.2.2 Three Broad Categories of Institutional Work

Through an examination of empirically based literature in institutional research between 1990 and 2005, from three major organisational research journals, Lawrence and Suddaby (2006) and Lawrence et al. (2009) grouped three categories of institutional work forms: creating, maintaining and disrupting institutions.

Creating institutions primarily emerge as carriers of institutional entrepreneurship (Thornton & Ocasio 2008). This branch of literature focuses much of its attention to the roles and actions of agents in the forming of the institutions. According to Lawrence and Suddaby (2006), without claiming an exhaustive list, there are nine sets of noticeable practices in which actors engage when creating new institutions (see Table 2.1), and these sets of practices fall into three groups:

- **Relating to material resources**: through ‘vesting’, ‘defining’ and ‘advocacy’, these political works enact the actors to restructure the policy, rights and boundaries about the access to material resources.

- **Relating to belief system**: by ‘constructing identities’, ‘changing norms’ and ‘constructing networks’, the belief systems of actors are reconfigured, such as museum workers seeing themselves as entrepreneurs instead of just curators, researchers or educators.

- **Relating to meaning systems**: in the course of ‘mimicry’, ‘theorising’ and ‘educating’, actors are involved in actions that alter the meaning systems, such as the...
institutionalisation of recycling systems in American universities.

Table 2.1 Practices of creating institutions

<table>
<thead>
<tr>
<th>Form of institutional work</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocacy</td>
<td>The mobilisation of political and regulatory support through direct and deliberate techniques of social suasion</td>
</tr>
<tr>
<td>Defining</td>
<td>The construction of rule systems that confer status or identity, define boundaries of membership or create status hierarchies within a field</td>
</tr>
<tr>
<td>Vesting</td>
<td>The creation of rule structures that confer property rights</td>
</tr>
<tr>
<td>Constructing identities</td>
<td>Defining the relationship between an actor and the field in which that actor operates</td>
</tr>
<tr>
<td>Changing normative associations</td>
<td>Re-making the connections between sets of practices and the moral and cultural foundations of those practices</td>
</tr>
<tr>
<td>Constructing normative networks</td>
<td>Constructing of inter-organisational connections through which practices become normatively sanctioned, and which form the relevant peer group with respect to compliance, monitoring and evaluation</td>
</tr>
<tr>
<td>Mimicry</td>
<td>Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption</td>
</tr>
<tr>
<td>Theorising</td>
<td>The development and specification of abstract categories and the elaboration of chains of cause and effect</td>
</tr>
<tr>
<td>Educating</td>
<td>The educating of actors in the skills and knowledge necessary to support the new institution</td>
</tr>
</tbody>
</table>

Source: adapted from Lawrence and Suddaby (2006).

The task of maintaining institutions has received less attention than the topic of creating institutions (Lawrence & Suddaby 2006; Lawrence, Suddaby & Leca 2009). As Lawrence and Suddaby point out, a typical example of the institutional work of maintaining institutions would be the voter registration drives, with the 1964 ‘Freedom Summer’ the most famous case. Significant work, involving a great deal of resources, is carried out to make sure voters register by a certain date and vote on the election day, even though democratic elections are solidly institutionalised in the United States (Jefferson 1991).

Lawrence and Suddaby list six sets of typical practices that intend to maintain institutions, as shown in Table 2.2.
Table 2.2 Practices of maintaining institutions

<table>
<thead>
<tr>
<th>Forms of institutional work</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enabling work</td>
<td>The creation of rules that facilitate, supplement and support institutions, such as the creation of authorising agents or diverting resources</td>
</tr>
<tr>
<td>Policing</td>
<td>Ensuring compliance through enforcement, auditing and monitoring</td>
</tr>
<tr>
<td>Deterring</td>
<td>Establishing coercive barriers to institutional change</td>
</tr>
<tr>
<td>Valorising and demonising</td>
<td>Providing for public consumption positive and negative examples that illustrates the normative foundations of an institution</td>
</tr>
<tr>
<td>Mythologising</td>
<td>Preserving the normative underpinnings of an institution by creating and sustaining myths regarding its history</td>
</tr>
<tr>
<td>Embedding and routinising</td>
<td>Actively infusing the normative foundations of an institution into the participants’ day-to-day routines and organisational practices</td>
</tr>
</tbody>
</table>

Source: adapted from Lawrence and Suddaby (2006).

To show the process of enabling work in action, Lawrence and Suddaby (2006) discuss how the field of radio transmission was enabled by regulations that covered the allocation, usage and transfer of rights to the radio spectrum. Policing can have its positive and negative sides. An example provided in their paper is a mining worker who was punished because he refused to work in the unsafe conditions that his company provided. In explaining deterring, Lawrence and Suddaby refer to both state and private sectors’ use of regulations to create barriers around an institution. For example, Edison used the law around patents to ensure his intellectual property was protected.

Lawrence and Suddaby (2006) explain the concepts of valorising and demonising by referring to an all-boys school run by Irish Christian Brothers. The institution of participation in sport was highly regarded and publicly praised, while non-participation could earn one the demonic epithet of ‘poofter’ (2006: p. 232). To account for mythologising, Lawrence and Suddaby turn again to the study of the Christian Brothers school, where the myth was promulgated of handing on the faith intact and ‘ready for the fight’, and a pantheon of legendary principals was created. Embedding and routinising are also illustrated with
reference to the Christian Brothers school, where the machismo values of the school demanded both corporal punishment for misdemeanours and the exclusion of female staff from observing the ritual.

The notion of disrupting institutions is drawn from a number of researchers’ discourses on field and capital (Bourdieu 1993b; DiMaggio 1991). Conflict is embedded in the organisational field when there is ‘differential allocation of capital based on institutional structure’, and ‘actors will compete to gain privileged positions or disrupt the institutions that restrict their access to capital’ (Lawrence & Suddaby 2006, p. 235). Lawrence and Suddaby list three ways in which an institution is disrupted: the imposition of disconnecting sanctions, the disassociation of moral foundations and the undermining of assumptions and beliefs.

According to Lawrence and Suddaby (2006), the disruption of institutions by disconnecting sanctions is exemplified by showing how the courts effectively overturned Edison’s attempt to create a monopoly in the film industry. Disassociating moral foundations occurred in Japan with the attack on the concept of permanent employment through practices such as freezes on hiring. The undermining of assumptions and beliefs took place when a mining disaster was used to undermine the institutional practice of the violation of safety regulations with regard to the accumulation of coal dust.

### 2.3 STRATEGIC CHOICE

There are a number of perspectives (Beckert 1999; Child 1972; de Rond & Thietart 2007; Oliver 1992) that look at strategic choice in organisational studies. Much of the literature raises questions relating to the complex interrelations between actors/agents, organisations, contexts/environments and the complexity of the compound interplay among these levels.

One of the most interesting perspectives is provided by de Rond and Thietart (2007), whose philosophical approach articulates the role and relations of choice, chance and determinism in organisational performance. Through an examination of the case of the development of Viagra, De Rond and Thietart approach the question of the balance of determinism between environments versus agency by advancing four conjectures:

- Causality is a necessary condition for freedom of choice.
- Chance coincidences can open up new avenues for future choices.
- Strategic choice in itself is insufficient to account for strategy. It is a contributor and a background dependent factor.
Causal backgrounds are necessary in order for us to interpret and explain chance events (2007, p. 537).

De Rond and Thietart place the causal background at the centre of their analysis. Causality is seen as necessary for any choice, with chance a sufficient factor to open up new avenues to be explored. One element not covered by De Rond and Thietart is the factors that lie behind choices. According to Child (1997, p. 70), this is political, in that ‘outcomes emerge through persuasion, negotiation or even imposition’. Child describes the relationship between choice and action as a dynamic process, which he characterises in the following way:

Information → evaluation → learning → choice → action → feedback of information

This active organisational process incorporates two essential cycles that ‘amount to a double structuration between action and situation’ (Child 1997, p. 70). The inner structuration is, as its name suggests, concerned mainly with how the organisation is designed, while the outer structuration refers to how ‘actors seem to influence or reach an accommodation with specific environmental groups or the more general environment’ (1997, p. 70).

In his earlier work on strategic choice, Child (1972) compiled three arguments – relating to environment, technology, and size – that are related to the explanation of structural variation in organisations. He elaborates the relations between the states of organisations’ structures with conditions of the environment, changes in the technology and the size of the entities. In particular, the variability, complexity and illiberality of the environment have helped create uncertainty for organisations, which imposes some degrees of constraint upon the decision-makers. According to Child, the higher the variability of the environments, the more uncertainty organisations experience, and the more necessary it is that the organisational structure should be adaptive. In this framework, complexity is related to the causal interconnectedness of the environment sections. The uncertainty of the environment does not have to be high if the interconnectedness is not changing or if it changes at slower pace; the competitive, hostile and sometimes indifferent external atmosphere constitutes the illiberality of the environment, which reduces the ‘organisational slack’ and results in a more centralised decision-making process.

Child (1972) emphasises that strategic choice is not only about the organisational structure, but also embraces ‘the manipulation of environmental features and the choice of relevant performance standards’ (1972, p. 1). It implies a prior evaluation of the situation’ (1972, p. 4), and Child notes that the characteristics of the environment and the perception and the evaluation of the agents should be distinguished by the decision-makers.

Strategic choice includes ‘the distinction between variability and an experience of uncertainty, between complexity and an experience of cognitive profusion, between illiberality and an
experience of stress’ (Child 1972, pp. 4–5). This process can be incorporated within the concept of bricolage, in that different players in different business operations could perceive the same environmental conditions in different ways, thus leading to different responses that are, in their own perceptual frame, all aimed to achieving the optimal outcome for the organisation (Oliver 1991).

In response to the lack of attention to organisations’ strategic behaviour in the theory and research of organisational institutionalism at the time, Oliver (1991) identifies a range of different strategic responses, from direct conformity to active manipulation, that organisations enact as a consequence of the institutional pressures towards conformity. There are five types of responses in Oliver’s typology: acquiescence, compromise, avoidance, defiance and manipulation. Each comes with a number of tactics to constitute the enactment of the purpose, as shown in Table 2.3. This coverage of strategic responses to the institutional condition, which are in turn based on the institutional and resource dependence theories, confirm the notion that, instead of pessimism and fatalism (DiMaggio & Powell 1983; Powell 1985), which have been criticised as weaknesses of institutional theories, agents do have choice. Indeed, some large firms even have the choice of entering certain fields, and by so doing structuring a particular field to their operational and strategic interests (Child 1972, 1997).

Table 2.3 Strategic responses to institutional processes

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Tactics</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquiesce</td>
<td>Habit</td>
<td>Following invisible, taken-for-granted norms</td>
</tr>
<tr>
<td></td>
<td>Imitate</td>
<td>Mimicking institutional models</td>
</tr>
<tr>
<td></td>
<td>Comply</td>
<td>Obeying rules and accepting norms</td>
</tr>
<tr>
<td>Compromise</td>
<td>Balance</td>
<td>Balancing the expectations of multiple constituencies</td>
</tr>
<tr>
<td></td>
<td>Pacify</td>
<td>Placating and accommodating institutional elements</td>
</tr>
<tr>
<td></td>
<td>Bargain</td>
<td>Negotiating with institutional stakeholders</td>
</tr>
<tr>
<td>Avoid</td>
<td>Conceal</td>
<td>Disguising nonconformity</td>
</tr>
<tr>
<td></td>
<td>Buffer</td>
<td>Loosening institutional attachments</td>
</tr>
<tr>
<td></td>
<td>Escape</td>
<td>Changing goals, activities or domains</td>
</tr>
<tr>
<td>Defy</td>
<td>Dismiss</td>
<td>Ignoring explicit norms and values</td>
</tr>
<tr>
<td></td>
<td>Challenge</td>
<td>Contesting rules and requirements</td>
</tr>
<tr>
<td></td>
<td>Attack</td>
<td>Assaulting the sources of institutional pressure</td>
</tr>
<tr>
<td>Manipulate</td>
<td>Co-opt</td>
<td>Importing influential constituents</td>
</tr>
<tr>
<td></td>
<td>Influence</td>
<td>Shaping values and criteria</td>
</tr>
<tr>
<td></td>
<td>Control</td>
<td>Dominating institutional constituents and processes</td>
</tr>
</tbody>
</table>

*Source: Oliver (1991).*
In attempting to understand the relationship between strategic agency and institutionalised practices, Beckert (1999) positions uncertainty in the centre of this dynamic model, which seeks to comprehend the institutional changes. The systematic placing of agent’s interest emphasises the importance of institutional rules. He goes on to argue:

Institutionalized practices are a dominant factor of economic structures and processes. At the same time, the model opens a way to integrate strategic agency and power more systematically into institutional theory by demonstrating that interest and institutions are inseparably interwoven. (1999, p. 794)

In Beckert’s opinion, the introduction of the dialectic of Schumpeter’s entrepreneurs vs managers is beneficial for understanding the relationship between institutions and strategic agency:

The entrepreneur is the analytically distinguished social type who has the capability to take a reflective position towards institutionalized practices and can envision alternative modes of getting things done. Entrepreneurs destroy established taken-for-granted rules if they perceive such action to be profitable. (1999, p. 786)

Managers’ responses to the change of environment are adaptation, while entrepreneurs ‘take a reflective stance towards established practices’ and respond creatively. The concept of ‘creative destruction’ (Schumpeter 1942) bears a high level of relevance to the cases in this study, considering the dual connectedness of creativity with both entrepreneurs and the industry sector within which these entrepreneurs operate – the creative industries.

### 2.3.1 Creativity and Creative Workers

There are a number of approaches that might be taken to look at creativity. Some associate it with human attributes – for example, human capital (Florida 2003, 2006; Howkins 2001), while other accounts focus more directly on products or processes (Banks 2007; O’Connor 2004; Scott 2006) and still others treat creativity in the group setting or organisational environment (Woodman, Sawyer & Griffin 1993). Florida and Howkins both emphasise the importance of human capital: ‘Creativity comes from people’ and it is a ‘highly prized commodity in our economy’ (Florida 2003, p. 5). People’s capacity to be creative ‘cannot be bought or sold’, even though ‘people can be hired and fired’ (2003, p. 5). In discussion of the creative ethos, Florida emphasises that the elevation of human creativity sets the tune in current economic life. Howkins (2001) regards ‘persona’ or human elements as the first of three conditions of creativity. For him, creativity comes from people (either individuals or a team).

The second condition of creativity, according to Howkins (2001), is originality, which requires the production of something completely new, or ‘something from nothing’ (2001, p. 7). A
minimum requirement would be the reworking of something already existing with new characteristics. Howkins differentiates ‘newness’ and ‘uniqueness’ in intellectual property law: copyright requires the work to be new but not necessarily unique, while patent requires the work to be both new and unique: ‘all things that are unique were once new; but all new things are not necessarily unique’ (2001, p. 9).

Without ignoring the human factor in creativity as ‘coming up with some bright ideas, being “inspired” or indulging in moments of spontaneous invention’, Bilton (2007, p. xiv) describes creativity as ‘innovation or novelty plus fitness for purpose or usefulness’. This is in line with Howkins’ (2001) third condition of creativity, which is ‘meaning’, or meaningfulness – that is, it means something to be an originator. It brings with it a sense of accomplishment.

From a management perspective, the creative process is the art of balancing between the autonomy of creative workers and the commercial reality of the firm (Banks 2007; Bilton 2007). As Banks (2005, p. 220) puts it, ‘the content of creativity – that initial seed of an idea, plan or process – is only judged to be creative within the context of existing and established procedures and protocols that are socially produced, maintained and mediated’. Within this schema, the creative process involves tension between ‘creatives’ and ‘suits’ (Bilton 2007). In this argument, there is a divide between people who are pragmatic and managerial – that is, responsible – and creative thinkers, who are often less concerned with mundane things like company profits. This echoes Caves’ (2000, p. 5) basic economic properties of creative activities, particularly ‘creative workers care about their product’ or ‘arts for art’s sake’.

Creative workers are ‘individuals’ in regard to roles played in production: they are embedded in the business operation, team arrangements and social networks. This ‘cultural embeddedness’ is usually neglected in the recognition of ‘individual talent’: ‘The individualization and specialization of creative work result in high levels of mutual dependency, both within and across creative teams, and up and down the supply chain.’ (Bilton 2007, pp. 26–7)

By illustrating the structural characteristics underpinning this mutual dependency as ‘project based’ and the ‘tendency towards multi-tasking’, Bilton (2007, p. 29) points out that to operate in the more integrated, interdependent, multifunctional system of creative businesses, team members are required to ‘split their focus between their own specialist discipline or task and its relationship with the project as a whole’ (Bilton 2007). To come up with this balance is no easy task. He adds that ‘sustaining and managing it … is perhaps even harder’.

Based on the interactionist model of creative behaviour, Woodman, Sawyer and Griffin (1993) propose basic conditions of individual creativity, group creativity and organizational
creativity. Starting from the notion that creativity is the ‘complex production of a person’s behaviour in a given situation’ (1993, p. 294), individual creativity is seen as ‘a function of antecedent conditions, cognitive styles and abilities, personality, motivational factors, and knowledge’ (1993, p. 301).

While group creativity is not the simple combination of individual creativity, it certainly relies on the individual’s creativity as a foundation. The group’s diversity, cohesiveness, size, problem-solving strategies and social information processes are all part of conditions that stem from the creativity that exists within the group.

Apart from usual basic conditions of training, risk-taking mentality and leadership’s support for innovation, employees’ sense of ownership of ideas and organisational creativity are engendered through information exchange (Chen 2012) with the external environment. This is echoed with one of the elements of the creative field proposed by Scott (1999a, 2006).

The concept of the creative field is a spatial metaphor that describes relationships and the interactions between various agents. In comparison with Bourdieu’s sociological field, which is about position-taking and power relations, Scott’s field is generative and has potential for innovative occurrences, which are effects of clustering. According to Scott (2006, p. 3):

the creative field … is represented by sets of industrial activities and related social phenomena forming geographically-differentiated webs of interaction giving rise to diverse entrepreneurial and innovative outcomes. An intrinsic element of this definition is that both the field on the one side and its effects on entrepreneurship and innovation on the other are reflexively intertwined with one another.

Interactions between entrepreneurs’ commercial and industrial behaviour, and the evolution in spatial, social and interpersonal dimensions of the cluster/field, can lead to the elevation of the quality of the ‘creative field’. The strength of the creative field – whether it is healthy, tolerating or encouraging – is the key to the growth or failure/success of the cluster. This can be seen in success stories such as Hollywood and Silicon Valley.

Including the exchange and flows of knowledge, some of the elements of the geographical creative field (Scott A 1999a, 2006) that are relevant to this research include the following:

- *Exchanges and flows of knowledge among players.* This element is fundamental to the functioning of a creative field. While knowledge has both tacit and explicit forms, the former is critical and, when in clusters, usually more extensive than codified knowledge. The functionality of the creative field, due to spatial relations of proximity or dispersal, is affected by people coming from different occupational
categories and places. Communication and interflow of knowledge is facilitated by shared cultures, beliefs and similar patterns of socialisation. According to Scott (2006), the shared culture of ‘openness’ in Silicon Valley in the early 1990s was one of the critical elements of its success during that particular period of time when breakthroughs in technology (both in computer hardware and software) emerged on a weekly basis. He notes that ‘in a global economy in which so many things can be easily sourced from anywhere, cultural differences that give rise to distinctive products and services should become more celebrated’ (2006, p. 28).

- **Culture, sensibility and symbolic products.** The strength of knowledge generation of the players in the creative field – individual workers, the firm or any one sector – lies in the interrelationships between them through such typical activities as business negotiations or transactions. This is particularly the case in the cultural economy, where the transactional structure is intensive and changing constantly according to the dynamic nature of cultural market demand. Workers not only have technical skills acquired during daily operations, through the creation of their work, and influenced by the dynamics they share, but they exhibit certain sensibilities that can elevate their combined creative capacity. It is worth noting that the intrinsic nature of instability of cultural products gives a distinctive edge to interactions surrounding culture-related production (Scott 1999b). This forces the players to be competitive in order to survive, while at the same time developing an understanding of the benefits of cooperation (such as are seen in clusters). A large number of symbolic product workers are professional artists or intellectuals. As Bourdieu (1985, p. 112) points out, they ‘tend to reject all constraints apart from technical imperatives and credentials’. The potential conflicts between rules and professional spirit can generate ideas.

- **Governmental and institutional factors.** There are generally inputs that are formulated and implemented by different levels of government or institutions dedicated to nurturing the environment, or the conditions for the creative field. They include urban planners who facilitate the collective order of the field, government funding and regulatory functions, institution-building to systemise and rationalise the interflow of the knowledge, local government support through the provision of specialised infrastructure, education/training activities and local social events such as trade shows and festivals.

This type of overall external environment, which Scott terms a ‘cluster’, forms part of the strategic action field (Fligstein & McAdam 2011), which facilitates the organisation of
creativity to enable the creative output, process and organising practices (Chen 2012). As part of strategic choice in responding to the external environment (Child 1972), organising creative practices requires ‘interactions among members and the organizational environment’ (Chen 2012, p. 634). This can be achieved through another concept used in relation to organisational study, ‘organizational culture’ (Dauber, Fink & Yolles 2012). As culture is often referred as a ‘guiding principle’, organisational culture affects ‘the process of operationalization’. (2012, p. 9). As a result, strategies are carried out through the structure and operation of the organisation under the guidance of organisational culture.

The other important aspect of the strategic choice of creative enterprises that is worth considering is how entrepreneurs manage their social networks (Houghton, Smith & Hood 2009; Kraatz 1998), both from their personal perspective and from the organisational standpoint. The social networks in this study refer to both external and internal networks, they cement the knowledge-management capacity of an organisation by assisting in the process of knowledge acquisition and trust bonding among the internal members; in turn, this fosters ‘similar mindsets and rich common knowledge that enable efficient knowledge integration and interpretation’ (Houghton, Smith & Hood 2009, p. 1256).

The concept of network conceptualises entrepreneurship as an embedded phenomenon in both the social and spatial senses (Scott 2006). Also, ‘social networks, friendships and emotional bonds form an important bedrock for creative work’ (Bilton 2007, p. 41). Therefore, it is proposed that the social network, with its nodes and ties forms the basis for enabling the creative field.

As discussed previously, as one type of player in the creative field, entrepreneurs act as agents sitting at the connecting points in an interwoven grid of multi-dimensional interactions in a socially structured web. In this network grid, entrepreneurs benefit from connections with other individuals (Scott 2006), although connectivity will vary: a loose connection results in weaker and fragmented information while having broader coverage, while a tight connection tends to narrow the information range although the information received might be constructive and supportive. Therefore, a good balance of loose and tight connections facilitates entrepreneurship.

Situated in a web of connections, entrepreneurs have three main roles to play with clients (potential, current or past), government officials, business associates, and staff or employees. These are as entrepreneurs as social persons – the social side of entrepreneurship; entrepreneurs in business practice – the business side of entrepreneurship; and entrepreneurs as individuals – the personal side of entrepreneurship. This web of connections and interactions with different
groups of people in these three roles is the entrepreneur’s social network, which is explored through social network analysis.

In this research, the point of measurement is ‘weak’ ties in connections within this network of different parties around creative entrepreneurs. In his article *The Strength of Weak Ties*, Granovetter (1973) argues that small-scale interactions between agents or actors in the network turn into large-scale patterns, which in turn feed back into small groups. Granovetter (1973, p. 1366) maintains that information can reach bigger audiences through weak ties:

> [W]hatever is to be diffused can reach a larger number of people, and traverse greater social distance (i.e. path length), when passed through weak ties rather than strong [ones]. If one tells a rumour to all his close friends, and they do likewise, many will hear the rumour a second and third time, since those linked by strong ties tend to share friends. If the motivation to spread the rumour is dampened a bit on each wave of retelling, then the rumour moving through strong ties is much more likely to be limited to a few cliques than that going via week ones.

The key point for this study is that individuals with many weak ties are in a better position to diffuse innovation because their mostly marginal positions in the network release them from concerns about their professional reputation, which could be at risk for people with strong ties to the centre. By citing results from his own labour market study, Granovetter (1973, p. 1372) argues that ‘formal or mass procedures in job changing are regarded as a limiting case of long diffusion chains’, while the information that is circulated through personal contacts – not ‘friends’, but more likely ‘acquaintances’, which are mostly weak ties – play a more important role in possible mobility opportunity.

Moreover, Granovetter claims weak ties play a role in social cohesion because:

> When a man [sic] changes jobs, he is not only moving from one network of ties to another, but also establishing a link between these … especially within professional and technical specialties which are well defined and limited in size, the mobility sets up elaborate structures of bridging weak ties between the more coherent clusters that constitute operative networks in particular location. Information and ideas thus flow easily through the specialty, giving it more of a ‘sense of community …’ (1973, p. 1373)

According to Granovetter, weak ties – which are often blamed for being generative of alienation – should be regarded as ‘indispensable to individuals’ opportunities and to their integration into communities’ (1973, p. 1378). By contrast, strong ties – engendering local cohesion – actually generate overall fragmentation. Furthermore, the strength of ‘weak ties’ lies in the quality of the
information exchanged through connections which are more intensive, effective and sometimes more critical and crucial than those exchanged by ‘strong ties’.

Thus, by analysing the attributes of the connection – whether or not it is a ‘weak’ tie – the intensity and efficiency of the knowledge and information exchange are foregrounded. This in turn facilitates an estimation of the strength of the creative field (Scott 2006). An organisation’s connection is embedded in two ways: through the collective effect of its members, and through its business transactions and the activities that underlie these transactions (for example, contract negotiations).

2.4 CONCLUSION

Three main bodies of organisational institutional theories – bricolage in business, institutional work and strategic choice – provide the theoretical framework for this thesis. The origins of the concept of bricolage lie, as we have seen, in the anthropological work of Lévi-Strauss (1966), who attempted to account for the process of myth construction through the putting together by the bricoleur of things that were at hand. It is the aptness of this process to a great number of domains that has led to the proliferation of the use of the concept of bricolage, and the role of the bricoleur in particular, in this study. It is a key assumption in this thesis that the notion of bricoleur is particularly suited to a study of the ways in which entrepreneurs work in the creative industries.

Culture as a key concept is addressed in connection with the discussion of bricolage through the use of a number of key concepts proposed by Bourdieu (1993a). Of particular benefit in my study has been Swidler’s (1986) work with her metaphor of culture as a tool kit with a set of capacities – that is, habits, skills and styles – that influence the choices an individual will make. This linkage of Bourdieu’s field, position and capital with Swidler’s culture as tool kits facilitates a solid foundation for the application of bricolage in the analysis of entrepreneurs’ business operations.

The outlining of three broad categories of institutional work – creating, maintaining and disrupting institutions – will be particularly useful in my delineation of the role of the three entrepreneurs in this study. The concept of strategic choice, which attempts to negotiate the dialectic of structure and environment, affirms the notion of agency and how it operates in the case of the entrepreneurs.

The management and maintenance of creativity and creative fields are part of the strategic choice that entrepreneurs in creative industries endeavour to achieve with relation to the characteristics of the relevant industry sector. In particular, the management of social
networks and the development of knowledge exchange are two key aspects of the discussion of strategic choice for the entrepreneurs in this study.

Building from these three main concepts – bricolage, institutional work and strategic choice – the combination of bricolage with institutional work and strategic choice forms the theoretical framework for this thesis, which is based on the concepts of institutional bricolage and strategic bricolage. For the purposes of this thesis, institutional bricolage refers to the institutional work that entrepreneurs carry out through bricolage. It is mostly related to bricolage that is oriented towards the external environment – the political atmosphere, industry development status, rules and regulations, competitive conditions and how entrepreneurs position their businesses to survive and prosper. Strategic bricolage refers to the strategic choices that entrepreneurs make based on the practice of bricolage. It is related mostly to bricolage dealing with internal arrangements of the company – its business structure and organisational culture, and the management of social networks with different types of stakeholders of the business.

Detailed discussion of the research method based on the framework will be provided in the methodology chapter.
Chapter 3: Methodology

3.1 INTRODUCTION

Two main issues need to be addressed with regard to the research approach of this project, as they are crucial to the understanding of the general direction, analysis methods and scope of this thesis. This project is carried out in a ‘bottom-up’ manner that focuses on individual entrepreneurs and their business operations. It is important to note that the focus of this project is on entrepreneurs as well as entrepreneurship. The distinctions between these two approaches are as follows:

3.1.1 ‘Bottom-up’ approach

Inspired by the success of the UK creative industries development initiated in 1997 in the midst of a slump in the traditional primary industries (Banks 2005), China started the process of adopting the concept of creative industries in the middle of the first decade of the twenty-first century (Keane 2009b). Several years on, apart from the initial excitement generated from the adoption of a new concept – which inevitably perhaps starts to wear off – there have hardly been any crucial changes in the development of this front in China (Zhang 2009). According to Zhang, this is perhaps largely due to the lack of profound understanding of core issues within creative industries development by policy-makers in China. Arguably, they have been approaching the issues with short-term views, resulting in superficial outcomes that bring no essential benefits to the cause and may even damage it in the long term.

Unlike most research in creative industries, and some other industry research in general, which features a ‘top-down’ approach and is lack of the understanding of wealth-creation from micro-economic level (Cunningham 2005), this thesis focuses on individual entrepreneurs and the people around them as the basic human units in the creative industries, common cases as Yin (2014) terms, analyses their operations as individual businesses and examines their strategic reactions in response to the political, cultural and policy characteristics of their respective industries. The collective pattern of these entrepreneurs in relation to creativity and cultural politics, set against the developmental conditions in China, provides a lively insight of how entrepreneurs position themselves and their business in the field of relations with government.

This ‘bottom-up’ approach complements the comprehension of how creativity, embedded fundamentally in individual creative human beings, is prompted, fostered, encouraged,
nurtured and protected in the logical structure of creative entrepreneurs’ business devising against the institutional and social environment. This principle is manifested and confirmed theoretically later in the research methodology, which unifies the research principle, framework, methods, approach and design through an account of critical realism.

3.1.2 Entrepreneurs and Entrepreneurship

It is helpful to consider this thesis as a hybrid of entrepreneurship and cultural study. From the title of this thesis, it may be tempting to consider it as just a work within the field of economics or that of business. Apart from a number of concepts or theories of economics or business mentioned or outlined throughout this research, the combination and consideration of cultural aspects of the overall external and internal environment and institutional condition of entrepreneurs’ business operations adds a lively dimension by providing useful insights into the status of creative entrepreneurs in China. For the purposes of this thesis, creative entrepreneurs are the primary research objects, while entrepreneurship forms the setting within which the study of entrepreneurs is primarily positioned. Rather than being considered as work in the field of business or economics, this thesis should be regarded more an exercise in sociology within organisational institutionalism, focusing on a group of people in business circles combined with a certain level of economic knowledge. The thesis is about a group of people using certain aspects of their nature – being an entrepreneur and being an entrepreneur managing a creative enterprise – to operate their business alongside the distinctive characteristics of the area in which they live, work and grow: Chaoyang District in Beijing, China. This is seen as forming a vibrant business environment, within dynamic urban surroundings. Chaoyang District is in marked contrast to other areas of China, as discussed previously. As a case study, this research will provide a picture, through sketches of daily activities and business operations, of how this group of people ‘go about’ their business. Culture, politics and creativity are the main behind-the-scene themes that thread through entrepreneurs’ institutional and strategic bricolage (Levi-Strauss 1966).

3.2 GENERAL METHODOLOGICAL APPROACH AND PRINCIPAL DESIGN

3.2.1 General Philosophical Approach

The general approach of this thesis, which centres on a study of entrepreneurs, is based on a conception of agency, the relationship between structure and agency, and the relations between the agents and social relations (Bourdieu 1990). The principle of critical realism (Bhaskar 2008) enables a philosophical understanding of my overall methodology, as shown in Figure 3.1. It helps to deal with the dilemma of multiple strands in the web of agencies
and structures, and to legitimise the application of specific organisational study theories to entrepreneurs’ everyday business practices in order to gain insights into various social levels.

![Diagram of Metaphysical Realism]

Figure 3.1 Philosophical understanding of general methodological approach

The crucial element in this philosophical set is that reality exists independently of our representations of it. Our descriptions of the social world are part of that same world, and the existence of the objective world is a necessary precondition for the possibility of subjectivity. Our inclusion within reality should not be used in a solipsistic fashion to deny reality or to argue that we have invented it.

The next crucial element in this framework is the recognition that reality – both social and natural – is layered, and includes distinctions among the real, the actual and the empirical that enable an account of both change and its unpredictability.

According to Bhaskar (2008), the real consists of structures and mechanisms. They are real even though they may not become actual. Therefore, the tendency of water to boil at 100ºC at sea level would be real even if water were never to boil. The social world, too, consists of an underlying layer made up of relationships. The structure of the relationships between
workers and capitalists, and husbands and wives is abstract in that the relationship can only be grasped in its realisations – such as strikes and divorces!

The master–slave dialectic (Hegel 1977) at this level of philosophical framework is helpful for understanding the relationship between the Chinese Communist Party (CCP) and the entrepreneurs. This account deals with the clash of two forms of self-consciousness – self-consciousness exists only to the extent that it is recognised by another self-consciousness. The two forms of self-consciousness enter into a life and death conflict, from which one emerges as the victor. This is the master. The defeated self-consciousness is the slave. Applying it to the relationship between the entrepreneurs and the CCP, we can see that although those in the party cadre hold power, theirs is a power that is stagnating. They depend on the creative entrepreneurs to come up with ideas. For instance, as we will see in Chapter 6, the CCP has control over the book numbers, but it is Han Yan who both reads and creates the market. The party is effectively an illustration of what Hegel means by dependent consciousness. A ruling class that sinks into dependent consciousness cannot rule for long and, in Bhaskarian terms, has created a tendency. Although all tendencies may or may not be realised, the pressure for change in China is building.

The next level of the motif is the concrete universal. We all share a core universal human nature, which is the site of movement and representative politics. All these move through time – though at different rates and rhythms. The figure of the concrete universal enables one to think about difference, uniqueness, and also unity and change. It also helps one to avoid the bothersome duality of the individual versus the collective. In so doing, it helps this research to situate the individuals in the study within universal considerations, and also within particular mediations and politics. Wang Hao, Han Yan and Su Tong are unique individuals, and they are seen as subject to the particular mediations of age and ethnicity, as well as business.

The advantage of using critical realism as a meta-theory is that it guides the selection of domain-specific theories. Drawing from a number of theories – specifically theories from organisational institutionalism – cements the establishment of the theoretical framework guiding the case study and the analysis of the creative entrepreneurs in the thesis.

The concepts of institutional bricolage and strategic bricolage have the potential to make a contribution to the notion of agency in the study of entrepreneurship. The concrete universal allows us to develop a complex account of the individual agent. It incorporates unique individuality, mediation by groups and a universal identity, all modified by time. The contribution made by institutional bricolage and strategic bricolage lies in allowing us to develop a sophisticated narrative of the agent engaged in praxis, or the way the individual agent negotiates institutional structures and makes strategic arrangements.
The power of narratives, as Costa (2005) acknowledges, lies in crossing the boundaries or the particular mediations specified in the concrete universal. Take, for instance, the simple but powerful narrative contained in the slogan *Méiyòu Gòngchándǎng jiù méiyòu xīn Zhōngguó* (Without the Communist Party, there would be no New China), which was first advanced in 1943 in a song composed as a counter to the Guomindang (National Party led by Jiang Jieshi). The slogan and the song constituted a narrative that helped build the legitimacy of the CCP as the centre of both patriotic resistance to imperialism and the driving force of modernisation.

The necessity of narratives is made clear through Charles Taylor’s (1994) argument that to be human is to make choices and to orient towards the good over time. Because we are moving through time, we have to tell a story that locates and gives unity to our journey, for it is this that gives meaning to our lives (McAdams 2008). To narrate and to attend to narratives, then, is part of what it means to be human. Bhaskar (2008) points out that narratives can be emotional, evaluative and personal, but they can also be objective in the sense that they describe the truth of the real. The narratives and case studies of this thesis contain a particular perspective – a cadre from the CCP would presumably see an alternative perspective from that of entrepreneurs. There are different perspectives, but they are perspectives on something – some aspect of the real. Both perspectives may not achieve absolute truth, but one can be truer and more reliable than the other. It is the truer and more reliable perspective that this research seek to reach.

The basic elements of narratives are characters, settings, actions and events combined with macro structure, which is the point of view or how the story is told (Martin 1986, p. 113). The relations of the three entrepreneurs in my study with the CCP government are set against the background of the master–slave dialectic, but they could equally be thought of in Schumpeterian terms (Schumpeter 2008). The narrative outlines how entrepreneurs exercise their roles of agency (Child 1972) within the parameters of the relationship with the CCP. That makes their work the source of creativity, change and progress in China.

### 3.2.2 Principal Design

Based on the above discussion of critical realism and the literature review in Chapter 2, the principal research design is illustrated in Figure 3.2. The ontological depth in the first oval dictates the connection of different layers of realities to the background of the research – social, political and cultural conditions of the environment in which creative entrepreneurs’ businesses operate. The theories positioned at the domain-specific level, such as bricolage, institutional work and strategic choice, direct the design of the research’s principal methods, and therefore the fieldwork structure.
The process on the right-hand side of the figure manifests the application of the theories in analysing the fieldwork data to provide an insight of how creative entrepreneurs cope with all sorts of institutional conditions. This will be done through the categorisations based on the bricolage in institutional and strategic settings. The categorisation helps to provide a more logical manifestation of a series of comprehensive reactions, arrangements and strategies that entrepreneurs make in response to institutional conditions and strategic requirements. This will assist in examining the impact, if any, that entrepreneurs have on the social, political and cultural environment of their business operations.

### 3.3 CASE STUDY AND RESEARCH METHODS

#### 3.3.1 Case study and cases

A key aspect of the domain-specific level of my research methodology is the case study of a number of creative entrepreneurs in Chaoyang District, Beijing. The case study methodology has generally been chosen when the observation of the study object doesn’t directly differentiate itself from the circumstances (Yin 2003), and when the researcher doesn’t have too much control over the course of the event.

In discussing the nature of case study, Berg and Lune (2012) consolidates a number of schools thought and comes with the description of case study as “an approach capable of examining simple or complex phenomenon, with units of analysis varying form single individuals to large corporations and businesses to world-changing events; it entails using a variety of lines of action...
in its data-gathering segments and can meaningfully make use of and contribute to the application of theory”. (p325).

Even though the case study as a research method has confronted a wide spectrum of scepticism, it has flourished in the various disciplines of the social sciences (Gerring 2007). It ‘is best defined as an intensive study of a single case (or a small set of cases) with an aim to generalize across a larger set of cases of the same general type’ (2007, p. 65). The end result of a sound case study is insight – the link between the occurrence and its spatial or temporal context.

The case study in this thesis looks at creative entrepreneurs in China. As discussed briefly, due to the nature of creative enterprises in China, the society within which these entrepreneurs live and work has dual elements of culture and creativity that constitute both their business operations’ background and the objects of their entrepreneurship. How creative entrepreneurs set up their businesses to adopt a certain position in the complicated institutional environment, and how they articulate between cultural capital and creative capital within and around their business operation in terms of strategic choice, comprise the overarching question of this research. The relation between entrepreneurs’ business operations and the changes in their institutional conditions and strategic requirements is a dynamic one, for each side of the relationship affects the other in an ongoing way. The entrepreneurs’ commercial and social activities have an impact on the general community, thus changing the configuration of the components of the society; in turn, that affects the work of the entrepreneurs and their strategic choice.

The case study as principal method in this thesis is multi-case studies, in particular, it is multi-case embedded case (Yin 2014). In contract with multi-case holistic approach, multi-case embedded case study involves multiple units of analysis within each case, which requires, in the case of this thesis, multiple methods application through triangulation (Denzin 1978a, 1978b, 2012). According to Yin (2014), compared with single-case design, multi-case study often provides more compelling and robust evident.

As Yin (2014) emphasizes in the discussion of logic of use of multiple cases study, it is misleading to consider the multi-case study as sampling logic for achieving generalization through multiple cases. Instead, a consideration of replication logic to multi-case study is what warrants a feasible outcome from the cases – each of them as a ‘whole’ bringing out convergent evidence to form an overall proposition cross cases through comparison and attention-drawing ‘to difference and similarities’ (Gummesson 2000), as shown in Chapter 8. It is not the ‘prevalence’ of the phenomenon that this thesis is seeking; rather, it is the phenomenon of
interest and its context that this thesis endeavours to reveal. Gummesson (2000) points out in expression of doubt and scepticism of generalization:

As long as you keep searching for new knowledge and do not believe you have found the ultimate truth but, rather, the best available for the moment, the traditional demand for generalization becomes less urgent. (P 97)

This thesis intends to analyse the three main cases of creative entrepreneurs in a number of areas, which could be grouped into two main aspects:

- **External.** The term applied from the literature review to analyse this is ‘institutional bricolage’ – based on bricolage (Baker & Nelson 2005), institutional work (Lawrence & Suddaby 2006; Lawrence, Suddaby & Leca 2009, 2011). This is about how to deal with the external environment – political conditions, industry development, rules and regulations. The main focus is the effect of the entrepreneurs’ choice of positioning in their respective circle/industry on the institutional environment.

- **Internal.** The theoretical term to analyse this is ‘strategic bricolage’ – based on bricolage (Baker & Nelson 2005), strategic choice (Child 1972, 1997). It relates to entrepreneurs strategising their business with the resources they have at hand: social network, past experiences, staff members’ ability and company structure – even a physical office and/or outlet to promote an creative space for the efficiency of the operation.

The fieldwork follows three main areas of each entrepreneur to reflect these external and internal aspects of entrepreneurs’ institutional and strategic operations:

- **Individuality.** This aspect will look at each entrepreneur’s personal background and business development trajectory. Their personal background includes family environment, education, social activity, traits and career path, which form the cultural capital of an entrepreneur as a node in the web of relations around their business. Business trajectory includes the narratives of how they started their career after formal education, how they began their business operation, how they carry out their business, and how their business has evolved in terms of cooperative arrangements and business structure. Most of this information is about the external aspects of the cases that relate to entrepreneurs’ strategic bricolage.

- **Relationships with different parties in the business organisation.** This aspect considers how each entrepreneur sets up relationships with key parties, including with associates, suppliers, customers and members of their companies to form a certain type of business
structure; how they maintain the relationships to their business advantage; how they
position themselves under the political, cultural and commercial matrix of the institutional
environment and how this relates to the development of their respective industry sector;
and how they ‘work’ their power relations with authorities through networks of
connections to gain a certain level of ‘right of speech’ to ‘voice’ their opinions in different
forms. It will be revealed how the knowledge exchange is facilitated through the strategic
arrangement. Moreover, how do these entrepreneurs set up the business structure to
stimulate, to encourage and to sustain high-level of open communication, knowledge
exchanges among the people around the business operation and if the environment these
entrepreneurs construct possesses elements that facilitate innovative, systematic and
creative thinking? This section of the case analysis relates both institutional bricolage and
the strategic bricolage.

- **Products and production process:** entrepreneurs have different relationships with
consumers according to the type of product and industry sector characteristics. The
products and production processes of a creative business are the entrepreneurs’ tools of
dialogue with their consumers, and of course, with their employees all the time. This
unique aspect of communication for creative industry enterprises adds substantial weight
in business network formation and preservation. Again, this section relates to both
institutional bricolage and strategic bricolage.

### 3.3.2 Research Methods

The multi-method approach is essential to achieving a comprehensive understanding of the
research topic; the framework ‘used to organize the methods’ is bound to be ‘explicitly systems
thinking’ (Balram 2003). This is the principal of triangulation (Denzin 1978a, 1978b, 2012),
“the use of multiple methods, or triangulation, reflects an attempt to secure an in-depth
understanding of the phenomenon in question.” (Denzin 2012, p. 82). The complementarity
among the different methods is what is been sought instead of methodological redundancy
(Gummesson 2000).

The rationale for triangulation is that the “flaws of one method are often the strengths of
another” and by adopting different methods, researchers can “achieve the best of each while
overcoming their unique deficiencies” (Denzin 1978a, p. 78) by “decrease, negate, or
counterbalance the deficiency” of a single method (Thurmond 2001, p. 253). Without trying to
claim a sense of “scientificness and exactness”, triangulation is functioned as “verification of
results…identifying and eliminating methodological shortcomings, data or investigator bias.”
(Oppermann 2000, p. 145).
According to Yin (2014), cases studies with multiple sources of evidence through triangulation rate higher in term of overall quality than those with single source of evidence. The finding or the outcomes of the multi-data source case study is potentially more convincing and accurate through the development of converging lines of inquiry that address a wider range of historical and behavioural issues.

Participant observation, interview and questionnaire will be the multiple methods triangulation for this thesis that is embedded in the multi-case study. The lack of depth of interpretation in participant observation will be compensated by the semi-structured interviews, while the lack of coverage of interviews will be balanced by the questionnaire, and the shortcomings of both questionnaire and interviews in temporal domain will be count-weighed through participant observation.

**Participant Observation**

Inspired by the work of Mintzberg (1973), a renowned academic and author of over 150 articles and fifteen books on business and management, I chose ethnography as my primary method of research for fieldwork carried out at the object’s offices. Gartner (1988) urges researchers to carry on field work like Mintzberg’s (1973) to discover what entrepreneurs actually do. Addressing the scarcity of entrepreneurial ethnographies, Aldrich and Baker (1997, p. 14) point out that: ‘Ethnography can tell us what humans are doing, at the micro level, and allow us to link their actions to routines and social mechanism at higher levels of analysis.’

Ethnography has primarily been used as a method in the study of anthropology (Lareau & Shultz 1996). However, the ability of ethnography to reveal the lived experience of complex subjects also suits the liveliness of entrepreneurship, which is ‘a form of art, a practice-oriented endeavour that requires a sensitive and committed engagement with a range of phenomena in the surrounding world’ (Berglund 2007, p. 97). By selecting participant observation as the research method for a study, the researchers have to adjust their role in the subject group, for they become part of the research instrument. Therefore, their behaviour becomes one of the critical factors in the research (Johnstone 2007). It is vital for a researcher to possess the ability to interact, communicate and share the lived environment, yet still maintain their status and position as researcher. The researcher’s ‘ability to reflect critically’ on what they are observing is central to this. Johnstone (2007, p. 107) emphasises that the researcher ‘must be both involved and detached’ simultaneously.

During the actual fieldwork carried out for the three cases examined, there was more observing than participating, with different levels of involvement for each case. This was hardly surprising, given the nature of each case study. In Su Tong’s case, apart from attending regular
in-house meetings, such as a staff briefing every morning, and being introduced as part of a consulting team during the external meetings with potential or existing clients or partners, on many occasions I was involved in lively discussions of their real clients’ design projects. I also interacted with representatives of the clients, and exchanged opinions on certain aspect of the projects.

In Wang Hao’s case, due to the nature of the business and industry, there was little knowledge that I could contribute to the operation. Therefore, my level of involvement as far as exchanging opinions, making comments or providing feedback was concerned was quite limited. I was virtually exclusively focused on observing and scarcely did any participating.

In the case of Han Yan, there were a number of occasions when I was invited to join their regular informal discussions on aspects of their book designs, such as the choice of theme colours for different parts of the book, the size, font or layout for the title or subtitle on book covers. Nevertheless, the amount of involvement was marginal, with the majority of ethnography for this case consisting of observing.

Uniform forms and sheets (see Appendix I and II) were designed to record daily activities and details of the meetings and discussions with all three entrepreneurs to help in recording and processing the fieldwork data. Each of the entrepreneurs was given sufficient amount of recording sheets at the beginning of each days to fill in during the day.

I was given a dedicated desk at each of these companies with access to their computer system and office facilities to support of my observation. I was given the access to most of meetings and entrepreneurs’ office at any time to conduct my observation.

**Semi-structured Interviews**

For various reasons, the responses of an interviewee in real-life settings can be difficult to decode or process. This can be overcome by combining interviewing with participant observation (Becker & Geer 2004). After both parties in the interview have spent some time together in the daily activities, it is possible to gain more of a background understanding of the interview for both interviewer and interviewee before actual scheduled interview. The interview question list works as the interview guideline during the field work.

In this research, I have adopted a semi-structured interview embedded in the participant observation. Different questions were assigned to different aspects of the research: two open-ended questions on the macro level relating to the overall conditions of culture, creativity and creative industries in China; three open-ended questions on issues related to government
involvement; and about ten open-ended questions on the remaining issues about entrepreneur in question. (See sample of Interview Questions in Appendix III).

Interviewees are selected based on four types of personnel surrounding the business operation, namely, staff, suppliers, clients, and business associates. One to two representatives were selected on the time availability and the recommendation of the company administration. Once selected, a time slot is arranged, at least 2 days prior to secure a well-conducted interview.

Depends on the availability, some of the interviews were conducted outside the company office while most of interview were carried out at the company’s location. All interviews were being voice-recorded.

**Questionnaires**

The questionnaire with ‘more structured questions’ (Yin 2009) was designed for the survey of each entrepreneur’s entire staff in their Beijing office (one of the companies had subsidiaries in other cities). The main purpose of the questionnaire is to find out the state of ‘knowledge exchange’ between employees and the subject entrepreneurs, which is part of entrepreneurs’ strategic bricolage as discussed in Chapter 2. Therefore, the questionnaire was constructed with the questions on the communications between employees and the entrepreneurs in question and the state of “creative space” in company’s working environment. The questionnaire was uniform for all three companies to ensure comparability.

There is an intrinsic weakness affecting the accuracy of this type of questionnaire. This has to do with the existence of biases caused by such conditions as reflexivity and response assumption (Yin 2009). This was perhaps particularly so in this study, when the subject of the questionnaire is the ‘boss’ of the respondents of the survey and when the ‘wrong’ answers could be considered as offensive to the ‘boss’ or the surveyor could also affect certain answers since they might be seen as the friend or acquaintance of the ‘boss’. In order to avoid these adverse factors, a number of measures were adopted into the process of the questionnaire:

- There was no writing involved in answering questions, only ticks in the boxes. This measure was particularly important considering that the ideographic nature of Chinese character writing means the writer is more easily identified.

- A note was sent out to all staff members to explain the purpose and design of the survey questionnaire, emphasising that an objective response to all the questions was expected and the measures were in place to ensure maximum confidentiality between the respondent and management.
An all-staff meeting was called immediately prior to the start of the actual survey to assure the staff that the management of the company, particularly the subject of the survey – the owner entrepreneur – had no access to the original questionnaire papers.

There were 16-18 employees in each of the three cases’ companies (in the case of Wang Hao, their Beijing branch). All the staff members of each company form the body of each questionnaire object, therefore, there is no sampling involved before conducting the questionnaire. See sample questionnaire in Appendix IV

3.4 FIELD WORK, DATA COLLECTION AND CASE STUDY STRUCTURE

3.4.1 Field work components

It hardly needs saying that it is impossible to look at every creative entrepreneur in Chaoyang District. Therefore, it is necessary to ‘select’ a limited number of cases of entrepreneurs with the aim of understanding other cases within the domain made up of the political, cultural and commercial environment of Chaoyang District. Hopefully this will provide us with some insight into the lived experiences of creative entrepreneurs as a group throughout China.

Under the umbrella research question, the actual research work, particularly fieldwork, includes the following components:

- Part I: A number of creative entrepreneurs working in Chaoyang District.
- Part II: Overall picture of creative entrepreneurs in China exemplified by a number of ‘celebrity’ creative entrepreneurs.
- Part III: Political, cultural and commercial environment of each industry sector in which the entrepreneurs operate.

Table 3.1 shows the time and effort involved in each part of the data collection; this was allocated according to different methods designed for them and the weight of each part in the thesis.

The document research refers to primary research on certain subjects, whether it is about a person, or about the social, cultural or economic environment of industry sectors through government documents, newspapers, magazines and online materials. Document research was conducted mostly on campus through university library’s data bases and catalogues. This most is related to the preparation research on Part II and Part III of the field-work.
Table 3.1 Data collection structure

<table>
<thead>
<tr>
<th></th>
<th>Methods</th>
<th>Main objects</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part I</td>
<td>Observation, interview, questionnaires, and</td>
<td>Selected entrepreneurs in Chaoyang District,</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>document research</td>
<td>people around them, and their business operations</td>
<td></td>
</tr>
<tr>
<td>Part II</td>
<td>Document research</td>
<td>A number of ‘celebrity’ entrepreneurs and</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>overall economic, cultural and political condition</td>
<td></td>
</tr>
<tr>
<td>Part III</td>
<td>Document research and interviews</td>
<td>District officials and each sector’s cultural, economic</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and political conditions</td>
<td></td>
</tr>
</tbody>
</table>

In the detailed discussion of the research methods above, for the ease of reading the description of the two different groups of creative entrepreneurs, it is worth noting that the entrepreneurs in Part I are ordinary people that I got to meet personally through the contacts of the supervisor and research colleagues at the university, and social connections of my own. I observed their activities at their own business settings, among and around the people involved in their business operation. The entrepreneurs in Part II are those ‘celebrity’ or ‘famous’ people to whom no personal access was obtained. In this case, the information has been collected by document research through sources such as newspapers, magazines, books and the internet.

Another methodological aside is perhaps in order here. The internet is very much the water in which the contemporary entrepreneur swims. No thesis could possibly do justice without engaging fully on that particular terrain. Admittedly, this will sometimes give the sources I use a non-scholarly air, but at the same time it will provide a very accurate picture of the lived experiences of the creative entrepreneur.

The entrepreneurs in Part I will each have a chapter devoted to them, while the entrepreneurs in Part II will be described and analysed collectively in one chapter. The aim in this case study is to profile creative entrepreneurs as a group within an overall picture of the national political, cultural and economic context.
The first case of entrepreneurs in Part I is Su Tong during the first case study field trip in November/December 2007. There was no adjustment on either the content or the structure of the field work needed for the research on the remaining two entrepreneurs.

3.4.2 Case Study Structure and Component

All three main cases used a shared template to guide the case and data presentation. This template was structured based on the theoretical framework of the thesis to provide a comparable layout of the cases for ease of the analysis and comparisons in the concluding chapter. The four key parts of the case study structure are:

Component I: industrial and institutional environment

Component II: resources ‘at hand’

Component III: institutional bricolage

Component IV: strategic bricolage.

In the ‘industrial and institutional conditions’ section, the industry background of each sector will be the starting point, followed by a description of the institutional environment, including general conditions and development trends of the industry sector, policies, rules and regulations, and the limits, constraints and obstacles in each sector.

Resources ‘at hand’ departs from each entrepreneur’s personal background, with the notion of the cultural tool (Swidler 1986; Vaisey 2008a, 2008b) as formed and accumulated through their family background, education and early career before they matured to begin their current business operation. This will lead to how each entrepreneur accumulated their resources and show what type of main resources are available to benefit the business’s operation in the institutional environment.

‘Institutional bricolage’ will be manifested mainly in each entrepreneur’s relation with government, based on the resources they had ‘at hand’ and the impact they have had on government in relation to their view of the industry sector’s development and policy movement.

For ‘strategic bricolage’, the focus will be on each entrepreneur’s company or operational structure, and how they provide a creative space within the company environment, through their production and product consumption process with business partners and clients.

3.4.3 Data Collection and Research Questions

As proposed in the previous chapter, the overall findings of this thesis are drawn through answering the following questions:

Q1. What are the characteristics of the institutional environment of the creative industries that make the entrepreneurs work as bricoleurs to operate their businesses?
Q2. What are entrepreneurs’ resources ‘at hand’ to be utilised in their business operation?

Q3. How do creative entrepreneurs use bricolage in their business operations in response to the characteristics of the creative industries; in particular, how do they use bricolage in dealing with external and internal institutional and cultural environments?

Different research methods, carried out before and during field work, collect different data to contribute to different aspects of these research questions through structured case study and the overall institutional environment both for creative entrepreneurs as a whole or for individual entrepreneurs in question. The relations between the data collected and the research questions are shown in following figure.

Table 3.2 Relations - Research Questions, Case Study and Data Collection

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Case study components</th>
<th>Aspect of research</th>
<th>Data from</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Question I</td>
<td></td>
<td>Overall institutional environment in China for creative industries</td>
<td>DR</td>
</tr>
<tr>
<td></td>
<td>I</td>
<td>Industrial rules and regulations</td>
<td>DR, SSI</td>
</tr>
<tr>
<td>Research Question II</td>
<td>II</td>
<td>Individuality of entrepreneurs</td>
<td>PO, SSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Acquired cultural tool</td>
<td>SSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Resource accumulation</td>
<td>SSI</td>
</tr>
<tr>
<td>Research Question III</td>
<td>III</td>
<td>Connection through business</td>
<td>PO, SSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Form of partnership in business</td>
<td>PO, SSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contacts, reliance and influence with government</td>
<td>PO, SSI</td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>Organizational culture</td>
<td>PO, SSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business structure and operation</td>
<td>PO, SSI</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledge and information flow</td>
<td>PO, QNR</td>
</tr>
</tbody>
</table>

DR – Document Research; PO – Participant Observation; SSI – Semi-structured Interview; QNR - Questionnaire
3.5 **FIELDWORK CASE SELECTION**

The principal of selection of the cases in this research is based on the design guides by Yin (2014). Four considerations have been given in selecting the cases for the study: functionality of the cases, entrepreneurs’ basic sociological condition, their business’s basic conditions and the industrial category within the definition of cultural creative industries in China. These considerations are used to verify and confirm the suitability of the cases that are accessible by the researcher (Gummesson 2000).

Out of over 20 accessible or potentially accessible cases, there are only 5 companies that will provide full access to their business and personal life to the extent of me carrying out continuous observation at their office and reaching their internal information system. Two cases were identified as “repeats” when addressing these four considerations against the variables of the cases.

### 3.5.1 Functionality of the Cases

The cases in this study have been chosen based on their instrumentality. They are used as a tool to understand other cases operating in similar social and economic conditions (Berg & Lune 2012), such as Chaoyang District, rather than being used as cases chosen simply for their intrinsic importance, significance or uniqueness (Stake 1995) as individual entrepreneurs or on the basis of their unique operations. Although the chosen cases are all interesting in one way or another, their function here is to illustrate how creative entrepreneurs set up a business, carry out daily operations and progress along the path of economic development to act as agents in the articulation of culture and creativity through the entrepreneurship process.

The instrumentality is about drawing out the commonality from the chosen cases, out of the arrays of variables woven into the four aspects of each entrepreneur as discussed in Chapter 2, or by drafting a spectrum of models in certain aspects to outline a clear picture of the role and function of creative entrepreneurs in Chaoyang District in the articulation of culture and creativity.

### 3.5.2 Basic Sociological Conditions of Entrepreneurs

There are several conditions that were assessed out of a handful of accessible and potentially accessible cases or areas of choice when the case selection was carried out. The entrepreneurs’ age, origin, education, gender and career path are the main factors to be considered, as shown in Table 3.3.
The general characteristics of creative entrepreneurs are discussed in a later chapter, where a detailed literature review on entrepreneurs and creative entrepreneurs is carried out.

Table 3.3 Case selection verification – basic sociological conditions

<table>
<thead>
<tr>
<th></th>
<th>General demographic characteristics</th>
<th>Criteria</th>
<th>Verification result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Aged younger than peers across the board</td>
<td>Covering range</td>
<td>One in early 30s. One in mid-30s. One in early 40s.</td>
</tr>
<tr>
<td>Origin</td>
<td>No particular pattern</td>
<td>Whether from Beijing or not</td>
<td>One was born in Beijing. Two are not.</td>
</tr>
<tr>
<td>Education</td>
<td>Mostly with tertiary education</td>
<td>Single odd representation of ‘without tertiary education’</td>
<td>One without tertiary education. Two with tertiary education.</td>
</tr>
<tr>
<td>Gender</td>
<td>Male in majority</td>
<td>Single odd representation of female</td>
<td>One female, two males</td>
</tr>
<tr>
<td>Career path</td>
<td>No particular pattern</td>
<td>Working for other people before starting own business</td>
<td>One briefly worked for other people. Two worked for other people as employees before starting their own business.</td>
</tr>
</tbody>
</table>

**Basic Conditions of the Business**

The conditions of the companies operated by an entrepreneur were considered in the verification of the selected cases. The maturity and location of the business were two conditions in place, apart from the conditions of the owners/entrepreneurs themselves. The purpose of the criterion of being mutually operative companies is to avoid the selection of so-called ‘start-up’ companies that have intrinsic instability in such aspects of business as strategising, market adoptability and operation sustainability, which could potentially complicate the data processing and analysis of the cases. The selection of one company with a physical office location outside Chaoyang District (with a majority of business and activities still in Chaoyang District) was designed to make reference to being part of other
districts in some ways, in order to examine the effect on the cases of being part of Chaoyang District.

Table 3.4 Case selection outcome

<table>
<thead>
<tr>
<th>Selection criteria</th>
<th>Su Tong</th>
<th>Wang Hao</th>
<th>Han Yan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functionality</td>
<td>Instrumental, forms representativeness by collective effect, not by individuality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Condition of entrepreneurs</td>
<td>Age: Early 40s, Origin: Beijing, Education: No formal tertiary education, Gender: Male, Career path: Worked as employee before starting own business</td>
<td>Age: Early 30s, Origin: Outside Beijing, Education: Tertiary educated, Gender: Male, Career path: Briefly worked as employee before starting own business</td>
<td>Age: Mid-30s, Origin: Outside Beijing, Education: Tertiary educated, Gender: Female, Career path: Worked as employee before starting own business</td>
</tr>
<tr>
<td>Office location</td>
<td>Within Chaoyang</td>
<td>Outside of Chaoyang</td>
<td>Within Chaoyang</td>
</tr>
<tr>
<td>Industry sector</td>
<td>Branding</td>
<td>Digital content provider</td>
<td>Publishing</td>
</tr>
</tbody>
</table>

**Industry Sectors**

Different countries have different categorisations of creative industries. In China, the difference in categorisation of creative industries is quite substantial in different provinces and cities. Therefore, in this study, it is Beijing’s categorisation that is adopted, since Chaoyang District is part of Beijing.

According to the publicity department of the Beijing Municipal Government (2006), there are eleven sectors categorised as cultural creative industries in Beijing. The consideration in
verifying the neutral coverage of the potentially controversial aspect of the cases is the
length of the existence of an industry sector. Three types of sector have been chosen: the
longer established sector, such as publishing, that appeared in China in the late nineteenth
and early twentieth century; a reasonably new sector, such as the digital content industry that
only became possible with the advent of the World Wide Web in the 1990s; and a sector
involving a medium timeframe, such as branding, which only became an industrial sector in
China in the early 1980s, even though brands as assets for business have existed for
centuries.

3.6 FIELDWORK ACTIVITIES AND DATA ANALYSIS

3.6.1 Ethical Clearance

A Human Ethics Level 1 clearance was obtained on 29/08/2007 from Ethics Clearance
Committee of Creative Industries Faculty at Queensland University of Technology; the
number of the clearance is 0700000747.

During the field work on each entrepreneurs China, an Ethics Clearance Consent form, both
in English and Chinese, was signed by every members of each entrepreneur related parties
including entrepreneurs themselves, every employees participated in the survey of
questionnaire, every representative of entrepreneurs’ business management, suppliers,
clients, government connections who was involved in the interview and observation.

3.6.2 Fieldwork

The actual research fieldwork was carried out during the three trips to China in November and
December 2007, June and July 2008, and October 2008. These three trips were planned primarily
for the studies of three main subject personnel, namely Su Tong, Chief Executive Officer of
Baroque Modern Enterprise Image Design Company, Wang Hao, Chairman and Chief Executive
Officer of Goyoo Networks Inc. and Han Yan, Chairwoman of Beijing Cheers Books Co. Ltd.
While the majority of the time I was in China was spent carrying out my observations on my
subjects’ daily activities, some other forms of fieldwork also took place (see Table 3.5).
Table 3.5 Fieldwork summary

<table>
<thead>
<tr>
<th></th>
<th>Trip 1</th>
<th>Trip 2</th>
<th>Trip 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary object personnel</td>
<td>Su Tong</td>
<td>Wang Hao</td>
<td>Han Yan</td>
</tr>
<tr>
<td>Industry sector</td>
<td>Branding</td>
<td>Digital Media for internet café</td>
<td>Publishing</td>
</tr>
<tr>
<td>Daily activity</td>
<td>Discussions</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>Internal meetings</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>Working process</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td></td>
<td>External meetings</td>
<td>√</td>
<td>N/A</td>
</tr>
<tr>
<td>Interviews</td>
<td>Clients</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Business associates</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Suppliers</td>
<td>N/A</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Employees</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Government official</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Questionnaire</td>
<td>17 participants</td>
<td>17 participants</td>
<td>16 participants</td>
</tr>
</tbody>
</table>

### 3.6.3 Data analysis

The major approach of data analysis is what Berg and Lune (2012) term as *social anthropological approach*, by which the researcher has spent considerable time in a given setting, whether it be a community, an organization, or, in the case of this thesis, a business environment that an entrepreneur operates. The researcher, through this considerable length of time with a subject population, has participated with many of the “individual residing in or interacting” with subject individuals and developed a “special perspective on the material collected” and a “special understanding of the subject member and how these people “interpret their social worlds” (p351). The researchers with this analysis approach generally
are interested in the “behavioural regularities of everyday life, language and language use, rituals and ceremonies, and relationships.” (p352)

According to Berg and Lune (2012), the actual task of analysis becomes an act of identifying and explaining the ways that people operate in a certain setting and take action. A set of conceptual or theoretical frameworks is usually developed before the commencement of the field work.

The principal technique of data analysis is the *cross-case synthesis* (Yin 2014) with multiple aspects of entrepreneurs (as shown in Table 3-2) to be examined, compared in a systematic manner involving source data and evidence from all three research methods, particularly, a great deal of time was spent on sourcing the data for comparison cross-case, at the same time, forming a vertical narrative on each individual entrepreneur.

There was no transcribing involved, data were obtain through combination of the written notes, observation records and audio recordings stored in computer system. Secondary data were generated with the purpose of 1) cross-case comparison 2) within case narrative building in the sequence of the examined aspects listed in Table 3-2.
Chapter 4: Creative Entrepreneurs in China

As the foundation of this chapter, I use Caves’ (2000) outline of the economic properties (details in Section 4.2) of the creative industries. My intention is to explore the intrinsic characteristics of creative enterprises based on an assessment of the context within which the institutional work of the entrepreneurs takes place. More specifically, I am interested in the kinds of institutions that are encountered within the creative industries. What kind of institutions does the entrepreneur seek to create, which do they maintain and which do they want to disrupt?

My interest in bricolage lies in its potential as a tool to help find out what entrepreneurs do. The concept of institutional bricolage assists with the exploration of entrepreneurial agency. In addition, I will draw upon the concept of strategic choice to help outline and understand the range of choices within a creative enterprise that are open to the entrepreneur.

From a critical realist perspective, it is the underlying relationalities that create the mechanisms and structures that generate surface behaviour (Bhaskar 1989). In practice, as I indicated in Chapter 3, I categorise entrepreneurs in China into three categories or roles with respect to their relations with government.

The concept of a creative entrepreneur is central to this chapter. Simply, creative entrepreneurs are those entrepreneurs who operate business ventures that are categorized as enterprising in creative industries. In using this term of ‘creative entrepreneur’, I have been mindful of the ambiguities and conceptual fuzziness that inevitably seem to accompany the concept of creativity. It is salutary to acknowledge that the concept of creativity first emerged in Western philosophical discourse as early as 1926, in the writing of Alfred Whitehead (Hall 2004). It is also worth noting (as Hall points out) that Chinese philosophy, with its concepts of chi (matter energy), yi (change, becoming) and cheng (self-actualisation, creativity) was much better placed than Western philosophy to engage in a discussion of the process of creativity in order to better understand the ‘spontaneous emergence of novelty’ (2004, p. 572).

In the next section, I investigate the characteristics of the creative entrepreneur from a number of perspectives. I then briefly present what is by now the most well-known account of the entrepreneur, that in the work of Schumpeter (1942). Later I argue that China’s creative entrepreneurs exhibit ‘humdrum’ characteristics (Caves 2000) more than Schumpeterian
adventurousness, destructiveness or ‘animal spirits’. The second part of the chapter focuses on the institutional environment for entrepreneurs in China over the last 30 years. Finally, a number of accounts of ‘celebrity’ creative entrepreneurs in China are presented and discussed in order to begin the process of understanding the three ‘real-life’ entrepreneurs in the study.

4.1 ENTREPRENEUR AND ENTREPRENEURSHIP

To clearly understand creative entrepreneurs’ institutional environment and their internal strategic resources, it is beneficial to examine the concept of entrepreneurs and entrepreneurship before moving on to examine the creative industries.

Nijkamp (2003) claims the following four issues are central to entrepreneurship in modern network economy:

- the position of the entrepreneur both in the surrounding economic system and within their own corporate organisation
- the identification of the economic tasks of the entrepreneur
- the financial remuneration of the entrepreneur for their risk-taking activities, based on their economic motives, and
- the dynamics in (local and global) markets seen from the perspective of the entrepreneur.

This positioning echoes Bourdieu’s (1993) field of cultural production, and focuses on how entrepreneurs relate to the groups of people around them – within or outside their own organisations – as well as how they deal with institutional constraints and political hurdles, and how they leverage business operations in their respective industries.

According to Aageson (2009), there is no consensus about the definition of the entrepreneur and entrepreneurship. Given the importance of entrepreneurship, it is intriguing that, as Warnecke (2013) points out, the task of defining what entrepreneurship remains quite a difficult one. Advancing a similar view, Grebel (2004, p. 1) labels entrepreneurs as ‘the most challenging subjects in the history of economic analysis’. He provides an overview of research by Hebert and Link, who cite twelve roles of the entrepreneur in business literature: risk-taker, capital provider, innovator, decision maker, industrial leader, superintendent of the business operation, coordinator of resources, owner of an enterprise, manager of factor of production, contractor, arbitrageur, and an allocator of resources, among alternative uses.

As far as entrepreneurship is concerned, the most common views ‘focus on the perception of new economic opportunities and the subsequent introduction of new ideas in the market’ (Audretsch 2002, p. 2). From this perspective, entrepreneurship is a process of change
(Aageson 2009), recalling the French meaning as ‘to do something’ or ‘to undertake something’, and ‘to go between’ (entre + preneur). Perhaps the most well-known account and definition comes from Schumpeter’s *Theory of Economic Development* (1934), in which he describes types of entrepreneurial behaviour: (1) the introduction of a new good; (2) the introduction of a new method of production; (3) the opening of a new market; (4) the conquest of a new source of raw material; and (5) the creation of a new organisation of an industry. Schumpeter also examined the ‘motivation’ of the entrepreneur. Swedberg (2000, p. 16) summarises Schumpeter’s words in ‘modern language’ as (1) the desire for power and independence; (2) the will to succeed; and (3) the satisfaction of getting things done. Schumpeter has written much about entrepreneurs and the entrepreneurial personality. He says: ‘The typical entrepreneur is more self-centred than other types, because he relies less than they do on tradition and connection and because his characteristic task – theoretically as well as historically – consists in breaking up old, and creating new tradition.’ (Schumpeter 1934, p. 91)

Henwood (2012) has a different perspective on the phrase ‘creative destruction’. He claims it is taken out of context, and that Schumpeter’s original intention – which he argues was inspired by Marx – has been obscured. Henwood points out that use of the phrase peaked during the dot.com bubble in the early years of 21st century and has subsequently declined thereafter.

Phillips (2011) informs us that the German edition of Schumpeter’s *Theory of Economic Development* deals specifically with the arts entrepreneur. The principal feature of the entrepreneur is that they make combinations. We can make an advance if we theorise the practice of combining in terms of bricolage. This would mean that the role of bricoleur is central to understanding the uniqueness of the arts entrepreneur. However, in order for the entrepreneur to have the capacity to innovate and recombine, Schumpeter believed it was necessary to control the means of production. In this sense, the entrepreneur is beholden to the banker or financier. Whether the creative entrepreneur is less beholden to the lords of finance is a matter for conjecture. It may be that the well-known willingness of the cultural or creative entrepreneur to work without the normal level of financial incentive means that the cultural or creative entrepreneur occupies a unique place in the conceptual entrepreneurial space. Moreover, as we will see repeatedly throughout this thesis, the strategic choices that entrepreneurs make and the institutional work they perform exist within a network of relations that include bankers, financiers and, particularly in China, party bureaucrats.
Risk-taking is a characteristic of many modern entrepreneurs. Even though there is a greater chance of failure at the start-up stage of a business (Casson 2003), risk exists throughout most stages of most businesses. In the creative industries, the risk equation is perhaps even more accentuated. The acceptance of a product is closely related to subjective ‘taste’ (Caves 2000; Scott 2008), which is perhaps the most irrational factor in the array of customer behaviours. Therefore, the risk level in a creative business is generally higher – depending, of course, on the kind of business: for instance, providing architectural services may be less risky in a major city than in the countryside.

Within the Schumpetarian schema, entrepreneurs are the ‘prime movers’: they function ‘to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility of producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on’ (Schumpeter 2008, p. 132).

In the cultural field, the entrepreneur has gained visibility as the state has moved away from subsidy, encouraging business enterprise in the creative industries. Aageson (2009, p. 93) expresses the view that cultural entrepreneurs are ‘change agents who leverage cultural innovation to create thriving economic system’ and are thus vital to the development of society. Leadbeater and Oakley (2001, p. 12) contend that ‘a widespread capacity for entrepreneurship will increasingly be seen as a mark of a healthy society’.

There is another classification of entrepreneurship that is relevant to this study. This is the distinction between productive, non-productive and destructive entrepreneurs. Desai, Acs and Weitzel (2013) explain the distinction between these three types as follows. Productive entrepreneurs add to wealth – that is, they increase the size of the ‘cake’. Unproductive entrepreneurs, or rent-seekers, aim not to increase the amount of wealth, but rather to redistribute existing wealth. The third type of entrepreneur, the destructive entrepreneur, destroys wealth.

Desai, Acs and Weitzel (2013) admit that the concept and role of destructive entrepreneur is under-theorised. They speculate that where the rule of law is weak and in post-conflict situations, the destructive entrepreneur may play a large role through criminal activities. It is interesting to ask whether the intensifying levels of corruption among the highest cadres in the CCP (Wang, P 2013) should be classified as destructive entrepreneurship at work. Wedeman (2004) would appear to think not, as the Chinese economy has continued to grow alongside the intensifying instances of corruption.
Theories of industrial evolution underpinned by the importance of knowledge provide new theoretical frameworks building a link between entrepreneurship and economic performance (Aageson 2009; Terjesen & Wang 2013). Research from different countries in Europe and North America has emerged to show ‘the positive relationship between entrepreneurship and performance has been found to hold not just for single measure of performance, but rather across a board spectrum of performance measures, such as employment creation, growth, firm survival, innovation and technological change, productivity increases, and export.’ (Audretsch, p.13). ‘entrepreneurship offers a much better and more viable goal for the state to pursue than full employment or economic growth’, and it was ‘mainly entrepreneurship that transformed China from a poor, socialist economy to a vibrant market economy’ (Terjesen & Wang 2013, p. 181)

Leadbeater and Oakley (2001, p. 11) point out that in creating business opportunities, entrepreneurs not only create jobs and maintain growth, they also relocate resources from ‘areas of low growth into areas of high growth’. Within this schema, entrepreneurship is highly related to job growth. Apart from this, there are five more reasons why cultural entrepreneurs matter in today’s cultural/creative economy (Leadbeater & Oakley 1999):

- **Local economic growth.** Cultural entrepreneurs tend to be locale-bound; they provide sustainable jobs for the areas in which they live and work: ‘They raise few of the environmental concerns that surround large industrial developments.’ (2001, p. 14). This shift of intensiveness results in the economic growth.

- **A new model of work.** Technology, values and economics are three aspects that combine to remodel the work environment: self-employment or entrepreneurship becomes a normal choice for the younger generation.

- **A model of creative production.** In cultural industries, working partnerships, team-building and collaboration facilitate the transaction of ideas and knowledge. This permeates to other sectors of the economy, particularly where competition is based on innovation.

- **The future of cities.** Modern cities will not survive if they are not creative. Cities house the most productive clusters, which ‘mix and mingle’ people and ideas. A creative and dynamic milieu nurtures the growth of creative industries. Culture is the main attraction for newcomers, visitors and potential investors; therefore, most cities promote themselves through their identity.
• **Social cohesion.** Art and culture provide a natural space for people to meet and to interact. Art is primarily consumed publicly, which promotes and maintains social cohesion among all levels of the ‘habitat’.

As we can see, over more than 30 years of economic reform in China, the health of the country’s economy is not only part of the institutional environment for many entrepreneurs, it is also the product of the prosperity of the entrepreneurship. The dialectic relations between the economy’s health and entrepreneurship provide an incentive for meaningful research on entrepreneurship – creative or not.

### 4.2 CREATIVE INDUSTRIES AND CREATIVE ENTREPRENEURS

Richard Caves (2000) provides a functional starting point for a discussion of creative entrepreneurs. His book, *Creative Industries: Contracts Between Art and Commerce*, describes contractual arrangements that impact upon people working in what he terms ‘the creative industries’. While he does not use the term ‘creative entrepreneur’ directly, his seven ‘basic economic properties’ describe the ‘organization of creative activities’ and are therefore intrinsic to both creative individuals and their businesses.

Caves’ first property is ‘demand is uncertain’. This has also been termed the ‘nobody knows’ property. Demand uncertainty exists because the consumer reaction to a product is not known beforehand. The producer’s close involvement with the product often ‘leaves him [sic] in the dark’ (Caves 2000, p. 3) about whether or not the consumers will like it. Realisation of value lies in the customer’s subjective reaction to and experience of the product. Clearly, this property puts a great deal of pressure on strategic choices. Kahneman (2011) stresses the role of luck, and also how, when giving an account of a success such as Google, we tend to construct a narrative in which the entrepreneur is the inspired leader making all the logical strategic choices. However, as Kahneman (2011) points out, the founders of Google were lucky that their wish to sell their company at one stage for a mere $1 million was turned down as excessive.

The second economic property reminds us that ‘creative workers care about their product’ (Caves 2000, p. 4). This ‘art for art’s sake’ property requires entrepreneurs, as organisers of production, to negotiate between ‘creatives’ and ‘suits’ (Bilton 2007). Richard Caves highlights the fact that much so-called creative work is uncreative, and also that truly creative work often earns less than more mundane activities – for instance, banking (200, p. 4). He speaks of ‘humdrum commerce’: people work in organisations for the money, not for the satisfaction – for instance, accountants, managers and planners in creative organisations. Art, on the other hand, often maintains ‘a superior reality that separates the artist from the craftsman’ (2000, p. 4).
Caves’ work can usefully be interpreted through recent discoveries in cognitive psychology. In his debate with Swidler (Swidler, 2008; Vaisey 2008a, 2008b), Vaisey points out that the dual process theory of cognition theory has shown that we think either in fast, intuitive unconscious terms or in slow, thoughtful, reflective terms (Vaisey 2008b). This means the term ‘creative’ would have a whole set of values and predispositions to act in a certain way, which they had internalised and which the entrepreneur or manager must take into account as part of strategic choice of the firm. Vaisey (2008b, p. 608) also points out that people are predisposed to ‘select in (or out of) many situations’. This means that the kind of people who become ‘creatives’ may have different traits and characteristics from those who opt to be ‘suits’.

When dealing with ‘creatives’, the ‘suits’ have to be able to balance economic and aesthetic interests, and also be aware of differing characteristics and predispositions to think and act in a particular way. In terms of Bhaskar’s concept of the concrete universal, we are dealing with the level of mediations (Bhaskar 2008). The ‘creatives’ belong to a different mediation from the ‘suits’. We should acknowledge difference here, but our recognition of ontological depth also helps us see that the ‘creatives’ and the ‘suits’ are different at some levels but also the share a common core of humanity at another level. This property is also closely related to the Weberian point that there is a ‘tension between the economic sphere of wages and profits, on the one hand, and the sphere of art that provides existential answers, on the other’ (Phillips 2011, p. 248).

The third property is ‘some creative products require diverse skills’ (Caves 2000, p. 5). Caves calls this the ‘motley crew’ property. Many creative activities bring together diverse skills; sometimes there are conflicting interests and personalities. Swidler’s (1986) notion of the cultural ‘tool kit’ and the lines of action that it supports is particularly relevant. The entrepreneur or manager needs to manage the different inputs and personalities in complicated tasks. If an entrepreneur sees their role as a bricoleur, then they will strive to recombine in various ways the resources at their command (Baker & Nelson 2005). As Baker and Nelson (2005) point out, the entrepreneur will need to see the creative as a resource who can provide a range of services.

The fourth property, ‘differentiated products’ refers to the heterogeneity of creative outputs. Many creative products are differentiated, but ‘not much differentiated’. This ‘infinite variety’ property reveals the ‘universe of possibilities from which the artist chooses, or the array of actual creative products from which consumers or intermediaries choose’ (Caves 2000, p. 6). This, in turn, inevitably results in complications for the organisers of the production of creative output. But it also helps us to locate the specificities of the strategic bricolage that is being undertaken – that is, the symbols, language, myths and ceremonies that are in play (Lawrence & Suddaby 2006).
The fifth property is described as vertically differentiated skills. This ‘A list/B list’ property refers to the fact that some actors or producers have higher brand recognition, and hence extra cost. This largely relates to the differential rent that one pays for an A-list artist over a B-list artist. This is also closely related to the strategic bricolage in the business operation.

The sixth basic economic property, according to Caves, is ‘time is of the essence’ (p7). This ‘time flies’ property shows that economic profitability relies heavily on ‘close temporal coordination of production and the prompt realization of revenues’ (2000, p. 8). The astute entrepreneur will ensure their product is targeted at the right audience at the right time.

The final property is ‘durable products and durable rents’ (p.9). Caves terms this the ‘ars longa’ property, and it reflects such things as the importance of managing ‘numerous small ‘lumps’ of rent from copyright within legal durations that ‘may add up to “real money”’ (2000, p. 9). This property forms part of the institutional environment for entrepreneurs, who have to project the operational funding and/or adjust the operation structure to fit in with it.

These basic economic properties are applicable to entrepreneurs in this study, even though the operating environment in China presents many variations, such as less than satisfactory copyright law and reinforcement, unusual distribution systems in some industry sectors and rigid censorship in content sectors such as film and television.

Apart from a wish to generate income from products and services, entrepreneurs will often seek to realise some personal achievement. In the case studies in the following chapters, the creative entrepreneurs in Beijing certainly manifest a desire for personal satisfaction. In the past, this satisfaction would, according to official ideology, have come from ‘serving the state’. However, in the creative industries, the personal can be sourced to the fact that an entrepreneur will often possess certain aesthetic or crafts attributes and acquired skills. Being artistic, inventive or innovative is an advantage in most of stages of production, and even more so in creative businesses. We might therefore say that our entrepreneurs have a ‘creative self’. Having a creative self requires entrepreneurs to possess an open-minded attitude towards knowledge beyond the boundary of their core business.

Creative entrepreneurs are invariably multi-skilled. They have often crossed over from careers in other industries. In this way, they can expand or ‘recombine’ novelty, niches, unique products, processes and skills for the long-term commercial benefit of the firm. A dual identification of creative entrepreneurs as both ‘creatives’ and ‘suits’ (Banks 2005; Bilton 2007) is a distinctive characteristic of many creative industries. This refers to the fact that a creative business requires a combination of artistic types (creators) and humdrum types (transformers). The entrepreneur is often – although not always – a combination of both types. Moreover,
creative entrepreneurs in China, as we shall see, are not typical Schumpeterian entrepreneurs. The question is: What kind of entrepreneurs are they?

The literature reveals that creative entrepreneurs favour independence in order to fully utilise their capacity, whether commercial or cultural, without the restrictions normally found in larger organisations (Leadbeater & Oakley 1999). Apart from being highly motivated, committed, having a firm sense of purpose and being capable of focusing on specific goals, creative entrepreneurs need to be adaptable because ‘fashion and technologies can change very rapidly’ (1999, p. 24). According to Leadbeater and Oakley, the creative entrepreneurs’ approach is based on the following four ingredients:

- There is no clear division between consumption and production: creativity is a non-stop and ever-increasing process. Being an active consumer provides valuable feedback for one’s own work.

- There is no clear cut between work and non-work: the down time – leisure, relaxation and entertainment – for a creative entrepreneur is as important as work time. The best ideas often emerge when people are not working.

- They integrate individuality with collaboration. Entrepreneurs recognise the importance of individuality as well as collaboration due to the nature of most of their work. As Leadbeater and Oakley (1999, p. 25) put it, ‘they collaborate to compete’.

- They are part of a broader creative community. Being part of a creative community, which normally is situated in cities around such hubs as education institutions, art or media centres, gives these entrepreneurs access to creative ideas, contacts, knowledge and skills, as well as inducing rivalry and collaboration.

The key point in these observations is that the creative entrepreneur’s work expands into their lifestyle – it does not just take place during ‘office hours’, as in many other occupations. In this sense, almost every minute of the entrepreneur’s waking times and every situation encountered will contribute to the construction of the ‘creative self’. Therefore, all aspects – not only commercial and organisational, but also social and personal – should be taken into account in the study of creative entrepreneurs.

Through their institutional and strategic bricolage, creative entrepreneurs facilitate the link between creative talent and the market, pursue profit, growth, market-share or reputation among peers, or develop initiatives in particular sectors of the creative industries (British Council...
2010). While this concept seems straightforward, we do need to examine the term ‘creative entrepreneur’ more closely with regard to its application to China.

4.3 ENTREPRENEURS IN CHINA AND THEIR RELATIONS WITH GOVERNMENT

Even though the global reach of Chinese entrepreneurs has been celebrated throughout history, entrepreneurship in the general Western sense outlined above is a new concept in mainland China. It was not until the early 1980s, with the introduction of a market economy, that concepts such as ‘enterprise’, ‘management’, ‘profit’ and ‘demand-supply relationship’ began to circulate in society. Publications on topics such as enterprise management are now popular on bookstore shelves, which are stacked with local and translated literature. Book titles come from disciplines such as accounting, marketing and human resources. Also featured are the share market and the biographies of business people. This literature did not exist in China in the Mao era, during which capitalism was the ideological enemy (Morgan 2006).

It is interesting to note, however, that entrepreneurship prospered from 1920s to the 1940s despite military conflict among warlords, the Japanese invasion and the civil war between the armies of the Nationalist Party and the Communist Party. In Shanghai from the 1910s to the late 1930s, entrepreneurs like Ma Yingbiao and the Guo Brothers combined their business experience acquired in Australia with Chinese cultural values and tradition to operate massive department stores (Chan 1996). Several enterprises, such as the Huasheng Electrical Company and the Commercial Press, even experimented with Taylorism-based methods in the management of their businesses (Morgan 2006).

Shanghai was ‘the only place in the country with dozens of high-rise buildings, electric trams, a vibrant movie industry and access to foreign luxury goods … In the swanky clubs, house-betting dens and art-deco theatres, prostitutes and musicians rubbed shoulders with gangsters, entrepreneurs and intellectuals.’ (Mo 2001, p. 2) The cultural market reached its peak in Shanghai during this period, with numerous museums, galleries, radio stations, cinemas, theatres and newspapers touching the lives of ordinary residents of Shanghai (Wang 2000).

In stark contrast, the 30 years from 1949 to 1978 saw a virtually complete denial of private business ownership and a market-driven economy (Huth 1990). After initial land reform, collectivisation and the Joint Operation of Public and Private (gongsiheying) during the early years of the ‘New China’ in the early 1950s (Stewart & Yeung Yun 1990), any private trading – even for the purpose of day-to-day survival – was regarded as ‘the tail of capitalism’. The ‘cut-off’ treatment was carried out accordingly, which included the confiscating of trading stock and income, forcing cease of trading, or imprisonment for repeat “offenders” (Huth 1990, p. 49). It
is therefore not surprising that private entrepreneurs were regarded as ‘outcasts’ before and even after the start of the economic reform executed under the leadership of Deng Xiaoping.

The economic reform gradually brought life to private enterprises. The reforms endorsed the hard-earned legitimacy of entrepreneurship through a series of economic policies, beginning with the initial removal of prohibition on a private economy, continuing on to the granting of permission for the existence of private businesses in a constitutional amendment in the late 1980s, through to the status change of the private sector from being a ‘supplement’ to an ‘important’ component of the national economy in the late 1990s (Nie, Xin & Zhang 2009).

Private businesses (getihu) were legalised through a series of policies from 1979 to 1983 in order to attack unemployment emerging among the returning ‘educated urban youth’ who had been dispatched to the countryside for ‘re-education’ during the Cultural Revolution. Most started with small-scale manufacturing or trades, then gradually built up operations or found niche markets. A few became sizeable businesses. Taken together with the boom of the Township and Village Enterprises (TVEs) and the private sector in the rural area, these measures saw phenomenal growth in China’s whole private sector in the 1990s (Nie, Xin & Zhang 2009).

The privatisation of the state-owned enterprises (SOEs) around the turn of the twenty-first century contributed to the rapid growth of the private sector – the number of private enterprises increased from 90,000 in 1989 to three million in 2003 and today more than 5.5 million privately owned enterprises make up 80 per cent of all commercial enterprises in China (Kanamori & Zhao 2005).

The significant economic status quo surrounding the private sector vs SOEs and the domestic market vs overseas markets is very much part of the institutional environment with which entrepreneurs in China have to engage in devising their operation structure, product orientation and corporate strategy. More characteristically, the structured uncertainty and informal institutions are among a number of institutional conditions that have to be taken into account when embarking on a business venture.

In an analysis of Chinese economic growth from the angle of government's economic reform policy and its relation to innovation, Breznitz and Murphree (2010, p. 5) define structured uncertainty as ‘an agreement to disagree about the goals and methods of policy, a condition leading to intrinsic unpredictability and, hence to inherent ambiguity in implementation’. This structured uncertainty is ever-present in China due to extensive cross-alliances, tangled matrices of authority, numerous organisations lacking institutionalisation and substantial reliance on individual authority and network effects.
Although structured uncertainty is not exclusive to China, China’s situation is arguably more complicated and fluid than those of other countries, and the level of the uncertainty is heightened by the ambiguity of policy, such as the unspecified timeframe of certain reforms, dual or multiple levels of government and the differing individual interpretations of officials, who could be conservative or reform-minded (Breznitz & Murphree 2010). Added to this are the contradictions between the regions and, most importantly, the urban–rural divide (Solinger 1999). An additional factor, as we shall see below, is the division between those enterprises that are oriented to the export market and those that seek to service the domestic market.

According to Breznitz and Murphree (2010), this structured uncertainty is illustrated in four main ways: first, businesses are asked to be innovative, yet the limits are defined so vaguely that different regions and actors take greater or less risks; second, there is complexity in regulation because different ministries and bureaus cross over; third, powerful players like party secretaries have veto powers that, together with guanxi effects, lead to constraints on risk-taking; and fourth, the ambiguity of policy is exacerbated as reform goals keep changing. As Huang Yasheng (2008, p. 2) observes, ‘the Chinese economy is so complicated that what appears to be straightforward and obvious on the surface is not at all so once we dig into the details’.

The extent of structured uncertainty accents the importance of adaptive informal institutions (Tsai 2006, 2007) or informal economic practices (Huang 2011). In a discussion of endogenous institutional change in China, Tsai (2006, p. 118) points out that adaptive informal institutions ‘represent creative responses to formal institutional environments that actors find too constraining’. These are the results of contextual conditions in reform-era China that include ‘conflicting mandates among different formal institutes, a bureaucratic structure with a certain degree of decentralization in policy implementation, and policy areas in which local state and non-state actors have convergent interests’ (2006, p. 140).

In discussing the role of local government in China’s economic growth, Huang (2011) emphasises that some of the informal economic practices of local government, such as providing land and infrastructural support below cost price, facilitating special subsidies and tax privileges, and circumventing formal rules and regulations on labour use and environmental protection, have engendered positive chain reactions in the wider economy, with new enterprises and businesses emerging, and more sales and income tax revenue flowing primarily to local government.

Such practices have been termed ‘informal rules’ by Wu Si, whose book, Informal Rules: The Real Games of Chinese History, was banned after it was published in 2000. The book argues the case that these practices, which lie outside formal regulations or behind every clear statement,
have in fact dominated the reality of Chinese society throughout the country’s history (Wu 2000). The popular philosophy *shang you zhengce, xia you duice* (above there are policies, below there are strategies/solutions) represents a reality in Chinese communities and requires an adaptive approach in an ever-changing political and social environment – especially in dealing with all levels of government. I would argue that this ‘adaptive approach’ is part of the entrepreneurs’ bricolage in action when it comes to performing the institutional work of creating, maintaining and even disrupting the set of rules and regulations in place to suit the progress of the business venture by tweaking the limits and boundaries.

**4.4 POWER RELATIONS WITH GOVERNMENT AND THREE TYPES OF ENTREPRENEURS**

The past 30 years of private entrepreneurship in China have contained many conflicts, struggles and compromises, and there has been constant tension between institutional constraints and the entrepreneurs’ rule-breaking nature (Yang 2007; Zhu 2013). Yet, at the same time, this tension is the driving force behind the impressive economic reform, and subsequently the economic progress that China has enjoyed (Yang 2007).

One of the many ways that entrepreneurs have found to deal with this tension – which is fairly distinctive to China – is to make the strategic personal choice to acquire Communist Party membership – one of the initiatives implemented in 2001 during Jiang Zeming’s administration (McGee et al. 2007) – as a way of becoming involved in the political and institutional system (Kim 2005; Li, Meng & Zhang 2006). This has moved entrepreneurs from a ‘fringe’ group to the ‘centre’.

In order to safeguard and maintain business interests, such a strategic choice springs from the need to have connections with authorities – who are, in most cases, the main stakeholders of informal institutions. Business operators and entrepreneurs explore and exploit the position they hold within the political system in order to minimise the risks associated with entrepreneurship. The benefits include smoother operation and some practical benefits, such as securing loans from banks and being able to have confidence in legal issues (Li et al. 2008).

On the other hand, for the government – and particularly for government at the local level – closer and friendlier official affiliation with private entrepreneurs adds credit to one’s political career, and can provide monetary benefit if there is unofficial relationship involved. This is especially so for departments in charge of economic development. This has been termed a ‘growth coalition’ in discussions of China’s urban space, particularly in relation to urban development projects in cities (McGee et al. 2007). In these projects, the entrepreneur is not just someone who carries out construction work or supplies building materials; the position they
hold in relation to other stakeholders gives them the potential to influence, steer or guide the direction of the development of the project, which not only delivers commercial benefits, but further reinforces their positioning in bidding for future projects.

As a counterpoint, Yang (2007) suggests in *Entrepreneurship in China* that the Chinese state and its officials have been careful to maintain the right balance between economic progress and the political wellbeing of the party in their dealings with private entrepreneurs. On one hand, the government and its officials have tried to create capital based on the positive impacts of economic development on their political authority. These include the notion that they have had success in developing a ‘harmonious society’, in which people are busy making money and progressing their material life. On the other hand, the government has to continuously monitor economic development to make sure that the nation will not fall into a situation in which ‘it is impossible for the economy to move further without significantly reducing the political power of the Chinese Communist Party’ (2007, p. 204).

All these multi-faceted tensions between private entrepreneurs and government, and between entrepreneurship and the political system, are indicative of the power relations between private entrepreneurs and the state. The power relations can change with the contours of the field (Bourdieu 1993). It is encouraging to note, as I will show in the following chapters, that despite – or perhaps because of – the authoritarian style of the Chinese Communist Party, various flexible forms of power-sharing (and knowledge-sharing) exist between entrepreneurs and government officials. This power relation between entrepreneurs and relevant government officials is the key to understanding entrepreneurship in China, which can also be readily understood through the notion of institutional bricolage. Each set of power relations is carefully cultivated and related to an entrepreneur’s specific position in the field in which their business operates, and one must be prepared to be flexible, as the relations can change because the policies and institutional environment remain fluid and uncertain in China.

As pointed out previously, with structured uncertainty in the system, the institutional conditions in which these entrepreneurs operate are relatively constrained due to the weak institutional structure and slack tax and legal systems. Nonetheless, the levels of institutional weakness and laxity vary geographically, across different industry sectors, and within and between types of businesses (Breznitz & Murphree 2010). This, perhaps, is the most distinctive characteristic of the institutional environment in China. As previously discussed, for entrepreneurs, persistence in pursuing profit and recognition is their prime aspiration. In order to achieve this, it is necessary for them to act like bricoleurs, with a pragmatic attitude towards China’s constrained business environment. To survive and succeed means cultivating and maintaining certain type
of relations with the governments through informal economic practices or collaborating with informal institutions.

Based on the discussion of institutional work, through extensive study on entrepreneurs and entrepreneurship in both China and worldwide, particularly through initial contact with over 20 entrepreneurs by posing a single question of “how would you describe your relations with government?” at the initial designing stage of the project, it shows that all form of relations that these ‘day-to-day’ entrepreneurs could fall into three broader categories as shown in Table 4-1

Table 4.1 Three types of entrepreneurs in terms of institutional work

<table>
<thead>
<tr>
<th>Type of entrepreneur</th>
<th>Tie with government</th>
<th>Influence on government</th>
<th>Type of Institutional work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insider</td>
<td>Strong ties</td>
<td>Not much</td>
<td>Maintain</td>
</tr>
<tr>
<td>Outsider</td>
<td>Indirect or None</td>
<td>None in short term, possibility more in long term</td>
<td>Disturb/disrupt</td>
</tr>
<tr>
<td>Outrider</td>
<td>Loose ties</td>
<td>Yes</td>
<td>Create/maintain</td>
</tr>
</tbody>
</table>

The first type shown in the table is **Insider**. Most entrepreneurs in this category closely associate with government – they either embed themselves in the system or embrace the benefits from being satisfied with the policies. This group of entrepreneurs sets up certain cooperative relations within the policy and regulatory system to safeguard their position in the market. These entrepreneurs benefit greatly from their association with government. McNally and Wright (2010) use the term ‘thick embeddedness’ to describe the relationship between the insider entrepreneur and the CCP. This relationship, according to McNally and Wright, has both an instrumental and an affective dimension and for them a major factor is the survival of the regime. From an Insider entrepreneur’s point of view, the purpose of such an arrangement is to maintain the existing institutions, so they can continue to enjoy their benefits.

The second type is the **Outsider**. This group of entrepreneurs, as the name suggests, attempts to stay away from a close association with government through certain types of arrangement, such as rent-seeking. They are less likely to benefit from a relation with government in the short term due to the industrial rules and regulation regarding the nature of their own status, such as being private businesses. However, just because they are Outsiders, it doesn’t mean they are outside the radar of the government’s watch. This is especially true for the successful cultural product producers, as shown in our cases later in the thesis. Also, exactly because they are Outsiders,
they are more likely to disturb or disrupt the institutions as there is no benefit to lose through the process of institutional change – indeed, there are potentially benefits to be gained.

The third type, the *Outrider*, is in a minority among entrepreneurs in China. They utilise their relationships with government, and infuse concepts or theories into government policy discourse through their contacts within government. In other words, they perform something of a vanguard or leadership role. Because of structured uncertainty, these entrepreneurs have to be prepared to adjust the closeness or distance of their ties with government in order to achieve optimised outcomes from such ties.

*Outsiders* steer policies and regulations towards beneficial settings for their business, and most of the time they prosper from such adjustable and changing relationships. Since a considerate amount of effort is put into this process of maintaining a suitable relationship and the promotion of ideas, the net benefit – if there is any at all – is sometimes moderate in the short term. Insofar as institutional work is concerned, creating institutions is somehow the natural purpose of this type of ambivalent relationship with government: as Granovetter (1973) points out, the weak or loose ties are more efficient for passing on messages and ideas, and the entrepreneurs are not too close to benefit from the institutions and not too far to react to them either.

For creative businesses, the institutional environment in which they operate is more complex, and therefore more constrained than in other industries – for instance, manufacturing. There is strict censorship and heavy regulation related to many themes. Running enterprises in the creative industries presents challenges in terms of positioning, strategising and operating because governments of various levels impose close cultural supervision. Furthermore, dealing with consumers’ taste and unknown market acceptance in the creative industries imposes more risk (Caves 2000).

Given these complexities, institutional bricolage is essential for running a profitable operation and maintaining a successful position in the market. The entrepreneur has to be able to adjust their goal, target or connection with stakeholders or even government, in order to utilise whatever is at hand at the time to make the best of the available resources to survive and hopefully thrive.

### 4.5 THREE CASES OF CELEBRITY CREATIVE ENTREPRENEURS IN CHINA

There are abundant examples of celebrity creative entrepreneurs in China from which one can readily form a composite image of creative entrepreneurs in the Chinese context. For instance there is Chen Yifei, a flamboyant artist who advanced a magazine and fashion empire that has
influenced a whole generation. There is also Hong Huang, a media celebrity with high-level family connections. She utilizes this social capital to push boutique magazines. In addition Jack Ma (Ma Yun), Chairman and CEO of Alibaba.com, the second-biggest internet IPO after Google, that provides Chinese-based business to business online marketplace with 40 million members from over 240 countries and territories.

However, to better portray the creative entrepreneur in China for the purpose of my analytical framework, I have chosen three well known cases: Zhao Benshan as Insider, Wang Zhongjun as Outsider and Han Sanping as Outrider.

4.5.1 Insider

The Insider role, as defined earlier, refers to entrepreneurs having close links with authorities through utilising their cultural capital within their social network or professional experience for the benefit of their business operation. From within their own business operation, there is no resistance to such a close association with the government, even though they don’t particularly enjoy it. The benefits gained from obeying the ‘rules’ or being embedded in the political system outweigh the disadvantages of inside engagement with the government.

For Insiders – particularly creative entrepreneurs – some of these relations are formed through their social experiences. These may include family connections and formal education. Some are formed through their commercial or professional activities, such as with some ‘cultural celebrities’ turned entrepreneurs. Most of them are formed through both. Through these social relations – especially those with government authorities – businesses gain competitive advantages over their rivals. These benefits may flow from credentials (reputation), through some celebrity effect, by government-supported market access, by business loans and via other operational benefits. For some Insiders, their products are accepted with ease due to the well-established reputation of the business owners’ past professional endeavours.

This group of entrepreneurs has no intention of changing or even steering the government’s mentality, propositions and direction. On the contrary, they would change their own position to suit the policy or regulation mechanism of the government. It is easier for them to fit into the system because of their credentials, and it is far more beneficial for them to maintain the institutional setting. As a consequence, government acts as the safeguard of their competitive position should any competitive entity emerge. The success of Zhao Benshan, the ‘Skit King’ in China, provides a perfect demonstration of this type of entrepreneur.

Zhao Benshan debuted in 1990, performing during the traditional Chinese New Year’s Gala on the national broadcaster CCTV (China Central Television) before he achieved
outstanding success in the production of film and TV episodes. He was famous for his simple and unaffected humour, together with his rich and colourful colloquialisms.

Zhao’s entrepreneurial career officially took off in 2003 when Liaoning Provincial Folk Art Group turned into Benmountain Media Group with his own name as the brand and with ‘Happily Creating, Creating Happiness’ as the corporate motto. With a staff of around 300 and a Committee Secretary of the Communist Party as an integral part of the enterprise’s management, Benmountain Group’s revenue is three time as much as comparable-size state-owned national art groups (Zhang 2009).

Not restricted to his skits, Zhao has transformed the group into four sections: performing arts; movies and sitcom productions; TV program productions; and artist training and education. One of the group’s great achievements at company level has been the successful operation of seven theatres in northern China, named after one of Zhao’s successful sitcom title characters, Liu Laogen I and II. These theatres feature performances seven days a week, which promote and popularise the traditional but close to extinct North-east Duet (Dongbei Errenzhu). This is, in fact, its main aesthetic endeavour, reflecting Zhao’s maintenance of the institutions through preserving various traditional artforms.

Zhao’s relations with all levels of government (because of his national celebrity status, he has to deal with governments from local to regional to the central level, such as Ministry of Culture) could be called ‘mutually beneficial’. He enjoys a good reputation among governments at all levels. His relations with Tieling local government and Shenyang local government are worth mentioning, since he began in his hometown, Tieling, a small city in
northern Liaoning province, and most of his business is still based in Shenyang, the capital of Liaoning province.

Zhao uses his annual appearance on the CCTV’s New Year’s Gala, which has the biggest audience in China, as his most effective marketing method. Tieling, as a city, is subtly mentioned in nearly all of Zhao’s skits, and has enjoyed a great deal of publicity on account of Zhao’s own success. As a result, his contribution to enhancing Tieling’s profile has garnered him tremendous support from Tieling’s municipal government. Tieling local government provided the land and buildings for commercial usage, along with a significant subsidy for the Benmountain Group. Due to these massive savings, Zhao was able to make several movies without encountering much financial difficulty. In return, Tieling government not only enjoys increased income through tourists visiting the film sets, but also establishes its credit as the most proactive government in promoting the cultural industries – a focus of the central government in recent years.

Because of his relationship with the Shenyang local government, Zhao Benshan has earned numerous titles, such as the Image Ambassador of the 2006 International Horticultural Expo Shenyang (Xin, E 2010). On account of this, he has emerged as a symbol of Shenyang, the capital city of Liaoning province, and he spares no effort to actively cooperate with the government to promote and maintain its institutional activities. Not surprisingly, these strategic choices have brought him unparalleled advantages in terms of his own business. Working as the Image Ambassador of the International Horticultural Expo, he was granted the right to stage his productions at an excellent location and he was paid to perform by the government prior to the show, even though the Expo Park was totally free to all visitors. Because Zhao is the Image Ambassador of Shenyang tourism, Liulaogen Great Stage is sold out to tourist groups from other parts of China every night. None of this could be easily achieved without the substantial support of Shenyang’s Tourism Administration (Gao & Pugsley 2008).

As a performing artist coming from a marginal and remote area, and starting from traditional genres, Zhao’s professional legend has grown rapidly, facilitating the paths to any level of government through the ‘celebrity effect’. Zhao has no intention of changing the current institutional, political or cultural system (Gao & Pugsley 2008). He adjusts himself to fit into the interwoven governments’ relations, following the established protocol, such as endorsing the party secretary as part of management and attending to various requests or invitations from the governments. Due to his celebrity effect, Zhao helps governments to maintain the institutions by endorsing the current cultural policies and monitoring system, and thus not causing any trouble with government in the content of his art.
Behind all these success in culture and creativity fronts is his bricoleur spirit, which is evident in both choosing allied partners and hybridity of art forms. As a celebrity, the connections with government are handy resources that he can use to progress his various artistic ambitions. This is an illustration of institutional bricolage used by an Insider to maintain the system in order to benefit the business operation. Also, as a cultural worker, Zhao is free from a fixation on the ideology of his friendly coalition with government and sees all cultural forms that he encounters as his resources. He enters into a dialogue with these various forms of art and culture, and forms his own hybrid product that is well accepted by a wide audience.

4.5.2 Outsider

The term Outsider refers to those entrepreneurs whose business operations are, comparatively speaking, totally or partially independent from relations with governments. They manage to survive, or even thrive, through their competitiveness in markets. They may pursue innovative business models, exemplary quality of work, or the niche cultural or physical products.

This type of entrepreneur is, by definition, a private business owner. Even though they don’t have long-term, stable or interactive relations with government to further their business goals, they are not necessarily insulated from the projects undertaken by, or affiliated with, state-owned entities. The trade-off for not benefiting from government favours is the comparative freedom of production and creation.

Most of the time, these entrepreneurs’ own personal business talent compensates for their inability or unwillingness to deal with government. Achieving this outcome requires a certain skilful grasp of tactics, a certain depth of social connections, and the inevitable compromise of integrity from time to time. These entrepreneurs keep their distance from political circles, obey the general business and industrial rules and regulations, and operate – as best they can – outside the web of political and institutional complexity.

Wang Zhongjun, the president of Huayi Brothers Taihe Film and Media Investment Corporation (Huayi Brothers, Huayi Xiongdi), is a successful private entrepreneur renowned for his filmmaking (Li, Yaxin 2007). He is a typical Outsider in China.

Wang Zhongjun was born in a military family in Beijing in the early 1960s. In 1994, after he acquired a Masters degree in Mass Media from New York State University, Wang co-founded Huayi Brothers Advertising Company in Beijing with his younger brother, Wang Zhonglei. They invested in a few television dramas, but only to save the cost of buying commercial time on television. Fortunately, their investment in TV dramas had an unexpected success, which inspired
Wang Zhongjun to start producing films in 1998. This has been the core business of Huayi Brothers ever since (Walters et al. 2012).

The road to success in the film industry didn’t go entirely smoothly at the beginning for Huayi Brothers. The first batch of films that Huayi produced were mainly art-house films. These did earn the filmmakers some popularity, both in professional circles and among the mass audience, but did not reward the company financially (Walters et al. 2012). The company’s luck changed in 2000 when Wang adjusted his business strategy by investing in the popular writer Feng Xiaogang as his screenwriter for the New Year’s Comedy (He Sui Pian) movie, beginning with Be There or Be Square (Bu Jian Bu San), which won the best-selling movie of that year in China and earned a box office profit of 40 million RMB. In making these movies, Wang set a precedent for Chinese filmmaking by successfully integrating commercial advertising in movies through product placement. In the process, he made tens of millions of yuan in advertising revenue, even before the production of the movie was finished (Wang 2005). This revenue-generating mode is a hallmark of most of Huayi’s movies, and has consolidated Huayi Brothers’ distinguished status in Chinese commercial films (Song 2010).

As a private business owner, Wang Zhongjun dedicates a great deal of effort to the areas of branding (Sina 2007) and developing international collaborations. One of the core measures of his branding strategy is establishing a ‘Director’s Studio’, with an exclusive partnership between Huayi Brothers and well-known Chinese writers and directors as Feng Xiaogang, Lu Xuechang and Lu Chuan. Feng Xiaogang has been branded the King of New Year’s Film, while Lu Chuan is recognised as the leader of Chinese ‘new generation’ directors. Consequently, their box office appeal is enhanced, and the revenue of their films is accordingly guaranteed (Li & Wu 2005).
One of Wang’s major corporate strategies in branding and expanding the business has been the establishment of Huayi Brothers Culture Management Company in 2000. It acts as a broker company to recruit and manage domestic professional actors and actresses, with the aim of building up the company to the stage where movie production and celebrity effects complement each other. Actors are willing to work with Huayi Brothers due to its reputation as a leading film studio. For the Huayi Brothers, the charisma surrounding their actors constitutes a marketable asset and helps the company obtain even more competitive advantages in the market (Li & Wu 2005). As a result, they have proved more than capable of sustaining an indisputable leading position in China’s film industry.

In June 2011, Huayi Brothers had set up a joint venture with Legendary Pictures from the United States – Legendary East Ltd – to tackle the biggest issue facing the Chinese film industry: the government’s limit of 20 foreign film imports a year with the sole importer the state-owned China Film Group (our next case in this chapter) (Wei 2011). Legendary East produces Hollywood quality films domestically to both benefit Legendary’s inroad into China and expend Huayi’s market share, and at the same time it strengthens Huayi’s distribution chain that Wang started to establish in 2003 through acquisition of Xi’an Film Studio’s distribution arm (Wang 2005).

The film industry in China was traditionally under close government control, as the government regards it as having a strong culture influence over the audience (Kraus 2004). To operate a private company in the film industry was unprecedented, and Wang is the first to do so (Walters et al. 2012). He has destroyed the traditional barriers preventing private business from operating in this highly restricted area, not only in terms of making films, but also managing directors and actors, and controlling the film-distribution chain.

Another aspect of Wang’s institutional work is reflected strongly in his company capitalisation (through global or regional collaboration). For example, based on the impressive box office revenue of Be There or Be Square, the Huayi Brothers attracted the attention of Columbia Studios in the United States, which had been monitoring the Chinese market for years without acting. The collaboration with Columbia ranged from simple single-project based co-productions to the formation of a stable strategic partnership. Not only did Huayi Brothers co-produce a number of blockbusters with Columbia within a short period of time, but the company also acquired a great deal of first-hand filmmaking management and operational knowledge.

Huayi Brothers also attracted US$10 million of capital from the Hong Kong-based internet entertainment content provider tom.com in 2004 and US$12 million of investment from Ma Yun, the owner of alibaba.com, the biggest online trading platform in China in 2005 (Song 2010).
With such a level of commercial credentials, Huayi Brothers has become the first private filmmaker to secure bank loans for the production of TV soap opera and films as a private filmmaker (Guo 2006).

Wang created a new type of practice in the Chinese film industry of financing through collaboration with global players and regional investors, rather than through the traditional banking system. This has opened up new territory and provided a successful track record that many can now follow. As a well-known household name in China, Wang’s business talents, particularly his capacity to swiftly learn all key aspects of a business’ operations – including brand-building and corporate capitalisation – have led to the ongoing expansion of the business. These business skills are necessary to compensate for his deliberate and almost complete isolation from the government. He obeys rules and regulations to avoid conflict with the authorities, combines international common practices, utilises the powerful forces of the market, and arms himself and his business with all sorts of competitive advantages as a result.

Wang Zhongjun’s fifteen years of business practice, based on precise market analysis, advanced risk control mechanisms and active regional and international capitalisation, provides an alternative development model for private business in the film industry or other industries within the cultural domain without taking the shortcut of building direct relations with governments. His private film production company status is itself an illustration of total disruption of traditional cultural institutions in China, as the film industry has always been under the close watch of government. The freedom for a private company to make films was unthinkable just a few years ago.

4.5.3 Outrider

The concept of the Outrider refers to entrepreneurs who utilise their relationship with government to infuse new concepts or theories into government. In return, they may benefit in business operations related to the concepts or theories they have promoted or by acquiring credit for non-related issues. They build up and sustain diverse stable relationships with government officials – some close, some distant – from time to time, and case by case. They may produce artistic works in line with the main themes of the ‘socialist’ culture. Such a cooperative attitude towards the party line facilitates communication, and even bargaining with authorities. With their lobbying for new concepts, ideas and theories, these business people create new practices or institutions by steering policy-making or regulations in a different direction without damaging their own or the government’s credibility. As a result, their businesses prosper.

However, this group of entrepreneurs doesn’t rely totally on relationships with government, even if some belong to the government. This can be seen in the case of Han Sanping. Usually,
Outriders’ businesses are highly reputable, experienced or well-established in their competitive context, through long-term effort or their organisation’s official status. With such a high level of social and cultural capital, it is rather easy for these entrepreneurs to develop their business in a comparatively independent manner. To a certain extent, their success in the market not only provides more supporting evidence for the new concepts they promote and would have the government accept, but also acts as a useful bargaining point when they are negotiating with the government in the area where they need the most support.

Considering their relationships with government, it is hardly surprising that these entrepreneurs normally adopt a conservative stance towards political or economic reform, although they are comparatively open to advanced concepts for their business and the development trajectory of the field at a national level. Most of the time, they are keen to promote these concepts or ideas into decision-makers’ minds for potential progress in a broader community. While there is a considerable amount of effort put into this process of infusing ideas and concepts, the net benefit for the entrepreneurs is sometimes moderate in the short term. The nature of this type of relationship with government requires entrepreneurs to have vision and to develop a long-term perspective.

Han Sanping started his filmmaking career as a lighting engineer in 1977 with Sichuan Emei Film Studio, one of a handful of major studios in China during the government’s state-patronage period (Kraus 2004). After a series of official posts as film director, producer and manager of various organisations within the movie industry, Han held the most prestigious office in Chinese film circles until his recent retirement in March 2014 (Li 2014): as chairman and general manager of China Film Group Corporation (CFGC), the only enterprise solely funded by the state directly under China’s State Administration of Radio, Film and Television (SARFT). It is also both the only importer of foreign films in China and a major exporter of Chinese films.

Viewed from his career trajectory as a renowned reformer in the movie industry in China (Xu, Wan & Chen 2009), it is easy to draw the conclusion that Han Sanping’s relationship with government is ‘innate’. However, his stable relationship with the government is not limited to just holding the most important office in the movie industry in China assigned by the authority. In both Han’s public addresses and private discussion, expressions such as ‘sense of national responsibility’ and ‘revitalisation of the nation’ are constantly present. This coincides with the ambitions of the Chinese government and matches his current official roles. Recently, he personally directed The Great Cause of Nation-Building (Jianguodaye).
However, it would not be accurate to simply regard CFGC under the leadership of Han Sanping as an extension of the state apparatus. As an entrepreneur, Han has built China’s own ‘Dreamworks’ (Xu, Wan & Chen 2009) and he marries economics, arts and marketing in a sophisticated fashion in this highly restricted area of filmmaking. In 1997, he was appointed as the director of the run-down Beijing Film Studio, which was facing multiple operational issues at the time, such as a funding shortage so extreme that it was even having difficulty paying staff salaries. Inspired by the success of Hong Kong’s New Year comic (he sui pian) genre, Han produced *The Dream Factory* (*Jiafang yifang*), the first New Year Film in mainland China, with Feng Xiaogang as director.

Breaking away from the Chinese film industry’s traditional approaches, Han introduced a strong sense of the market into the production, from playwriting to shooting, post-production and distribution. This is Han’s way of creating new practices and institutions in the Chinese film industry. Han implemented the common practice of a Hollywood box-office sharing scheme, with all cast members participating, as opposed to the traditional method of paying cast members as employees. He involved managers of theatres in production meetings and discussions to place market considerations at the very centre of the creative decision-making process (Baidu 2009).

Ultimately, ‘The Dream Factory’ earned over US$2 million at the box office in Beijing alone, against a production cost of US$800,000. By doing this, it achieved the historical benchmark of recovering all the costs just by screening in one city alone. This still remains
the record for the industry (Yu 2008). Han’s positive attitude towards the government’s cultural policies and outstanding performance in terms of the ‘main theme’ of socialism have earned him an excellent stock of credit with the Chinese government. He has therefore gained a great amount of support from the government which, as a result, enabled him to initiate numerous reforms to boost the progress of the film industry in China (Song 2010).

Under Han’s continuous advocacy of capitalisation, CFGC obtained permission to issue 500 million RMB worth of corporate bonds at the end of 2007, which set the national precedent of media companies in China raising money from the financial market (Ding 2007). This was considered a breakthrough development for the Chinese film industry in the context of the modern economy. Moreover, in early 2008 CFGC’s application for its stock to be listed on China’s share market was approved by the SARFT and the Propaganda Department of the Central Committee of the Chinese Communist Party. The process of getting CFGC to be stock listed has been going on ever since. The effort from Han’s account to set up CFGC as the first public-listed film company in China was ongoing until his recent retirement (Yu 2012).

In 2001, when Han was the Deputy General Manager of CFGC, he convinced the government to sanction CFGC to form a joint venture with CITIC Culture and Media Group to establish the Century’s Hero Film Investment Company Limited. Despite its subsequent troubles, Century’s Hero Film Investment Company Limited was of great significance to China’s film industry at the time (Xu 2007), because it attracted considerable capital into film production from outside the government’s cultural institutions.

Unlike other leaders of state-owned enterprises (SOEs) in China with a common approach towards the government, Han Sanping doesn’t over-stress government backing for CFGC in public. On the contrary, he tends to maintain a certain distance, and to impose a certain boundary with the government. Han openly supports the notion of the gradual withdrawal of the government’s administrative power over SOEs, introducing market competition as the mechanism underpinning all aspects of corporate operations, and therefore maintaining SOEs’ independence as a common market player, just as in the case of private enterprises.

Apart from his vision and his talents, both as film artist and businessman, Han Sanping’s success in leading the CFGC to a prosperous operation doesn’t just lie in the ever-improving operation of CFGC based on relations with the government. The operation also provides a model of development for film companies and other companies in similar industries, such as TV, radio or the performing arts. By acquiring trust from the government through his outstanding performance on both the artistic and commercial fronts, Han has been able to
manoeuvre among government institutions and steer industrial development towards building up a competitive Chinese movie industry, which not only benefits the CFGC and other film companies, but also facilitates the spread of what has now come to be termed Chinese ‘soft power’.

The institutional environment at the time of Han’s appointment as the head of Beijing Film Studio was not nurturing for film production. There were, and still are, restrictions on both structural and financial aspects of a firm company. Through utilising his connections with authorities, Han gradually turned a run-down studio into a leading film production company, during the course of which Han convinced the authorities to relax on a number of restrictions imposed on a SOE. Through experiments with different film or TV products, Han created a model practice in outsourcing investment from community or independent financiers, which was unprecedented at the time. Han managed the whole company operation virtually as an independent filmmaker, but with strong government backing. These were all new practices that no one in China had ever implemented in the film industry.

Han’s achievements were based on bricolage using a variety of resources has available to him both within and outside his network with government. He has done this by constant fine-tuning of his distance with government – sometimes keeping it close, sometimes moving further away, depending on what he planned to achieve in relation to infusing new ideas for strategic arrangements in finance or corporate structure.

4.6 CONCLUDING REMARKS

In the highly volatile creative industries in China, such as the performing arts (Zhao Benshan), and film making (Han Sanping and Wang Zhongjun), the risks of running a business are understandably very high. The acceptance of these entrepreneurs’ products relies not only on the audience or the market after production, but also relies on the judgement of authorities due to the residual influence of the hard-line patronage state in the early governance of CCP, especially in the cultural domain. Arguably this is already different from other more traditional businesses, where once the product is accepted by the market, the take-up of repeated production remains for a certain period of time. I believe it is fair to conclude that the investment all these entrepreneurs put in – whether it is in the form of capital, or personal effort and time allocated to source and to maintain whatever form of relations with government are in place – must be considered a significant part of their business success. Their skilful dealings with institutional conditions – whether in creating, maintaining or disrupting – are achieved through their business bricolage. They have used whatever is at hand – such as various forms and strengths of social connections – as their
resource to achieve whatever the market, the status quo and their established reputations dictate is possible.

As discussed previously, the purpose of this chapter has been to pave the way for the three main cases of this research on a much smaller geographical scale of Chaoyang District. Since by design there are no data from the micro level of these cases regarding the other aspects of the business and individual entrepreneur’s cultural capital (such as creative space, or the knowledge exchanges among the different parties around the business), as discussed in Chapter 2, the main theme of the analysis of these three cases rests on their relations with authorities. Against some common views of the Chinese business environment regarding the absolute necessity of connections, or guanxi, specifically with government, the three cases discussed in this chapter show that there is a space for alternative measures or business models in the process of making strategic choices in the context of the ever-changing commercial, political and cultural dimensions in China. The process of finding these spaces and making use of available resources to explore them is part of being institutional bricoleurs. These entrepreneurs’ range of institutional bricolage as a group provides a basic understanding, which underpins the analysis of three real-life entrepreneurs later in the thesis.

It is worth noting that, because of the characteristics of China’s political, cultural and social situation – particularly in comparison with Western economies – the descriptions of the association or disassociation with governments by these entrepreneurs, especially in the case of the Outrider type, most be regarded as relative. From the early stages of the ‘engineer’ state, through to fundamental institutional reforms in the cultural sector, government is still everywhere – particularly in the cultural sector, where all these creative entrepreneurs operate. In Bhaskarian terms, it is this underlying relationality with the CCP that constitutes much of the generative mechanisms at deep levels within society. The CCP’s regulations and policies are related to many aspects of business operation for creative businesses. It is exactly these regulations and policies, together with the structured uncertainty and the existence of informal institutions, that force entrepreneurs to examine the available resources they possess in order to come up with an alternative to enable them to survive and succeed.

Nevertheless after more than 30 years of ‘Open Door’ policy since late 70s, the relevance of these three types of entrepreneurs in relation to the authorities in the commercial world of China – particularly in the cultural production industries – present a great level of significance in terms of business and social study. The power relations behind all these engagements or disengagements with government dictate the strategic bricolage within each company’s operation, enabling it to avoid potential conflicts with authority; in so doing, it provides minimal interruption to the creative working process.
Chapter 5: Wang Hao – Monetising iCafe Portals

In this chapter, the case of Wang Hao and his company Goyoo is presented to illustrate the first relationship type between government and creative entrepreneurs in China, namely the Insider relationship, as introduced in Chapter 3. The case of Wang Hao and Goyoo is an instance of the trading off the insecurity that comes from true independence for a working relationship with the government, thereby ensuring a degree of certainty and the appearance of legitimacy in the eyes of clients – internet café owners.

As someone keen to promote creativity in the art of animation, Wang Hao’s dilemma lies in the conflict between the high level of freedom required for artistic creation and the constraints imposed within heavily regulated and volatile industries. The government’s ideological control is still very much in evidence. This is not just Wang Hao’s dilemma; it is a one faced by many other business people in comparable industrial sectors, where it is necessary to find a ‘way around’ in order to run a sustainable and successful business operation. This ongoing process of finding a ‘right way around’ is part of the institutional bricolage that entrepreneurs carry out, based on the resources they have available.

Through years of trial and error, and by accumulating an extensive network of resources, Wang Hao has reached a stage where, through a bricolaging of institutional conditions and strategic choices, he engages in close collaboration with the government. Within his company structure, he has set up a unique operational model to best utilise the resources he has at hand. This equips him with a set of distinctive advantages in accessing information, in developing new business, and in maintaining existing markets and clients.

The ‘trade-off’, of course, is the loss of a certain level of artistic freedom. Accordingly, Wang Hao is attempting to operate in a still highly volatile and heavily regulated sector with an unproven business model. This type of Insider arrangement possesses both advantages and disadvantages for the entrepreneur.

5.1 THE INDUSTRIAL AND INSTITUTIONAL ENVIRONMENT

The growth of internet access has been rapid since the first connection to the internet was established in China in 1993 (Kalathil & Boas 2003). Notable amidst this growth, the first internet cafés (wangba in Chinese) opened for business in Shanghai in 1995 with an hourly
rate of RMB 20 (A$3) (Lagerkvist 2005). This was the first time in the history of the People’s Republic of China that internet café owners, as ordinary private citizens, were able to operate the means of accessing mass media (Sun 2010).

Despite the rapid diffusion of home internet access at the same time, the internet café model experienced robust growth (Liu 2009) during its early stage. The percentage of café patrons in terms of the total internet population rose sharply from 3 per cent in January 1999 to 21 per cent in January 2001 (CNNIC 2008). This underpinned a host of social-cultural factors, such as relentless efforts by internet service providers (ISPs) to nurture demand and the urge to get around close parental control in urban families (Qiu & Zhou 2005). This percentage reached its peak in 2008 at 42.4 per cent and gradually decreased to 35.7 per cent in 2010, 27.9 per cent in 2011, 22.4 per cent in 2012 and 18.7 per cent in 2013 (CINIC 2011, 2013a, 2013b), due to the strong growth in the usage of smartphones and decreasing costs of mobile network services (Xinhua 2013).

Most internet café goers are from the one-child generation, with 58.2 per cent of internet users aged under 30 (CINIC 2013a). The internet café would appear to be a utopian space for many, where they can enjoy a sense of freedom and evade the stark imperatives of a sharply differentiated society marked by ruthless competition, a lack of security, ubiquitous consumerism, ever-present corruption and unfairness in the distribution of resources (Liu 2009).

Internet addiction – particularly among young people – has become a publicly recognised health risk in China in recent years. It concerns parents of school and university students, as the addiction caused by excessive internet connectedness and online gaming is negatively related to academic performance, even though research has shown that there are benefits to children’s study as well (Jiang 2014). The strong objection against the use of internet cafés by young people is one of the factors in the government’s policy considerations.

In June 2002, the infamous Lanjixing incident⁵ led to a three-month police crackdown on more than 60 thousand internet cafes nationwide (Kalathil & Boas 2003) and a comprehensive overhaul of internet café regulations. There was a complex constituency

⁵ On 16 June 2002, two teenagers set fire to an internet café in Haidian in Beijing near Peking University as an act of revenge against the café, Lanjixing, for denying them entrance. A total of 25 people died – mostly university students – as the result of the fire.
consisting of government, business and parents that voiced a range of concerns and made demands for a new regulatory regime, which has covered every aspect of internet café operations, including operating hours, age limits, safety and security, and licensing (Xinhua 2007). As a consequence, internet cafés have been heavily regulated ever since, with regular updating of rules, guidelines and standardisations from four administrative bodies of central government: the Ministry of Public Security, the Administration Bureau of Industry and Commerce, the Ministry of Information Industry and the Ministry of Culture (Hong & Huang 2005; Lagerkvist 2005).

In the name of maintaining a harmonious society, the government asserted that its regulations were to ‘ban any content that subverts state power, harms the reputation of the government and officials, or endangers social stability’ (Sun 2010, p. 206). The two main official documents – Management Methods on the Business Providing Internet Services (2001) and Management Regulations About ISP Business Sites (2002) – and their variations entail specific issues that impose on both internet café management and patronage. These details include a prohibition on content deemed to be racial, pornographic, horrific, violent or endangering security of the community and state. These documents also regulate the operation of cafés, such as the mandatory recoding system of patrons’ names, home addresses, the sign-in and sign-out times at the café, and the domain names patrons have used, which could be provided to police upon request for later investigation.

Despite tightened governmental regulations, internet cafés still have a vast network of users. In 2009, when the fieldwork for this project was carried out, 88 per cent of users were aged below 30 and 68 per cent (mostly gamers, at 47 per cent) spent over three hours a day in cafés (CNNIC 2009). Despite a boom in household broadband and mobile internet connections, and the concomitant decrease in patronage by young people under the age of 18 (government regulation), there were still 136,000 registered internet cafés at the end of 2012 (BBC 2013).

The market for internet cafés has thus developed a strong foothold in China (Zhang 2010), particularly in those years during which the fieldwork for this study was carried out. During this period, the population of internet cafés was on the rise. For internet café portal suppliers like Wang Hao, this represented an opportunity to increase income streams for businesses through the mass demand and the growing audience for their product.

For most content providers in the creative industries, such as Wang Hao, it is imperative to ensure that their product is acceptable to three classes of people. In the words of He Xiaoping, writing about television in China, they must ‘please the three olds (lao)’ – the old
cadres (laoganbu), the bosses (laoban) and the consumers (lao baixing) (Donald & Keane 2002). The ‘old cadres’ represent the government; the bosses are the owners – in the case of Wang Hao, the internet café owners; and the lao baixing are the mass of the consumers – in this case, internet café attendees. Apart from high volatility and heavy regulation, the delicate and evolving dependency among these three groups of people adds a strong element of complexity to strategic choices for business in the internet café sector.

Having four different government departments setting rules to regulate the registration and operation of internet café adds another layer of complexity to this nexus of ever-changing interrelations among the three classes of constituency. Each class of person has its own motive for its involvement in the internet café: internet patrons and their constantly worrying parents position their wellbeing as a priority; internet café owners invest in the business with the aim of ensuring its survival and profit. Among these three types of people, each government department of government also has its own agenda. On top of that, there is the central government’s over-arching intention to have complete control over certain types of media, such as political or pornographic material, that internet cafés are required to ban from their audiences (Sun 2010).

Due to the multi-agency and multi-level government controls over policy-making, the policies imposed on internet cafés are constantly changing, inconsistent and unpredictable. Sometimes there are even existing conflicting policies (Sun 2010) from different departments that would put an internet café owner on the wrong side of one department’s regulation should they simply comply with that of another. This complicated interrelation is accentuated by the rapid technological changes in the internet café sector, resulting from the fast development of the internet and its related applications, which have affected the shifts of interrelations, concerns or benefits between all related parties. It is fair to say that the institutional uncertainty (Breznitz & Murphree 2010) in China is best manifested in the internet café sector.

This combination of fast-changing technology and multiple agencies in the policy-making process imposes many constraints on businesses operating in the internet café sector. As a reasonably new sector in the industry, there is no guaranteed business model to follow for internet café involvement. Added to this is the high level of IP infringement and prominent competition because of the attractive size of the market. This is the simple reality of running a business in the internet café sector in China. There are multiple groups of people and agencies of government to please and, as a result, multiple rules and regulations constantly change – sometimes very strictly and mostly suddenly, with little time to adapt (Zhang 2010).
5.2 RESOURCES ‘AT HAND’

5.2.1 Acquired Cultural Tools

Wang Hao was born in Xinjiang Uyghur Autonomous Region in the early 1970s. His parents, as Han majority university graduates, had volunteered to work in the minority populated area in response to the government’s exhortation. Wang recalls:

My parents are not very much interested in politics even though their life trajectory was very much shaped by it. Influenced by them, politics is not my main interest either; I am more interested in the economy and finance. For me, the political system in China is the way it is, not much we can do to make substantial change. To best position oneself in the current political condition and make the best of the current political system is more of a benefit for everyone. (Wang 2008c, p. 1)

As the youngest son in the family, Wang grew up with his parents’ expectation of him becoming an architect. After less than satisfactory results in the university entrance exam, Wang ended up studying marine physics in Tongji University in Shanghai.

Although studying in a marginal discipline at the university, Wang kept himself active by being involved in the faculty’s student union. His initial involvement consisted of the tedious job of organising propaganda material. Subsequently he became the chairman of the student union in his second year at university. He was invited to join the Communist Party in his freshman year. Such an invitation was an implicit privilege for any university student, as it is a sign of recognition by the faculty or university of the student’s overall excellence.

Influenced by his parents as typical intellectuals in China, Wang has inherited an attitude of obedient autonomy (Evasdottir 2004) that is quite characteristic of Chinese intellectuals. Instead of trying to radically change the unjust social and political system, Chinese intellectuals engage in exercises of ‘interdependence and reciprocity to enact change through social and bureaucratic rules’ (Hoffman 2007, p. 187) in order to achieve their personal goals or aspirations. Maintaining rules and order is deemed to be more beneficial for their individual development.

Wang had acquired hands-on experience with computing before he went to university, through designing simple games using BASIC through his parents’ work in the regional educational system. His interest in computing reached its height during his third year at Tongji University, when one of the courses in which he enrolled involved a huge amount of computer lab time. He studied and mastered the usage of DOS within a month (Wang 2008).
The course lecturer was so impressed with his computer skills and knowledge that he recommended Wang to work as a computer technician in a Japanese company in Shanghai, Triwork. At the time, Triwork was the agency for three American software companies, Macromedia, Meta Creations and RealNetworks.

This working experience opened up a whole new world for Wang, with first-hand access to the most advanced graphic, animation and media software in the world, including Dreamweaver, Painter 3D and RealAudio. By dealing with customers of Triwork, such as Intel and Apple, Wang started to set up his own network within the industry, becoming a leading figure in the area of flash animation among the major industrial players in Beijing and Shanghai.

This earlier exposure to cutting-edge technologies, and the ways in which these leading technical companies operated, played a crucial role in forming Wang’s business approach and his operational style. These capabilities have been valuable assets for Wang, attracting many like-minded young and upcoming players in the field to form a network of resources for their career and personal development.

5.2.2 Resources Accumulation Through Business Adventure

After working for a state-owned computer giant, Great Wall Computers, for a short period, Wang ‘fired’ the company that could have figuratively ‘killed’ his talent (Wang 2008c, p. 12) and headed to Beijing in search of a career in the area of his passion: flash animation.

He founded iTom in early 2000, backed by the funding of hundreds of thousands of US dollars from the close circle of Li Ka-shing, the ‘most powerful man in Asia’ (Time 2001). The result was the establishment of a subsidiary of Tom.com, a Hong Kong-based internet portal that offered Chinese entertainment information. With its own in-house media lab, iTom provided website designs and interactive marketing services based primarily on flash animations made by a team of ‘master hands’ in the field of flash animation (Yu 2004), led by Wang Hao.

In April 2001, due to the global internet downturn, iTom found itself in the middle of a consolidation of the internet software and service sectors in China. These mergers were so interesting that they formed the basis of a case study by the Harvard Business School in 2002 (Felda 2002). Wang and the owner of the other merging company, T2 Technology, were invited to lecture on enterprise finance to classes of postgraduates at Harvard Business School.
The newly merged firm, Hudongtong (HDT), with Wang as CEO, redesigned the Chinese website for Sony, its first client, providing technical support for Sony’s marketing and sales operations, including analysing data and tracing clients. With an innovative operating model based on both companies’ technical advantages, HDT attracted a number of large businesses as clients, including Intel, Lenovo, CNC, China Tietong, Adidas, Johnson & Johnson and Bristol-Myers Squibb (Chen 2008).

In the company’s first year of operation, revenues reached an impressive 10 million yuan. During this period, Wang personally developed a new technology called iCast, a pop-up-screen flash animation on the internet which is still popular and continues to be trademarked and used by Wang’s business entities (Wang 2008b).

In early 2003, Wang left HDT due to the ongoing disputes over the technology patents and financial benefit among the investors, shareholders and operators. He started his own business, Moli Entertainment. By operating Moli Entertainment, Wang implemented his plan of being a digital content producer and distributor instead of a mere content designer, as he had been previously.

Also after leaving HDT, Wang established the Diggi Award, a user community-based competition sponsored by Intel. When he had attended the Webby Award ceremony in San Francisco in 2001, he had noticed that there were few Chinese designers participating in this international competition. Back in China, Wang convinced Intel and Macromedia to donate US$20,000 to sponsor the initiation of the Chinese equivalent Webby Award – Flash Movie Festival. This annual festival continued for four years.

The name was changed from Flash Movie Festival to ‘Diggi Award’, and in the second year the name changed again from ‘Diggi Award’ to ‘Diggi National Award’. In the fourth year, the Ministry of Culture became involved. The award had 20,000 to 30,000 participants every year (Sina 2004). For Wang, the motive behind organizing the Diggi Award was to provide a

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6 The Webby Award is an international annual award presented by The International Academy of Digital Art and Science (http://www.webbyawards.com/about), established in 1996 for excellence on the internet. The award is one of the older and better-known internet-oriented awards, with some renowned members including The Simpsons creator Matt Groening and Virgin Atlantic founder Richard Branson. The Webby Award has come to be associated with the phrase ‘The Oscars of the Internet’. 
platform for flash artists to showcase their creations. A number of flash artists were recognised and went on to build successful business ventures based on the work developed while competing for the Diggi Award.

During his negotiations with the Ministry of Culture leading up to the Diggi Award, Wang came across a group of young and like-minded government officials. This encounter can best understood in terms of the motif of bricolage. To Wang, these young officials were ‘to hand’, and they became a resource to him, providing him with a range of services (Baker & Nelson 2005). Not only did Wang manage to get the Diggi Award endorsed by the ministry with the help of these contacts, but a few years later he also found a potential solution to the ever-increasing problem of distribution – the internet café.

Moli Entertainment also signed up winners of the Diggi Award, and provided a distribution and on-selling platform for some of the works exhibited at the Diggi Award (Sina 2004). However, the business model proved to be a failure when Wang attempted to charge viewers of flash movies a fee at the time when most of other web-based entertainment was provided free of charge, even though this fee was quite marginal compared with the cost of renting a video or watching a movie in a cinema.

Wang attempted to use the mobile phone as an alternative channel of distribution, but found that the tight control exercised by mobile phone providers, such as ChinaMobile or Unicom, over distribution of content would have left no space for his or Moli’s business plans and integrity to stay intact had they kept on pursuing a profit instead of just surviving (Chen 2008).

According to Guo Yang, Wang’s business partner from the Ministry of Culture, at the end of the demise of several failed business models, Wang started to seek out new forms of distribution for the flash animation artists under the Moli banner (2008). This was the critical moment of Wang’s institutional bricolage, which has led to his current business operation, Goyoo Network.

It was almost like Wang hit a dead solid wall at the time when we got to know him better – on one hand, he was enthusiastic about the works displayed at the Diggi Award, but on the other, the potential to get artists’ work out to be appreciated in other media didn’t look promising. The desire to move on to new types of media remained alive when he looked into the feasibility of tapping into internet cafés (Guo 2008).
Backed by investment – primarily from Global Capital Management, a Japanese venture capital firm – with a joint venture between his business and the commercial department of the Ministry of Culture, Wang set up Goyoo Network Inc. in 2005 and started his current operation as the digital content supplier targeting the powerful network of internet cafés in China.

Although not directly promoting flash artists’ work, as he intended through Moli, Goyoo Network provided a platform for the more technical side of ‘flashers’ to realize their creative potential and to continuously improve the quality of Goyoo’s service to their immediate clients – the internet café owners, and ultimately, to the end users – internet café patrons.

Throughout his early career, prior to his establishment of Goyoo Network, Wang had accumulated a wide range of resources through his business dealings and social networking, which were crucial to his Goyoo Network operation (Chen 2008). Externally, he has set up a sound working relationship with many government officials, mainly from the Ministry of Culture, who have played a significant role in Wang’s company’s Insider position in relation to the government. Internally, a collection of animation artists and a network of potential investors have become valuable assets that have become an integral part of Wang’s strategic choices.

On one hand, Wang did not purposely set out to build up his network of resources for the assistance of his business operation. However, with the cultural tools he acquired during his working life, and particularly during the course of providing a platform to promote the flash animators through trying out different platforms, Wang came across all sorts of people and contacts. He found that some of these had a similar outlook or approach to business and life. This gradually built up his network of resources.

On the other hand, the repeated failures of trying to promote the works of animation artists through different media have enriched him by providing valuable experiences in dealing with different levels of business operations and a variety of industry sectors. Not only did these defeats fail to deter him from pursuing his plan of promoting flash animation, they solidified his move into the internet café sector using a more efficient approach (Guo 2008).

5.3 INSTITUTIONAL BRICOLAGE

Wang Hao is a ‘good hand’ at social networking because networking and socialising among associates, partners and friends would appear to come naturally to him (Tian 2008). Even though his social network activities do not benefit his business directly most of the time (Wang 2008c), the extent of the benefits achieved by his networking is quite significant.
Wang Hao’s connection with government, and particularly the alliance with the Ministry of Culture, was cultivated during the annual Diggi Award event. Due to the distinctive nature of Chinese internet cafés – the swift growth of the market and the dominance of younger users – close and tight control over operations and content has been one aspect of the government’s ‘split and swaying approach’ (Hong & Huang 2005) towards regulating internet cafés.

The other side of the government’s approach is to constantly encourage the development of an information society (Kalathil & Boas 2003). This was signified by the address of President Hu Jintao during the 17th Communist Party Congress on 15 October 2007, where he emphasised the importance of the internet as a new means of spreading socialist culture, a new platform to service public culture and a new space to build a healthy spiritual life (Hu 2007). Hu’s comments on this occasion echo earlier comments he made in January 2007 to the Political Bureau of the Central Committee of the CCP. There he expressed the opinion that, ‘Whether we can cope with the internet is a matter that affects the development of socialist culture, the security of information, and the stability of the state.’ (People’s Daily Online 2007).

Hu urged the party to get involved and to use the internet to spread ‘information’ and a ‘healthy’ culture. An interpretation would be that Hu and his comrades were striving desperately to turn back the tide. Certainly the growth of the internet is clearly a cause for anxiety on behalf of the CCP. For example, in December 2006, the Ministry of Culture attempted to regulate blogging by eliminating anonymity. Similar moves were foreshadowed to control the distribution of music from abroad. All this is done, of course, in the name of socialism. What is at stake, though, is that the internet is an arena of struggle and the CCP is acutely aware of this. This political background is the basis for Wang’s bricolage in his company’s institutional environment.

As one of the four administrative bodies of the central government in charge of regulations pertaining to internet cafes, the Ministry of Culture’s critical role in standardising, training, certifying and monitoring the operations and the content of internet cafés has facilitated an effective but unofficial business model for digital content suppliers such as Wang. He identified the advantages of collaborating with the Ministry of Culture to endorse Goyoo’s system. This has meant integrating with the ministry’s monitoring system, and has assisted in pushing the coverage of Goyoo’s interface through the network of channels. Affiliation with government is a sign of strong business credibility.
Also, as part of government’s commercial arm, Goyoo’s provision of internet café portal is a ‘safe’ option for internet café owners. Adopting Goyoo’s system means ticking one item off an owner’s long list of worries. Apart from the high quality of Goyoo’s portal interface, this is perhaps the most attractive feature of installing Goyoo’s system in an internet café.

For the Ministry of Culture, the shortage of professionals from the institutional front line, and from within the party’s internal structure, has necessitated an association with external experts such as Wang Hao. The affiliation also helps the government to ‘keep in touch with the industry’ and the reality of the lived experience of young people (Guo 2008).

With a 49 per cent shareholding and 2 per cent of ‘buy back’ of Zhongwenfa (abbreviated as ZWF) Cultural Technology, a commercial unit within the Ministry of Culture under the banner of the Department of Cultural Market Development (DCMD), Wang Hao holds an official position as Vice Director of Administration of Internet Café Industry Promotion and Planning of DCMD. ZWF shares an office with Goyoo Network, with two logos (Goyoo Network and ZWF) on the signage of the office entry. The representative of the Ministry of Culture at the time, Guo Yang, the Vice Director of DCMD and also Wang’s long-term associate dating back to his Triwork days, works from the office next to Wang’s, where they can call a meeting at any time. In Guo Yang’s opinion, Wang is not only creative in the artistic and technological works with which he is involved; his creativity is best manifested in his exploration of an appropriate business model in the digital content industry (Guo 2008). As Guo puts it:

Most Chinese have a strong tendency to conformity, but Wang is different, and he endeavours to be different. With only over ten years of existence, the internet café as an industry has a massive volume of business traffic and an exciting prospect for growth. Most people who rush into the industry are just here to make money, but Wang is more excited about his experiment and the trial of a viable business model that could potentially be applied to other businesses than the money side of the story. (Guo 2008)

By collaborating with the government body, Wang has become embedded within a relationship that not only benefits himself, in promoting Goyoo’s product through the realisation of its potential to reach as many users as possible, but also provides the possibility of expanding the scope of services based on the continuous upgrade and improvement of the company’s product through new technology. His ‘strong tie’ relations with government are manifested, as we have seen, in his daily intensive communications with Guo Yang, as the representative of the Ministry of Culture. This type of knowledge exchange with the government covers a wide scope of the principal aspects of the internet café sector, such as
status and trends in digital content production, and the internet market from a supplier’s perspective.

Although Wang has a tendency to be different, as we pointed out earlier, he has also acquired this ‘obedient autonomy’ mentality influenced by his parents. This is typical of Chinese intellectuals, and is inculcated by the education system in which he was trained. He works within the political and social system, manipulating it only to the benefit of his business or personal development. Wang is a typical Insider entrepreneur in terms of the categorisation discussed in Chapter 3. He has no intention of changing any of the political and institutional conditions within which he operates his business. As his business set out to operate in collaboration with government, it is to his benefit for the principals of the institutions to remain unchanged. His practice in relation to the institutional environment can easily be seen as an example of maintaining the institutions (Lawrence & Suddaby 2006; Lawrence, Suddaby & Leca 2009).

This arrangement with the government is the result of ongoing adjustment of institutional bricolage on Wang’s part. Digital animation needs a distribution platform, but the institutional environments for the platform were been less than satisfactory for Wang, as shown in his trajectory of business operations with a number of companies. The network connections with a few young officers from Ministry of Culture were resources that Wang had ‘at hand’. By adjusting to different platforms (through the internet directly, through mobile phones or via internet cafés), he has produced an excellent pathway to develop his internal resources and to exploit his stable of digital animation artists.

On the other side of the equation, with his close connection to government, Wang has been feeding the government all sorts of information that it needs to better manage control of the internet, particularly internet cafés. In the long term, this facilitates a gradual improvement of the government’s capacity to police and control the internet café sector. This is seen clearly from many aspects of the trend in government policy. For example, the licensing of internet cafés has seen a series of changes since licensing started in 2002. This has included the ceasing of new licences in 2006, the total ‘freezing’ of the issue of new licences in 2008, encouragement of chain operations in 2010, then the lifting of the ban on individual registration of licensing in 2014 (Li & Li 2014). The influence of such entrepreneurs as Wang on government policy provides the incentive for collaboration with government. (Guo 2008)

This type of ‘informal institution’, which involves forming a ‘short arm’s length’ arrangement with government, benefits both sides of the relationship. On the government’s side, it helps strengthen administrative capacity by allowing the government to maintain
close contact with the industry. For Wang, this arrangement allows him to see and to react to the policy and regulation changes before his competitors are able to do so.

This is a typical ‘marriage between the state and Commerce’ (Sun 2010), through which Wang’s response to constraints in the industry, fuelled by his refusal to accept defeats, has turned an unfavourable institutional environment into a favourable one through the utilisation of resources in his network. This is the core of Wang’s institutional bricolage.

5.4 STRATEGIC BRICOLAGE

In the emerging internet café sector, there was no established business model to follow. This led to the question of what was ‘at hand’ for Wang to use to strategise his business operations. The answer that emerged was the collection of animation artists, and the abundant resources of contacts and information that assisted him in making strategic choices.

The principle of Wang’s business strategy was that, in order to survive in the creative industries sector, which is competitive and fast changing, he had to nurture a dynamic and cooperative mentality among all the parties around Goyoo’s operations in order to promote and sustain creativity and teamwork. This principle is reflected in the following aspects:

- company set-up, including choice of business location, organisation and team structure
- knowledge flow in production and production consumption
- collaboration with ‘channel’ companies, who acted as Goyoo’s extended ‘sales arms’ to reach internet café owners.

5.4.1 Company Set-up – Shared Culture of Dynamic and Corporate Mentality

Even though Goyoo Network’s headquarters is located in Beijing, and is not physically within the administrative border of Chaoyang District, Wang still considers his company to be a business in Chaoyang District. This is due to the fact that most of Goyoo’s onsite business activities, the majority of the company’s external business connections, its social networks and even Wang’s own residence are all located in Chaoyang District (Chen 2008).

Wang intentionally positioned Goyoo’s office outside the busy and dynamic central area of Chaoyang District to obtain ‘a piece of clean soil’ away from the restlessness occurring in Chaoyang. The office itself is in Beixinqiao, a suburb west of Dongzhimen, where Chaoyang and Dongcheng District are bordered by the northern end of the East Second Ring Road. It is an ideal strategic position, one of the few major transportation hubs in Beijing. The office complex where Goyoo is located – Tianhai Commercial Centre – is also a few hundred metres from the southern end of the Yonghe Creative Cluster of Zhongguancun Science and Technology Park, where more and more small and medium enterprises in the arts and design have moved during recent years.
Although outside the central business district, the proximity of Goyoo’s office to Yonghe Creative Cluster and to the edge of the CBD area provides easy access to the people and locations that are connected to Wang’s business operations:

We are in the three-way close access of the main commercial areas in Beijing, even though we are not in the middle of any of them, you could nearly hear all the buzz inside them. This choice of office location avoids the frenzy of the CBD that are ongoing 24-7, but at the same time, we are still close enough to tap into the atmosphere and feel strong sense of ‘connectedness’ to the cultural mainstream. (Chen 2008)

Like most creative enterprises, the majority of staff members in Goyoo are young people who have recently graduated from college or university. Most have an IT background. According to statistics from the survey questionnaire carried out during the fieldwork at Goyoo, out of seventeen staff members who were present on the day of the survey, only 12 per cent are over 35 years old, while 59 per cent are aged under 30 and 29 per cent between 30 and 34.

Wang Hao spends more time negotiating and exploring the external potential from venture capital than an average entrepreneur. The survey showed that only 24 per cent of staff members considered that their knowledge exchange with Wang was frequent, while 47 per cent described the knowledge exchange with Wang as infrequent, and 29 per cent of them had never had any knowledge exchange with Wang. But as far as the efficiency of the knowledge exchange is concerned, even though 35 per cent of staff at Goyoo believed the knowledge exchange with Wang was not efficient, 65 per cent of them considered it to be efficient, including 24 per cent who considered it ‘very efficient’.

Most people working around Wang regard him as someone who is quite resourceful and creative (Chen 2008; Guo 2008; Tian 2008), even though he appears mild in his style of communication most of the time. This has made him accessible and therefore more effective once communications have commenced. Wang spends more time with people outside his own business than most other business persons do in similar situations. His connections in his networks of business are more direct than indirect.

Wang Hao is a well-known name in the internet content sector, a position that is due at least in part to his experience over the past ten years (Wang 2008). Nonetheless, it is worth noting that he doesn’t dwell on his past achievements to maintain his ‘star’ status. On the contrary, he advocates teamwork and mature collaboration among parties surrounding the business operation. As the survey shows (Table 5.1), most staff members agree that there is a sense of trust in the company’s environment: the teamwork and interpersonal cooperation are a
normal part of Goyoo’s business activities, and the people from outside of Goyoo are willing to share their information with them. This is crucial for companies like Goyoo, which rely on solid communication between the channel companies and themselves to grasp market trends, gather customer feedback and steer technical improvement.

Table 5.1 Questionnaire Statistics – Wang Hao

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Medium</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sense of trust</td>
<td>12%</td>
<td>53%</td>
<td>35%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Team work and corporation</td>
<td>24%</td>
<td>65%</td>
<td>12%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Outsiders like to share their information</td>
<td>6%</td>
<td>47%</td>
<td>47%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Encouragement to think differently</td>
<td>24%</td>
<td>59%</td>
<td>12%</td>
<td>6%</td>
<td>0</td>
</tr>
<tr>
<td>Encouraged to be involved outside duty or roles</td>
<td>6%</td>
<td>53%</td>
<td>29%</td>
<td>12%</td>
<td>0</td>
</tr>
<tr>
<td>Devoted and energetic</td>
<td>6%</td>
<td>82%</td>
<td>12%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mechanism of conflict-resolving</td>
<td>0</td>
<td>70%</td>
<td>12%</td>
<td>18%</td>
<td>0</td>
</tr>
<tr>
<td>Mechanism of promoting communication</td>
<td>6%</td>
<td>29%</td>
<td>53%</td>
<td>24%</td>
<td>0</td>
</tr>
</tbody>
</table>

5.4.2 Knowledge Flow in Production and Product Consumption

Although there are always new systems in discussion, design or commission – as would be expected for a reasonably new company that commenced operations in 2005 – the product range of Goyoo Network would appear to have a reasonable chance of long-term stability. Therefore, the prime task of production is not creating new items; rather, according to fieldwork observations, the production of Goyoo is focused on:

- continuously upgrading and improving the existing systems by adding the new features
for end users to browse

- speeding up the process to shorten the time between the interfaces by adopting new technologies,
- increasing the capacity of ‘push and pull’ between the systems by renewal or optimisation of the mainframe, and
- improving the visual look of the portals by the initiation of new graphic designs (see the i8 Desk portal in January 2009 in Figure 5.1).


Figure 5.1 Goyoo’s i8 Desk portal visual effect on PC screen

To achieve these targets, the actual objectives and actions taken by each department of the company for each stage are reviewed every a few weeks. All tasks are broken down into workable items projected against periodical milestones. This is regularly carried out during a product design meeting with all the senior staff members present, including non-technical sections such as sales managers, the head of marketing and the chief administrator, Mr Chen Zhongshen. The intent is that after the meeting, each department will have a clear vision of what to aim for, what actions should be carried out and what is expected from Wang Hao in regards to ensuring coordination and collaboration among the departments.

Once a set of timelines has been laid out for each department, Wang helps by making his suggestions on how to achieve certain objectives to each department. He provides assistance in overcoming some obstacles, and also monitors the actual progress of each department.
through daily face-to-face discussions or small-group meetings, during which the intensiveness of the knowledge exchange is as evident as the exchanges that take place during the product design meetings.

Through field work observation, it is noted that Wang is good at asking questions that evoke lateral, reverse or divergent creative thinking, and he is also good at listening to those answers and then offering critical suggestions. It is the willingness and the freedom of the participants to be critical that brings the discussion to a new level or a qualitatively different dimension.

The outcome of each stage’s performance is informally evaluated and factored into the next stage’s planning during these meetings. On account of the continuous and extensive expansion of Goyoo, there are no fixed procedures to follow. Most of the company’s major decisions, including technical ones, are made by Wang following his own judgement and sense of direction based on his extensive accumulation of knowledge about the market and technology.

It is also observed during the field work at Wang Hao’s company that Wang constantly urges and encourages his senior staff, through his communication with them, to acquire through their work experiences that will facilitate the development of Goyoo’s operations.

The team characteristic objective of Goyoo when it first started out was to have more artists and IT technicians than sales and administration personnel. In other words, there were to be more ‘creatives’ than ‘suits’ (Bilton 2010). This is one aspect of Wang’s resources ‘at hand’. This approach is not common, and doesn’t necessarily translate into more creativity; it imposes more problems in managing the talents, as they tend to be more independent than cooperative (Bilton 2007). However, Wang’s company structure setting has taken this feature into account, and has taken the full advantage of it.

Two features of the strategic arrangement have helped in the balance between the creatives and suits. One is Wang himself, as both artistically and commercially oriented. This acts as leverage among the different departments – particularly between the design team and rest of the company. The other is the knowledge flow system through all sorts of communication devices such as the team/task breakdown meeting, spontaneous face-to-face brainstorming and target checking between different departments.

It is evident that a clear organisational culture (Dauber, Fink & Yolles 2012) has been established in both the company structure and in the operation of the business. This includes the production process, with its strong encouragement of information exchange manifested
in company training, nurturing a risk-taking mentality, being supportive of innovation, and employees’ sense of ownership of ideas (Chen 2012).

5.4.3 Product, Value Creation and Product Consumption

‘Monetising iCafes’ is the aim of Goyoo as a digital content provider (Wang 2009b). Revenue accrues every time an internet café patron hits a link to an i8 portal. As pointed out previously, there are three markets in the downstream chain of distribution and consumption of internet café portals: internet café patrons, internet café owners and the channels acting as the arm of distribution for Goyoo reaching to the market. The channels’ commercial benefit is linked to the improvement of the portals and the increasing coverage of the internet cafés, so they are ‘in the same boat’ with Goyoo as far as the acceptance and continuity of the adoption of i8 systems are concerned.

It is important to note that, as far as the usage of the i8 system is concerned, even though it is the internet café users who actually facing the portals and browsing through the gateways linked to the portals, it is the internet café owners who are Goyoo’s main focus, and that Goyoo primarily seeks to please through the ease, convenience and, most importantly, the added value to the usage of the interfaces of the computer desktop terminals, which are the main investment of the owners.

For internet café owners, such VAS not only generates extra income on top of the patrons’ sign-on time by linking to the advertising and products of CP/SPs; it prolongs the patrons’ sign-on time by directing the users to new functions or features that have been planted in the portals.

In internet café circles, this effect is called ‘stickiness’. Since the development of internet café portals is still in its early stages, the commercial potential of this ‘stickiness’, although important, is more often than not neglected (Wang 2008a), even by the key staff members of such leading companies as Goyoo. Nonetheless, there is a widespread awareness of the basic functionality of VAS interfaces and their role in increasing additional income for the internet café.

Moreover, the ease of usage and the commercial spin-offs from the internet café’s operations are both clearly appreciated throughout the industry. Still, it is the real sense of recognition and appropriate exploitation of the stickiness that differentiate the leaders from the followers in this competitive market (Chen 2008).

In the value chain of this VAS in internet café portals, Goyoo’s share of value is generated each time a new version of the i8 system is released onto the market, or an extra figure is added to the portal, or higher speed is achieved for the ‘push and pull’ of the content. Value
is also realised when any of the internet café patrons clicks on Goyoo’s i8 Desk or i8 Page. As costs of design and development are reasonably fixed, the more terminals Goyoo’s portals cover, the less the unit cost will be for each terminal. Also, with more and more internet cafés adopting the i8 system as their portal, the concentration of i8 coverage will bring the branding effect into play. This is the moment when the other benefit of ‘stickiness’ comes out, for when a user gets accustomed to the ease and convenience of using the i8 system, and recognises it as a brand, the preference they begin to show for the i8 system will keep them patronising only the internet café with the i8 system if at all possible.

In terms of behavioural economics, this is the status quo bias at work (Kahneman 2011). What Goyoo is seeking is for its i8 system to become the default setting for café owners and users (Thaler & Sunstein 2008). As Thaler and Sunstein point out, most consumers are guided not by their rational impulses, but operate on automatic pilot. This is the source of the bias towards the status quo – and a herd mentality as well (2008, p. 35). If default status is achieved, then even more value will be realised or added for the internet café owners due to being associated with Goyoo.

On top of the entertainment experience gained through the usage of Goyoo’s portals, the internet café patrons also enjoy the extra information services provided by Goyoo, such as several Top Ten listings on Goyoo’s website of the most popular games or popular websites. From the outset, it seems to be a one-way communication from the internet portal supplier to the internet café users, who may consider choosing different games based on changes in the rankings on the listing. However, the actual listing is no doubt being closely watched by other parties, such as gaming companies, who presumably could act upon the indications of this type of computerised statistical results with a view to improving their product when their ranking falls. Therefore, a three-way ‘silent’ dialogue exists around the listings, driven by market trends; this involves portal suppliers such as Goyoo, game suppliers (designers or agencies) and the internet café patrons. Through triggering this type of dialogue around the listings, Goyoo, as facilitator, introduces the market to the mechanisms of creative design of the games or websites. In the long term, this is an educative process that will nurture healthy competition with regard to the development of the internet café industry.

This is a clear demonstration of Wang’s organisational cultural ‘spill-over’ to his product consumption process. This type of product strategic arrangement requires full consideration of market characteristics and, as a result, doubly secures Goyoo’s market growth.
5.4.4 Unique ‘Channel’ Sales System

Goyoo’s strategic bricolage is also presented in its unique and comprehensive network of agencies, referred to as ‘channels’, promoting their system to internet café owners. Most of these channels are local IT companies that provide hardware, software or both, or IT services, to the internet café. For most of other internet café portal providers, these companies are peripheral: as ‘nothing’, they carry on their usual business and manage to survive on their own product or service range. However, instead of treating these companies as inconsequential, Goyoo forms strategic alliances with them and utilises these IT companies’ strength – namely their contacts with internet café – to promote Goyoo’s portal. The alliance not only fully utilises the IT companies as a resource, but adds the service range for these companies to generate revenue for both sides of the alliance.

For Wang, these companies are his resources ‘at hand’, which could exist without any collaboration with Goyoo. However, Wang set up his sales teams to mainly manage the cooperation with them. There are two sales teams within Goyoo to look after the channels, with one manager and a number of sales staff on each team. With a scheme involving up to 50 per cent revenue-sharing with the channels, Goyoo has signed up with over 100 channels, servicing over 160 cities and regions in China with 36 per cent of their coverage in the top 21 cities and 47 per cent in second-tier cities in China (Wang 2008c) at the time of this project’s fieldwork.

Apart from regular communications through direct contact by phone or face-to-face meetings, or indirectly through Goyoo’s sales team, Goyoo holds a regular conference every six months when the owners, managers or key technicians of the majority of the channel companies (normally a few hundred in number) come to Beijing for two or three days. Through seminars, symposia and group discussions, and ‘Model Channel’ Award presentations, dialogues between the channels and the Goyoo team, and among the channels themselves, take place. During this regular conference, knowledge exchange is highly intensive. On one hand, Goyoo collects feedback on the actual usage and application of its portal, in a friendly face-to-face fashion, from the channels who deal with the internet owners on a daily basis. On the other hand, channels get to know the products and the oncoming new versions or upgrades in a more systematic way. This approach benefits their own promotional efforts for Goyoo’s product.

The other way in which Goyoo keeps the communication channels open with these IT companies is through a dedicated new product feedback section on the i8CN News Centre on its official website. With over a dozen posters from the channels, the current blog session is
about feedback on Goyoo’s new version of i8Desk – i8 Desk 2009 – initiated by comments from Wang himself, expressing his gratitude to the channels for their valuable feedback and calling for the further comments from more channels in order to ‘elevate our product to the next competitive level’ (Wang 2009a, p. 1). This business model of channels is the core of Wang’s strategic bricolage. Conventionally, a portal provider would approach internet café owners through its own sizable sales team. Goyoo’s company advantage compared with competitors is based on digital animation design and updates, not on the size of the sales team. To compete against other competitors’ well-equipped and well-trained sales teams would be difficult in Goyoo’s operation. Therefore, by being flexible in its sales structure and forming a massive network of channels through a limited number of sales personnel, Goyoo is able to reach many more internet café owners than its competitors.

Even though Goyoo loses a certain percentage of profit by sharing revenue with channels, it secures more market share than its competitors, which in turn generates more market acceptance – something that is far more important for a portal provider in the long term.

Wang’s maturity in terms of business strategy is evident in the operations of Goyoo Network compared with his previous business dealings with iTom and HDT. Living and working through the ups and downs of the internet economy has led him to the realisation that developing and producing high-end digital products is merely the base of a massive mountain of successful digital businesses. Wang has evolved from a flash animation ‘guru’ to a strategist in the digital content industry (Tian 2008). He makes use of pragmatic yet innovative combinations of partnerships with influential entities within the current institutional environment. With the adoption of a ‘channel’ system from long-established industries, this unique partnership network – one end is government and investors, the other end is agencies and internet café owners – safeguards Wang’s efforts to produce quality digital contents and be accepted by the market.

5.5 CONCLUDING REMARKS

What restricts Goyoo’s performance, in Wang’s opinion, is the long payment cycle from clients, such as advertisers, causing a cash flow problem. Being in a ‘short arm’s length’ relationship with government through institutional bricolage, Wang has positioned the company in a safe yet competitive state that basically protects the company from any current and potential conflicts between institutional imperatives and corporate goals (Wang 2010).

As pointed out previously, this level of safety and protection is achieved by substantial compromise. Wang has to give ground at the level of company strategy, though not regarding daily operations. This arrangement actually constrains his real sense of ‘freedom’
in creative and business operations. With his business established in its current position in
the industry, Wang has had to make the best of the arrangements to keep business going by
utilising connections with government as part of his credentials to gain clients.

This type of relationship with government is a typical form of an ‘informal institution’ that, once
set up, benefits both sides of the relationship. Therefore, this type of informal institution has, by
its very nature, a built-in stability that might rationally be expected to endure until a new policy
direction or set of regulations upsets the balance.

Backed by an abundant and wide range of resources in his social network, Wang gained
extensive recognition in the field of flash movies in his early twenties. He has managed to tap
into new territories, partly through the support of the ongoing technology upgrades. It is through
this process that he has endeavoured to stay ahead of his peers in the field. The companies he
has been operating are an extension of himself in the sense that the products reflect his style. His
style in artistic creation attracts other artists to join his operation (Chen 2008). It is also because
of his status of having a large collection of animation artist that he has been able to use bricolage
within his company structure to suit the market characteristics.

In a deeper sense, the drive to access more people through business or beyond to achieve his
aim of promoting animation in a much wider and more ‘populated’ community, whether it is
physical or virtual, is what keeps him pushing his business ahead. Even though constantly
facing the tension between achieving his ambition and the realities of institutional deficiency
(such as underdevelopment of IP law and the instability of industrial regulations), Wang Hao
also grapples with the challenge of realising the under-utilised creative potential in the
community, as well as the task of dealing with the constant cash flow problems that may affect
the company’s operations.

Wang Hao moves around these issues, assessing them against the set of resource he has ‘at
hand’, ‘tweaking’ between the social reality and creative potential in and around his network
of resources and people. This type of juggling between two different fields of culture and
creativity to utilise bricolage in both the institutional environment and his internal
operational structure has been a key characteristic of Wang Hao’s overall business style and
success.
Chapter 6: Han Yan – Independent Publisher

Through the development of an account of the career of Han Yan and her company, Cheersbooks Cultural Media Co. Ltd, this chapter endeavours to illustrate the second type of connection with government – namely that of the Outsider. This case illustrates an instance of the bricoleur who utilises available resources to fit in the institutional environment, both externally and internally, to compensate for the shortcomings of being in a certain temporal and locational space within the industry.

It was expressed in a number of interviews during the field work that Han Yan has sacrificed a high percentage of sales and profit to gain a certain level of autonomy in a tightly controlled industry. The phrase ‘a certain level of autonomy’ is important for, as Ryan (2014) points out, it is not always clear in China when a company is private. Moreover, this thesis has drawn upon critical realism to make the case that what is crucial in the contemporary business world in China, and most especially in businesses relating to the production of cultural products, is the nature of the underlying relationship with the CCP, which is the incentive for the entrepreneur to be a bricoleur in the business operation.

The term ‘independent publisher’ is paradoxical in contemporary China. Publishing is a tightly controlled area under the aegis of the General Administration of Press and Publication (GAPP), which has recently been merged with State Administration of Radio, Film and Television (SARFT) to become the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT) (Ao & Zhang 2013; Zhao & Cui 2013). This agency’s control is manifested most powerfully in the form of the issuance of book numbers (shuhao). In principle, only state-owned publishing houses are allowed to obtain book numbers; therefore, for any private business in publishing in China, the dilemma they face is the potential lack of autonomy in deciding which book to publish and how. This has led to varying degrees of collaboration between the private and public publishing houses (Ba 2014). As shown in this chapter, the extent of Cheersbooks’ collaboration with state-owned publishing houses has been the genesis of this Outsider relationship with government, which allows a degree of independence in its business operations.

The chapter proceeds as follows. First, an introduction of publishing history in China is provided, along with a description of the institutional environment of the book publishing
sector. Following this, a focused discussion of Han Yan’s resources ‘at hand’ is developed, along with an account of institutional bricolage in relation to Cheersbooks’ external environment and strategic bricolage in relation to its internal company structure and organisational culture. These are then evaluated to provide an insight into the nature of Outsider relations with the government that have the potential to disturb the current institutions (Lawrence & Suddaby 2006).

6.1 INDUSTRIAL AND INSTITUTIONAL ENVIRONMENT

Although printing technology has a long and proud history in China, dating back to the early Song Dynasty around 1150 CE, modern commercial publishing in China did not commence until the late nineteenth century, when the Commercial Press was formed by four overseas Chinese in Shanghai in February 1897 (Commercial Press 2011; Zhang 1992). This enterprise was stimulated by Western printing technology and by missionaries’ desire to promote the Christian Bible (Xue 2003).

Books have always been considered an important tool for political communication, especially among the ruling class, in order to maintain political power (Yun 2014). Soon after the establishment of the PRC in 1949, the Ministry of Propaganda created Xinhua Bookstore (meaning ‘New China’). This bookstore sought to control book retailing through the establishment of thousands of branches across China. It was also (at least initially) vertically integrated, allowing it to run the state printing plants (McGowan 1999, 2003). This model was borrowed from the Soviet Union. It led to the transformation and absorption of the private book business into the state-controlled system of book publishing and distribution (Fang & Xu 2006). This was achieved by systematic restriction on private publishers’ access to essential operational resources, including authors, paper supplies or distribution systems. As a result, the complete elimination of the private publishers was achieved by 1956 (Yun 2014).

During this period, a number of publishing houses were created by the government, with each assigned specific responsibilities for subjects, markets and/or industry segments (Baensch 2003; Yun 2014). Leadership was provided by particular government departments. The Ministry of Education is the instructing body for the People’s Education Press, while the Ministry of Culture has this role for the People’s Literature Publishing House.

In the first three decades of the ‘New China’, publishing – like many other cultural activities in China – did not exist for entertainment. Its primary objective or mission was, as McGowan points out, to ‘serve the patron state’ and ‘its [the publishing industry’s] function was, in the broadest and narrowest senses, political. It didn’t operate in a free market, but within a state-controlled socialist system.’ (2003, p. 55) The centralised political control over the publishing
sector was so robust that even the popular science genre bore strong political elements (Wu & Qiu 2013). The theory of evolution is more universally accepted in China than in some parts of the West because such scientists as Darwin adopted a materialist worldview, sharing certain essential insights with Marxist thought (Pusey 1983).

This state-controlled system, and the propagandist function of publishing, remained in place until the end of the Cultural Revolution (1966-1976). During the Cultural Revolution, the combined effect of the centrally controlled production of books, and the near elimination of cultural activities throughout the whole country, led to a low circulation of books in the market. As Fang and Xu (2006) point out, there were fewer than 1,000 titles circulating in the book market in the whole country in 1976 compared with 12,000 titles in 1950.

The gradual introduction of the ‘market economy’ mechanisms in the overall economy from late 1978 saw China join the World Trade Organization in 2001. Taken together, these and related reforms have combined to force the publishing industry to undertake a series of policy adjustments. These include permitting collective and private enterprise to enter the retail and later wholesale book market, and the allowance of foreign investment into certain parts of the distribution chain (Nilsson & Wu 2006).

This series of reforms has achieved impressive results, with over 220,000 titles published in 2005, some 40 per cent of which were edited and planned by private publishing studios. In 2007, the number of titles published rose to 248,000 (Sun, Yang & Mao 2009), and the number reached 302,000 in 2011 (Meng 2012).

In relation to the issue of the translation and distribution of foreign works in China, Hu (2003, p. 133) reports that due to China’s limited facility with foreign languages within the broad consumer market and the controls on foreign language publications, ‘reprints, translations and co-publishing rights take on an especially important role in the publishing industry of China’. From the period immediately prior to 1992 (when Chinese publishers had no concept of foreign rights and published translated books without permission) to around 1995 (when there were 1,664 rights acquired in 1995 and 7,343 in 2000), China witnessed a fast-paced development in foreign book publishing. The average number of rights acquired currently is around 12,000 each year (Zhao 2012).

The official start of the rights trades between Chinese publishers and their foreign counterparts was marked by the first Beijing Book Fair in 1986. According to Hu, in 1999 the United States ranked first in selling rights to China with a total of 1,920 titles sold, followed by Britain and Germany (2003). In 2011 when rights trades with the United States numbered 4,533 among a
total of 15,592 on record (Zhao 2012). The subject of business management, on which Cheersbooks focuses, is among the top three categories of rights traded.

The General Administration of Press and Publishing (GAPP) was formed in January 1987 after the merging of two bureaus – the Publishing Bureau and the Rights Bureau, under the aegis of the Ministry of Culture (GAPP 2011). The latter institution is now in charge of 580 registered publishing houses. It is also responsible for the administration of publishing and the distribution of magazines and newspapers throughout the country. According to McGowan (1999), as a result of decades of ideological control from government along party lines within the publishing sector, there remains strong resistance among policy-makers in relation to the reform of the publishing industry.

As the main instrument of control of book publishing, the GAPP administers and assigns the International Standard Book Numbers (ISBN) and International Standard Serial Numbers (ISSN), herein referred to as ‘book numbers’, to all new publications in China. It is important to note that, as McGowan (2003, p. 57) points out, while ‘the Western view of a book number is of bibliographical and marketing convenience, a Chinese book number is an indication of legal publication’. The contrast, which is a politically meaningful one, is with illegal publications or copies by ‘underground’ publishers. This is one of the key issues relating to business operations for private publishers such as Cheersbooks.

According to a study by Fang and Liu (2006), private enterprises began to establish a foothold in the book publishing industry as early as the 1980s. This was due to the attractive high profit margin of 66 per cent at the time. Even though there were official warnings from the GAPP in 1993 particularly targeted at the trade in book numbers (Notice on Forbidding Buying and Selling ISBNs) and many other related campaigns, the number of private publishers continued to grow. Between 70 and 80 per cent of these private publishing studios are in Beijing (Xu 2007; Zhao 2012).

By 2003, there were more than 40 registered private publishing companies with annual sales of over 10 million yuan (about $1.6 million) in Beijing. Some of them have established their own brands within the market, such as Huazhang (where Han Yan worked) and Chengcheng. Without the right to obtain book numbers, which are only issued to state-owned publishing companies, private publishing companies survive through different forms of collaboration with state-owned publishing companies (Ba 2014; Cui 2014). Some act as agents, some work as departments of the state-owned entities and some trade book numbers (in tens or even hundreds) at low cost.
This creates a form of ‘rent seeking’ by the official publishing houses. This is the basis of part of Han Yan’s relationship with the Renmin University Press. It is essentially the only mechanism that facilitates a certain level of autonomy and security for private publishers in producing quality books to the market under the current policy regime. Although, according to GAPP regulations, private businesses are not permitted to become publishers under their own names for the foreseeable future, as Fang and Liu (2006, p. 63) point out, the GAPP did indicate that some ‘qualified’ private companies could have some shares in publishing houses, ‘for 90% of state-owned presses would finally be reconstructed into market-oriented entities’. This policy direction inside the government provides the motive for publishers such as Han Yan to potentially change the current institutional arrangements in order to establish themselves as publishers in their own right in the not too distant future.

The government’s policy that seeks to control book numbers started to see some relaxation in 2013 after the two government departments, SARFT and GAPP, merged into SAPPRFT. As a part of this government merger, the limits on overall number of ISBNs issued by the government have ceased, with indications that further reform on book number administration will emerge (Cui 2014). As Cui (2014, p. 3) points out, although it appears to be an insignificant change considering the whole scheme of the government’s book number control, this move has excited many private publishers with the hope that ‘the day that private publishers are qualified to have book number by their own right has come closer’.

There are certainly positive policy movements in relation to the reform of the book number administration that will have significant operational impacts on the limits on private publishers’ operations. This was forced, according to Cui (2014, p. 1), by a major setback in the industry when ‘a wave of shutting down of physical bookstores spread all over the whole country’ in recent years. This has been the result of a substantial boom in electronic and online publishing since 2010 (Chen 2011). Taken together, it can be shown that during 2008 and 2009, when the fieldwork for this project was carried out in China, the overall institutional environment for Han Yan and her company was decidedly unfavourable.

In summary, it has never been an easy task for Han Yan and her Cheersbooks operation to be successful in publishing foreign business management books, due to the history of China’s publishing industry and its institutional environment. The difficulties that Han Yan and Cheersbooks were facing are threefold:

- As a private company, there are limits on Cheersbooks’ operation in the book publishing industry, with no special policies for small and medium enterprises. Private publishers like Cheersbooks are left to compete with subsidised state-owned publishing houses,
which have strong financial backing, reliable sources of investment and abundant structural resources.

- As a publisher specialising in foreign business management literature, apart from fierce competition in the sector, Cheersbooks relies on the acquisition on foreign rights that are subject to strict regulation (Zhao 2012), such as scrutiny of the content of the books.
- Most of all, Cheersbooks has no access to book number issuance, with this being a major obstacle in its business operations.

6.2 RESOURCES ‘AT HAND’

6.2.1 Acquired Cultural Tools

Han Yan was born in the mid-1970s in Shijiazhuang, the capital city of Hebei province, 250 kilometres south-west of Beijing. Both her parents worked as scientists for a research institute within the defence forces. Han Yan grew up with her grandmother, a primary school teacher in Xi’an. According to Han Yan, this part of her life experience formed the independent part of her personality, which can still be seen in every part of her life, especially on the business front (Han 2010).

Like most intellectuals in China, her parents and her grandmother placed high expectations on her from a very early age. This helped shape the ‘always want to be number one’ mentality in Han Yan (Chen 2008) that has been part of her motivation to tackle issues and problems in her professional career head-on. To put this in terms of Bhaskar’s four-planar social being model (Bhaskar 2010, pp. 96–7), Han Yan’s actions at the plane of inter/intra-subjective personal actions, the plane of social relations and the plane of subjectivity are very much influenced, if not determined, by her upbringing in an elite household.

Han Yan started her four-year course of English for Science and Technology in Beijing University of Aerospace and Aeronautics (also known as Beihang) in September 1992. During her time at university, she took an active role in the organisation of social events at university and faculty levels and, like most students in the university (whose English language level is higher than average), prepared for the GRE (Graduate Record Examination) test aimed at undertaking post-graduate study in the United States. This has long been a popular ambition and pathway for elite university students in China.

In mid-1995, when Han Yan was in her second semester of her third year at the university and during the final stage of preparation for the GRE test, she was recommended to work as an intern at the newly established Beijing representative office of Simon & Schuster, the biggest publishing house in the world at the time. This kind of job, working in a famous foreign
company’s representative office (waiqi, as abbreviation for foreign enterprise) is a ‘dream job’ for any young person, let alone a third-year undergraduate in her early twenties (Chen 2008).

While working as an intern, Han Yan’s duties and responsibilities covered many areas of operation, as she was the only other employee of the representative office apart from its chief representative. After working for eighteen months with Simon & Schuster, by the time of her graduation from the university, Han Yan had become an experienced and valued member of the company (Chen 2008). She was accepted as a full-time employee with a senior position as the result of the company’s expansion into a medium-size representative office. She was put in charge of marketing rights and the sale of Simon & Schuster’s imported books in their original English editions.

The main cultural tool that Han Yan acquired during her childhood, education and early career is the tendency to strive to be the best in achieving goals and set tasks, whether they be daily duties that are carried out routinely or corporate goals that requires longer periods of time and involvement (Ji 2008). She had formed or trained herself with the capacity to support and facilitate certain actions (Swidler 1986) that produced positive outcomes for her organisation.

It appeared to be ‘lucky’ that Han Yan had the opportunity to work for a world leader in publishing during its start-up stage in a brand new market in China. During this time, both the challenges and opportunities to learn were enormous. However, this opportunity to work for Simon & Schuster did not happen by chance. It was recognition of her ability as a worker, her attitude towards set tasks and her ability to solve problems that landed her the position. These positive aspects of her personality were enacted, utilised and reinforced into her personality (Guo 2008).

As Han Yan points out, during this time and subsequently, she had little regard for personal income. When she was changing her employer from Simon & Schuster to Huazhang, she was offered a lower remuneration package even though the actual role was a lot more senior than her previous position. All Han Yan cared about at the time was the job itself, and its working conditions. According to Chen Xiaohui (2008, p. 3), Han Yan has always displayed ‘incomparable enthusiasm’ towards her work and, above all, she has ‘the unique knack of convincing her colleagues of the rightness and perceptiveness of her reading of the likely market value of particular books’.

6.2.2 Resource Accumulation Through Working as an Employee

In 1998, as result of the acquisition by Pearson PLC of its parent company, Simon & Schuster’s Beijing office was merged with the Pearson Beijing office (Business 1998). Facing several options during this short and unstable period of her career, Han Yan accepted a job offer in 1999
as one of the two top executives at Huazhang Publishing House, a joint venture between China Machine Press and a private American firm. Han Yan’s role changed from the sales of rights for the overseas publisher to publishing English books in Chinese translations.

Huazhang had established itself in China as the leading publisher in the IT field. Han Yan’s main job responsibility was to initiate a new territory of business management from scratch, and to add that genre to Huazhang’s production line. Setting out to achieve such a goal was considered to be a daunting challenge within the industry. The area of publishing imported books had become extremely competitive at the time. In her early twenties, Han Yan managed to face the challenge and by 2002 Huazhang’s publishing outcome in business management had seen it become the leading publisher in China, according to published retail statistics; it continued to be leader for years to come (OpenBook 2006).

During the period of time when Han Yan first joined the industry in the late 1990s, a typical publishing house in China had few dedicated design staff attending to such crucial issues as the design of book covers and jacket flaps, or the setting of a production timeframe in relation to the seasonal social calendar. However, Han Yan created such a department within her division in Huazhang after the successful launch of one of Huazhang’s publications, Execution (Zhixing). The success of this book was due in no small part to a well thought out, comprehensive publishing plan. According to Zhang Xiaoqing (2008), one of senior managers at Cheersbooks, this was the first such project in the book publishing industry in contemporary China. It has been copied by many other publishing houses since.

In 2005, due to internal management shuffles in Huazhang, Han Yan decided to take a break and to ‘seriously consider her future career’ (Chen 2008). After months of contemplation and preparation, Han Yan teamed up with a number of her former colleagues from her Simon & Schuster and Huazhang days to set up a small office in Wangjing Xincheng, in the central Chaoyang District in Beijing. She embarked on a business venture that would rely heavily on her contacts and knowledge, built up over the previous ten years of working experience (Zhang 2008).

By 2008, Cheersbooks Cultural Media Co. Ltd had grown substantially, with an annual production level equivalent to that of a medium sized state-owned publishing house (Chen 2008). Cheersbooks has become recognised as a quality book producer in the field of business management publishing. The company has received numerous awards for a dozen books it has published, due mainly to the excellence of their design and the effective planning of their publication. Cheersbooks ranked second in the business management category among the top
ten private publishers in 2013 according to the Hexun Finance Book Award (Hexun.com 2014). Huazhang topped the list.

Apart from managing to expand the number of books it produces each year, Cheersbooks has set up such services as a ‘publishing agency’ and a ‘publishing consultancy’, with the aim of becoming the national leader in providing publishing solutions to domestic writers and organisations interested in global expansion. Han Yan explains:

> We represent writers and organisations: more than sell books. We work as our clients’ creative and business partners throughout the entire publishing process. Our goal is to lend our skills at editorial development and marketing to the creation and successful publication of important, useful and entertaining works in a variety of media – books, magazines, film, audio, video and electronic formats. (Han Yan 2009)

This much broader sense of company future development initiative reflects Han Yan’s innovative approach and lateral thinking around the company’s long-term position in addition to its publishing role.

As Swidler (2008) points out, people tend to form their goals or aims around the capacity or tools they possess, and reshape their capacity around their achievements. It is during this process of shaping and reshaping that people develop more and more into what they are good at in their professions, while becoming experts in the field. This process is evident in Han Yan’s career path, and it was through this process that she developed and accumulated the resources at hand while she was working as an employee. These resources were later at her disposal for her own business venture.

In this regard, elements are shared with Wang Hao (from the last chapter). Han Yan’s main resources ‘at hand’ are not physical resources, as some of the cases in Baker and Nelson’s survey (2005) describe. Rather, they are the contacts and connections she has collected during her early career and their social constructions and implications under the institutional environment of the publishing industry. There are three types of contacts and connections that Han Yan has accumulated, which are useful for her business operation:

- Contacts among foreign publishers’ Chinese operations. This group of people with whom Han Yan became acquainted – either as colleagues at Simon & Schuster or Huazhang, or as employees of foreign publishers – have been of vital importance. Guo, as manager of the Professional Group within McGraw-Hill Education, is one contacts in this group that Han Yan maintains in her network resources. Guo initiated contacts with Han Yan when she was the divisional general manager at Huazhang.
According to Guo, Han Yan has a distinctive flair for judging the marketability of a book (Guo 2008):

Books are Han Yan’s conversation with her readers and she uses this tool very well … Han Yan has a good feel for both people and books. That’s probably why she succeeds in any organization within the publishing industry. Her sense about a book regarding its likely acceptance by the market is very accurate. She can foresee the popular topics in the marketplace, and effectively incorporates that insight into her publishing direction. Therefore, she directs readers’ attention to where she points … (Guo 2008)

Apart from the strong track record of the acceptance by readers within the few short years that Cheersbooks has been operating, the main reason why McGraw-Hill is content to assign its copyright to Cheersbooks is that Han Yan is very decisive and resolute as a businesswoman (Guo 2008), and she can be relied on her to market their books to Chinese readers in a way that will achieve sales volume.

- **The people who are capable of working with Han Yan as publishers.** Most of people from this group of contacts are Han Yan’s former colleagues at either of her previous employers. They have worked well as a team previously, and they followed her when she started her own operation as a business owner. This group of people forms the core management of the team at Cheersbooks, including as managers for different departments. Their presence and involvement are integral elements of Han Yan’s strategic arrangement.

- **Domestic contacts for Cheersbooks’ external arrangements.** This group of contacts mostly come from state-owned publishing houses or distribution companies. These people either worked as Han Yan’s subordinates while she was working at former employers, or got to know Han Yan as her contacts through her business dealings with their own companies. These contacts – particularly those from state-owned publishers – facilitate Han Yan’s institutional bricolage as providers of the negotiation and construction capabilities that can facilitate her responses to the institutional conditions of the industry.

Han Yan’s contacts with distributors such as Amazon China, Dang Dang Network and Xinhua Bookstores are crucial for Cheersbooks’ success. Although not dealing with distributors directly and constantly, Han Yan is still the symbolic figure for Cheersbooks. Distributors rely heavily on their judgements in relation to which books, whose books or how many books to put on their shop shelves or their online bookstore. However, the choice of a publisher such as Han Yan,
with her sound track record based on professionalism, dedication to quality and constant improvement, provides important reassurance.

As a bricoleur, Han Yan operates her business in an unfavourable institutional environment. The environment does not nurture individual talent, and it possesses a high level of risk for private businesses due to the ideological control of the government. To retain access to these contacts and connections as resources for the business is of significant importance in constructing a secure, legal and effective operation for the survival and growth of the company.

6.3 INSTITUTIONAL BRICOLAGE

As a publishing business located within the ambit of the government’s cultural domain, the institutional environment is not favourable for Cheersbooks as a private company. Most private publishing companies survive by being involved in some of the segments of the whole publishing process, while Cheersbooks engages in every division of a book’s publication, from acquisition of the copyright to translation of the book, planning and editing, printing and distribution. The only thing that differentiates Cheersbooks from a Western publishing house is the ownership of the book numbers. In reality, without the ownership of book numbers – especially for imported books (GAPP 2001) – Cheersbooks is only an editorial studio or workshop (gongzuoshi), no matter how many titles it produces each year.

As pointed out earlier, there are all sorts of forms of collaboration with state-owned publishers for private business to manage this book number issue (Ba 2014; Cui 2014; Fang & Xu 2006). For example, some of the private enterprises work like agents for state-owned publishing houses – sourcing titles, acquiring rights and trading them to state-owned publishing houses for a commission; some of them have cooperative agreements with official publishers to share the costs of production, marketing and/or distributing publication. Apart from some examples of illegal book publishing, conducted underground to print and sell books without book numbers, these forms of association with state-owned publishing houses have sustained private businesses’ operation in the industry.

In a different manner from most private companies’ deals with state-owned publishers, Cheersbooks’ relation with state-owned publishers is a perfect manifestation of institutional bricolage by Han Yan. Without being able to acquire book numbers, the institutional conditions in the publishing sector are understandably harsh for well-established publishers like Han Yan. The way around this is through the establishment of subsidiary-like arrangements with state-owned publishers.
As a main part of this strategic partnership with China Renmin University Press, a cooperation contract is in place. This is renewed or renegotiated periodically – normally every three years – between the parties. The books sales income goes into CRUP’s bank account, as it is the publisher on the book covers. One key part of the negotiation of a contract is the percentage of the book sales that is to be assigned to Cheersbooks in the name of a ‘design fee’. Even though Cheersbooks contributes to the vast majority of the work involved in the publishing a book, CRUP, as the official publisher on the cover of the book, keeps a majority of the revenue of the book sales and only pays Cheersbooks a low percentage of sales. This is despite the fact that CRUP’s real function in the publication of those books is to act as a government agency to acquire the book numbers.

Through her contacts and connections, Han Yan is able to negotiate and construct this type of association with a number of state-owned publishers to acquire book numbers to facilitate the enactment of the advantage of Cheersbooks as a quality publisher.

Among these publishers, China Renmin University Press (CRUP) is the main publisher with which Cheersbooks has been cooperating since its early days. Foreign publishers trust Cheersbooks with the localisation of their publication in China and assign the copyright to them. The acquisition of the book numbers is conducted by CRUP’s as part of its obligation in this form of arrangement. A long-term strategic partnership with such a state-owned publisher like CRUP is essential for Cheersbooks to control which books and which themes to produce and to ensure the quality of the whole production procedure.

Going along with this ‘rent seeking’ practice of CRUP is a trade-off for Cheersbooks, which otherwise has total autonomy over which and how many books to publish and in what form they are to be published. By paying the rent, Cheersbooks gains legitimacy and keeps itself aloof from the potentially dangerous, and constant, power struggles with governments and their policies. For China Renmin University Press, to be able to sign up to a strategic cooperation deal with Cheersbooks adds credibility to the organisation, aside from the shared commercial benefit – all without expending a great deal of effort. Both parties claim to be content under the tri-annual arrangement (Chen 2008).

In order not to disadvantage itself in its strategic cooperation with domestic publishers as a group, Cheersbooks’ relationship with China Renmin University Press is non-exclusive. This strategic choice enables the company to maintain a certain distance, while also retaining a similar pattern for its contacts with other domestic publishers (albeit without a contract). In the event that China Renmin University Press imposes unfair terms of contract that are outside Cheersbooks’ zone of tolerance, alternatives are thus available. Although it is only a small-sized
company, because of its positive reputation, Cheersbooks is well known, so there are at least four or five domestic, officially recognized publishers who would sign up with Cheersbooks at any given moment (Ji 2008).

The contacts that Han Yan has with state-owned publishers are not just social. Han Yan treats them as her business resources and enlarges their functions so that benefits can accrue to her business through her social construction of the resource environment (Baker & Nelson 2005). Through the process of contracting with CRUP, Han Yan has reconstructed her previous relations with her contacts at CRUP from a supplier–client relationship into a strategic partnership. This is achieved through her close and intimate knowledge of the existing practices and norms within the industry. Indeed she began seeing the changes and initiating some changes herself while she was an employee (Zhang 2008).

As a consequence of this type of institutional bricolage, the cooperation with state-owned publishing houses in response to the adverse institutional conditions in the book publishing industry positions Cheersbooks in a typical Outsider position in relation to the government. It has no direct contact with the relevant government body, maintaining only indirect dealings with the government through the acquisition of the book numbers. The cooperation is maintained on the basis that regulations don’t forbid, but nor do they encourage, unlimited participation in the industry. This allows Cheersbooks to gain entry to the competitive marketplace for books in China as a full-scale, proper publisher, without the disadvantages that are intrinsic to a government-owned publishing house.

Apart from sustaining existing relations with overseas publishers through their Chinese representative office management, Han Yan regularly attends international book fairs to have conversations with their counterparts at headquarters in order to promote Cheersbooks internationally. One of these events is the Frankfurt Book Fair, which Han Yan has attended regularly – each time with different senior management members from Cheersbooks (Zhang 2008).

Clearly aware of both the paradoxes and the resonances that surround the term ‘independent’, Han Yan has publicly claimed to be an ‘independent publisher from China’. She made a speech at the 2008 Frankfurt Book Fair entitled ‘We Make Your Books Sticky in China’, positioning herself together with Cheersbooks as a facilitator who is able to break the barriers of language, culture, knowledge and social content to buy translation rights and to sell these in Chinese translations. As a publishing workshop proprietor, her vision of the future on the international stage was expressed with great forthrightness (Zhang 2008).
This type of exposure at the international level, and the provocation of calling themselves ‘independent publishers’, are the manifestations of Han Yan’s refusal to be restricted by current government regulation. This mentality of refusal is one of the strong characteristics of bricoleurs (Baker & Nelson 2005). This provocation cannot be achieved without adopting, to some extent, the position of ‘Outsider’ with regard to the relationship with government.

The potential consequence of claiming the ‘independent publisher’ role is assisting with the destruction of the current institutional arrangement (Lawrence & Suddaby 2006; Lawrence, Suddaby & Leca 2009, 2011). In particular, the total denial of book number issuance to private businesses is threatened by such independence. As a well-established brand in the publishing circle, Cheersbooks is known to the government and is under the surveillance of the government (Chen 2008) in relation to its attempts to reform the industry, such as the privatisation of the ownership of the book numbers, which appears to be the trend for the industry’s development.

According to Han Yan (2009), when the market matures enough to embrace private ownership in the sector of book publishing, she and her peers will be more than ready to jump to the next stage and become even more competitive in the field of publishing by trading with the legitimacy they have earned as independent publishers.

6.4 STRATEGIC BRICOLAGE

6.4.1 Cheersbooks and Its Corporate Culture

The Chinese name for Cheersbooks is Zhanlu. Zhanlu was a historically famous sword, according to legend, forged through ten years of craftsmanship by the celebrated sword master Oa Yezi during the period of the Warring States (403–221 BCE) (Feng & Cai 2009). Zhanlu, with the title of ‘the First Sword of the Universe’ (Tianxia Diyi Jian), is the representation of all-conquering ‘sharpness without aggressiveness, penetrating strength with depth of kindness, and the long-term dedication to the excellence in profession’. This is a meaningful choice of name for Cheersbooks, and it represents, as designed, a culturally specific version of the entrepreneur and her company (Han Yan 2010).

Certainly, with its acceptance of kindness and its rejection of aggressiveness, the connotations attached to ‘Zhanlu’ would seem to be different from the emphasis placed on neo-Nietzschean versions of the role of the entrepreneur. Contra to Alas and Wei (2008), the entrepreneurs in this study are motivated by the need to work on the world (Findlay 1977). In this context, it may also be worth noting that the Cheersbooks team is primarily female (there are only four males in this twenty-strong team of professionals), and it is working on a genre dominated by male professionals – namely economics and business management.
The company’s management structure is shown in Figure 6.1. All the top management members are shareholders of the company. Together with some staff shareholders, they make up 70 per cent of the company’s ownership, which is also one of the principles of the company’s shareholding structure. The other principle of Cheersbooks’ shareholding structure is that no shareholder’s share is to exceed 30 per cent of the total shares (Chen 2008).

![Figure 6.1 Administrative structure of Cheersbooks](image)

The company is structured in two main parts in the core design section. One team focuses on retail books targeted at the general public. The other team works on textbooks, which are aimed mostly at readers from universities or other educational institutions. Both Zhang Xiaoqing and Alice Guo were Han Yan’s subordinates in their previous employment at Huazhang. This long-term cooperation facilitates stable relations, ensuring smooth, effective and productive communication in every aspect of planning, design and beyond. The same applies to the working relations between Xia Hongwei and Zhao Liqin, who also worked with Han Yan as a team in their Huazhang days.

For many staff members – especially the management team – what makes them content and excited at working at Cheersbooks is the autonomy they enjoy within their job roles. This, of course, has been deliberately developed by Han Yan as the overall planner of the operation.
(Zhang 2008). With this autonomy, their voices are heard by their supervisors, their capacities are exercised to their full potential and their design ideas are accepted ultimately by readers and the market, which in turn fuels a strong sense of achievement:

In Han Yan’s opinion, we are not just someone printing out books for other people to read. What we provide is experience to the reader, the reading experience, which can provoke the reader’s further contemplations, generate thought accumulation which in turn becomes a component of the reader’s own spiritual wealth. (Zhang 2008)

As pointed out previously, all the key employees of Cheersbooks have been Han Yan’s contacts for many years. As members of the printing and publishing circle of Beijing, they have developed as part of Han Yan’s resources. They came to work for Cheersbooks not through external recruitment or job ads, which would constrain successful applicants to fit into the fixed structures of the company; rather, the company structure and its shareholding principals were devised to suit their personality and capacity (Zhang 2008), and to make them achieve in their scope of responsibility, particularly in the early stages of the company’s operations.

This is part of manifestation of Han Yan’s strategic bricolage that has facilitated a smooth operation in response to the industrial and institutional environment (Child 1972). This is achieved through the choice of location of the company, the meanings signalled by the company name and logo, and, most importantly, by its management culture and shareholding structure. The stable employment offered by Cheersbooks, particularly to its key employees, is provided through a set of favourable working conditions, including an efficient working procedure, constant knowledge exchange, a stimulating environment and strong sense of ownership of the company.

6.4.2 Knowledge and information flow in production and product assumption

Cheersbooks has a set of complete and efficient working procedures for its production team to follow, with definite sequences, known expected length of time for each section and dedicated supporting team processes. Han Yan’s role is indicated on the back flap of every retail book Cheersbooks publishes. She is intensively involved in the planning of each book, including defining, examining and verifying the themes, colours, components and the structure of all parts of the book – the book cover, spine, front and rear flaps, belly band, front and rear endpaper and, of course, the content of the book. In the five main stages in Cheersbooks production procedures, as shown in Figure 6.2, the shaded stages are those where Han Yan is heavily involved.
Rights seeking is the most critical stage for Cheersbooks, even though it is not the step on which Han Yan spends most of her time. It involves negotiation and deal-striking with overseas publishers on those books that suit Cheersbooks’ strategic publishing plan, either in the short or long term. Because the fees for the copyright vary immensely, based on the sales of one particular book in the overseas market, its author’s credibility, and the publishing duration of the most recent version, the negotiations with an overseas publisher are crucial to company profits.

Once the copyright is acquired, the copy of the book is handed in to the next step of translation. Normally a book number is issued at this stage of the production through the domestic publisher partner, CRUP.

Before the book is even translated, Han Yan would have a rough idea as how she would like to plan the book as far as theme, colour and structure of content are concerned (Zhang 2008). After a book is translated, it will be assigned to one of Cheersbooks’ editors to start the editing before a ‘planning session’ (cehuahui) is called. Since there are always multiple books at this stage of production at any given moment, normally there will be several books to be planned during one particular ‘planning session’, which is called once a week.

It is also in the planning session that some of Han Yan’s intensive knowledge exchange with editors occurs. Different opinions on some or all issues related to planning are expressed freely by all parties involved, with little pre-judgement from senior staff. Suggestions, feedback and tips based on past experience are shared among those present. Junior editors come out of the planning session with a clear understanding of what needs to be done and in what timeframe, with more space for themselves to employ their capacity and creativity in the editing and design process.

The questionnaire results (as Table 6.1) has shown there are mechanism of encourage communication in Cheersbook, and the sense of trust, sharing and conflict-resolving is very much evident as shown in the questionnaire.
Table 6.1 Questionnaire Statistics Result – Han Yan

<table>
<thead>
<tr>
<th></th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Medium</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sense of trust</td>
<td>44%</td>
<td>50%</td>
<td>6%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Team work and cooperation</td>
<td>31%</td>
<td>44%</td>
<td>25%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Outsiders like to share their information</td>
<td>31%</td>
<td>50%</td>
<td>19%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Encouragement to think differently</td>
<td>25%</td>
<td>56%</td>
<td>19%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Encouraged to be involved outside duty or roles</td>
<td>6%</td>
<td>56%</td>
<td>25%</td>
<td>12%</td>
<td>0</td>
</tr>
<tr>
<td>Devoted and energetic</td>
<td>25%</td>
<td>69%</td>
<td>6%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mechanism of conflict-resolving</td>
<td>38%</td>
<td>56%</td>
<td>6%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mechanism of promoting communication</td>
<td>25%</td>
<td>75%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
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Apart from a simple and almost primitive 3 centimetre height of red band across the book-spine to be easily recognised by the reader, there are a number of additional features that distinguish Cheersbooks publications from other books and, by so doing, exhibit the mindful and even pedantic care that Cheersbooks displays towards its readers. Two distinctive features are inside the paper section: one is the Words from the Editor, and the other is All for Your Reading Comfort. In the Words from the Editor, the editor of the book writes her own impression, inference, research, instruction, advice or simply how she feels about the book, the author, the background, the structure of the content, the analysis or the application, or shares the experience, the philosophy and anecdotes from the editing and designing of the book. This feature adds a strong personal touch to the book.

The All for Your Reading Comfort section is comparatively fixed and standard compared with the individuality associated with the Words from the Editor. In this section, Cheersbooks shares knowledge about the paper, the quality, the weight, the sensitivity to light, the sharpness of the
paper edge, so that readers learn how to enjoy the book without damaging their eyes or hands, and without acquiring visual fatigue by the wrong shading of the paper. In this section, the comparison of the costs between buying a book and other popular daily activities, such as taking a taxi, buying fast food and watching a newly released movie assures the readers of the value of possessing a book from Cheersbooks.

As Han Yan (2010) pointed out at one of her blogs, the charm of publishing lies in the ‘sharing of wisdom’, and the carriers of this wisdom-sharing are books – the products Cheersbooks presents to the readers. It is very evident that this knowledge exchange and information sharing permeate the whole Cheersbooks production process, value creation and product consumption. From the moment Han Yan spots a book on the booklist from one of the overseas publishers, the process of cultural and knowledge exchange has commenced (Han Yan 2010). What follows is a summary of that process chain.

- **Judging of a book by Han Yan.** Based on her experience and knowledge, Han Yan makes a judgement about how much value this book has for Chinese professional managers if any; how well it will fit in with Cheersbooks’ publication program, and how much work would be involved in getting the book ready for Chinese readers.

- **Negotiating the rights for Cheersbooks.** Han Yan will come up with the terms for the negotiation of the rights along with a clear picture of how she will promote the book to ensure maximum acceptance by the market. Han Yan then passes on her rationale to the negotiation participants.

- **Planning and printing the book by the team at Cheersbooks.** Based on their comprehension of the book, the opinions, ideas and suggestions for an entire planning team are filtered, screened, analysed, mixed or recombined, and synthesised into the plan for the book. The design process covers everything from items as major as the cover to those as minor as some of the subtitles.

- **Reading of the book by readers.** Readers purchase the book and, after reading, express their opinions, feelings and comments through the multiple channels of communication that Cheersbooks has set up (website, Readers Club, Feedback Slip in the book, even Han Yan’s blog). The statistics from book sales and the demographic information on the buyers give multiple indications of how well the ‘wisdom’, the culture or the knowledge has been consumed. These indications, in turn, add to Han Yan’s knowledge and experience, which will later be utilised for decisions about the next book.
This broader sense of conversation with readers occurs in the process of reading by the readers as a group, and is carried out continuously in the form of ‘flowing from book to book’, instead of within the consumption of a single book (Zhang 2008). Not only is value created throughout this whole process of publishing and materialised through the chain of consumption, including the distribution, but the knowledge and the experience are enriched for everyone involved in this entire process. This includes Han Yan herself, the design team at Cheersbooks, staff members from the suppliers and clients of Cheersbooks and, last but certainly not least, the readers – the commercial class in China.

Promoting and maintaining these multi-directional and open communications among and down the nodes of Cheersbooks’ business value chain is all part of Han Yan’s strategic bricolage, set up around her production – she utilises her books as carriers to achieve the provision of added-value to readers that may otherwise be restricted because, as publisher, one rarely has face-to-face contact with readers. Her aim of keeping up a conversation with readers is achieved through the printing in the books, which is another resource ‘at hand’ for Han Yan.

6.5 CONCLUDING REMARKS

Although Cheersbooks is expanding constantly, and maturing as a business, there are several issues that seriously hinder its development in terms of successfully achieving the corporate goals it has set for itself (Han Yan 2010). With a long payment cycle (usually six to ten months), Cheersbooks constantly battles cash flow issues. Also, due to the lack of initiatives in the Chinese education system with regard to nurturing creativity, it takes a lot longer than in other industries to train quality editors. In addition, Cheersbooks is confronted with staff members’ different attitudes and values towards work–life relations. The crucial variable is the fact that Cheersbooks must work with China’s very unique single-child generation, which has also come to be known as the ‘me’ generation (Sima & Pugsley 2010). Han Yan finds herself struggling with the work ethic of staff, and with indifference to quality of work with some of the employees from the younger generation.

Most importantly, due to the rent-seeking practices of state-owned publishing houses, Cheersbooks’ profit margin is much lower than the business might otherwise earn in a market free of state-derived distortions. Cheersbooks is paying a very high price to shield itself with the legitimacy provided by officially sanctioned partners like CRUP.

Han Yan’s institutional bricolage is largely reflected in her business set-up with state-owned publishing houses. It is solely motivated by her refusal to acquiesce to the limits on private companies’ ownership of book numbers, and is facilitated by her utilising her resources at hand – her contact within the industry, both with state-owned publishing houses and overseas
publishers. Her ability to acquire quality imported books to be localised for the Chinese market is built upon her many years of innovative and creative efforts in product design and marketing, which have attracted domestic publishing houses, such as CRUP, to form long-term cooperative arrangements with Cheersbook. This, in turn, reinforces Han Yan’s winning position in negotiating rights acquisitions with overseas publishers.

Although not unique, Cheersbooks’ company and operational structures, set up in response to somewhat adverse external institutional conditions, are highly efficient in terms of Han Yan’s corporate goals. The stable but open and casual working procedures give Cheersbooks strong advantages in an increasingly competitive market, not only with regard to other publishers, but also the online publishing sector. These all form part of Han Yan’s strategic bricolage to construct an organisational culture that nurtures a stimulating and vibrant, yet challenging working environment with a strong cultural identity as young, innovative and forward thinking.

As a reputable publisher with high-quality products and impressive market acceptance, Han Yan offers an incentive for the government to move its policy (Ji 2008) towards the gradual introduction of private ownership and issuing of book numbers. Although Cheersbooks pays a high price for the existence of its operations, Han Yan and her management team carry on their business at the fringe of the policy range, testing the boundaries and quietly challenging the authorities in a tightly controlled publishing field.

They refuse to be the outcasts of the policy regime and boldly label themselves ‘independent publishers’ in full consciousness of the paradoxical nature of this statement in China. A veiled call for the development of an awareness of the need for systematic reform in the industry is very much evident in Cheersbooks’ overall operation.
Chapter 7: Su Tong – Promoting Concepts Through Branding Practice

In this chapter, I discuss the third case of this thesis, which illustrates the category of the Outrider type of entrepreneur, through the case of the branding consultancy practice of Su Tong.

As discussed previously, through the employment of institutional bricolage and strategic bricolage, these types of entrepreneurs position their business in the field so that their relations with government are not so close that they are in danger of becoming absorbed into the state institution and losing their independence, but also not so far as to be outside the ambit of benefits of being related to government in some way. Such arrangements clearly require a balancing act. If it is successfully achieved, such entrepreneurs have a definite advantage in lobbying for the take-up of new concepts, ideas, theories or practices. These are examples of the institutional work of creating institutions, as suggested by Lawrence and Suddaby (2006).

Starting as a graphic designer in the advertising industry in the early 1990s, Su Tong has been an active participant in the dissemination of a range of discursive practices around the creative industries in Beijing and elsewhere in China. There are certain procedures in place in the company’s operations, which he has termed a ‘tool pack’ (gongju bao) – a set of working procedures – among colleagues, to be applied to most of the projects. Part of the ‘tool pack’ includes the practices of utilising resources from clients, termed ‘resource hijacking’ (Stritar 2012). Such arrangements provide the project-based businesses that are distinctive characteristics of Su Tong’s bricolage.

Unlike most of his peers in the industry, who work from scripts favoured by the government around national political themes (such as the necessity for pride in the nation and the desirability of a harmonious society) to attract clients in their design or consulting work, Su Tong takes a different tack from time to time, and uses his branding business to promote different sets of ideas – such as ‘dragon’ culture, or the China Code. For him, the branding business provides a means, tools or a vehicle to promote these progressive concepts or ideas, which are the main purpose of his business venture.
Su Tong’s company, Baroque, a brand consulting firm, has been involved in the branding process for all types of organisations including private firms, state-owned enterprises, social or industrial organisations, and different levels of governments. As part of its business strategy, Baroque has joined a number of social and industrial governing or supporting bodies as a corporate member, to play an influential, and sometimes an instrumental, role in the development of certain ideas, concepts or practices in a particular sector or industry.

7.1 INDUSTRIAL AND INSTITUTIONAL CONDITIONS

Branding is conventionally defined as ‘the object by which an impression is formed, and in its active form the process of forming this impression’ (Clifton & Simmons 2003, p. 13). It is both ‘intrinsically striking’ (2003, p. 15) and capable of ‘creating an indelible impression’ (2003, p. 17). The commercial practices of forming, maintaining and managing brands as branding have become an important part of corporate strategy in the modern economy.

Through his original and intensive archaeological research, David Wengrow (2008) has extended the origin of commodity branding as far back as the fourth millennium BC, when the practices of seals and standardised packaging operating ‘as components of bureaucratic systems and as charismatic signifiers of product identity the efficacy of which was rooted in their earlier use as personal amulets’ (2008, p. 8).

According to Jing Wang’s (2008) account of China’s advertising industry, the visible form of symbolic signage we now identify as branding began during the North Song Dynasty (960–1127 CE) when Liu’s needle shop in Jinan District printed advertisements complete with copywriting and a logo. From a socio-cultural point of view, this period of imperial China saw a well-established consumerist society emerge when people consumed product symbols to demonstrate their social status (Hamilton & Lai 1989). Through identifying with the brands, consumers made informed decisions about the types of product to purchase, based on their own status, means and purposes. These were essential characteristics of consumer society.

The abundant development in the social, cultural and commercial domains during pre-modern China produced many renowned commercial brands (Eckhardt & Bengtsson 2010), some of which are still prominent in their respective market, such as Tong Ren Tang in health care, Mao Tai in liquor consumption and Liu Bi Ju in the food industry. The brands’ development in the commercial world of China continued to progress and formed a ‘sophisticated brand infrastructure’ (2010, p. 218), built around a number of consumer sentiments, such as national patriotism, a desire for high quality and identity as high social status. Of course, the events of 1949, when the Communist Party government took control of
the country and started to discourage the practice of branding, alongside 30 years of total denial of the market economy, temporarily impacted these emergent processes.

In January 1979, the first TV commercial on Shanghai Television (Ding Junjie 2007) symbolised the start of the new economic era in China several years after the ending of the Cultural Revolution. It was a one and half minute commercial for a herbal wine named Shengui Bujiu. The broadcast took place at a time when the TV station was labouring under seemingly never-ending financial hardship due to decades of the patronage system imposed by governmental funding reductions and uncertainty.

In China, branding achieved a significant milestone in 1988, when the Apollo health-drink (Aboluo Yinliao) in Guangdong province become a household name promoted through the Corporate Identity Management system (Wang Jing 2008). According to Jing Wang (2008, p. x), this ‘watershed event’ triggered the discourse of ‘image design’ in the commercial world, and prompted the ‘awareness of the value of commercial signs, insignia, icons, design patents, and, of course, company logos’ in the modern Chinese economy and society.

In 1996, the central government issued *Outlines for Quality Revitalization*. These promoted a ‘Branding Strategy for Revitalization of Indigenous Industries’, which in turn laid the foundation for the development and direction of branding in the Chinese economy. The emphasis was on more systematic and scientific policy indications, and more concrete institutional support (State Council 1996). With the maturing of the market economy in the late 1980s and early 1990s, branding gradually became an integral part of corporate strategies.

Sixty per cent of the nearly 2000 ‘famous brands’ nationwide belonged to private businesses, such as Lenovo, Alibaba, Aigo, Li-Ning and Baidu. The 2008 Beijing Olympic Games boosted another wave of brand awareness at the national, local and enterprise levels (Liu Donghua 2008), with image design becoming essential not only for business, but also for cities, regions and even the nation as a whole (Li 2005).

During the China Branding Management Conference in March 2012, *China Enterprises’ Branding Compatibility Report* was announced to show the corporate branding status among Chinese business, while also serving to indicate the branding development gap between Chinese businesses and overseas companies. This report was compiled through data collection from over 3000 companies in 40 industry sectors, and based on *China Enterprises’ Branding Compatibility Index*, orchestrated by the China Academy of Social Science (Xian 2011) in an attempt to provide a ‘scientific and systematic evaluation and
application mechanism for the overall development of creation, education and elevation of branding practices’ (2011, p. 2).

Unlike the institutional environments of the two cases in Chapters 5 and 6, apart from general guidelines and some supportive evaluation systems in place as tools or references for the branding practitioners, there are few restrictions and limits imposed by government or policy-makers on branding practices in China. However, due to the complex cultural, political and commercial history of China, to fully understand the implication of these elements with regard to the business operations in branding consultancy, it is worth examining the discourses of commercial branding’s socio-cultural properties that are directing research in corporate branding.

In their rejection of the widespread belief that branding is a prerogative of Western capitalist nations or globalised market-oriented societies, Cayla and Arnould (2008) claim that branding is a ‘cultural form’ and a specific form of communication, and that brand practices are very much cultural instead of being a ‘universalist technique’ directly linked to the Western imaginary based on the primacy of acquisitive individualism. This form of communication ‘tells stories in the context of products and services, addresses people as consumers, and promises to fulfil unmet desires and needs. In other words, branding is a specific symbolic form, a particular way of talking about and seeing the world.’ (Cayla & Arnould 2008, pp. 86–7)

Notwithstanding his claim that the importance of branding in consumer society occurred in the late nineteenth century, Holt (2006, p. 300) points out that commercial branding, as one of the means for corporations to increase profit, is ‘a paradoxical mode of capital accumulations’. He suggests that as consumers encounter and accept brands, there is a concomitant reduction of the control of brands among their owners. Branding generates profit through manipulating a variety of social dependencies, such as consumer satisfaction, by influencing the purchase decision by brands’ provision of and signalling of information and interaction. As Holt points out, the company owning a brand acquires more profit when the brand is textured into institutions, people’s daily routines or cultural dialogues.

Differentiated from the common notion that prominence of branding is the result of Western capitalism, Eckhardt and Bengtsson (2010) provide, through their research on history of branding in China, several alternative explanations on the emergence of brands in imperial China. These include the initiatives of the Tang Dynasty government’s (618–906 CE) regulation of stamping on products prior to the trade in markets to safeguard the level of quality of the products (Zuo 1999).
It is evident that brands had a conspicuous and symbolic role in the marketplace, and functioned as mass-mediation from the Song Dynasty onwards. There are similarities in the consumer’s perception of and interaction with brands between pre-modern China and today. Chinese consumerist society, as Eckhardt and Bengtsson (2010) point out, is fundamentally related to the emergence and existence of brands. It is thus related to ‘an innate human desire for differentiation and quality assurance’ characterised by the social system and cultural environment.

This cultural approach helps us to avoid mistakes such as those made by Shelly Lazarus, the CEO of Ogilvy and Mathers Worldwide, who commented on Chinese brands (Wang 2008). He was unable to understand Lenovo’s emphasis on the safety of its products. For him, that meant Lenovo did not form a relationship with its consumers and so Lenovo was not a brand, but simply a ‘wannabe’. However, if we examine the Chinese context carefully and on its own terms, we find that the Chinese market is awash with fakes and problems arising from the dangers that some of these fakes represent. In that context, Chinese consumers demand safe consumption and that is precisely what Lenovo guarantees them. This is thus the basis of its appeal (Cayla & Arnould 2008).

Moreover, through examining the marketing of luxury deodorants in different Western nations, it becomes clear that cultural and historical mediations are very much in evidence. In Europe, Yves Saint Laurent and Chanel bring forth ideas of ‘history, art and artisanship’, while in America equivalent brands such as Ralph Lauren and Tommy Hilfiger emphasise the ‘heroic, personal stories that are at the core of American culture’ (Cayla & Arnould 2008, p. 95)

In what follows, we depart from the usual approach to study branding activities in China in general, and Su Tong’s work in particular. It is evident in Su Tong’s branding practice that cultural resources are the main ingredients of his consulting product. Accordingly, when writing about Su Tong and his branding practice in the cultural and institutional environment in China, it is beneficial for the thesis to seek to avoid seeing him solely from the perspective of Western branding practice.

There is no lack of cultural resources in different domains in China, due to its long history of cultural and social development. What is challenging for branding practitioners like Su Tong is the orientation of the operation strategy that directs the company production process which generates a better performance than its business rivals through the provision of service innovation.

According to Salunke, Weerawardena and McColl-Kennedy (2013), service entrepreneurship and bricolage play a vital role in project-based companies in terms of the
provision of service innovation. This, in turn, is critical to maintaining a competitive advantage in the business rivalry – ‘new and superior alternatives that offer improved and unique benefits in line with customer/client needs and expectations are likely to give firms an edge in the marketplace’ (2013, p. 1093).

As the research by Salunke, Weerawardena and McColl-Kennedy (2013) points out, apart from the adaptiveness in the interaction with clients, the other central issue in exercising bricolage in project-based consulting firms is resource combination. It is evident that creative consulting firms ‘draw a distinction when value-seeking and parsimonious utilization of resources’ and ‘strategically recombine limited resources’ (2013, p. 1092) in an attempt to generate superior value for the client. Therefore, it is imperative for the practitioners to construct ‘mechanisms that dynamically capture information pertaining to interaction aspects from customers/clients and frontline employees’ (2013, p. 1093).

As shown in the following discussion, Su Tong has this type of approach in mind as he develops and manifests his business operation. In particular, in his strategic bricolage in relation to the government (a key player behind many projects that he developed), he adapted the approach of ‘resource hijacking’ (Stritar 2012) to ‘capture’ resources to structure solutions for his clients.

Through the analysis of Skype’s early and successful development, Stritar (2012) claims that resources hijacking is one type of technique in business bricolage that extends entrepreneurs’ resource base. This occurs by utilising other people’s resources to, in the case of Skype and Hotmail, turn the existing clients into involuntary salespersons for their marketing purposes. The other form of resource hijacking is exemplified by the case of YouTube through its hijacking of creators’ time and energy, and the content of video clips, and turning the users into creators who ‘play an important role in content management and editing’, which is ‘daunting and costly task’ (2012, p. 11). This is also the case with resource hijacking to utilise clients’ own resources to produce outperforming services with ‘higher added value and lower cost for the end user’ (p. 12), an approach taken by Su Tong in constructing the fibre for his clients’ corporate image design.

7.2 RESOURCES ‘AT HAND’

Su Tong has accumulated all sorts of resources for his branding consultancy business. These have included his own experience and knowledge stockpiled from his life experience, contacts and connections collected since he stepped into the branding sector, and the resources he collects when undergoing individual projects through resource hijacking.
7.2.1 Personal and Commercial Development

Su Tong was born in Beijing in 1968 during the early part of the Cultural Revolution. His father was a military officer in the People’s Liberation Army. Although he failed the university entrance examination (gaokao) by a few marks, Su Tong attached himself to the staff of Professor Zhang Sui from the College of Social Science of Shanghai University to study the ‘Nuo’ (the exorcism of demons) culture in Guizhou province in south-west China. He became Professor Zhang’s unofficial postgraduate student, studying and researching intensively for two years.

Through the study of Nuo, I came across huge amount of work that rooted from Confucianism. To reach the optimal, one has to look at a much bigger picture so that you can see the whole range of options so that you consider them in your action. Adjusting what you aim with the consideration of the extremes requires a person to have the ability to balance, to compromise positively and to see the end result beforehand. This principle also is the main methodology guidance for our research activities that I can still see myself using everyday in my business. (Su Tong 2007)

This reflects Su Tong’s acquired cultural tool that he has applied in his overall approach to his life, and most importantly in his business. As a well-read typical Chinese, Su Tong’s life has been strongly influenced by traditional Chinese philosophy and pride. One of this influences is Confucian, with its core concept of the ‘doctrine of mean’ – zhongyong embedded as fundamental social principle (Cheung et al. 2003). According to Cheung et al., Zhongyong rationality offers a holistic perspective to reach ‘an optional point of balance among extremes’ (2003, p. 115). This rational mode of action is manifested in the way Su Tong deals with his relations with authorities in his running of his branding business.

Su Tong began his working career as a graphic designer in early 1991 in the Department of Design at the Hai Run International Advertising Company. His works included ‘thinking up original concepts for advertisements and developing accompanying graphic designs’ (Zhang 2009, p. 1). After less than two years, Su Tong started a business venture with one of his friends, who was also an employee of Hai Run, and they became joint managers of a department in another large advertising company, the Hong Xing (Red Star) Advertisement Company. Their major clients at the time were Lenovo and Founder, both of which were new stars on the horizon in the computer industry in China. The products on which they worked included Legend (original name for Lenovo) computers and Chinese Card (Lian Xiang Han Ka) software.
Before long, Su Tong found himself venturing out on his own and managing a private advertising company, Shi Fang Advertising Company, as the only senior executive alongside another friend of his who owned the registration of the business. With nearly the same clientele as those he had worked with when he was managing a department in Hong Xing, Su Tong expanded the operation from the design of advertisements to company and product promotion for such clients as Intel, with its campaign to promote Intel Inside in China.

After managing other people’s companies for several years, Su Tong set up his own business, Baroque Modern Enterprise Imagine Design Company, in 1995. Su Tong has managed the daily operations of the business from day one. At the time of the fieldwork for this thesis, the company had a team of 20 staff members, most of whom were specialists in all areas of corporate image design.

During the company’s early stages, one of its major clients was Li Ning Sports, which was (and still is) the biggest domestic sports goods provider, mainly in sports footwear and apparel, in China. Baroque was involved in Li Ning Sports’ shop-front promotion, including designing the company’s flagship retail shop in central Wangfujing district in Beijing. This aimed to lift the image of its retail shops nationwide. An additional aim was to enter into direct competition with the international sports giant Nike. This campaign successfully established the corporate image of Li Ning as the leading native sports goods retailer (Fu 2007).

Although a new company in the field, Baroque expanded its business rapidly in the first few years, based on the clientele and contacts that Su Tong had built up during his time working for other people. Over the years, Baroque has enjoyed an increasing client base, with dozens of well-known businesses, such as the Founder Group, Jianliba Group, Northern Vehicle Group, Dalian Merro Pharmaceutical Corporation, China Mingsheng Bank, COFCO (China Oil & Foodstuffs Corporation) and organizations such as the State Intellectual Property Office and China Spacesat. Baroque’s clients also include hundreds of other lesser known organisations, events, development projects, government bodies and businesses covering nearly every industrial area, including finance, IT, property, transportation, culture and arts, education and training, entertainment, media, health, mining, tourism and retailers.

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7 Li Ning Sports was founded in 1990 by Chinese legendary gymnast Li Ning, who earned the title of the ‘Prince of Gymnastics’ internationally for his excellence in gymnastics in the 1980s. Li Ning ignited the cauldron for the 2008 Summer Olympic Games in Beijing.
Su Tong has taken part in major social events in Beijing through his branding practices, and it is through these social events that he builds up his connections among the key figures in the government and industry for the benefit of the business. In 1999, he was invited by the 2008 Olympic Tender Committee to discuss a new strategy to be adopted in bidding for the Beijing Olympic Games. This particular bid was made in the shadow of the failed 1993 bid, when China lost out to Sydney by two votes (Demin 2001). The 1993 failure was met with the resolve that:

China will all the more open its mind to welcome guests from all the four seas, and extensively make friends from the five continents and will unswervingly advance toward the world. The open China is expecting the Olympic Games, an open China is fully capable of hosting an Olympic Games successfully. Hosting the Olympic Games is the strong wishes of the Chinese people whether today or in the future. (Demin 2001, p. 3)

‘To bridge the cultural difference’ was the principle for the new round of design, with six slogans proposed to the committee. ‘New Beijing, Great Olympics’ was chosen with the aim of changing the way the outside world viewed China, and therefore Beijing. In 2004, during the Athens Olympics, Su Tong designed and coordinated the Creative China and Olympic photographic exhibition in Athens with all eighteen members of International Olympic Committee present during the exhibition, including then chairman Juan Antonio Samaranch (Zhang 2009).

This level of successful involvement in major events not only assists in attracting potential business to the company, but also contributes to the development of connections with various individual clients, some of whom become Baroque’s business partners, and to strengthening network relations with critical members of governments and a variety of industry alliances.

7.2.2  **Internal and external social resources**

Within Su Tong’s close business circle, a number of strategic partners form major resources in his business operation. Most of them initially started their encounters with Su Tong as clients. These include Liu Zhaoping, a renowned artist in China and Vice President of the China Culture Administration Society, Fu Jing, a musician and guest lecturer of Peking University, and Liu Jingchen, a small business owner inspired by Su Tong’s ‘prophetic vision’ (Liu 2007).

Liu Zhaoping and Fu Jing are Su Tong’s ‘brainstorming’ partners, who sit in on most of the production process for any projects and provide opinions, comments and sometimes even key concepts for the design or revision of the projects. They also source connections from such circles as artists and academia for the operation and projects of Baroque. Liu Jingchen acts as Su
Tong’s ‘facilitator’ by sourcing connections from different social groups with his easy-going and diplomatic approach – the result of his lower social class upbringing.

Another group of Su Tong’s resources is his connections with the government, acquired either through designing CI projects for the government bodies, such as the State Intellectual Property Office, China Spacesat or different levels of government such as Haidian District Government of Beijing, or through memberships of various professional and industrial associations (hangye xiehui), where authoritative figures from government are an integral part of most of associations.

Since there are few strict regulations in the branding design sector in comparison with other sectors of the creative industries in China, as a well-developed business, Su Tong has considerable flexibility in relation to how he sustains his relations with government. However, as discussed in the previous chapters, there is a great deal of government involvement – directly or indirectly, officially or unofficially – in commercial activities, social events and, of course, policy-making, which are from time to time related to Baroque’s clients’ operation. Su Tong maintains his ties with government in a ‘loose ties’ or ‘weak ties’ (Granovetter 1973) arrangement. This kind of relationship facilitates wider access to potential projects and clients. As a result, business activities around Baroque’s operation help Su Tong to spread his ideas and theories.

According to Granovetter (1973), the strength of the ‘loose ties’ approach lies in the quality of the information exchanged, which is often more intensive and effective, and sometimes more critical and crucial, than that exchanged through ‘strong ties’ relationships. Su Tong is very aware of this fact, and he purposely doesn’t develop close relations with government, or form direct relations with government officials.

Su Tong makes himself ‘known’ to key figures in the government by association with his business partners, who may have closer ties through their social relations, or with the organisations of which some key figures of the government are the heads or consultants. He makes himself ‘heard’ when there is a project coming up with the need to address ‘big ideas’ or ‘big concepts’ to pave the way for the acceptance of a design:

We have the flexibility we want in this type of relationship with the government. We make it solid when we need to make it solid – that is when we need to feed them the ideas or concepts we want them to convey to the stakeholders of the project. We make the relationship a more remote one when we want to move a bit away from them, that is when we don’t want them to be too close to the project to either mess it up or to ask for a greater
share of the benefits than they are entitled to. We adjust the distance with them through our own devices at our own pace according to how much of an input we want from them on the project through their opinions that have been fed and shaped by us. (Su Tong 2008)

This is the best manifestation of the Outrider relationship with government: the position of the entrepreneur is adjustable to benefit the business operation. At the same time, for entrepreneurs like Su Tong, this Outrider relation with government contributes to the feeding and promotion of new concepts and ideas to the government and policy-makers for the acceptance of advanced social movements or institutional change.

7.2.3 Resources at project level

As Baroque is a project-based company, bricolage plays a critical role in the service performance (Salunke, Weerawardena & McColl-Kennedy 2013). The acquisition of resources for the design of branding is the key to success for the project. Su Tong utilises a resource hijacking (Stritar 2012) technique to achieve the bricolage at the project level. His resource hijacking is best manifested in the first step of Baroque’s four-step production process – namely fact-finding.

In order to deliver a quality design, Su Tong carries out intensive research and investigations to fully understand the client’s needs, and to explore the full scale of resources that might be utilised in the principal design. For example, one of the government projects Baroque acquired through the connection with Liu Jingchen was to design a strategic plan for the development of ‘Haidian Three-township’ in the Haidian District in west Beijing.

Su spent three consecutive Sundays fact-finding for this project with Fu Jing, Yao Siqing and a couple of staff (mainly for recording), visiting each township to meet the township officials such as mayors or party secretaries to ascertain the current level of the township’s development, and to identify the geographical, historical and commercial advantages and disadvantages of the town under the current policy regime. A great deal of time was spent walking or driving around the town centres, fields, plantations and potential locations of tourist attraction, talking to the local residents and recording the visit using photos and video.

All the information collected during this fact-finding stage will be the resource ‘at hand’ for Su Tong to process and to construct the major theme and branding elements throughout the rest of the stages of the project. This intensive extension of resource hijacking not only provided abundant and valuable data for Su Tong and his team to work on, but also showed the client their commitment and the level of relevance of their design at this early stage.
7.3 INSTITUTIONAL BRICOLAGE

Unlike the two entrepreneurs in Chapters 5 and 6, who have to deal with unfavourable institutional environment to survive or to reduce the risk for their business operations, Su Tong’s institutional bricolage activities are manifested in how he utilises the cultural resources within a non-restricting institutional environment to create or to promote new institutions that are based on the concepts or ideas which are progressive or cutting-edge.

One of the promotional pushes of this new concept was the introduction of ‘digitised CI’ in the early years of Baroque’s operation. Su Tong organised seminars on ‘digitised company image’ design and CD-formed exhibitions of products and services relating to corporate image. These seminars were jointly devised with Computer World, the leading magazine in the information technology sector in China. This flurry of activity not only established Su and his business as the pioneers in computer network and multi-media technology application in the field of branding and corporate images (Su Tong 2009), but also promoted the application of leading technologies in the industry that were unknown to or not yet applied by most practitioners at the time.

Introducing ‘creative industries’, and spreading the awareness of the concept into his branding design activities, is a prime example of Su Tong’s utilisation of his business practice for the promotion of new institutions (Fu 2007; Ma 2007). Although Su Tong got into contact with the concept of ‘creative industries’ in late 2003, when he came across literature about the British government’s initiatives in 1997, he had started to form similar concept in Baroque’s early years, when he took up the designing project for Li Ning sportswear:

When we were working for the Li Ning shop front, I was mulling over using a concept like ‘creative industries’, including networking as the theme for the design. But there was no such concept as ‘creative industries’ in those years. However, I had a gut feeling that we were on to something that would work wonders. (Su Tong 2009)

In 1999, when Su Tong was involved in the redesign of the theme for the Beijing Olympics Tender Committee, he started his advocacy for the concept of creative industries by initiating the Creative China Project with the inauguration of the slogan ‘From Made in China to Created in China’ through a series of events and exhibitions (Keane 2007, 2011). As part of this new orientation that he was promoting, Su initiated a chain of events designed with connections to creative industries, such as Long (Dragon) Culture, From Great Wall to Olympia and, later, the design of the First World Mind Sports Games in 2008.
The concept of the creative industries is one of the major umbrella concepts to be utilised in many of Baroque’s projects before it appeared in any official government language. In 2003, Baroque was involved in the branding design of Fengtai Park Way, one of the industrial park developments of Fengtai District in the western part of the greater Beijing area. Baroque designed the project according to the principle of the ‘3Ls’—labour (work), learning and life, ’3 chuang’—chuangyi (ideas), chuangye (enterprising) and chuangxin (innovating), and ’3 hua’—lùsehua (green), xinxihua (information) and renwenhua (humanism).

Su Tong did not lose the opportunity to proclaim that these notions were promoted as being informed by the ‘theories and concepts that had arisen from within the province of creative industries study’ (Baroque Modern Enterprise Image Design Company 2003). The proposal also positioned Fengtai Park Way within the coordinates of global creative industries development. There was a very real sense around the company that Baroque was on a track that had abundant space to move with regard to future development. With the newly emerging overall acceptance of the notion of creative industries, the design for the Fengtai Park Way project impressed all the stakeholders.

As a result of the collective efforts of a number of key players, such as Su Tong, in bringing the ‘creative industries’ up to a higher level of exposure (particularly after the success of British endeavours in incorporating ‘cultural industry’ or ‘creative industries’ into the economy) and the Chinese central government’s claimed advocacy in ‘autonomous innovation’ in early 2006, Beijing’s municipal government announced its endorsement and categorisation of ‘creative industries’ in late 2006 (Beijing Development and Reform Committee 2006a), and issued a series of accompanying policies supporting the development of relevant businesses (Beijing Development and Reform Committee 2006b). Su Tong played a crucial role in the establishment of the ‘creative industries’ concept into the government’s official language (Fu 2007).

Making speeches at different stages of the production process to the clients’ staff members and at all the events that Baroque coordinates and organises is Su Tong’s favourite way of promoting his concepts and ideas. By rationalising the design principle and promulgating his philosophy at official events with his clients, not only does Su Tong further promote his ideas to the leaders of his clients, but also helps the executives of the clients to convince their staff members of the proposed concept. The intent is to achieve legitimacy for the whole branding design. This outlet of his also extends to some high-profile government forums and academic conferences, both domestically and internationally.

In this sense, Su Tong is a ‘facilitator’. He influences government by his ideas and by positioning Baroque’s project designs in the right area of government policy. One prime
example is the setting up of the International Creative Industries Alliance, Beijing (ICIA). In August 2007, after attending an international conference on the theme of creative industries as a keynote speaker in Brisbane, Australia, Su Tong realised that although the acceptance of the concept of creative industries among the community and the government bodies had resulted in the swift development of the creative industries over the previous few years, to only promote creative industries within China would show a certain limitation (2010). It would limit the potential to a particular domain, when looking further afield could bring more benefits and facilitate further developments within the creative industries. Accordingly, he initiated an international organisation in Beijing with the aim of acting as a platform for local and international creative talents and professionals to explore new fields, develop business models, create digital content and exchange information and experiences in the global context (ICIA 2007).

Within months, the International Creative Industries Alliance was formed, with a 57-page constitution and ten founding members from six countries and regions, including the United States, the United Kingdom and Australia. The ICIA was headed by the Beijing Gehua Cultural Creative Industries Centre, a subsidiary of Beijing Gehua Culture Group, a commercial arm of the cultural sector of the Beijing municipal government.

Apart from the commercial achievement of securing eight million yuan in grants in the name of ICIA from the Beijing government’s dedicated fund for creative industries, Su Tong’s key purpose through this whole practice of setting up ICIA was, through Gehua as the head founding member of ICIA, to form connections with the Beijing government and spread his ideas on the creative industries ‘contributing to the economic growth as well as improving life through creativity and innovation staged with global collaboration’ (ICIA 2007, p. 5). As a result, Gehua’s official line reflects what Su Tong put in the constitution of ICIA, and Gehua became Su Tong’s voice in the Beijing government. Su Tong has ‘umbrella-ed’ a few projects under the ICIA banner since then, including the design for the First World Mind Sports Games in late 2008.

While promoting new concepts or ‘big systems’ into social and institutional environments when carrying out branding service for his clients is an effective strategy for Su Tong, this practice also safeguards the projects with ‘grand’ or forward-thinking structures offered to the clients. Su Tong explains the basic mechanisms at work:

If the articulation between the big system, or the big concept (that we choose for clients) and the key elements of the client’s project is ‘well cooked’, it does not matter whether the project is a product, a service, or an event. As long as they (the clients) accept the big system or the big concept, which they normally will since these big systems or big concepts are all very grand and bright and full of social responsibilities, they will
naturally accept our principal design for them. The rest (of the design work) just follows through naturally. (Su Tong 2009, p. 4)

A similar approach was adopted when Baroque was involved in the initial tendering for the property development project for Jingmian No. 2, several kilometres east of central Beijing. Baroque’s design was based on the theme of industrial heritage refitting. However, the company’s tender also extended this theme to the urban redevelopment of two similar projects, Beijing Capital Steel and Beijing Coking Work, as a series of post-industrial developments.

With key phrases like ‘industrial culture preservation’, ‘historical glory resurgence’, ‘designed by China’, ‘design incubator’, ‘commemoration of human creative culture’, ‘urban design forum’, ‘Branding History Gallery’ and ‘Urban Design Hall’ flowing through the proposal, Baroque’s design gave its tender partner (a commercial arm of the State National Asset Management Committee) substantial confidence in the success of the bid. The director of the organisation was so impressed with the design that she complimented the proposal as ‘bringing out the soul’ of the project (Liu 2007). Through this project, the concept of post-industrial redevelopment was solidly planted into government officials’ vocabulary.

The other distinctive way in which Su Tong creates institutional connections as a bricoleur is through his many affiliations with professional or industrial associations (hangye xiehui). This constructivist approach to his environmental resource involves linking clients into a conceptual ‘alliance’ (Baker & Nelson 2005). In this way, Su Tong sets up or joins an organisation with a core theme related to the client’s concepts. As a requirement, each such association has an authoritative figure in that field or in the government as the head or chief consultant, as part of the organisational structure. Su Tong positions himself or Baroque as an executive within that organisation, and his client as a corporate member of it.

For example, Su Tong set up the Beijing Association for the Promotion of Olympic Culture in the period after Beijing’s successful bid to host the 2008 Olympics. He Zhenliang, the chairman of China’s Olympic Committee, was invited to be the chief consultant, while Su Tong acted as

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8 Jiangmian is the abbreviation of Beijing Cotton Textile Group. Jingmian No. 2 is one of the three factories built in early 1950 as a key industrial development on the outskirts of Beijing. Two other factories have been demolished for commercial and residential property development. The direction of Jingmian No. 2 development is yet to be sanctioned by the government.
director of the study centre. The core theme of the association is the Long (Dragon) Culture, with slogan of ‘From Great Wall to Olympia’ to umbrella a number of projects at the time. The clients joined the association as corporate members to legitimise the core concept of the CI design that Su Tong infills for them. For Su Tong, feeding all these progressive or cutting-edge concepts to clients represents the best opportunity for him to spread his ideas to the public, as some of his clients have hundreds of thousands of employees (Fu 2007).

In other cases, Su Tong or Baroque join an organisation first and then utilise and promote the theme of the organisation for their design to their clients. In 2003, Su joined the Pacific Society of China and became the general secretary of the Ocean Culture Committee. This organisation includes a number of renowned figures in academic, cultural, political and even military circles in China, such as the political figure and historian Zhou Gucheng, the scholar Yu Guangyuang and, from the military, Zhang Xusan.

The core themes Su Tong sets or chooses for the organisations/associations come from the reconstruction of the resources he hijacks from clients during his previous fact-finding research. As a bricoleur, Su Tong doesn’t take on any project with pre-set idea as which core theme or concept to use; rather, he makes the decision based on the data and information he collects from clients, including the trips to the three townships for Haidian District as discussed before. The data he gathers during this stage are his resource at hand, which he hijacks from the clients to ‘make do’ (Baker & Nelson 2005) to set the tone for the CI project.

During his fourteen years in the corporate world, Su Tong’s career has seemed like a classic instance of institutional work (Lawrence, Sutton & Leca 2009) in creating or promoting institutions. He has joined and or resigned from numerous positions in different organisations. Baroque has been involved in different professional fields in the same fashion as Su Tong, but as a corporate member. This style of affiliation with recognised members of the community gives both Su Tong and Baroque a high level of recognition and credibility on the business front (Liu 2007). Their positive contribution through their professionalism and innovative approaches adds to the credibility of the organisations of which they are a part. Most importantly, Su Tong’s various ideas and concepts get promoted into the public sphere.

Even though his ‘flying high’ and big, ‘liberating the whole human race’ approach doesn’t appeal to everyone, the level of acceptance of his ideas is quite high and is also reflected in the number of businesses acquired (Zhang 2009). Through his many design promotions, essays, articles, books and public speeches, Su Tong has influenced public opinion on issues such as new technology application in design, his interpretation of ‘Dragon Culture’ as an image for
China, the political and cultural connotations of connections between the Olympic Games and Chinese culture and, most evidently, acceptance and spread of the idea of creative industries.

7.4 STRATEGIC BRICOLAGE

The company’s strategic design, company name, openness and the ‘tool pack’ that Su Tong developed during his years of practice in the industry are all part of strategic bricolage that manifests in Baroque’s daily operations and the company’s project-based service provision.

7.4.1 Baroque Modern Enterprise Image Design Company: The vehicle for Su Tong to spread his ideas

Among the several possible origins of the word ‘Baroque’, Su Tong prefers its Spanish origin of ‘irregularly shaped pearl’ (2007). This, of course, leads to its identification with one of the most famous art forms in Europe in the late sixteenth century, the Baroque. The reference is to art works that are characterised by a certain ‘irregularity’. This type of art is also noted for being luxurious, passionate, romantic and drawing deeply on the artists’ imagination. The worship of movement and change forms its very soul. For the Cuban author and essayist Alejo Carpentier, the baroque consists of ‘multiplying nuclei’, which are:

Decorative elements that completely fill the space of the construction, the walls, all architecturally available space: motifs that contain their own expansive energy, that launch or project forms centrifugally. It [Baroque] is an art in motion, a pulsating art, an art that moves outward and away from the center, that somehow breaks through its own borders. (cited in Malcuzynski 2009, p. 296)

It is also worth pointing out that deploying the ‘Baroque’ brand is an instance of aesthetic bricolage that would have been punished under the Great Proletarian Cultural Revolution, where great cultural figures such as Shakespeare, Beethoven and Balzac were denounced as bourgeois decadents by the Red Guards (Deutscher 1966).

‘Building Brands with Passion’, as the motto for Baroque Modern Enterprise Image Design (Su Tong 2008), set the same tone as the name of Baroque. It also reflects Su Tong’s own personal style and professional approach. The motto is also clearly reflected on the numerous occasions when Su Tong is going through ‘brainstorming’ at the designing stage with a number of design partners, or making a speech delivering his ideas, or conveying his design theme to his clients as they listen keenly.

As a leading company in creative industries design, Baroque has managed to move away from being viewed as a firm that only designs logos, stationery or websites for clients. Su Tong spelled out the purpose of this strategy as follows:
We ‘cut through’ or, in a better way, ‘catch’ clients by their initial and basic need of a logo design. Once we are recognised (by the clients) as the quality designer, we aim to stimulate clients’ demand for a corporate image. From there, we will move from the concept of a corporate cultural image, to creative enterprising, to ultimately designing their future investment. That is where the big money is. (Su Tong 2009, p. 4)

One of the most distinctive characteristics of Baroque’s operation is openness. The office layout is open plan. The production process is open in so far as the content or service type goes. There is no limit on research methods, design approaches, directions or depth of the design’s key elements. During my observation fieldwork at Baroque, I attended many meetings and discussions, and was given access to their records. There is no password within their computer system. Once you are in, you can access not only any documents or graphic files on any individual project, but also any of Baroque’s own operational documents:

Any information within this company is out there open for sharing, whether it is stored in the computer, or printed out stored in the filing cabinets … even if our competitors come and ask me to give them our past design to get some new ideas, or to seek some new direction, I will let them have it. Only through this kind of information flow can we all improve or progress together, can industry or the whole economy evolve quicker … Any blockage in the information flow will hinder the flow of creative thinking and creative production. (Su Tong 2007, p. 5)

This openness generates a sense of trust in the working environment. All participants who responded to the questionnaire (see the results in Table 7-1) agreed that there is sense of trust among the members of the company, with half of them agreeing strongly. All agreed that there was a cooperative mindset at Baroque, including towards the external personnel involved in the business of Baroque, and that outsiders are also willing to share their information with members of Baroque.
Su Tong is not simply an economic/fiscal entrepreneur seeking profit. In many ways, within the Chinese context, he could be seen as closer to the model of the ‘civic-regarding entrepreneur’ advocated by Bellone and Goerl (1993), who works from the assumption that ‘an essential tension always exists between entrepreneurial and democratic values’ (Bellone & Goerl 1993, p. 396) and advocates a ‘civic regarding’ entrepreneurship as a corrective to these anti-democratic tendencies that they perceive within entrepreneurship.

However, within the context of a totalitarian state, such as China at present, the creativity of the entrepreneur has an essentially liberalising impact, especially for Outrider type entrepreneurs. Accordingly, many people observe that Su is a creator of concepts, someone who enlightens other people’s views through his vision (Liu 2007). In Cayla and Arnould’s (2008) terms, the cultural forms that Su Tong produces encapsulates the desires and dreams of many of his contemporaries, especially with their almost Utopian grasp of the possibilities of modernising.

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<table>
<thead>
<tr>
<th>Sense of trust</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Medium</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50%</td>
<td>50%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Team work and corporation</td>
<td>44%</td>
<td>56%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Outsiders like to share their information</td>
<td>31%</td>
<td>50%</td>
<td>19%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Encouragement to think differently</td>
<td>25%</td>
<td>56%</td>
<td>13%</td>
<td>6%</td>
<td>0</td>
</tr>
<tr>
<td>Encouraged to be involved outside duty or roles</td>
<td>31%</td>
<td>56%</td>
<td>6%</td>
<td>6%</td>
<td>0</td>
</tr>
<tr>
<td>Devoted and energetic</td>
<td>31%</td>
<td>50%</td>
<td>19%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mechanism of conflict-resolving</td>
<td>37%</td>
<td>50%</td>
<td>13%</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mechanism of promoting communication</td>
<td>25%</td>
<td>44%</td>
<td>31%</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
The results of the staff members questionnaire (Table 7-1) has shown that in the words of a fellow worker, Su Tong can ‘light up’ people in the room with him, and activate people’s brain cells by his powerful words (Liu 2007). Similarly, according to Liu Zhenzi, Deputy Director of Organizational Culture from China Minsheng Banking Corporation, the relationship his organisation has with Baroque is more like that of a partner, instead of supplier–client relation, as Baroque is the designer of the whole internet around the world for Minsheng Bank:

Dealing with Su Tong through the last couple of years of our project, I have learnt a lot of new concepts. Some I was aware of. Some I was not even aware of, or did not really have a good grasp of. We bounce ideas and thoughts back and forward just to get the right points for all parts of the project. Most of the time, we go beyond the project to source inspiration. He leads, we follow. I find myself thinking deeper in the areas that we touched together and beyond. (Liu 2007)

Mr Liu is not the only one to come back to Baroque for new projects, according to Liu Jingchen, the Vice General Manager of Fucheng Advertising, the key strategic partner of Baroque, ‘because they see themselves learning all the time through their dealings with Baroque. Very much like myself, as I too was initially a client of theirs.’ (Liu 2007) This level of customer satisfaction seemed to transcend the product and service provided by Baroque, something that was evident during most of the meetings that I observed for my fieldwork with Su Tong.

7.4.2 Knowledge and Information Flow in Production

One of Baroque’s major projects in 2007 was the corporate image design for Shaanxi Non-Ferrous Metals Holdings Co. Ltd (the abbreviated English name is Youser Group), headquartered in the provincial capital Xi’an in Shaanxi province. The key was the creation of a clear message, through the distinctive logo and the beliefs behind it, dealing as they did with their commitment both to clients and to the quality of their product (Ma 2007).

During the fifth meeting of the Stage 3 CI project of Youser, apart from presenting options on the logo, English name and its connotations, slogan and its colour theme, Su Tong recommended a book, Confucius and Abacus by Shibusawa Eiichi, the father of modernism in Japan, to the crowd of over 50 executives of Youser and its subsidiaries present at the meeting.

Su Tong’s project principle was to position Youser in the background of the global web of the resource sector with intertwining relations between resources, assets and capital. What was especially riveting about Su Tong’s strategy was that it connected the business prospective of Youser with the ‘social and moral responsibility’ of an enterprise theorised in Eiichi’s book (1916). Su Tong, in an astonishing tour de force, was able to join up industrial innovation on a global scale in a seamless way with the ethical impulse to build a great nation. His design
gained overall approval from the candidates at the meeting, and there was a great deal of lively discussion with Su Tong and among the delegates themselves during the lunch break around the issues triggered by Su Tong’s presentation.

From his business partners’ point of view, one of Su Tong’s major contributions to the business is the ‘tool pack’ that he has developed through the years of Baroque’s operations (Fu Jing 2007). This package consists of a few sets of frameworks with combined key elements from clients, such as branding perspective, company philosophy, target market and design modules suitable for different types of projects and different types of clients. This set of ‘tool pack’ can be utilised throughout the production process. It sets the working template for every project that Baroque is about to take on, and positions the company with a competitive edge over its rivals (if any) at the bidding stage:

As an entrepreneur, Su Tong’s strong sense of subversion of existing rules and the status quo, the desire to change, the habit to question authority have been a motivating factor for all of us, as key partners in the business. It encourages us to endeavour to think outside the norm, and outside the fixed framework. The participation in discourses or debates on any issue, even if it is totally outside the business domain, is very much encouraged in Baroque’s environment. (Fu Jing 2007)

Brought into play are the years of experience in dealing with clients from the various industries. Once the project is sanctioned by the client, the ‘tool pack’ speeds up the design, revision and delivery process, potentially positioning them ahead of a project timeline which would either leave more breathing space for better outcomes or achieve the expected delivery ahead of deadline, both of which are guarantees of a satisfactory outcome from the client’s point of view.

The principal design stage is the most characteristic stage reflecting Su Tong’s working style. During a standard two- to three-hour group discussion among the three partners, sometimes with representatives from clients also present, they search, link or combine a number of concepts or key words based on the data they have collected during the fact-finding stage. They also source the theories to rationalise the concepts, and define the theme, colour, key elements and their relevant position for the image, including the logo (if required). This is a typical bricolage process.

Su Tong attends the delivery stage of the project as the presenter when the formal delivery of the whole design package is required. Unlike most of Baroque’s competitors, whose major effort at this stage is focused on presenting the actual visual designs, such as the logo, sample of stationery and web pages, Su Tong constructs the presentation within a rationalisation of the
clients’ strategic plan, organisational philosophy and motto. He combines these rationalisations with the interpretation of visual identification, such as colour themes and logo elements.

This practice extends the client’s organisational operation to a wider and broader domain of social, cultural and economic development. Su Tong’s delivery naturally leaves sufficient space for conversations with clients, either during the presentation or afterwards, when discussion of any issue related to the presentation is encouraged and prompted by the approach Su Tong adopts.

This stage of production is also critical for Baroque with regard to the client’s final payment. With only a small percentage of the deposit paid, after the acceptance of principal design at the earlier stage, the major chunk of payment is normally signed off. This, of course, largely hinges on the outcome of the delivery presentation. With Baroque’s hallmark engaging delivery of the design to the client, the outcomes are consistently favourable to Baroque, resulting in prompt payment of the balance with little, or sometimes no, retention. More importantly, the acceptance of Baroque’s final design is the confirmation of the acceptance of Su Tong’s concepts or ideas blended in the design work, which has Baroque’s usually niche, clean-cut and intriguing graphic style embedded in the logo and stationery designs.

7.5 CONCLUDING REMARKS

Su Tong’s relations with government fall into the third category in Chapter 4, the Outrider. As a strategic bricoleur, he positions himself at a certain distance from the government, either through his business associates or through membership of professional associations. He adjusts these distances based on the nature or timing of the project. In most relationships, the government is also among his clients. Many government officials claim that they obtain ideas and concepts that are progressive or forward thinking through Baroque’s branding consultancy work, which has been provided to them (Liu 2007).

His routine approach to his clients is based on the triangulation of his own company branding, over-arching concepts or ideas, and affiliation with professional or industrial associations, which together add credibility to him and his business. Through the different combination of these three ‘devices’, Su Tong has acquired a steady flow of business. What is most important for Su Tong is that the more business he acquires, the greater the audience for his ideas becomes.

Most noticeably, through setting up new associations or feeding in new and progressive ideas or concepts by joining existing associations, Su Tong creates institutions that facilitate a smooth acceptance of the design principal he chooses or identifies for his clients. For Su Tong, there is
more satisfaction in shaping the industry trend or influencing government policy movements than simply generating more business for his branding practices (Fu Jing 2007).

As Clifton and Simmons (2003) point out, from a marketing point of view, it is critical for an enterprise’s success to obtain a set of high-quality logos and designs for their external image. To acquire a philosophy, motto or principle based on industrial, cultural and political conditions for the full comprehension of the management and general awareness of the staff is more fundamental to the success of the business or the accomplishment of an organisational goal (Liu 2007) because it adds value to the company, although the assets may seem intangible (Clifton & Simmons 2003).

Most quality branding designers can supply ideas for the core beliefs embedded within cultural development concerns, environmental awareness or social responsibility. What is unique about Baroque’s design is that the ideas or concepts behind the core beliefs are not only ‘grand’, but also usually ahead of their time (Liu 2007). As argued, the acceptance of Baroque’s overall design is not only the acceptance of Su Tong’s innovative ideas, concepts or the theoretical systems behind the designs. The consumption of the design of Baroque products facilitates the encouragement of the creative and forward-thinking style that is threaded through the process of the formation of the core beliefs of the client.
Chapter 8: Conclusion

The intention of this chapter is to explicate the findings of this project by presenting a comparative analysis of the cases of Wang Hao, Han Yan and Su Tong, contextualised within the general cultural and political conditions of China with regard to the creative industries’ business operation. The analysis does not attempt to draw extensive generalisations to the much broader social settings of China through this qualitative research. The particularity (Creswell 2009, p. 193) of the research is provided by a particular description of creative entrepreneurs in China ‘in the context of a specific site’. As argued in Chapter 3, the main purpose of this research is the provision of a narrative through the interpretation of bricolage’s theoretical and practical applications in the cultural arena of China.

Due to China’s long history of civilisation and culture, combined with its uniquely characteristic political system, and its status as one of the world’s emerging superpowers, any study touching on China’s political, economic and cultural domains has to factor in certain idiosyncratic conditions that contrast with Western theories and contexts. The underlying realities that drive the shifts and changes of entrepreneurs’ institutional and strategic bricolage practices in response to policies or circumstantial changes are a focal area of research in this study.

In answering the first research question of this study through the examination of the overall institutional environment of creative industries, it is helpful to clarify some critical tensions embedded in the social, cultural and political environment in which these creative entrepreneurs operate their businesses.

8.1 INSTITUTIONAL ENVIRONMENT

In essence, refusing to enact or adhere to limits and constraints established by institutional or regulatory fronts (Baker & Nelson 2005) is a key driver for entrepreneurs to practise bricolage within their business operation in their institutional environment. Most of these limits and constraints are the products of some of the fluid interactions of stakeholders, which are embedded in various tensions in the society.

8.1.1 Tensions

There are a few sources of tension in modern communities in urban China that are unique when compared with those in the West. From the outset, these tensions are challenges to anyone doing business in China, but at the same time they are also sources of business
opportunities, and can give rise to the urge to be adaptive and creative in operational structures and strategies. Utilised well – as they are by most successful Chinese business people – these tensions force businesses to position themselves in a way that best facilitates the steady, if not speedy, growth or expansion of the venture.

All the interviewees gave their opinions on tensions in the community through answering Question 3 in the interviews. The sets of tension in community could be categorised in three pairs:

- The tension between the increasing demand on cultural goods’ consumption in the market economy and government’s ideological control over most of the cultural sectors of the economy. The introduction of a market economy by the Chinese government in the late 1970s has resulted in the spread of prosperity throughout many sections of the economy. This process has not been without its challenges, but nonetheless there has been dynamic change. With the achievement of abundance in terms of the necessities for basic living, the market for cultural consumption has become a growth area of the economy. Even though the ideological control over the cultural sector by the government has diminished dramatically compared with Mao’s era, over-regulation is still very much in place in certain sectors. This includes the publishing sector, where Cheersbooks operates, and the internet café sector, where Goyoo operates. On one hand, there is a huge market demand for all forms of cultural goods, while on the other, the control of the government over ideology constitutes a brake on the market’s ability to meet demand. Nonetheless, although patently unsatisfactory, this situation provides opportunities for entrepreneurs to better position themselves with regard to competition, legitimacy and business security. The ideological themes that surface in the CCP’s political and social agendas can actually provide a source of design principles for some sectors, such as branding. Indeed, this interplay between opportunity and constraint provided by the CCP’s over-arching control is a key focal issue explored in this research.

- The tension between institutional constraints and the entrepreneurs’ rule-breaking nature. Entrepreneurs’ rule-breaking natures are a general feature, regardless of the region or country within which they operate. However, the rule-breaking nature of entrepreneurs becomes more prominent as the institutional constraints and limits are more pronounced in China. Because of the high level of authoritarianism within the political system, the rule-breaking nature of entrepreneurs has, of necessity, become more about ‘rule-bending’. Rule-breaking, in a real sense, could potentially send the company out of business, especially in those sectors (such as the creative industries)
where rule-breaking could challenge power orthodoxies. Many, if not all, of the products of creative industries encroach upon the terrain of ideology in that they necessarily have to do with the construction of meaning. It would be no exaggeration to say that this generates a good deal of sensitivity and anxiety within the Chinese political system. As argued in previous chapters, there are still a great number of institutional constraints in the economy. These include the proscription of private businesses in book publishing, and the legalised hyperactive censoring system that has been imposed on the internet café sector. From the outset, these constraints and regulations have hindered development by either not fully utilising the much more dynamic strength of private business or by imposing unnecessary limits on what is potentially possible in terms of product content. Nevertheless, by ‘bending the rules’ (as argued in Chapters 5 and 6), these entrepreneurs legitimise their businesses by reaching certain arrangements with authorities. They thus break through into the ‘forbidden zone’. In the process, they gain substantial market advantages over the majority of their peers.

- The tension between the craving for creative experiences among the younger generation and the tendency of the holding control on adhering to the ‘norm’ from mostly older generation. In most sub-sectors in the creative industries, the younger generation (aged between 18 and late twenties) constitutes the main body of consumer groups – whether for digital games, movies, fashion, animation or, even more predominantly, internet cafés as argued in Chapter 5. China’s unique ‘One Child’ policy, and drastic social changes fuelled by economic progress, caused a disparity between different generations in China that is more pronounced than that evident in the West. The high level of desire for individualism in self-expression and distinctiveness among the younger generation through product consumption (Jing & Lin 2013) confirms the heterogeneity of Chinese consumer behaviour across various domains (Lin & Wang 2010). The tension gendered by this disparity in the levels of individualism between older and younger generations present a real challenge to the producers of cultural products. Their imperative is to satisfy the majority of their clients while not disturbing the authorities (who are mostly from the older generation). These three sets of tensions foreground the underlying power relations among the stakeholders, shaping the institutional environment where creative industries businesses operate. Power relations are further complicated by the fluidity and the evolving nature of the relationships and conflicts between these parties. For example, the change in the extent of the conflicts between the consumption of cultural goods and government’s ideological control will no doubt impact on the level of tension between the younger
generation’s desire for creative products and the older generation’s mentality to apply the brakes on disruptive creativity.

The comprehension of these tensions and the potential of their interaction offers a sound understanding of the underlying reality of this study, which in turn facilitates a pathway in drawing the answers to the research question: What are the characteristics of institutional environment of the creative industries that make the entrepreneurs work as bricoleurs in the operation their business? There are a number of aspects to this question, as argued below.

8.1.2 Cultural diffusion

According to Reich (1992), most professions add value to their products and services through the manipulation of signs and symbols, analysing data, words, oral and visual representations, with the outcome being new knowledge or new information that leads to invention, innovation or simply a new form of production. In the operational processes in creative businesses, creative workers blend their own culture – life experiences, formal education, creative expression, religion, social standing – into the production vehicle. Through these processes of manipulation and enactment, they become both producers and consumers (Leadbeater & Oakley 1999).

Throughout the production process, culture is diffused into products or services.

The roles of a creative manager or entrepreneur are greater than simply organising the operation of the product to turn a product from an idea to reality, as shown in Table 8.1. Converting a pure artistic notion into a value-added good is vital. The function of an entrepreneur in this domain is to have reached beyond the surface of the production process and the marketing and distribution of a product. It further requires stimulating the origin of the design and encouraging the consumption of the product.

Both Su Tong and Han Yan’s products are individually made or designed to suit individual projects. For Su Tong, or Baroque, it is the individual client’s branding need, while for Han Yan, or Cheersbooks, it is the individual book’s content and the target readers. For both Cheersbooks and Baroque, there is no repeat job or project. The only things that are constant are the working procedures. For Su Tong, these are the ‘tool package’, and for Han Yan they are the set of procedures discussed in Chapter 6.

Wang Hao and Goyoo Network’s everyday production, after the initial design of the portal, is the continuous improvement and upgrade of the system. This is similar to the case of Baroque and Cheersbooks in the sense that no job is the same. Every element of the production task is individualised and forged with both producers and consumers’ cultural considerations in mind.
Table 8.1 Product and entrepreneur’s main involvement in business operation

<table>
<thead>
<tr>
<th></th>
<th>Wang Hao</th>
<th>Han Yan</th>
<th>Su Tong</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td>Internet café portal</td>
<td>Books in management and economics</td>
<td>Branding projects</td>
</tr>
<tr>
<td><strong>Individuality of product</strong></td>
<td>Level of individuality is not high; keeping ahead of technology change is key</td>
<td>Each book is individually designed</td>
<td>Each project is individually designed</td>
</tr>
<tr>
<td><strong>Main involvement</strong></td>
<td>• Financing</td>
<td>• Rights negotiation</td>
<td>• Fact-finding</td>
</tr>
<tr>
<td></td>
<td>• Portal design</td>
<td>• Book planning</td>
<td>• Principal design</td>
</tr>
<tr>
<td></td>
<td>• Channel building</td>
<td></td>
<td>• Delivery</td>
</tr>
<tr>
<td><strong>Interacting party</strong></td>
<td>Investors, channel companies and staff</td>
<td>Foreign publishers and staff</td>
<td>Clients and key partners</td>
</tr>
<tr>
<td><strong>Direct contact with end users</strong></td>
<td>Not usually</td>
<td>Indirect contact with readers through blog</td>
<td>Face to face in most projects</td>
</tr>
</tbody>
</table>

All three entrepreneurs in this study are heavily involved in operational aspects of the production process, as described in previous chapters. Due to the nature of their product, Su Tong deals with consumers – corporate clients, governments and other organisations – during most stages of the production process. By contrast, Wang Hao and Han Yan seldom meet up with their consumers – in Wang Hao’s case, internet café goers and in Han Yan’s case, readers – whether during the production process or afterwards. Each of the three entrepreneurs’ aspects and levels of involvement in the production process are different, as are the parties with whom they interact in the process of production, as shown in Table 8.1.

8.1.3 Being SMEs

China’s central government has launched a series of major policies and initiatives towards the development of small and medium enterprises (SMEs) (Chen 2006) since 1978, when the nationwide economic reform commenced. Key features were the government’s placing of great importance on the encouragement and support of the township, collective and self-employed enterprises. These included preferential tax policies with lower tax rates or tax exemption for different types of SMEs, increased funding inputs to certain sectors such as agriculture, service provision and firms focused on exports, adjusted the credit structure in the banking system, and implemented an improved regulatory environment in general promotion of SMEs.
Table 8.2 Regulations and competitions

<table>
<thead>
<tr>
<th>Industry sector</th>
<th>Internet cafe</th>
<th>Publishing</th>
<th>Branding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of regulation</td>
<td>Very heavy, both in the number of sector-specific policies and the number of government departments.</td>
<td>Not as heavy; however, there are very strict limitations on related issues for the case study company, such as issuance of book numbers.</td>
<td>Not heavy. Limited rules and regulation towards the sector. There are a number of government initiatives and industrial indexation aimed at supporting and promoting the industry development.</td>
</tr>
<tr>
<td>Targeted body of regulations</td>
<td>Not directly towards the case study company, but towards its clients. Company has to build the portal system to help clients to comply with the related rules and regulations</td>
<td>Directly toward case study company, regarding its legitimacy as a private publishing company.</td>
<td>Business operation and overall industry development.</td>
</tr>
<tr>
<td>Stability of policy movement</td>
<td>Very poor. Changes are likely because of the high pace of technology updates and improvement and multi-agency involvement.</td>
<td>Fairly stable because of the resistance in the reform of the publishing sector. Policy movement is very slow.</td>
<td>Very stable. Not much change in a very long period of time.</td>
</tr>
<tr>
<td>Level of competition in the sector</td>
<td>Generically very competitive. However, because of the case study company’s organisational arrangement with government, competition of the same league is limited.</td>
<td>Generically very competitive. The case study company is able to maintain competitive advantage in the market through its bricolage practices.</td>
<td>Very high due to the low level of regulation and policy restriction.</td>
</tr>
</tbody>
</table>

However, despite all these positively regulated policies and initiatives, SMEs still have to deal with myriad institution-based barriers in China (Zhu et al. 2012). These include unfair competition, limited access to financing, the tax burden and a lack of public support systems. The manner in which the law and regulations are enforced has unfavourable effects on SMEs such as
those in this study, due to the nature of their products, which have cultural elements. As argued previously, the unclear and ambiguous regulations – or total lack of rules and regulations in some cases – add complexity to the implementation of policies. Such barriers are due largely to ‘multilevel dispersion of policy responsibilities among many organizations and agencies’ (2012, p. 1138). Because the policies and initiatives come from different ministries or from different levels of government, some of the policy efforts are ‘not always coordinated and not without conflict’ (2012, p. 1138).

As typical private SMEs operating in the emerging creative industries sector in China, Goyoo, Cheersbooks and Baroque have had to face all these barriers, which act to hinder them from fully reaching their innovative and creative potentials. Each of them also has its own unique institutional conditions with which to deal in order to equip the business to survive and thrive. Part of Table 8.2 shows the comparison in the level and aspect of regulations affecting the business operations of the three cases in this study.

### 8.1.4 Rules and regulation in the sectors

As shown in Table 8.2, in relation to the three entrepreneurs in this study, different sectors in the creative industries have different rules and regulations, and a different level of constraints and limits on businesses. The internet café is the most heavily regulated sector in this study. The high level of regulation relates not only to the number of policies specifically issued for this sector, but also the number of government departments involved.

The main regulation are targeted at the regulation of internet cafés. These include the management of the location and venue, and the monitoring of patrons. However, in order for portal providers such as Goyoo Network to avoid trouble with the authorities, businesses have to comply with the related requirements of the policies and must build in mechanisms that will assist the internet café to comply with government regulations. For example, failing to stop ‘unwanted’ content travelling over the internet could lead to serious repercussions for the operation of an internet café. These are the clients of Goyoo.

As far as the competition is concerned, it is generally very intensive, as the market for internet cafés looked promising at the time of the fieldwork. However, because the level of technology involved is reasonably high, the source of competition for Goyoo is limited, with only a few other businesses in Goyoo’s league.

The publishing sector, as pointed out before, is not as heavily regulated as the internet café sector. There are, however, strict limitations that define the domain of book publishing. Distribution (wholesale and retail) is defined clearly and differently for different types of business entities, such as state-owned publishers, foreign investment companies or private enterprises. For Cheersbooks, as a private publisher, the regulations are directly against them in that they initially
restrict what Cheersbooks can do insofar as the core right of the publishing is concerned. In essence, no book number means no publishing rights. Competition is mainly manifested to (1) the access to the rights – in Cheersbooks’ case, those books brought out by overseas publishing houses – and (2) the readers’ choice in the book market, over which Cheersbooks has no control other than striving to make the best book it can during the production process.

The branding industry is the least regulated sector discussed in this thesis. Apart from general principles and guidelines, which mostly support and promote the development of the sector, there are not many institutional constraints that limit business development. However it is exactly because of this low level of regulation that competition in this sector is more intensive than in the other two areas discussed. For Su Tong, this low level of regulation provides a usable space for him to promote his new concepts and ideas to better benefit his business operations.

In summary, the enactment of bricolage of creative entrepreneurs is driven by the limits, constraints and uncertainty they face in the unfavourable institutional environment within which their businesses operate. This is shaped by the interactions shown in Figure 8.1.

![Figure 8.1 Interactions shaping the institutional environment](image)

Figure 8.1 shows the following interactions:

- **Underlying tensions in society and government.** As one part of these fluid and interacting tensions, government reacts to the change among these interrelated tensions that are affected by the social, cultural and technological changes.

- **Tensions in the society and nature of creative enterprises’ cultural involvement.** Creative enterprises have to adjust their operations in order to respond to the changes in these tensions.
• Government and the cultural involvement. Creative industries’ intrinsic cultural involvement makes them the object of constant ideological monitoring and control by government.

• The government and creative enterprises as SMEs. Most creative industries businesses are SMEs, and the institution-based barriers for SMEs restrict the business operation in more aspects than for those in other industries.

For creative enterprise SMEs, being intrinsically culturally involved is the main reason why their institutional environment is unfavourable to their business operation. The nature of their cultural involvement is affected by the tension in the community and the government’s constant controls on ideology. The results of the interaction of these factors, due to the rapid social, cultural and technological shaping of the uncertainty of the institutional conditions surrounding their business development, ensures that creative entrepreneurs have no choice but to practise bricolage to keep their businesses afloat and/or successful.

8.2 RESOURCES ‘AT HAND’

The appreciation of the resource ‘at hand’ starts with the refusal to ‘treat (and therefore see) the resources at hand as nothing’ (Baker & Nelson 2005, p. 356). This refusal facilitates a setting in which entrepreneurs apply their innovative and combinatorial capacities, their ability to improvise and to utilise evolving sources and opportunities. Resources at hand do not have pre-set definitions. When first available to entrepreneurs, in most cases through entrepreneurs’ own bricolage efforts, the initial purpose of the resource is quite different from the purpose to which it is later put. To use bricolage, entrepreneurs need to consciously and consistently stockpile the resources based on the intimate knowledge of the resource and imaginative recombination of the materials at hand (Weick 1993).

What are the resources at hand for the three entrepreneurs in this study in order for them to use bricolage to deal with their external and internal environments? To carry out institutional and strategic bricolage requires the resources to have the potential to be utilised through the cultural capital embedded in them, as argued in Chapter 2. In this thesis, cultural capital refers to the collective social resources of a creative entrepreneur, manifested in their upbringing, formal education, personality, career, business ventures and social relations, and accumulated through a life time of learning, working and living. A creative entrepreneur’s cultural capital also includes their social connections gained through their business, company structure and environment, which facilitate creative space, the company’s reputation in the industry and the past performance of the business. Through the cases described in previous chapters, it is clear that the answer to this research question lies in the following aspects.
8.2.1 Entrepreneurs Themselves and Their Experience as Entrepreneurs

Among the three entrepreneurs in this research, there are some aspects that are held in common, and of course there are also elements that are different. Both kinds of attributes are worth mentioning in order to facilitate an overall understanding of creative entrepreneurs as a group (see Table 8.3).

<table>
<thead>
<tr>
<th>Family background</th>
<th>Wang Hao</th>
<th>Han Yan</th>
<th>Su Tong</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family background</td>
<td>Scientists working in an under-developed region of China</td>
<td>Parents are scientists, her grandmother (with whom she grew up) is a teacher</td>
<td>Academic staff members in the army</td>
</tr>
<tr>
<td>Origin</td>
<td>From Shanghai, where he studied in university</td>
<td>From Hebei province; came to Beijing for university</td>
<td>Born and grew up in Beijing</td>
</tr>
<tr>
<td>Career path</td>
<td>Hardly worked for other people; has been his own boss for most of his career</td>
<td>Worked for major players in publishing before setting up her own business</td>
<td>Worked for various organisations in advertising circle, working as brand/ads designer before starting his own branding business</td>
</tr>
<tr>
<td>Educational background</td>
<td>Science degree in marine physics</td>
<td>Science degree in technology English</td>
<td>No formal tertiary education</td>
</tr>
<tr>
<td>Cultural tools acquired</td>
<td>Obedient autonomy: interdependent and reciprocal to social and bureaucratic rules in order to enact changes</td>
<td>Striving to be the best</td>
<td>Doctrine of mean: flexible in mode of action with consideration of extremes to reach optimal solution</td>
</tr>
</tbody>
</table>

**Family Background**

Family influence has a significant impact on a person’s social behaviour. In the economic world in China, the relevance of family influence on an entrepreneur’s social and business behaviour has been found to be quite high (Chen, Lu & He 2008), particularly with regard to their involvement in political and commercial activities.

These contemporary professions, such as branding designer or flash animator, didn’t even exist when the parents of today’s entrepreneurs commenced their careers 30 or 40 years ago. These professions are not held in the same esteem as traditional professions such as government officer, teacher, banker or doctor, and are not considered by the general population to be ‘real jobs’. This opinion is also shaped by the fact that these entrepreneurs work for themselves as getihu (private company) – a title that still attracts some level of
contempt – instead of being employed by *guoying danwei* (a state-owned entity) or *da gongsi* (a big company). However, it is interesting (but not surprising) to notice that all three entrepreneurs in this study are from intellectual families. In China, due to historical factors, intellectuals are generally regarded as a humble, moderate and down-to-earth caste with a sensible approach to such life issues as their children’s careers.

**Origin**

Su Tong is the only entrepreneur explored in this study who was born in Beijing. Wang Hao moved from Shanghai, where he completed four years of tertiary education, to Beijing after he started his flash animation career. Han Yan came to Beijing as a university student and started her career in publishing. These differences mean that the formation of their social capital has varied from individual to individual. Most of Su Tong’s social connections were acquired through family relations, such as parents, siblings and close family circles, as well as the circle of school-mates. By contrast, most of Wang Hao and Han Yan’s initial social connections were established through their own network of school-mates and former colleagues, then through business partners or other social involvement. This was especially true in the years when they first started their careers. With the passage of time, this difference in their patterns of forming social connections has tended to become less pronounced. Perhaps the key variable at work is that they have all become very well established in their own right within business circles through different pathways.

**Career Path**

Su Tong and Han Yan have had the typical career track of an entrepreneur in that they worked for other people for a period of time before they started their own business ventures. By contrast, Wang Hao hardly worked for other people at all, and has been an independent artist from the very beginning.

**Educational Background**

Education is of foremost importance in Chinese culture. A strong regard for higher education is held firmly in households in most, if not all, communities, especially after the re-establishment of the University Entrance Exams (*Gokao*) system towards the end of the Cultural Revolution. Research on Chinese entrepreneurs shows that entrepreneurs with higher education qualifications have significant correlations with an entrepreneurial orientation (Chow 2006), and those with higher degrees are often involved in industries that depend on a high level of technology, which is the case for most creative industries (Zhang 2007).

While both Wang Hao and Han Yan have bachelor degrees in science, Su Tong’s formal education stopped at the end of high school. However, Su Tong educated himself through his wide reading and research work at Shanghai University. Most of the creative entrepreneurs I
have encountered during my fieldwork in China are university educated, some at postgraduate level. This is hardly unexpected, due to the nature of the creative industries generally, with their intensive technological content and a higher level of globalisation than other industry sectors. Therefore, Su Tong’s lack of formal tertiary education is quite rare, but has not proved an obstacle in any way to his conduct of business activities. On the contrary, with the extra compensatory effort he has made to obtain knowledge through intensive reading on a daily basis, he has shown to his staff or his associates that knowledge accumulation can be achieved effectively through real-life working experiences.

No matter whether the knowledge is acquired through formal education or through self-learning, the application, articulation and interrelation of that knowledge – particularly for entrepreneurs – has to be realised in their commercial undertakings to facilitate the process of reflection at a higher level. That reflection, in turn, has to centre on key issues affecting business, such as company philosophy, strategy and developmental trajectory:

Through different business dealings in the last few years in financing, business merging, fighting with merging partners, collaborating with state-owned enterprises, importing overseas funding, and joint operations with NASDAQ share listed companies, I have been tumbling (shuai gentou) the whole way and learned many valuable lessons … in the meantime, I have been struggling [over the company’s approach] between Western style (Yang pai) and country bumpkin (tulao). If you look at the revenue of the last few years, I have to be frank that my business has been a failure compared to other friends’ companies which might pocket hundreds of millions of yuan a year. But I have learnt a lot through these years, accumulated quite a good amount of knowledge, from west to east, from the ground to the sky. This knowledge provides those advanced principles which will help me to achieve my goal of combining western management thinking with Chinese commercial reality. (Wang 2008c)

Wang Hao’s learning process is achieved, according to him, through ‘tumbling’, while Su Tong’s learning, as described previously, is seen to be through the process of dealing with clients for their business design projects. As for Han Yan, as a publisher of economics and business management books, she has had access to all the classic texts on corporations and the economy, so she can study and apply that learning to her own practice.

**Acquired Cultural Tools**

All the above aspects of individual entrepreneurs ultimately form the cultural tools (Swidler 1986) that guide their actions in operating their businesses. With individual similarities and differences, the core of the cultural tools acquired by each is quite distinct: Wang Hao formed
the mentality of making changes within the social and bureaucratic rules; Han Yan has a tendency to push boundaries to reach the best; while Su Tong exercises a flexible mind-set in determining his relations with other parties in business dealings.

Through the processes of becoming what they are, and structuring and positioning their companies to match what they believe is the best approach for their particular business, each of these entrepreneurs has formed their own unique cultural field, which equips them with what is defined in this thesis as cultural capital (Bourdieu 1993b) that they can cash in for their business. Baker and Nelson (2005) describe entrepreneurs’ own experience, knowledge, skills and their contacts around the business as ‘labour input’, which has contributed to the operation as one form of human input to be recombined with other resources to benefit the progress of the business.

8.2.2 Connections Through Business

The social connections embedded in entrepreneurs’ social network are manifested in their interactions with governments, business partners, staff members and consumers. Based on the discussion in the previous section, the key and most crucial set of connections involves those the entrepreneurs utilise to set up their relations with government. This could occur directly within the government, or could be through or based on the connections with internal or external circles.

Table 8.4 compiles the entrepreneurs’ resources in contacts that are key in their institutional bricolage and strategic bricolage, and lists out the crucial contacts among all the contacts they have in this regard.

<table>
<thead>
<tr>
<th>Key connections</th>
<th>Wang Hao</th>
<th>Han Yan</th>
<th>Su Tong</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td>Key members of management</td>
<td>Key members of management</td>
<td>Key members of designing team; business partners</td>
</tr>
<tr>
<td><strong>External</strong></td>
<td>Government officials, particularly from Ministry of Culture; investors; channel companies</td>
<td>State-owned publishing houses; foreign publishing houses</td>
<td>Customers; government officials both as customers and business contacts.</td>
</tr>
<tr>
<td><strong>Crucial connection with regard to bricolage</strong></td>
<td>Government official from Ministry of Culture</td>
<td>State-owned publishing houses</td>
<td>Business partners</td>
</tr>
</tbody>
</table>

Table 8.4 Entrepreneurs’ main internal and external connections
There is not much difference in entrepreneurs’ internal contacts. As small SMEs with similar number of employees (each around 15–20), in order to bricolage in business strategic arrangements, it is imperative to rely on the key members of the management team (in the cases of Wang Hao and Han Yan) or the senior business partners (in the case of Su Tong).

It is not surprising that, when comparing these businesses’ external connections, the heterogeneity is clear, which corresponds with the overall institutional environment in creative industries due to the nature of its cultural involvement. For Wang Hao, the intensive contacts with Ministry of Culture officials and investors form the main part of his daily workload; Han Yan’s constant rights negotiations with foreign publishers and the periodical rent negotiation with state-owned publishing house comprise the unique role she has to play as the owner of the business; Su Tong’s close contact with customers not only serves as the main vehicle for delivering the service to clients, but also functions as the mechanism for adjusting the relations with the government, either as clients or as contacts through membership of an industrial association.

This variety of the external resources for entrepreneurs illustrates the complexity of situations where business relates to external parties in dealing with institutional limits, constraints or uncertainty. It also shows the necessity of collecting, accumulating and stockpiling ‘whatever is available at hand’, which is the core element of bricolage in business (Baker & Nelson 2005).

The answer to Research Question 2 of this study lies in the social connections of creative entrepreneurs as resource ‘at hand’. These connections are accumulated through the entrepreneurs’ life experiences and business careers. Not only are these connections deeply rooted in their personal attributes that provide the entrepreneurs with certain cultural tools, they are widespread across a wide spectrum of stakeholders of their businesses. To be able to improvise the business operation in a changing and usually constraining institutional environment, it is not only necessary to cultivate a wide range of contacts, but imperative for the sustainability of any business operation.

8.3 INSTITUTIONAL BRICOLAGE

As the answers to Research Question 1 suggest, government is the key factor in the complexity of the institutional environment in the creative industries in China. The government’s importance in any business’s nexus of social condition is arguably more significant in China than that in Western countries. This is especially the case for the creative industries, where the securing of ideological compliance or adherence to the principal imperatives of party doctrine from all corners of society is still of paramount concern for the government.
On the cultural front, China is still in the midst of transferring from an engineer state to an architect state (Hillman-Chartrand & McCaughey 1989), with mixed results for different sectors. This status of being in a transferring stage has two implications from the perspective of an entrepreneur who intends to start a company, to expand their business or simply to maintain the health of their current business operation:

- Instead of the universal state-ownership, and close or ‘tight’ control of cultural production, that were the order of the day at the start of the economic reform 30 years ago, the shift from an engineer state to an architect state is resulting in differentiated policy principles and levels of policy involvement. The differentiated policies cross different sections of one sector or different sectors – some sections or sectors are ‘tighter’ or ‘looser’ than others. To more efficiently master the implication of policy restrictions and allowances against which one has to align one’s business arrangements is an art in itself, one that requires industrial experience, political acumen and sound connections in every domain of society.

- More importantly, the overall policy system is a dynamic system because it is in the process of change. Therefore, to correctly sense the direction of policy movement facilitates a winning positioning of one’s business operations that can potentially earn a strategic advantage in all stages of the business’s operations – start-up, expansion or the opening up of a new market.

As shown in the previous chapters, these implications work in different ways for the three entrepreneurs in this research. For Wang Hao, the heavily regulated policy system that dominates the internet café sector provides a backdrop for his decision-making on ongoing business strategies for attracting investors or collaborating with certain parties, whether in the government or not. For Han Yan, the policy regime in the publishing industry functions as the principle for her business’s operational structure, and most importantly, provides a solid ground for her to accommodate herself and her business to the likely direction of future policy development. For Su Tong, since there are few policy restrictions in the branding sector, those available rules and regulations in branding designs and those in any sectors or industries where the clients are, actually provide tools for him to blend into the design philosophy, to direct the business plan and, most distinctively, to form a ‘growth coalition’ (McGee et al. 2007) with different parties for different projects.

Accordingly, as argued in the previous chapters, government departments or state-owned entities are actual partners in different ways for the companies in question. They are, as shown in Table 8.5, a shareholding party of the company in the case of Goyoo, in a long-term
rent-agreement in the case of Cheersbooks, and in partnership with government as part of a ‘growth coalition’ or clients in the case of Baroque.

Table 8.5 Entrepreneurs’ partnerships with government

<table>
<thead>
<tr>
<th>Partnership with government</th>
<th>Wang Hao</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form of partnership</td>
<td>Shareholding partner. Wang Hao has an official title in the Ministry of Culture’s department in return.</td>
</tr>
<tr>
<td>Essence of the partnership</td>
<td>Credibility for clients by providing a safety net for the clients in the complex policy terrain.</td>
</tr>
<tr>
<td>Level of contact</td>
<td>Daily face-to-face contact with government officials, who have an office next to Wang Hao’s.</td>
</tr>
<tr>
<td>Reliance on the connections</td>
<td>High but not vital. The company’s organisational structure is the guarantee for this level of reliability.</td>
</tr>
<tr>
<td>Stability of the partnership</td>
<td>Long term, permanent without any set time of termination.</td>
</tr>
<tr>
<td>Position with and influence on government and its policy</td>
<td>Insider – maintains the institutional environment, facilitating changes within the system.</td>
</tr>
</tbody>
</table>
8.3.1 Form of Partnership

Wang Hao’s relationship with government is the most intensive among the three entrepreneurs. Although a typical private businessman, Wang Hao’s status as director of a government body, acquired through the partial ownership of a commercial arm of a government department, gives his company a certain aura of government-sanctioned respectability for his clients – the internet café owners.

Cheersbooks’ long-term contract with Renmin University Press, as described in Chapter 6, may not be the only one of its kind in China, but it is certainly one of the few successful ones. With the legitimacy acquired through the rental agreement with state-owned entities, Cheersbooks is fully functional as a proper publisher with its own right of negotiation directly with overseas publishing houses, independent production costs and quality teams and lines of book designing and editing.

For Su Tong, there are two types of relations for Baroque with government: one is government as clients, and the other is government as a partner in the ‘growth coalition’ (McGee et al. 2007) in many local government development projects. It is straightforward when it is a case of government as clients – Su Tong and Baroque design and maintain the logo, motto, stationery and websites, just as they do for any other clients, such as state-owned companies, private businesses or non-profit organisations. In the case of ‘growth coalition’, the government’s function is more significant in China than it is in most Western countries.

8.3.2 Essence of the Partnership

Wang Hao

Due to the heavy regulation in the sector, internet café owners tread very carefully in their daily operations to avoid any trouble caused by an offence that they may not even realise they have committed. There is also the ever-present problem of patrons who may access forbidden content or websites, either intentionally or unintentionally. Installing the portal provided by Goyoo Network, which is closely affiliated with government, gives the internet café owners a certain sense of security so they can focus on other aspects of their business, knowing there is a safeguard in the framework and even content of the web front in their operations.

Han Yan

The real benefit for Han Yan from her rent agreement with the state-owned publishers is the enactment of her bold claim to be an ‘independent publisher’, which is a paradox in China, as explained in Chapter 6. In China, the vast majority of the state-owned publishing houses are just surviving by publishing the traditional stream of textbooks, with one or two popular books a year being the main source of profit (Zang 2003), Cheersbooks’ performance is considered outstanding in publishing circles.
It is commonly held in China that the privatisation of publishing in the production sector is inevitable. Most agree that it is only a matter of time before there is substantial deregulation on this front (Ji 2003). By positioning themselves at the edge of what policy permits, Han Yan and her team at Cheersbooks provide a working model of a successful private publisher. This is arguably a model that could be adopted throughout the industry when the policy of allowing private business to have access to book numbers becomes a reality.

**Su Tong**

In China, as a totalitarian socialist society existing within a market economy, local governments – unlike those in Western countries – are not only the decision-makers on major developmental projects, but also the biggest investors in many cases. They are directly involved in the growth and operation of these projects when construction is finalised (McGee et al. 2007). In most of his growth coalition with governments, Su Tong’s main role is as a ‘mover’ or ‘shaker’. He sets the theme for the development, then gets everyone together to plan, sketch, design and activates the process, as he did for the establishment of ICIA, described in Chapter 7.

There appear to be few grounds for criticism of government on Su Tong’s part. Perhaps this is a testimony to his ability to shape governments as a kind of tool to enable him to brand particular projects. Therefore, Su Tong, as well as receiving the financial reward of being the designer for the theme, is able to have his ideas or concepts spread throughout a development project sanctioned by the government.

**8.3.3 Level of Contacts and Reliance on the Government**

Wang Hao’s dealings with government are fairly intensive, with daily face-to-face contact with a government official from the Ministry of Culture who has an office next to his. However, this level of contact is very much in-house, not public, which works well in terms of the government’s position as a ‘silent’ partner, and also helps to secure the stability of the long-term collaboration.

Nonetheless, Wang Hao’s reliance on government is the highest among the three entrepreneurs in this study, for it is built into the company’s organisational structure. He could survive without the organisational structure, but the affiliation with government makes his business operation much easier. Nevertheless, he is far from complacent about the advantage of having government as a partner. Instead, Wang Hao dedicates a good portion of his time to designing and to the technical side of the portal, as well as to the construction of a channel network to keep Goyoo’s sales, product and service ahead of those of his peers.

Han Yan’s contacts with government are not intensive. The main contact with the executives of the state-owned publishing house occurs when approaching to the period of renewal of the
corporation contract. Therefore, her main activities in dealing with governments involve negotiation for the rent agreements. Han Yan’s level of reliability on government is medium compared with our other two companies. She needs this long-term rental agreement with a state-owned publisher, but doesn’t have to sign up with any particular one if she don’t want to. In fact, due to Cheersbooks’ reputation in the industry, she has the upper-hand when it comes to choosing who she would like to sign on with.

Su Tong’s interactions with government vary depending on which type of partnership he has with them. As we argued previously, Su Tong devises the level of contacts to suit the level of facilitation or involvement according to how much he needs from the government. In this sense, his reliance on the government is not high, and the partnership usually ceases most of time when the project finishes. As for Wang Hao, the affiliation with the government provides a higher level of competitiveness for Baroque in acquiring and maintaining the company’s client base.

8.3.4  The Influence on Government: Institutional Work

Wang Hao

As a private business owner, Wang Hao has his official title assigned by the Ministry of Culture in the area of macro management of the internet café market as part of the government’s scheme. In this sense, he is a typical Insider. This dual status – on one hand as a private business owner, and on the other as a government official – not only substantially benefits Wang Hao’s business but also confers benefit on the government. Wang Hao has market credibility, as he is seen to be teamed up with authority in what is a highly regulated industry sector, and at the same time the relationship also bestows credibility on the government and its officials because they are seen to be ‘keeping in touch with reality’ and collaborating with industrial experts.

In the categorisation of institutional work (Lawrence & Suddaby 2006; Lawrence, Suddaby & Leca 2011), Wang Hao falls into the type of ‘maintaining’ the institutions because of the intrinsic attribute of being inside the system. The feedback Wang Hao provides to government officials as his business partner certainly helps government to make certain changes; however, the position of government’s overall control of the internet café sector is not aimed at change. This clearly reflects Wang Hao’s personal mentality of obedient autonomy as a main feature of Chinese intellectuals – something he acquired through his upbringing.

Not only does Wang Hao have no intention of changing the overall controlling system; it is in his business’s development interest to maintain the current institutional environment – from the internet café owners’ point of view, a reasonably low regulated industry sector would
diminish the necessity to sign up a portal provider that is part of the government’s commercial arm. This complex dialectic relationship among the government, portal providers and the internet café owners is one way in which Wang Hao uses bricolage in dealing with his external institutional environment.

**Han Yan**

Although Cheersbooks’ steady business growth forces it to face all sort of issues emerging alongside the expansion of the business, the core structure of the business in relation to the government – which makes Han Yan a typical Outsider – remains steady and facilitates the operation’s efficiency as a private publisher. This type of institutional bricolage positions Cheersbooks at the edge of policy permission, testing the boundaries and challenging the authority of this tightly controlled territory of publishing by calling itself an ‘independent publisher’.

The publishing market in China has matured since the entry of the World Trade Organization. Even though the steps towards reform are slow, the policy trend towards the large extend of privatisation of the publishing sector is being debated among the policy-makers. The very existence and success of Han Yan and her company provide a constant reminder in publishing circles of the doubt about the censorship on book numbers. From the GAPP’s point of view, Cheersbooks’ operation provides a model that they can reference within the policy discourse for industry reform in the lead-up to the next possible critical step of privatising the publishing sector.

By paying the rent for book numbers, Cheersbooks loses a large chunk of profit. For this reason, Han Yan falls in the category of ‘destroying’ institutions by the intrinsic incentive of using them to help destroy the current system. When the market matures enough to privatise the publishing sector, Han Yan and her peers will be more than ready to jump to the next stage and become even more competitive by virtue of their status as independent publishers.

**Su Tong**

In terms of power relations with government, Su Tong is an Outrider. He positions himself at various points of distance from the government, either through his business associates or through membership or the setting up of professional associations. In some of his relations with government, they are his clients for his branding practice.

Unlike the status of Wang Hao and Han Yan, Su Tong’s institutional bricolage is manifested in individual projects, such as the facilitation of establishment of the ‘creative industries’ concept into the Beijing municipal government’s official language. It is also embedded in his establishing
industrial associations or setting the theme and principles for industrial association through
acquisition of membership.

The provision of concepts and ideas to the institutional environment is the spin-off for the
government in its affiliation with Su Tong. Government officials obtain ideas and concepts that
are progressive or forward thinking, which can potentially be of benefit for their own particular
governmental projects and provide guidance for their policy directions. Su Tong’s new concepts,
innovative ideas and theoretical frameworks are well received among the related bodies of
government, as shown in Chapter 7.

In summary, through different forms or arrangements, creative entrepreneurs set up different
relationships with government, dealing with adversity in their industrial institutional
environment in the cases of Wang Hao and Han Yan, or simply progressing in a
comparatively neutral environment in the case of Su Tong. The three different types of the
power relations with government embedded in the cases show a range of options, such as
long-term official post in government commercial arm, medium term ‘rent-seeking’
arrangement with state-owned entities, or short-term case-by-case collaboration with
authorities, that could be undertaken to achieve certain outcomes that benefit the business
operations. At the same time, the activities that entrepreneurs undertake through their
affiliations with government affect policy directions through the institutional work of
maintaining, destroying and creating institutions.

8.4 STRATEGIC BRICOLAGE

Inferred from the principle of strategic choice (Child 1972), in utilising or accommodating a
company’s internal resources or characters, strategic bricolage is manifested in an enterprise’s
organisational culture (Dauber 2012, p. 75), business structure, business operation and design of
knowledge and information flow (Granovetter 1973; Scott 2006). A comparison of key
manifestation of strategic bricolage of three creative entrepreneurs’ is shown in Table 8.6.

It is instructive to recognise that entrepreneurs themselves are a major part of their company’s
internal resource in their strategic bricolage. This has come from the following two notions:

- *Creative and innovative capabilities as a resource for a firm’s competitive advantages.*
  According to Banks, Elliott and Owen (2003), creativity ought to be considered an
  internal resource. It is possessed and articulated by the members of the organisation
  and, more importantly, the culture of the firm itself. And it is this internal resource that
can be ‘mobilised for competitive advantage through detailed analysis and self-
reflexive critique’ (2003, p. 133).
The content of their products and services require the firm to be creative. Due to the nature of creative practice, compared with general industries, the product and service of creative businesses are service intensive and content rich so that most of the time, as in the case of the entrepreneurs in this study, key processes are individualised. There are not a lot of routines to follow or to borrow from other companies in the creation of content.

Table 8.6 Key manifestations of strategic bricolage

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<th>Wang Hao</th>
<th>Han Yan</th>
<th>Su Tong</th>
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<tr>
<td>Organizational culture</td>
<td>Shared culture of dynamic and corporative mentality</td>
<td>Openness in working environment</td>
<td>Openness in working environment and information system</td>
</tr>
<tr>
<td>Business structure</td>
<td>Designing department is larger than sales department</td>
<td>Team arrangement and autonomy shared through the structure of the company</td>
<td>Small size of ‘core team’</td>
</tr>
<tr>
<td>Business operation</td>
<td>Sales ‘channel’ system to accommodate the team characteristic of having more ‘creatives’ than ‘suits’</td>
<td>Working process – planning session</td>
<td>‘Tool pack’ and triangulation of reputation of Baroque, assurance of industrial association and new concepts</td>
</tr>
<tr>
<td>Knowledge and information flow</td>
<td>Product consumption – maximise the ‘stickyness’ and provide information service to enhance patrons experience</td>
<td>Production process and product consumption – ‘sharing of wisdom’</td>
<td>Production process: (1) principal design stage number of concepts in different combination to process the data collected at fact-finding stage (2) delivery stage</td>
</tr>
<tr>
<td>Communication channels</td>
<td>conventional*, blogs, website, channel companies, portal, ‘top ten’ listing</td>
<td>Editor’s Note, feedback slip in books</td>
<td>Communication channels: conventional*, blogs, website, staff, online live chat</td>
</tr>
</tbody>
</table>

*Conventional communication includes form letters, fax, phone calls and face-to-face meetings.

As a key internal resource utilised in the most individualised service, each of the entrepreneurs contributes differently to their respective business: Goyoo Network relies on Wang Hao’s resourcefulness, which is beneficial in many aspects of its commercial operations; Cheersbooks relies on Han Yan’s exquisite judgement of trends and directions of market acceptance based on her extensive experience through participation and observation in
the publishing area; and Baroque relies on Su Tong’s active thinking, resulting in boundary-breaking but still systematic theory systems based on his broad range of knowledge.

It is worth noting that in the running of a sustainable SME business – particularly in the creative industries, where individual talents play a more active role in the daily operations than in other more general industries – the balance between their leadership quality and their ‘ordinary person’ or ‘just one of the team’ mentality is crucial. The quality of charismatic leadership provides inspirational vision and communication, sensitivity to the changing environment and members’ needs, unconventional behaviour and efforts to optimise the status of the business.

All of these charismatic leadership qualities serve to make the operation smooth and progressive (Conger & Kanungo 1994). Their vision and influence over the direction of the firm’s operation and development is usually greater than in larger companies, where decisions and communications are made via a hierarchy (Yu 2001).

**8.4.1 Organisational Culture**

Most creative industries business clients, customers or external associates – particularly those of companies that provide product to the general public – are young, middle-class consumers who consume cultural product as part of their daily activities. Establishing a certain set of organisational culture to suit or identify with clients, customers or external associates bears a high level of importance in business strategies.

As a portal provider servicing primarily young internet café patrons, a shared culture of dynamic and corporative mentality not only would reflect in their product, but also will attract quality external associates such as games providers and channel companies. This organisational culture within Goyoo is reflected in its choice of office location and the dynamic working environment in the company.

Openness is the major characteristics of both Cheersbooks’ and Baroque’s organisational cultures. Apart from the corporate identity through company logos, at Cheersbooks an open-plan working environment and communication mechanism among the team members facilitate a free flow of knowledge and information; the openness at Baroque is clearly shown in its completely open information system, whether it is in the computer system or in the filing cabinets.

**8.4.2 Business Structure**

Although all three companies have reasonably standard and simple management structures, Cheersbooks’ team arrangement shows the basic consideration of strategic bricolage – the
management structure was established to suit each key member’s personality and capacity instead of sourcing personnel to fill existing positions.

At Goyoo, the size of the design team is much larger than that of the sales team – this is also devised based on team characteristics. At Baroque, the main characteristic of the team structure is the size of its ‘core team’ – no matter how big or small the design project taken on, there are always just two or three members in the company involved with Su Tong as ‘brainstorming’ partners in the key production stages.

A common aspect among the three entrepreneurs in this study is that they all started their careers as a designer. Therefore, they know the ‘trade’ and appreciate the value of design autonomy in quality product provision. They leave plenty of space for their staff – particularly junior staff – to fully utilise their creative capacity in their daily work, such as the design of the logo at Baroque, detail of the design of the portal system in Goyoo, and design of the cover and structure of the book, and the writing of an Editor’s Note for the book, at Cheersbooks.

8.4.3 Business Operation

The hallmark of Wang Hao’s strategic bricolage is the ‘channel’ sales system he established for the coverage of the portal in the internet cafés. To maintain coverage of its portal and other products associated with it from the sales aspect of the company, Goyoo only employs a handful of sales managers assigned to different regions and territories, where there are hundreds of channel companies promoting the portals on Goyoo’s behalf. Goyoo is therefore able to focus more on the product and its quality, such as more features, faster traffic and less downtime. This business model is Wang Hao’s own initiative, and has been tested and adjusted throughout the company’s operations.

The key feature of Han Yan’s strategic bricolage is the set of highly efficient and complete working procedures put in place for the production team to follow. Through this procedure, a daunting task of publishing an imported book into the Chinese management circle is broken down into a number of small tasks, with known expected length of time for each and an assigned dedicated support team. The focal point of this procedure is the planning session, where different opinions on some or all issues related to the planning of a book from all parties involved are expressed openly. A clear set of tasks and expectations towards the junior editor is laid out after a thorough discussion.

The major manifestation of strategic bricolage in Baroque, apart from the ‘tool pack’ in the production that can easily be modulated to suit any type, scale or level of branding design, is the triangulation of customers’ trust based on the reputation of Baroque, assurance due to the involvement with industrial associations, and acceptance of the new and progressive concepts
in the branding design. Through the leverage of these three devices, Su Tong acquires an inflow of business with ease and, most importantly for him, the more customers he reaches, the larger is the audience for his concepts and ideas.

8.4.4 Knowledge and Information Flow

Apart from the smooth knowledge and information flow (KIF) within the company business structure, facilitated by the open or dynamic organisational culture usually seen in the creative industries, most distinguishable KIFs were demonstrated in production or product consumption, which form a major part of a firm’s strategic component. There are multiple forms of communication in each company, as shown in Table 8.6. These facilitate a system of efficient information flow among all parties involved, particularly for the key stakeholders of the business, including its customers. The consumption process by the customers generates more cultural value than just the utilitarian ones that are organic to the products or services. Some of the topics of the communications with stakeholders are beyond the products reaching all aspects of life, surrounding or starting from the consumption – commercial, technical, social, political and personal.

These three cases of creative entrepreneurs are, firstly, consumers of their product, as Leadbeater and Oakley (1999) describe in their analysis of the attributes of creative entrepreneurs. Wang Hao, coming from a professional ‘flash animation’ background, is a consumer of his own digital content product; Han Yan is an active reader – due to the types of books published by her firm, reading her own books not only keeps her aligned with her target readers’ reception of their books, but also provides her with advanced management knowledge as a business person; and Su Tong’s own company branding constitutes the testimonial for his clients. By being part of their own consumer circle, they have closer access to the ‘psyche’ of their consumers.

In the case of Wang Hao, the KIF is mostly shown in his maximising the ‘stickiness’ in internet café patrons’ consumption behaviour. This strategic choice in his product policy not only adds value to internet café owners through longer sign-on time of the patrons and the portal’s branding effect, but also enhances the capacity of channel companies’ revenue-drawing and internet café patrons’ consumption experience.

For Han Yan, the mentality of ‘sharing the wisdom’ is the most influential strategic choice that resonates with the readers’ mind-set. The sharing of the wisdom is carried out in the production process with the staff members, with suppliers and in the product-consumption process by readers reading the books.

At any stage of Su Tong’s major involvement in the production process, the KIF are fairly intensive – even at the fact-finding stage, when he has to consider what type of facts to find,
how deep they must be, and how many facts are satisfactory for both the client and Su Tong himself to enable a move to the next stage of design. A similar process happens for the stage of principal design and delivery. Su Tong relies on clients’ instant feedback so that the creative articulation of the information or data through his resource hijacking flows seamlessly in his and his design staff’s thinking and planning. This process cannot be achieved without an intensive information exchange among Su Tong, clients, design partners and design staff. In Su Tong’s case, the intensive KIF is the source of the design, and Su Tong’s involvement is very much part of the actual production.

Overall, the strategic bricolage in each of the three case studies bears striking similarities in principles, but each is different in the four aspects of the study. How they devise their business strategies is based on what they have ‘at hand’ in their internal resources, characterised by the intrinsic attributes of their product, key staff members’ capacity and identification with their clients. The application of the flexibility and adaptivity in their strategic choices is a key reflection of bricolage’s fundamental element, which has contributed to the significantly advantageous position in of each entrepreneur’s operation over their competitors.

8.5 CONCLUSION

The creative entrepreneurs in this study adapt themselves and their businesses to suit the social conditions surrounding their commercial operations. These conditions are dynamic: changes are happening constantly. A firm’s competitive advantages hinges on the generation and exploitation of total flexibility (Banks, Elliott & Owen 2003). This flexibility is enabled in the process of business bricolage in response to the institutional environment. With an entrepreneurial adaptive approach, businesses gain flexibility in dealing with constant changes – policy adjustment, technology breakthroughs or market trend shifts. This is where the core value of entrepreneurship lies.

Although China recently surpassed Japan as the second economic power in the world after the United States, its ranking on Ease of Doing Business in World Bank’s compilation is only 96th out of 189 countries (2014). This indicates that doing business is not an easy task in China, as shown in the cases in this research. However, as this thesis finds, institutional bricolage and strategic bricolage have generated successful outcomes for the entrepreneurs in this study – particularly in the creative industries, where cultural and political conditions are even tougher than they are in other general sectors.

Bricolage requires the entrepreneur to look beyond the constraints and limits that rules and regulations impose on their business operation. The ability to constantly seek, to collect and to accumulate the resources ‘at hand’, surrounding and within the business environment, is
crucial for the development of this mentality. This thesis also find that the instinct to adapt or improvise, timely and swiftly, to position the business in the positive stream in relation to the policy and regulation trend, and to strategise to best utilise internal resources, is fundamental to the success of the business. Not only does this practice dissolve the limits or constraints in the system or the relationship with the government; it solidifies the competitive status of the business operation, leaving competitors more exposed to the potential risks of complying with the existing rules and regulations.

The empirical bases of this study are both time and location specific. Even the three ‘celebrity’ entrepreneurs in Chapter 4 are quite isolated cases, considering that the developmental background of their businesses, their personal career paths and their companies’ operations are quite different. Therefore, caution is advised regarding any attempt to use the findings of this study to predict how other entrepreneurs might conduct their own operations. However, with the universal increase in the expansion of management knowledge fuelled by globalisation (Meyer 2002), the findings of this research will be of relevance to some who are interested in modern China, particularly in the development of the creative industries, or the economy in general, from a socio-cultural perspective.

By comparison, and through analysis of the empirical cases, this study has concluded that bricolage, as an entrepreneurial skill, enables successful creative entrepreneurs to be adaptive and flexible in establishing business models or structures to suit the institutional environments that are perhaps imposing constrains and limits, or bearing a great deal of uncertainty. With entrepreneurs’ bricolage, not only are businesses shielded from institutional constraints, but gain flexibility in dealing with constant changes in their dynamic environment – policy adjustment, technology breakthrough or market trend shift.

It is also part of the thesis’ findings that correctly structuring a business to suit market trends and consumer needs is the key to maintaining operational viability, success and growth. Creative industries in China – where culture plays an active role in nearly every aspect of business operations, businesses must navigate the complexity of cultural, political and commercial nexus to achieve these objectives.

The main theoretical contribution of this thesis is the creative entrepreneurs profiling in the spectrum of the relations with government in China. The construction of a theoretical profile using three categories of entrepreneurs in this study – Insider, Outsider and Outrider will provide a set of ‘testing prototype’ for future studies of entrepreneurs and entrepreneurship inside or outside China where other institutional conditions, rather than just the control from the government, may place crucial constraints on businesses.
Also, by understanding the rationales behind the theoretical profiling of the entrepreneurs in China, it acts as a reminder to interested parties of the importance in understanding the relations with key players in the institutional environment, in acquiring the skills to establish business models or structures through institutional bricolage and strategic bricolage to suit the particular institutional conditions of the business, and in arming oneself with a range of options of act or model to refer to.

8.6 FUTURE STUDIES

This study intends to provide some insights, at the micro level, into individual creative entrepreneurs’ personal and their businesses’ commercial backgrounds, their business operations, including their business models and production processes, and the environments in China in which these entrepreneurs survive and succeed. The study clearly shows that the political conditions in China are a major influence on business operations – especially in the creative industries, where government’s ideological control or involvement is evident in many aspects of the industry sector, although the levels of the control or involvement are different from sector to sector.

The outcome of this study is more of a snapshot of the status quo during the period 2006–09, as a point of investigation when creative industries policies emerged from all levels of government. This thesis does not intend to examine the process of how these companies formed their business strategies, operational structures and business models at the start-up stage of their operations. Moreover, it does not seek to highlight those conditions or the restrictions in the social, commercial and political domains that have most impacted on the process of forming their current operations. Therefore, a long-term study that tried to outline and analyse the trajectory of these same companies would be a useful starting point for future research.

The future study could be extended out, based on this research, to the in-depth investigation of creative enterprises in a single sector, such as branding, digital content or publishing, with a detailed examination of the development of the sector against the social, political or cultural development as factors in the institutional environment, the changing dynamics of the industries in relation to technology application, policy evolution, market and consumer shift, and entrepreneurs’ changes of mentality, operation style or strategisation in different periods of economic development and different political and cultural environments. One particular area of interest would be the investigation of the publishing sector where, although private businesses are politically marginal, their contribution and level of influence have surpassed their social status in disproportionate fashion in comparison with their state-owned peers.
# Appendix I

Participant Observation Record - Chinese

工作记录

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## Appendix II

Participant Observation Record – English

**Observation Record**  
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<td>□ Supplier __________________________</td>
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<td>□ Associate __________________________</td>
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Interview Questions (Translation)

Research Title: Between Culture and Creativity – Creative Entrepreneurs in China
Case Study: Wang Hao
Interviewee: Tian Ming
Interview Date: 5th July 2008
Recording: Audio
Recording No. WH2008070502

1. Please describe how you got to know Wang Hao and how you get along with him in your role as supplier. What do you know about Wang Hao as an ordinary person?

2. From a supplier’s point of view, how you see Wang Hao as a creative entrepreneur and what you think is the main characteristics of a creative entrepreneur?

3. What’s the characteristics of institutional environment do you think in the sector of internet café, which part of it present as a challenge for an operator like Wang Hao? Are there tensions in the community that characteristics to the development in the creative economy?

4. What is the most crucial aspect of Wang Hao’s operation that keep the company survive?

5. How would you describe Wang Hao and Goyoo’s relations with authorities, and would you do the same if you were to run his company and why?

6. What are Wang Hao’s resources in business operation?

7. What do you think are Wang Hao’s advantages and weaknesses in business structure and commercial operation?

8. As a supplier, how you rate the frequency and quality of your knowledge exchange on skill, experience and industry trend with Wang Hao?

9. What is it that in Goyoo’s operation mostly is unique compared to other similar companies or most of companies in the sector?
Appendix IV

Sample Questionnaire - Translation

Questionnaire

Research Project Between Culture and Creativity – Creative Entrepreneurs in China
Case Wang Hao

1. Please indicate your age group
☐ 20-24  ☐ 25-29  ☐ 30-34  ☐ over 35

2. There are strong creative field around Wang Hao
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree

3. Wang Hao is very convincing in conveying his opinion
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree

4. As an employee, the two-way communications between you and Wang Hao on knowledge, skill and experience
☐ Frequently occur  ☐ Occur, but not often  ☐ Never Occur

5. As an employee, the two-way communications between you and Wang Hao on knowledge, skill and experience
☐ Very efficient  ☐ Efficient  ☐ Neutral  ☐ Inefficient  ☐ Very inefficient

6. Through contact with Wang Hao, my sense of being creative, creative skill and creative capacity have
☐ Improved greatly  ☐ Somehow improved  ☐ Not improved  ☐ Decreased  ☐ Decreased a lot

7. Do you agree the following
   * There is sense of trust among the company members
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * There is teamwork corporative mindset
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * People from outside the company tend to be willing to share knowledge and information
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * There is sense of encouragement to think differently
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * People are encouraged to be involved outside duty or roles
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * People are energetic and devoted in this company
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * There is mechanism of conflict-resolving in the company
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree
   * There is incentive in this company for communication
☐ Strongly agree  ☐ Agree  ☐ Neutral  ☐ Disagree  ☐ Strongly Disagree


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