The London School of Economics and Political Science

Emergent Social Capital from Styles of Organizing

—— A Case Study of Creative Industry Cluster in China

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Abstract

The research presented here was inspired by the growing interest in enterprise cluster research and the need to better understand the creation of social capital in a cluster. By exploring how social capital is created and grown in a specific cluster, which adopts an innovative style of organizing, it will show that the creation and management of clusters is not only an economic issue, but also a social psychological one. This study not only aims to make a contribution to the literature of social capital and cluster, but also seeks to provide practical solutions for building sustainable creative clusters in China.

In the theoretical part, an overview of China's creative clusters and the challenges faced by their top-down style of organizing will be provided. After reviewing the classic literature of cluster and social capital, the potential contribution from social psychology to the construction of social capital in cluster will be examined.

In the empirical part, the focus is on a specific bottom-up case named Xindanwei. The present researcher entered into the field as both an academic observer and a wine merchant. Two main research questions have guided the research：1. What is social capital in the real-world cluster? 2. How can social capital be created in a cluster? Data were collected through semi-structured interviews, participant observation and web documents. Thematic analysis and a theory-driven approach were applied in the interpretation of data.

The findings indicate the emergent and context-based nature of social capital, which appears to originate from dynamic guanxi (with physical, institutional and mental elements) rather than static network. Social capital is usually perceived as individually owned asset, but here it can also be co-owned by participating members in cluster. In order to generate social capital, it not only calls for a facilitative platform with multi-level installations, but also requires cluster members to take productive actions and consider the context constraints in the real world. In the end, a facilitative framework to create social capital in clusters is proposed.

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I dedicate this thesis to my parents, who have helped me to sail through the difficult times in my life.

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"An idea can't be owned in the way gold can; in fact an idea has little value unless it is shared or used to some extent. Its value paradoxically can increase the less it is owned privately. Why own, when you get the same utility from renting, leasing, licensing, sharing? The trend is clear: access trumps possession. Access is better than ownership."

一Kevin Kelly (2009), editor of Wired Magazine

1.1 Overview

The research presented here was inspired by the growing interest in enterprise cluster research and the need to better understand the creation of social capital in a cluster. Specifically, this thesis is concerned with clustering in the creative industries, where social network stands at the centre of efforts to enhance the competitiveness of the cluster members.

1.2 Background

1.2.1 Significance of Creative Clusters in China

The status of creative industries policy has evolved from the periphery to the centre in worldwide governmentsø solution for post-industrial unemployment. õUnlike the economic logic of depletion that underscores the ravaging of material resources, the creative industries policy was born in the time of dot.com mania and the informatization of social relations.ö (Rossiter, 2008) Starting from the ‒Creative Nationø policy agenda of the Paul Keating led Australian government in early 1990s, õthe creative industriesö was formalized as a policy discourse in the UK during the early years of the Blair government. Since then, governments around the world became fascinated in developing creative industries, most notably in Australia, New Zealand, East Asia, Western Europe and Brazil (Rossiter, 2008). In the literature, the term õcreative clusterö and õcultural clusterö have often been used

interchangeably due to the lack of conceptual clarity about the ideas behind two terms. It is mostly that "the studies stemming from Europe (with the exception of UK) commonly use the term 'cultural clusters' while those from US and Australia appear to favour the term 'creative cluster' (Kong, 2009)."

The global financial crisis in 2008 marked a crucial turning point for China. The external demand shock has undermined the sustainability of China's export and investment led growth model. The importance of developing creative industries is increasingly recognized by the Chinese government. According to the 12th Five-Year Plan (2011-2015) of the Communist Party of China (CPC), China will speed up the transition of its economic model, and support cultural and creative industries as pillar of national economy (China Daily, 2011).

However, the knowledge ingredients of western creative industrial development were selectively adapted in East Asia (Kong et al., 2006). The term "cultural industries", rather than "creative industries", is favored by central government as a way to evoke the tradition and unite people. Chang (2008) addressed that some sensitive meanings behind creativity (i.e. breaking the rules and thinking outside the box) did not fit well with what the central government wants for a 'harmonious society'. Thus the Chinese government prefers the term 'cultural industries', in contrast to the terminology 'creative industries' – originally from the 'Mapping Document' issued by the UK government's Department of Culture, Media and Sports – adopted by most other countries (Chang, 2008). "Its ultimate goal is not only to resist the consumption and dominance of Hollywood or Western culture in the domestic market, but to export its own cultural products overseas and spread its influence" (Chang, 2008). "In contrast to the more nationalistic cultural industries, the creative industries were championed by local and city governments." (Keane, 2009a) The term "creative industries" adds its appeal to local officials as an international accepted idea, new commercial mentality for wealth creation and increasing returns. In the end, the compromised 'cultural creative industries' came into being in China's policy discourse.

Banking on the successful industrial clusters of 'Made in China' model in China's economy,

cluster has become a policy panacea for local economic development and is considered to be an essential step towards -Created in Chinaø (Keane, 2008b). In the last few years, China has experienced what Keane (2009a) called õcreative cluster boomö. Hundreds of designated cultural creative clusters-animation bases, cultural zones, art centers, and incubators come into operation, and most of them emerge from the disused urban industrial sites or factories. The initial enthusiasm for creative clusters came from Shanghai, and the momentum was soon followed by other cities.

Keane (2009a) has identified the different development stages of Chinaøs creative clusters. In the first stage, many disused industrial sites were designated for specialist agglomerations by government. The intent was to provide resources and facilities for people with similar skills. Then the organic development of artist zones or cultural districts starts to draw international mediaøs attention. These districts (i.e. Beijingøs 798, Songzhuang Art District) usually situate inside large cities and close to art colleges, galleries, and media schools. Certain areas not only provided the relative freedom for creative workers to express themselves, but also produced an informal tourism economy. Inspired by these successful cases, local governments and real estate developers start to exploit the link between art, tourism and property development. õGentrification, together with consumer service functions, has served the bottom line. In all, hundreds of reconverted factories throughout China have incorporated assorted design, painting, media, fashion and advertising services, which are made more commercially viable by recreational add-ons ó bars, restaurants, massage, book and souvenir shops. In a sense, it is not the creativity or the networks of interaction that fund this wave of construction.ö (Keane, 2009a) The driving forces are more than the sale of tourist commodities, but also include the pursue of higher property or land price.

1.2.2 Dilemmas from Top-down Style of Organizing

At first glance, it seems it would be easy to construct a creative industry cluster in China. õCluster master plans circulated as factories were turned over to developers. State-owned enterprises, private business entrepreneurs, and university research centres moved into the

creative field as a result of generous incentives from local governments. ö (Keane, 2009a) However, only a small amount of Chinese clusters can be found at the high-value end of the creative continuum, and the business model for most clusters is simple: setting up a factory, calling it a cluster, and producing outsourced products for international companies by offering huge saving in labour cost. Although a series of reforms among cultural creative industries have provided more open space for local SMEs (Small and Medium Enterprises) to create content to their audience, three major dilemmas have been identified along the development process of Chinaøs creative industry.

The first dilemma for Chinaøs creative industry is the tension between ÷planningø and ÷creativityø Historically, creative clusters have developed informally, and the creative practitioners are more likely to work with whatøs around them, rather than waiting for clusters, industries, or other government interventions (Butt, 2008). But one common ingredient of Chinaøs creative industry cluster is state or government supervision. Planning is important to the success of creative clusters only depending on the kinds of cluster model, the industries located there, and the kinds of innovations sought. õMany poorer regions in China that are currently pursuing the cluster approach to development have ÷thinø knowledge bundles when compared to global benchmark regions like Silicon Valley, which are 'thick' in the areas of exploration (research), examination (testing and trialling) and exploitation (commercialisation). The problem is that fear of being left behind pushes the formation of clustersö (Keane, 2008b). Even though there are creative clusters managing to survive, õpolitical pressures brought on by the governmentøs twin aims of ideological control and financial reward threaten to co-opt creative spaces entirely, and in so doing potentially crush the unique entrepreneurial drive to which the art district owes its existenceö (Hornsby & Mars, 2008). Take Beijingøs 798 for instance. An emerging creative cluster successfully turned the disused warehouses of the 1990s into flourishing international art district. It not only brought in hotels and chains, but also brought in scrutiny, guidance and higher rents, which resulted in the unwilling exodus of 798 early figureheads and the disruption of existing healthy clusters. Thus the sustainability of this policy-led ÷top-downø approach to creative industry is highly questioned by many experts.

Secondly, the development of a Chinese õcreative clusterö often leads to a tension between ÷efficiencyø and ÷originalityø (Keane, 2008b). As Caves (2000) has demonstrated, creative industries are atypical industries. The economic model for the creative sector is that value is not correlated to human-hours of labour closely, but depends upon being valued in the eye of the beholder. No one really knows anything about what will succeed until the value is created (Butt, 2008). There is always difficult decision to make between making profit from merchandising (bottom-line efficiencies) and creating original content. In order to reduce the market risk, most of Chinaøs creative clusters will choose the former. As Keane (2008b) discovered in Chinaøs animation industries, the lack of value in the content market drives businesses back to manufacturing model. Another example is the Dafen Artistsø Village in Shenzhen, southern China, where people work long hours replicating old masters or kitsch oil paintings for the international markets. Some of the artisans here may not even have any art training in painting technique, but rely on on-the-job training in the factory condition (Keane, 2009a).

Last but not least, many experts are concerned about how China can manage the balance between the õquantityö and õqualityö of its booming creative clusters. Chinaøs rapid economic growth since 1980s has not been confined to megacities, such as Beijing and Shanghai, but has been õa story of many small empires rather than national champions devouring competitorsö (Keane, 2009b). According to a HSBC Global Research Report, China will have at least six provinces in the east coast with an annual gross domestic product (GDP) the size of Russia, and further 10 central provinces with GDP size comparable to Switzerland. China appears to õresemble a collection of second-tier developed world and leading developing countriesö (Lall, 2010). Symptoms of õduplicate constructionö in other sectors also emerge in Chinaøs creative industries. Due to the provincial and municipal governmentsø competitive aspirations to possess their own creative industries for the sake of enhanced status and prestige, large investments are poured into the same sector without considering regional competitive advantages or market demand, resulting in õa fragmented marketplace typified by parasitic localisation and little real innovationö (Keane, 2009b). While Shanghai had established 75 Creative Industry Cluster Parks by the end of 2006 (Li & Hua, 2009), Beijing aimed to focus

on key projects and had nominated 21 cultural creative clusters into its development agenda by 2008 (Niu & Peng, 2009). Other major provinces or cities across China all jump on the bandwagon, and have set up specific number of creative clusters needed to be established in the next few years. Even the different districts within cities are competing fiercely to erect õcultural creative parksö (Keane, 2009b). But the question is: how many õcreativeö clusters can co-exist even in a marketplace as large and diverse as China? The sustainability of these clusters is highly criticized by Keane (2009b): õThe advantages of clustering óreduction in transport costs, accessibility to services and human capital, associational activity, knowledge spillover etc.-are likely to be negated by cities, districts and regions competing for investment in similar sectors.ö

The large-scale creative clusters based on top-down model have proved to become an expedient term to justify real estate speculation and the infrastructural construction, but lack of real imagination and a sense of risk-taking (Keane, 2009b). In order to set China=s creative industries firmly on a path towards long-term competitiveness, it needs more than what Keane (2008b) called õboundary spanningö, embracing people from different disciplines and fields of endeavor whenever possible. It is creativity itself, rather than the creative zeitgeist, that needs to be targeted.

In situations of great ambiguity and uncertainty, characteristics of the context of creative industries in China, only a highly adaptive cluster will be able to respond to demands to cooperate in order to innovate or survive. The creation of a sustainable cluster is therefore not simply to decide to make one or allocate a large-scale space, but need i) to enable the development of a creative culture and community, where cluster members can have access to both tangible and intangible benefits; ii) to be flat and open promoting abundant knowledge, information and resources exchange; iii) to be IT enabled, inserted in both local and global networks and highly sensitive to the dynamics of the various ecosystems it is part of. Participation in such a cluster can represent an attractive opportunity for firms to upgrade and expand their social capital, and thereby augment their learning and innovation capacity for the enhancement of their business.

The main argument of the current study is that cluster development needs to embrace new style of organizing, which emphasizes bottom-up initiatives and community building. It is the present researcherøs intuition that the creation of social capital is at the basis of the sustainability of clusters. Hence, this research will focus on a specific case, Xindanwei, which has been experimenting innovative style of organizing to create social capital to support its cluster-building. The study reveals how its experiences in this process have demonstrated that social capital is a key component of a sustainable creative cluster. In addition, by exploring how social capital is created in this specific cluster, the study shows that the creation and management of creative clusters is not only an economic issue, but also a social psychological one.

1.3 Choosing Xindanwei as the Case in this Study

1.3.1 Creativity: Product of a System

In order to build a real creative cluster, it must understand the nature of creativity. In reviewing the substantial growth of scholarly research on creativity, Hennessey and Amabile (2009) indicated that creativity studies had become both theoretically and methodologically sophisticated, and received important contributions from an ever-expanding variety of disciplines and background:

õ*For the first three decades of modern psychological research into creativity (starting circa 1950), there were a small number of "big questions" that most researchers focused on: creative personality and creative thinking techniques. Then, for many years, there was an additional focus on the social psychology of creativity. Since the 1990s, we have seen a virtual explosion of topics, perspectives, and methodologies in the creativity literature. Yet there seem to be few, if any, "big" questions being pursued by a critical mass of creativity researchers".* (Hennessey and Amabile, 2009, p.571)

However, Hennessey et al. (2009) also found that most of the creativity studies only focused on one level of analysis or one discipline at a time, and many researchers often neglected to

consider progress from other fields. They believed that õcreativity arises through a system of interrelated forces operating at multiple levels, often requiring interdisciplinary investigationö (Hennessey et al., 2009), and summarized a concentric circle model of major levels at which creativity forces operate (see Figure 1). These interrelated levels include neurological, affect/cognition/training, individual/personality, groups, social environment, and culture/society. Since the creative forces have to cross all these levels, a system perspective is required to examine creativity. Hennessey et al. (2009) claimed that õno single construct, no one investigative focus, can adequately account for the emergence of creative behavior. If strides are to be made in the sciences, humanities, and arts, we must arrive at a far more detailed understanding of the creative process, its antecedents, and its inhibitors.ö

Figure 1 Major Operational Levels of Creativity Forces (Hennessey et al., 2009)
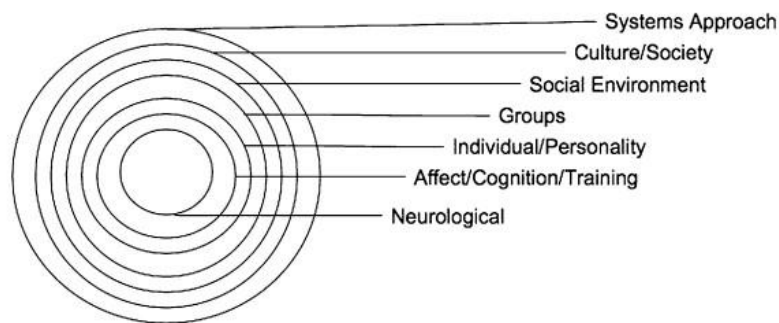
Figure 1

The increasingly large concentric circles in this simplified schematic represent the major levels at which creativity forces operate.

In terms of building sustainable SME clusters that target creativity, the successful experiences in foreign countries, as cited by authors like Hennessey, may not be applicable to the new cultural settings in China. Chiu and Kwan (2010) identified the complex interplay between culture and creativity. They argued that creativity was an active knowledge creation and accumulation process that enabled the formation and evolution of culture, while the current culture consisted of knowledge that was new when it was created, had worked in the past, and subject for social transmission and reproduction. õExisting knowledge in the cultural realm provides a reference point for determining the originality or novelty of new ideas and is an important source of inspiration. However, established knowledge in the culture may also set

up perceptual and mental sets and create intellectual blind spots. Inspirations from foreign cultures help to break sets and invite creative fusions of cultural ideas. Nonetheless, situationally motivated adherence to local cultural norms could curtail the potential creative benefits of multicultural experiences. ö (Chiu et al., 2010, pp. 455-456)

Recognizing that creativity has a multi-dimensional nature and resides in individual cognitions as well as in social processes, Chiu et al. (2010) proposed a process model (see Figure 2, below) in order to understand creativity: õA successful innovation involves one or more iterations of the following three stages: (i) authoring new ideas; (ii) selecting, editing, and marketing new ideas; and (iii) acceptance of the new ideas in the market. Different criteria of evaluation are used at the different stages of knowledge creation. At the authoring stage, the primary criteria for evaluation are the novelty of the idea and the ideaøs personal utility to the knowledge creator. Ideas that are novel, nonconventional, and counter-intuitive in relation to current knowledge are preferred at this stage. At the selection, editing, and marketing stage, the primary objectives are to select ideas based on their potential success in the market, modify and edit the selected idea to enhance its market value, and enhance the publicity of the idea in the target audiences. At this stage, knowledge creators will consider the assumed attitudes, values, and beliefs of the gatekeepers and the end users. At the acceptance stage, the gatekeepers deliberating on the market entry rights of an idea will consider the collective utility of the idea (including its practical and heuristic value) and the preferences of the pertinent authorities (e.g., expert opinions, the government).ö (Chiu et al., 2010, pp. 451-452)

Figure 2: A Process Model of Creativity (Chiu et al., 2010)
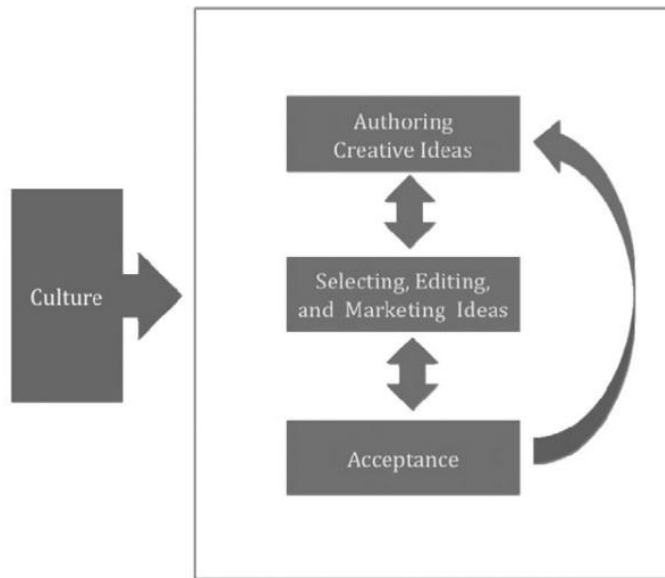
While the influence of culture varies in all stages of creativity, the creative stakeholders have different roles to play during the whole process: õKnowledge creators have more control over the outcomes at stages 1 and 2 than those at stage 3. Success at stages 1 and 2 involve different skill sets. Whereas success at stage 1 involves the skill set of an inventor, success at stage 2 involves that of a trader. The inventorøs goal is to create new ideas and the traderøs goal is to create value for the new ideas. At the end, the actual preferences of the end users determine the extent of acceptance of the idea in the market. ö (Chiu et al., 2010)

To sum up, creativity is the result of the surrounding system, and involves both individual and social aspects. In the current study, the researcher takes on board Chiu et al.øs (2010) claim that õdifferent social and psychological processes are at work at different stages of the creativity process, and culture can affect the outcomes of the creativity process through its effects on these social and psychological processesö. In order to ensure sustainable development, a creative cluster must not simply copy from a previous successful model, but needs to study the local system and address the relevant social psychological issues in the real world. For the purpose of creativity research, it will be useful for the present researcher to study a creative system as a whole.

1.3.2 Shift in Style of Organizing

The mere co-location of companies, suppliers and institutions creates the potential for economic value, but does not guarantee its realization (Porter, 1998). OøConnor (2004) argues that successful clusters rely on the development of locally embedded tacit knowledge as opposed to formal, codified knowledge. Thus, õit is precisely at the small-scale, local, heterogeneous cluster that the creative work gets done, and it is here that insidersøknowledge and immersion in the local scene produce the vital innovations and mutations (OøConner, 2004; Kong, 2009).ö

In the twenty-first century knowledge economy, what matters most is not input or scale, but productivity (Porter, 1998). It seems difficult to define the boundary of clusters precisely in the cluster literature. The geographic extent of clusters varies widely from industry to industry, and some industry clusters may be much smaller or more extensive than the standard geographic units (Cortright, 2006). The advent of internet technology also changes the landscape of clusters. õInnovative uses of Internet enable a ÷de-spatializationø of economic activity, and at the same time, offer new opportunities for codifying information, which may enhance learning and innovative activity.ö (Damaskopoulos et al, 2008) New technology provides useful tools for linking to distant firms, groups of firms, professionals and resources. However, the effectiveness of these tools depends on how to use by the members who are embedded in cluster. There are no such things as low-tech industries, but only low-tech companies that fail to use updated technology and practice to enhance competitiveness (Porter, 1998).

Within the area of cluster development, recent years have seen a õparadigm shiftö away from top-down õcluster managementö (Peltoniemi and Vuori, 2004) towards a bottom-up õcluster facilitationö perspective. This shift is driven by the insight that it is only through active participation of cluster members, especially the SMEs, in planning and implementing their clusterøs programmes that these programmes are likely to succeed. From international bodies and governmental agencies, the call for SMEsø bottom-up participation in cluster building

finds wide support. The conceptual strengths and appeal of the notion of participation resides in the opening to the dual treatment of effectiveness and appropriateness. Participation, it is argued, promises to SMEs a genuine opportunity for effective networking in a flexible way. Moreover, it appears to pave the way for the implementation of more context-sensitive treatments of needs from SMEs, and above all, it opens the door to instilling threads of democratic engagement into the process of supporting the cluster. Appealing as these views and theories may be, they still lack the support of a well-founded empirical background.

1.3.3 Xindanwei: Innovative System Emphasizing the Social Aspect of Creativity

The present case study of Xindanwei, founded by three Chinese entrepreneurs in 2009 in Shanghai, illustrates an innovative bottom-up attempt to circumvent the restriction of large-scale creative clusters and address the issues of creative processes systematically. While following the global trend of co-working, Xindanwei attempts to provide more than the low-cost working spaces for creative companies.

The concept of co-working has been evolving, but it generally means to work alongside or collaborate with someone you normally wouldnøt in a shared environment. Unlike profit-driven conventional office, co-working is not only about the provision of physical space, but also about the establishment of co-working community, emphasizing more social, collaborative and informal elements. While co-workers from different companies or background can work independently inside the community, they can also form new partnerships with each other by õjelliesö (informal events which are held at specific time of the week and gather co-workers to work together) or õspace hostsö (persons who organize events for community members, introduce members to know each other, and identify potential collaborative opportunities). Firms within creative industries are increasingly involved in the co-working movement, both as users and space providers.

The developing global co-working movement started to influence three young Chinese entrepreneurs in 2008. After spending several years working in creative community in Holland

and Beijing, creative consultant Liu Yan moved to Shanghai to start a new venture. She formed a new partnership with Chen Xu, a Shanghai native who decided to return from UK, and Aaajiao, a local new media artist. At that time, there were already more than 80 so-called õcreative clustersö in Shanghai, but they were frustrated by the lack of creativity and by the bureaucratic way of doing things in traditional creative clusters. Inspired by the co-working models in Europe and US, these three young entrepreneurs aimed to build up a sustainable creative community where people from technology, academia and art can co-work together. After organizing a pilot series of creative industries õsalonsö (places to meet) in various places, they finally found a stable base in an old factory site. Here a new style of creative cluster under the name of õXindanweiö has emerged.

In a public lecture, Yan Liu, the co-founder of Xindanwei had explained her motivation behind this new initiative:

"China's economy is in the transition period form 'Made in China' to 'Created in China' model. But how? We are not in lack of people with creativity and good ideas. We are in great shortage of community that supports and creates leads, channels, scale, impact and resources. It's not about place, it's about people! Technology allows us to connect talents, leads, channels, resources no matter where they are, but connectivity doesn't mean we are ready to collaborate worldwide. It is the matter of building trust with someone you have never met." (Liu, 2009, pp. 3-6)

Xindanweiøs target is to serve õwhoever finds working with other cool people more productive, inspiring and funö (Xindanwei.com). It is a company as well as a creative cluster, whose members include freelancers, creative talents from different companies, creative teams, cash strapped startup companies, and social enterprises in Shanghai. In contrast to other õmegaö creative clusters in China, the physical space of Xindanwei is much smaller: its co-working area only occupies 300 square meters in Shanghai. With flexible membership options (monthly, hourly, friends) to choose from, members can get access to the space based on how long, when and how they need to use the space. Its members can pay as little as 15 RMB per hour to get a shared office and nice meeting room.

Espousing the idea of being õsimple, open, networkedö (Xindanwei.com), the small initiative of Xindanwei has provided an alternative perspective to see how creative cluster can be built. The social aspects of creativity have been emphasized in Xindanwei, and the co-founders of Xindanwei have utilized social capital to drive the growth of its creative cluster: Social networks (or õguanxiö in Chinese) are not fixed or planned in Xindanwei, and members have freedom to opt in or out of any working partnership; new guanxi can be initiated through doing favors, events or co-working; different types of derivative communities of practice have emerged during these processes.

Taking its variety of members into account, the present researcher considered Xindanwei to be an ideal case to look at what social capital is and how social capital is created in the real world. Although the scale of Xindanwei is small compared to traditional clusters, the emphasis on trust building inside Xindanwei provides a relatively pure space to study social capital. The experience from this miniature initiative may also create magnifying effect to other cluster building.

1.4 Research Questions and Aims of the Thesis

There is already a certain amount of literature emphasizing the critical link between social capital and sustainable clusters. However, the definition of social capital is still lacking in consensus, and the actual processes of how social capital is generated within cluster remain unclarified.

Hence two main research questions have guided the present research:
- What is social capital in the real-world cluster?
- How can social capital be created in a cluster?

The investigation in Xindanwei presented here tends to be explorative, as the researcher is keen to unfold the dynamics of a single cluster.

The aims of this thesis are two-fold. First, it tries to make a contribution to the literature of social capital by incorporating theoretical frameworks informed by social psychological perspective. In doing so, it will address conceptual gaps as shown in the understanding of social capital and the actual creation of social capital. Second, it seeks to provide practical solutions for building sustainable creative clusters in China.

Although the scale of chosen creative cluster is small compared to those mentioned in the traditional literature, its rapid growth does imply the significance of bottom-up initiatives in sustaining clusters. Through in-depth analysis of the Xindanwei case, the thesis aims to identify appropriate infrastructure to unleash the power of social capital in the real business world.

The theoretical framework deriving from the case study might not be applicable to other cases or context beyond such case, but the present researcher hopes that it can inspire people to recognize the value of bottom-up initiatives, and serves as a starting point to research or practice of building sustainable clusters informed by social psychology.

1.5 Research Framework for the Case Study

In the research field of industrial SME clusters, more and more scholars have recognized the necessity of embracing a social and institutional approach to complement the neoclassical economic approach, and the introduction of social capital appears to be effective in explaining the success of certain clusters. However, the nature and creation processes of social capital are still unclear in the real world. It would be useful to link social capital with a more social psychological emphasis.

According to the existing literature, social capital is often assumed as given product, and the stress is usually on how to use existing social capital more efficiently rather than on the process of enabling its development. However, in the case of Xindanwei, the co-founders believed that social capital could be created and accumulated by a facilitative platform. Here,

the social psychological theories have more to offer in understanding the nature and forming processes of social capital. On the one hand, Lahlou's (2008b) installation theory provides a macro triple-level framework to observe the current case: on the physical level, one core competences of Xindanwei is space creation as it understand the importance of space and visual design in affecting members' behaviors; on the institutional level, various mechanism have been introduced or refined in order to stimulate the community participation and co-creation among members; on the mental level, a philosophy of sharism ("the more you share, the more you will receive") has been promoted since the establishment of Xindanwei, and it helps to unite the whole community. On the other hand, the micro processes of social capital creation would become clearer if the social psychology behind networking and community building can be understood. Through co-working and cultivating communities of practice, Xindanwei aims to go beyond a pure networking platform, and leave enough spaces to generate social capital which can benefit both individuals and the whole community. By introducing the social psychology of guanxi and community, the analysis of the Xindanwei case presented in this thesis will reveal that the co-working practice must consider contextual factors, in order to generate social capital.

The Xindanwei story impresses on the present researcher that social capital is better considered as a process and as emergent rather than as a "given" entity. What Xindanwei offers to its members includes objective arrangements as well as subjective experiences. The quantitative method seems not able to capture the richness of this cluster. Thus, in order to really understand the emergent process of social capital in Xindanwei, the researcher had chosen a qualitative case study design.

As advised by the supervisor, the present researcher joined the Xindanwei cluster with two distinct roles in the community: that of an academic researcher who had an interest in the business model of Xindanwei; and that of a wine merchant who was a partner in a SME and wanted to expand his business in Shanghai. These two roles had been clearly announced to other members in Xindanwei. The purpose of playing dual role in Xindanwei was two-fold: on the one hand, taking the specific role of a wine entrepreneur was a legitimate investigation

technique, and would gain the researcher a participant status during the observation in Xindanwei; on the other hand, the dual role enabled the researcher to get more resources and support from the cluster, which were realistic rather than artificial make-up.

We must bear in mind the consequences of playing this dual role in Xindanwei. So the final outcome of participant observation should be clearly separated into two parts: one part is wine merchant's journal which documented the researcher's practical experiences as a wine merchant, who had utilized Xindanwei platform for business reasons (this taking an internal perspective); the other part is the field observation notes in ethnographic journal, which was more concerned to take an observational (outside, looking in) perspective taking account of research and about academic implications. In the end, data was collected through three sources for analysis: semi-structured interviews with cluster members, participant observation (wine merchant's journal and observation notes) and web documents generated by the co-founders of Xindanwei.

1.6 Outline of the Thesis

In the present chapter, it has provided an overview of China's creative clusters and the challenges faced by their top-down style of organizing. In the context of global knowledge economy, it calls for innovative styles of organizing in creative clusters. As a bottom-up initiative emphasizing social capital creation, the Xindanwei cluster has offered an ideal setting for the researcher to explore alternative styles of organizing. In the following sections, we will see that social capital is an essential component of sustainable cluster, and social psychology can be introduced to inform the creation of social capital in clusters.

Chapter Two seeks to present the theoretical scaffolding to understand the link between cluster building and social capital. After reviewing various natures of õclusterö and the respective styles of organizing, it appears that social capital is a key element in the sustainability of cluster. Then the present researcher tries to provide more in-depth understanding of social capital, where the social psychological aspect hasn't been paid enough attention in the

literature. In a rapidly changing world, it becomes difficult for the traditional approaches (product or process view) to fully capture the emergent nature of social capital. The potential contribution from social psychology to the construction of social capital will be examined. In particular, Lahlou∅s (2008b) triple-determination framework (õinstallation theoryö) is very helpful in analyzing the creation process of social capital. This chapter ends up with a social-psychological understanding of social capital, which is context sensitive and open up spaces to rethink new style of organizing in cluster.

Chapter Three presents how the case study has been conducted. The present researcher enters into the field with two distinct roles: that of an academic observer, taking an external perspective, and that of a business member, taking a perspective internal to Xindanwei. After providing a briefing on the research context, the chapter will describe how the data for the case were collected though semi-structured interviews, participant observation and web documents. While thematic analysis will initially be employed to analyze the interviews and web documents generated by the co-founders of Xindanwei, the emerging themed theoretical framework will guide the analysis of the rest of the materials (ethnographic journal and web posts).

The analysis and findings are outlined in Chapter Four. Three major global themes are shown to emerge from the data analysis. Various perspectives from members and facilitators in Xindanwei will be presented, revealing the details of how demands and solutions are matched in Xindanwei∅s platform, and how social capital can be nurtured on different levels of installation.

After summarizing the case analysis of Xindanwei, Chapter Five compares the findings to the existing literature. The similarities and gaps between our chosen case and theories are identified. The whole discussion presented in this chapter should enable both business and academic communities to rethink the style of organizing in clusters.

The final Chapter, Six, provides the conclusions of the current study. It confirms the emergent

and multi-dimensional nature of social capital, and the creation of social capital requires styles of organizing informed by social psychology. By providing answers to those two research questions, it summarizes the social-psychological contributions to the literature of social capital and enterprise cluster. Finally, a new facilitative framework is proposed for creating social capital, and the practical implications and limitations of Xindanwei model are also discussed.

Chapter 2 Literature Review：Approaching Social Capital as Emergence from Styles of Organizing

2.1 Overview

The flourishing of enterprise clusters around the world appears to be an economic phenomenon. However, there is increasing evidence that, for success and sustainability, clusters require more than purely economic incentives, and more and more scholars have turned their attention to the social aspects of enterprise clusters. Social capital, embodied in the trust between cluster members, has been introduced to help explain the social phenomenon of clusters.

The first part of this chapter (Section 2.2) will review the styles of organizing in enterprise cluster, and the link between cluster and social capital. Section 2.3 will explore the nature, various theories and controversies of social capital. The emergent nature of social capital has left sufficient spaces for the potential contribution from social psychology, a discipline that uses scientific methods õto understand and explain how the thought, feeling and behavior of individuals are influenced by the actual, imagined or implied presence of other human beings" (Allport, 1985, p. 5). Section 2.4 will discuss how social psychological theories can inform the innovative style of organizing for the emergence of social capital in cluster.

2.2 Styles of Organizing in Cluster

As a popular topic both in academia and in practice, cluster is increasingly recognized by officials as important settings for the growth of SMEs (Small and Medium Enterprises). A review of the body of research on industry cluster indicates that, so far, there has been little consensus on the definition of cluster as an economic phenomenon. The concept underlying industry cluster can date back to the nineteenth-century work by Alfred Marshall, who documented the advantages of spatial concentration of productive activities, and it goes by

many different names including õindustrial district,ö õagglomerationö among others (Cortright, 2006). Introduced and popularized by the Michael Porter (1990) at Harvard Business School, the term õclusterö is now widely used as a tool for promoting national, regional and local competitiveness, innovation and growth. It has become an object of study in several fields, including development studies, business economics, political economy and geography (Porter, 1998; Markusen, 1996b; Martin and Sunley, 2003)

The multiplicity of interests in clustering, coupled with the widely varying perspectives different actors bring to its use, have created an ongoing debate about what clusters are (Cortright, 2006). According to the classic and influential definition by Porter (1998), õ*clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized inputs such as components, machinery, and services, and providers of specialized infrastructure. Clusters also often extend downstream to channels and customers and laterally to manufacturers of complementary products and to companies in industries related by skills, technologies, or common inputs. Finally, many clusters include governmental and other institutions- such as universities, standards-setting agencies, think tanks, vocational training providers, and trade associations- that provide specialized training, education, information, research, and technical support.*ö (Porter, 1998, p.78)

However, Martin et al. (2003) perceived Porterøs definitions as a chaotic concept. They argued that Porterøs definitions were õso vague, in term of geographical scale and internal socio-economic dynamic, this has allowed different analysts use the idea in different ways to suit their own purposesö (Martin et al., 2003).

There are multiple dimensions in understanding cluster relationships. Most of the academic and practitioner literature about clusters focuses on geographic proximity. Neglected in the literature are the other possible proximities, including technological (how similar or dissimilar are the technologies that different businesses employ), skill or occupational (how similar are

the workers employed by different businesses), market (whether different businesses have similar or connected sets of customers), and social proximities (levels and kinds of interactions between the actors inside cluster) (Cortright, 2006). Feser (2004) proposed three dimensions of clusters: life cycle (existing, emerging, and potential), linkages (buyer-supplier or labor pool), and geography (regional or statewide).

Clusters are continually evolving as new companies and industries emerge or decline, and they do exhibit a life cycle. Depending on their age or growth, clusters can be described emerging (many new firms, rapid change in firms and products, fast growth), established or mature (fewer but larger firms, less changes in products, slower growth), or declining (stagnant or declining employment growth, few or no changes in products, more company deaths than births) (Cortright, 2006). A cluster can arise from historical circumstances; from unusual, sophisticated or stringent local demand; from one or two innovative firms that stimulate the growth of the others; and even from a chance event. Once a cluster begins to form, the growth can be self-reinforcing especially when the environment is supportive. The cluster can maintain or lose its competitive advantage due to both internal and external forces. The disruptive forces include technological discontinuities, shifting buyersøneeds, lacking pressure to improve, groupthink, regulatory inflexibility, etc. (Porter, 1998). There is the possibility that clusters may reinvent or redefine themselves as markets and technology change, so then a declining cluster may be revived (Cortright, 2006).

The significance of the cluster concept has moved from the emphasis on advantages of physical proximity, which produces collective benefits of the economies of scale and collective efficiency, to a more virtual proximity and interaction for knowledge generation and exchange of information (Nooteboom, 2006). It should be noted that the traditional industry cluster has been conceptualized and studied from two different aspects; the neoclassical economic, and the social and institutional (Cortright, 2006). These two main styles of organizing, and their concomitant advantages and drawbacks are reviewed below.

2.2.1 The Neoclassical Economic Nature of Clusters

Since the mid-twentieth century Neoclassical economics dominates microeconomics, and together with Keynesian macroeconomics forms the neoclassical synthesis, which dominates mainstream economics today (Clark, 1998). õIt focuses on the determination of prices, outputs, and income distributions in markets through supply and demand, often as mediated through a hypothesized maximization of income-constrained utility by individuals and of cost-constrained profits of firms employing available information and factors of production, in accordance with rational choice theoryö (Wikipedia, accessed on May 23, 2011 from http://en.wikipedia.org/wiki/Neoclassical_economics). So the priority of a rational firm is to maximize the profit on the basis of available market information, and it is assumed that competition among firms will ensure that firms will take advantage of profitable opportunities.

The neoclassical economic scholars assume that markets are the major organizing principle behind forming clusters. Most neoclassical studies of clusters trace their roots to economist Alfred Marshalløs work on industrial districts in nineteenth century England. Marshall (1920) presented three reasons to explain why groups of firms in a particular trade located nearby would be more productive than they would be separately. First of all, a concentration of similar firms would attract, develop and benefit from a pool of labor with a common set of skills. Secondly, suppliers would benefit from the market created by the concentration of similar firms, and the demand scale would require suppliers to refine and specialize their expertise, which in turn improve the production of their customers. Finally, ideas inside industrial districts would move easily between firms as if knowledge was õin the airö (Cortright, 2006). Labor market pooling, supplier specialization, and knowledge spillovers constituted the Marshallian Trinity.

Marshal identified the productive benefits that are not recognized before by the co-located individual firms who create them, and this is what economist today call õexternal economies of scaleö. External economies õ refers to sources of productivity that can be leveraged outside the formal boundaries of individual firms, normally embedded in regional economies, e.g.,

sharing fixed costs of common resources, such as infrastructure and services, skilled labor pools, specialized suppliers, and a common knowledge base. When these factors are geographically concentrated, firms gain economic and business benefits associated with spatial proximityö (Damaskopoulos et al, 2008).

Regional economists further divided external economies into two types: localization economies (gains from proximity to similar firms, especially firms in the same industry) and urbanization economies (gains from proximity to dissimilar firms, especially firms in other industries) (Cortright, 2006). There is an ongoing debate about the relative importance of these two types of external economies. One group of scholars holds that places with a greater concentration of industries (localization economies) will be more successful, while the other group argues that more industrially diverse places (urbanization economies) will more likely lead to economic success. The latter group argues that diversity and extensive interaction of economic actors within cities promote economic success, new ideas and occasionally new industry (Jacobs, 1969), and specialization runs a greater risk of group think and economic dislocation when demand for that specific industryøs product decline (Cortright, 2006). However, empirical studies, often based on statistical data (i.e. employment, manufacturing establishment), do not reach a consensus about whether localization or urbanization is more important to regional growth (Henderson, 1997; Henderson, 2003; Glaeser and colleagues, 1992).

During the last few decades, neoclassical economists have increasingly used sophisticated mathematical models to address companiesø agglomerations. õTraditional neoclassical models of economic activity focused on cases of perfect competition, because economists had well-developed mathematical tools for dealing with equilibrium in a constant-returns-to-scale world (i.e., one in which average costs of production are independent of the scale of production, so that large firms have no cost advantage over smaller ones). The development of the Dixit-Stiglitz model of monopolistically competitive markets gave economists the means to model increasing returns mathematically. In the 1980s, economists applied this approach to make important advances in theorizing about international tradeô the so-called New

International Trade theory developed by Krugman and others.ö (Cortright, 2006) These models emphasize the relationship between evolution of industry cluster and microeconomic parameters: geographic clusters of firms are more likely to take place when increasing returns to scale are intense; market power is strong; trade cost are low; and customers, suppliers, and labors are easily mobile (Ottaviano, 2003) Unlike more traditional neoclassical economic models, these models donøt imply single deterministic solution, and even õsmall and chance events can have enduring, long-term, and large-scale consequencesö (Cortright, 2006).

2.2.2 The Social and Institutional Nature of Clusters

Another way to approach the study of cluster is from a social and institutional perspective. Markets are not simply assumed to be the most important organizing principle of economic life, but embedded in non-market social relationships. The effects of social forces (such as customs, technological change, organization, and social networks) are critical in order to understand cluster. (Cortright, 2006) "The behavior and institutions to be analyzed are so constrained by ongoing social relations that to construe them as independent is a grievous misunderstanding.ö (Granovetter, 1985)

The significance of clusters of small firms was first justified in the central northern Italy (known as the =Third Italyø, with concentration of small and medium firms specialized in one specific sector) in the 1980s. Michael Piore and Charles Sabel (1984) proposed the concept of õindustrial divideö- the moment at which choices are made that fix the future course of industrial development. At the first industrial divide, large companies with mass production or õFordistö production system (standardizing products and production, semi-skilled workers) dominates the market, but it came at the expense of flexibility. When it comes to second industrial divide, consumers prefer products of greater variety and quality, which gives room for small and craft-oriented firms to thrive. With the help of technological innovation, clusters or network of small firms can out-compete larger companies through õflexible specializationö- ability to rapidly accommodate to changing circumstances and to fill market niches for customized, high-quality, and limited-quantity products. To Piore and Sabel, the success of

õThird Italyö lied in the fact that it embedded in a community with a set of supporting institutions, cooperative culture and close inter-firm relationships (Piore et al., 1984).

Various ethnographic studies of innovative, technology-focused clusters suggest that social, institutional and other non-economic factors are important to sustain the clusters (Tallman et al, 2004). Such insight can be gained from Saxenianøs (1994) comparative study of two competing IT clusters -Silicon Valley in California and the Route 128 near Boston. To explain why Route 128 fell behind Silicon Valley in keeping up with technological progress during 1980s, Saxenian (1994) argued that the key was Silicon Valleyøs decentralized organizational form, entrepreneurship, and culture of cooperative exchange (share technical knowhow beyond firm boundaries), in contrast to hierarchical and lackluster industrial system in the Route 128.

Steve Blank, a founder or participant in eight Silicon Valley startups since 1978, mentioned some secrets behind the innovation success of Silicon Valley when he was giving Google Tech Talk õThe Secret History of Silicon Valley" (available on YouTube, accessed on March 20, 2013 from http://www.youtube.com/watch?v=ZTC_RxWN_xo). In the early days of Silicon Valley, apart from the institutional supports from Stanford University and US government in the context of Cold War, Blank (2008) found that the unique culture in Silicon Valley did play its role in forming its success: People coming from different parts of country were far away from their families and traditional Eastern Coast cultural circle; without fear of losing faces, they became more entrepreneurial and tolerated failure. Later on, there was õPay-It-Forwardö culture emerging from ecosystem of Silicon Valley. Starting from the groups with similar interests (e.g. chips, computers, ethnic background) helping each other, the experienced executives would take time out of their busy schedule to have coffee or dinner with young entrepreneurs, and advice them for free. õEntrepreneurs in successful clusters build support networks outside of existing companies. These networks can be around any area of interest (technology, ethnic groups, etc.). These were mutually beneficial ó you learned and contributed to help others. Over time experienced executives õpay-backö the help they got by mentoring others. ö (Blank, 2011) According to Blank (2011), the former CEO of Apple Inc

Steve Jobs used to receive generous help from the founder of Intel Bob Noyce, at the time when he was an unknown young entrepreneur. Although the popular meeting spaces for entrepreneurs may change over time, the spirits of helping and sharing continue in Silicon Valley.

The social psychological nature of clusters gradually gained the attention of scholars from the flexible specialization school, who believe that any attempt to characterize industry clusters using traded relationships or tangible flows fails to fully capture inter-firm relations that explain the agglomeration phenomena (Scott & Storper, 2003). Storper (1995) argued that proximate firms also share what he described as "untraded interdependenciesö. Traded interdependencies exist in the economic sphere, and involve formal exchange of value for value, such as licensing, alliances, or acquisitions in which formal exchanges take place (Tallman et al, 2004). For Storper, the untraded interdependencies arise because of the nature of technological development. õTechnologies, for one thing, are subject to a variety of user-producer and user-user interactionsö (Storper, 1995). Untraded interdependencies (comprising common coded languages, conventions, rules, practices, and institutions) lead to easier communication of new technology, facilitate trust and cooperation, and present action trajectories for firms within an uncertain world (Storper & Salais, 1997). Untraded interdependencies are locally bounded resources, and function in parallel with traded interdependencies to mitigate the transaction costs of exchanges (Tallman et al, 2004).

In particular, more and more researches pay attention to the contribution that social capital makes to explain why certain types of economic activity tend to cluster despite the opposing trend towards dispersal brought on by the spread of globalization (Wolfe, 2002). As a sociological concept, the term ÷social capitalø doesnøt have an agreed definition (see next section), but becomes popular among policy makers due to its duality-õit has a hard nosed economic feel while restating the importance of the socialö (Halpern, 2005). Social capital can refer to the actual or potential resources derived from the cluster (Bourdieu, 1986); consists of structural, relational and cognitive dimensions (Nahapiet & Ghoshal, 1998); and facilitate individual or collective action within the structure (Coleman, 1990). Without its supportive

functioning, those tangible forms of investment may fail to deliver the benefits that should potentially flow from them (Maskell, 2000). One key component that underpins the social capital of clusters is the degree of trust that exists among the various members of clusters. õA growing number of studies identify the existence of trust relations among a network of regional firms as critical for their competitive success, but the factors that contribute to its presence trust remain difficult to pinpoint.ö (Wolfe, 2002)

It is important to distinguish between two approaches to the origin of social capital in the enterprise clusters: one emphasizes the historical and cultural factors that buried deep in the clusterøs past, and the other attributes the establishment of high-level trust to the dense interactions of firms engaged in interrelated economic activities. Cohen and Fields (1999) have warned that attempting to apply European conceptions of trust or social capital to other areas such as North America was of limited utility. The social capital found in successful Northern Italy cluster is much closer in nature to the historical and cultural variety, and emerged from the local familial culture and workplace community (Brown & Duguid, 2000). The trust found Silicon Valley is grounded in the reputation of key actors and expectation of how perspective partners will perform in the network (Cohen & Fields, 1999), and developed through productive interaction and reciprocity over short and intense periods of time (Brown & Duguid, 2000). A concrete set of social institutions and economic actors play an important role in supporting productive interaction. This includes the core research universities, US government body, venture capital firms, legal firms and business network (Cohen et al, 1999). Other regions eager to emulate the success of Silicon Valley must be aware of specific character of social capital underline its cluster (Wolfe, 2002).

2.3 Understanding Social Capital

The term õsocial capitalö has been applied to elucidate a broad range of social phenomena, such as the development of human capital (Coleman, 1988), the economic performance of firms (Baker, 1990), geographic regions (Putnam, 1995), and nations (Fukuyama, 1995). The first systematic analysis of social capital by Pierre Bourdieu is instrumental in introducing this

term into the contemporary sociological discourse. According to Bourdieu (1986), õthe social world is accumulated history. The structure of the distribution of the different types and subtypes of capital at a given moment in time represents the immanent structure of the social world, i.e. the set of constraints, inscribed in the very reality of that world, which govern its functioning in a durable way, determining the chances of success for practicesö. He rejected the idea to conceptualize capital solely in the form recognized by economic theory, and further divided capital into three forms: economic capital (institutionalized in the form of property rights), cultural capital (institutionalized in the form of educational qualifications), and social capital (made up of connections, institutionalized in the form of a title of nobility). On certain conditions, both cultural and social capital can be convertible into economic capital, but õthe acquisition of social capital requires deliberate investment of both economic and cultural resourcesö (Portes, 1998). Following Bourdieu, a number of theoretical analyses of social capital have been published, and different scholars on this topic have tended to focus on different aspects of social capital.

2.3.1 Social Capital as Product

The modern popularity of social capital does not embody any new ideas to sociologists, as the intellectual background of the concept can be traced back to Durkheimøs thought on group life at the very beginnings of the discipline of sociology (Portes, 1998). However, two sources of novelty in this concept have been summarized by Portes (1998): õFirst, the concept focuses attention on the positive consequences of sociability while putting aside its less attractive features. Second, it places those positive consequences in the framework of a broader discussion of capital and calls attention to how such nonmonetary forms can be important sources of power and influence, like the size of oneøs stock holdings or bank account.ö

As a set of embedded resources derived from relationships, social capital is not a one-dimension concept (Putnam, 1995). Based on the existing literature, Nahapiet et al. (1998) identified three dimensions of social capital: structural, relational, and cognitive. The structural dimension refers to the pattern of connections between actors as a whole, including presence

or absence of network ties between actors, network configuration, pattern of linkages (density, connectivity, hierarchy); the relational dimension focuses on the particular relations people have developed through a history of interactions, such as friendship and respect; and the cognitive dimension refers to those resources providing shared representations, interpretation and meaning in the particular context. Lin & Si (2010) argued that different societies from different background exhibit variations of social capital along these three dimensions.

Given the significance of embedded resources and network in social capital, these two elements have provided two major approaches in analyzing social capital (Lin, 1999). For those scholars who focus on the embedded resources, social capital can be captured and measured by the valued resources of others (e.g. status, wealth, power) among the network. These valued resources can be categorized as either network resources or contact resources. The network resources are accessible in one's ego-network, while the contact resources can be mobilized through contacts. The network resources can be indicated by the range of resources, the best possible resources, variety or heterogeneity of resources, and composition of resources among network ties. The contact resources can be identified by the contact's status (wealth, occupation authority, sector, etc.) in specific actions.

For those who consider characteristics of network critical to social capital, network location is the key to identify social capital. Burt (2000) claims that more compelling results can be achieved if the researches focus on the network mechanisms responsible for social capital effects, and holding a certain position in the structure of goods or ideas exchange can be an asset in its own right. "By identifying the locations of individual nodes, it is possible to assess how close or how far the node is from a strategic location, such as a bridge, where the occupant has the competitive advantage in possible access to more, diverse, and valued information." (Lin, 1999) It will be useful to look at the strength of ties among cohesive groups (Coleman, 1990), bridges (Granovetter, 1973) or structural holes (Burt, 2000) between cohesive groups. In addition, other factors of network such as density, cohesion, size and closeness to measure social capital have been readily available in the literature.

However, associating social capital with economic capital can be misleading due to the intangible character of social capital relative to other forms. Social capital is not depreciated by use, but in fact depreciated by non-use ("use it or lose it"). Portes (1998) warned that õequating social capital with the resources acquired through it can easily lead to tautological statement, and it is important to distinguish the resources themselves from the ability to obtain them by virtue of membership in different social structuresö. In fact, the dynamic process to activate social capital in a specific context has not yet been fully discussed in the mainstream literature. Thus, for the present study, the researcher would like to explore more about the dynamics of emerging social capital at the level of the enterprise cluster.

2.3.2 Social Capital as Process

In recent years, a more dynamic explanation of social capital has been developed. Burt (2000) has paid attention to the brokerage opportunities, which involve action that cuts across structural holes in the current social structure, rather than closure within a network. õClosure is about stasis while brokerage is about change. Closure is about advantages that go to people in a cohesive group. Strategy guided by the closure argument involves locating a group, and closing ranks with like-minded people. In contrast, the whole argument is about advantages that go to people who build bridges across cohesive groups. Strategy guided by brokerage involves locating a position at the edge of two groups, and building relations between dissimilar people.ö (Burt, 2000) In a world of change, people keep discovering and developing possibilities to add value by altering social structure with bridges across holes in the structure. The great gains associated with brokerage will attract more and more people to bridge bridges across the same structural hole. Therefore, the social capital of structural holes is not fixed, and will decline towards certain equilibrium level where gain is only marginally higher than the cost of bridging the hole.

Apart from the aspects of structural embeddedness and accessibility, Lin (1999) also emphasized the action-oriented side of social capital. In contrast to Burt(2000), Lin didnøt prefer bridges in network to closure or density of network as a requirement for social capital,

which depends on the required outcomes of interest. He argued that denser networks might have a relative advantage for preserving or maintaining resources, while accessing and extending bridges in the network should be more useful for searching and obtaining resources not presently possessed. Two types of actions are required to gain respective outcome: expressive and instrumental. On the one hand, expressive actions help to protect existing resources and prevent resource losses. õIn this process, alters are willing to share their resources with ego because the preservation of the ego and its resources enhances and reinforces the legitimacy of alters' claim to like resources.ö (Lin, 1999) In the end, the expressive actors will gain return of physical health, mental health, and life satisfaction. On the other hand, instrumental action is taken to obtain additional resources not presently owned by the actor. õIn this process, the alter is gratified by the reputation, which, along with material resources (such as wealth) and hierarchical positions (such as power) constitutes one of the three returns fundamental in instrumental actions.ö (Lin, 1999) The results from expressive actions and instrumental actions often reinforce each other.

Lin (2001) further explained that, the expressive action aimed to stabilize position and tended to take place between strong or homophilous ties (ties between two people who are similar in some way), while the instrumental action aimed at position change and more likely happened between weak or heterophilous ties. He argued that there was structural contingency in the outcome of instrumental action. Since society is hierarchical and pyramidal (with a small top and a big bottom) in terms of recourses, the instrumental action can achieve best result in the middle of the pyramid. At the top of pyramid, there is not much room to climb, so it is worthwhile to take instrumental action; at the bottom of pyramid, there are so many homophilous ties and people that instrumental action is not possible.

Instead of viewing social capital as an extant social good, Beker et al. (2011) believed that social capital would õexist only through interactions between those in a given community or societyö. Such interactions can not be isolated from its network context, which is the infrastructure of social capital. According to Onyx & Bullen (2000), the increasing interconnected network will give rise to the dynamic nature of social capital: õTo the extent

that individuals and groups operate within different contexts and arenas, the density of the networks and the bridging links between networks increases. The connections, the networks and the arenas themselves are dynamic, constantly forming, reforming, and shifting over time.ö Therefore, context factors should not be neglected from social capital formation, and it will be useful for researchers to look into different mobilizing processes of social capital emerged from different contexts.

2.4 Multi-level Construction of Social Capital: A Social Psychology Perspective

2.4.1 Emerging Social Context Factors

By examining the time-series data sets in membership of traditional civic or social organizations, Putnam (1995) used to point out the individualizing of people's leisure life via new technology (e.g. television, internet), which in turn led to the decline of social capital in the United States for the past three decades. However, Lin (1999) denied Putnam's claim of declining social capital, and believed that there was a revolutionary rise of social capital, as represented by two macro contexts: the emergence of cyber-networks and globalization.

2.4.1.1 Context of Web 2.0: New Way of Networking

Enabled by the rapid development of technology, Lahlou (2008a) predicted that the future society would be characterized by ubiquitous networks and internet of things. As the cyber network has evolved from web 1.0 to web 2.0, Lin (1999) pointed out that those isolated from the cyber-network would be at an ever-greater disadvantage. The dramatic growth of web capabilities and mobile devices has not only change people's daily lives, but also enable networking to transcend space and time.

The term õWeb 2.0ö began its rise in popularity after O'Reilly Media hosted a first Web 2.0 conference in 2004. Breaking from the traditional Web 1.0 as information source and centralized web sites, Web 2.0 represents the web as participatory platform. O'Reilly (2007)

identified some characteristics behind Web 2.0: spanning all connected devices, harnessing collective intelligence, user-generated web pages, allowing data remixed from multiple sources and by different users, creating õarchitecture of participationö to encourage users to add value, and delivering rich user experiences. OøReilly also summarized the core competencies of Web 2.0 companies: õServices, not packaged software, with cost-effective scalability; control over unique, hard-to-recreate data sources that get richer as more people use them; trusting users as co-developers; harnessing collective intelligence; leveraging the long tail through customer self-service; software above the level of a single device; lightweight user interfaces, development models, and business models.ö (OøReilly, 2007)

Under the Web 2.0 context, more and more innovative companies (i.e. Facebook, Groupon, etc.) are utilizing both online and offline network to connect and create value for people. To become globally competitive, Vanhaverbeke (2006) has identified the shift in managing innovation from õclosed innovationö paradigm to õopen innovationö paradigm. The õclosed innovationö paradigm is an internally focused logic which requires firmsø internal abilities to develop new products or services, while the õopen innovationö paradigm would imply õan extensive use of inter-organizational ties to insource external ideas and to market internal ideas through external market channels outside a firmøs current businessö (Vanhaverbeke, 2006). Networking or inter-organizational link is a crucial dimension of open innovation, which requires the commitments and complementary contribution from different partners. Value in network cannot be created unilaterally by the efforts of a single core firm, or without taking othersøinterests in mind.

Even though Putnam (1995) have pointed out the decline of social capital in America at the end of 20th century, he also believed new ways of social connecting could be invented to fix this problem, the same as what happened at the end of 19th century. After publishing his book õAmerican Graceö in 2011, he admitted there was great potential from cyber-network to fix these problems: õIn -Bowling AloneøI said -- and I continue to believe -- that we would go through another period in which people invented new ways of connecting. I donøt mean that I predicted the Internet, but in some respects social network sites and so on could be seen as a

contemporary equivalent to the invention of these organizations. Today, you know, itøs hard to think of anybody having to invent the Red Cross or Kiwanis. They seem like theyøve been around forever, but all those were inventions -- mostly by young people -- trying to replace the quilting bees and barn raisings and things that didnøt work anymore as social connections.ö (Putnam, 2011)

2.4.1.2 Context of Globalization: Guanxi as Social Capital

Another emerging context which has significant impact on accessing social capital is globalization. According to Giddens (2002), "globalization is political, technological and cultural, as well as economicö. While the global linkages expand differential access to social capital, the emerging socio-cultural context does affect the functioning of new social connections. In regard to doing business in emerging economies such as China, many individuals and multinational companies have benefited from guanxi (the local version of ‑networkø) construction (Smart, 1993), as it õrepresents a powerful force to reproduce dense regions of relationships and to maintain and accumulate the value of inherited social capitalö (Park et al., 2001).

The richness and complexity of guanxi has long been studied and theorized by Chinese scholars. According to Yang (1994), guanxi in China represents a form of social capital which can be leveraged in interpersonal exchanges; it expands the space between individual and official bureaucratic systems, and provides a useful source for actual or potential problem solving. While networks are characterized as commercial and impersonal in Western organization literatures, guanxi is more about personal relations and reciprocal exchange of favors, which might not be equivalent to commercial intents and called upon immediately (Park et al., 2001). Once personal guanxi is dedicated to the organization, it can become an intangible asset at the organizational level, as õfirms use guanxi to mobilize complementary benefits by arbitraging different networks and even potentially negotiating between competing networksö (Park et al., 2001).

However, the operation of guanxi requires more than the simple exchange of gifts, favors and banquets to build Guanxi in China. Luo (2000) described the main principles of guanxi as transferable, unevenly reciprocal, intangible, utilitarian, contextual, long-term and personal. Sometimes it is considered insulting for gift recipients to get things done only in exchange of short-term benefits, so Yang (1994) proposed the õart of guanxiö: whereby õthe style and manner of gift exchange is not optional; rather, it is fundamental to its operation. Although a relationship may be cultivated with instrumental goals foremost in mind, the forms must be followed if the goals are to be achieved. The relationship must be presented as primary and the exchanges, useful though they may be, treated as only secondary.ö (Smart, 1993) In this case, social capital can only be achieved through delicate guanxi management.

Guanxi used to be regarded as a uniquely Chinese element to govern social order in a relation-based system. The traditional guanxi overlaps with the network of personal preordained and primary relations, and constructs a space with economic, political and social significance (Yan, 1996). King (1991) had tried to trace the cultural and historical roots of guanxi from embedded Confucianism in the Chinese society. According to the traditional Confucian philosophy, man can only be defined as a social or relational being, rather than isolated individual; and the primary concern for Confucianism is about how to establish harmonious social order. King (1991) pointed out that guanxi was the modern expression of Confucian classic notion of õlunö, which means differentiated relations between individuals. There are five fundamental õlunö or human relations in sequence: husband and wife, father and son, elder and younger brothers, ruler and subject, and between friends. Each type of relations involves different virtue on how to perform. õThese five relationships and their appropriate tenor are ch'eng (亲 affection) between parent and child; i (义 righteousness) between ruler and subject; pieh (别 distinction) between husband and wife; hsu (序 order) between older brothers and younger brothers; and hsin (信 sincerity) between friends.ö (King, 1991) In order to succeed in the traditional Chinese society, it is important and necessary to recognize the hierarchical status in social relations, and practice with multiple standards in their daily lives (Huang, 1987).

Although market rationality and law are becoming the dominant values in those modernizing societies such as China, the guanxi practices have never disappeared but transform subtly (King, 1991). Yan (1996) found that a great number of short-term instrumental links were added into guanxi network, and the focus of *guanxi* has shifted from õprimary formö to õextended formö. Traditionally the primary form of guanxi represents a closed moral world, and has õits double role of sustaining a long-term order of social life and providing an effective means for achieving personal goalsö (Yan, 1996). On the contrary, the extended form of guanxi has little to do with the cultural cultivation of personhood, but reduced to a temporary means to achieve oneøs personal interest. Even in the new domain of guanxi, such as Chinaøs online gaming sector, Lindtner et al. (2008) discovered that õguanxi is practiced and experienced through both the flow of material gifts (or capital-as-gift) and favors and the build-up of emotional and moral values such as trust or resentment within a network of dyadic relationshipsö.

The creative aspect of guanxi formation in contemporary China has been highlighted by Chang (2010). She pointed out the limitations of Fei Xiaotongøs classic notion of õChaxugeju 差序格局ö (differential social distance and ego-centered guanxi), which was unable to show the dynamics of social relationships. Instead, Chang proposed a new õLishang-wanglai 礼尚往来ö (courtesy demands reciprocity) framework which present the mechanism of how Chinese people continually create their social relationships and networks. õThis concept consists of generous, expressive, instrumental and negative forms of reciprocity (wanglai 往来), governed by criteria of moral judgment, human feeling, rational calculation and spiritual belief (lishang 礼尚), and combines a static model and dynamic networks with an integration of social support networks.ö (Chang, 2010) Based on the empirical study of a Chinese village, Chang demonstrated social distance and familiarity could be created rather than acting as a determining and stable structure. The dynamics of guanxi building do open up space for contribution from social psychology, which deals with the interplay between social constraints and human agency.

2.4.2 Emergent Social Capital

Living in a rapidly changing and increasingly multicultural world, it seems difficult for the traditional approaches to fully capture the fluidity and uncertain nature of social capital. To better understand the dynamics of social capital, it canøt simply separate social capital from its social contexts and people who are responsible for the construction of social capital. Social psychology, as an interdisciplinary domain between sociology and psychology, has always focused on the interplay between humanøs mind and society, and investigates how people behave in a variety of collective settings. It may provide a new perspective to study social capital. In the following section, the researcher will attempt to identify the link between selected social psychological theories and social capital.

2.4.2.1 Installation Theory: a New Analytical Framework for Social Capital

From the basic standpoint of social psychologists, human behavior is determined by subjective factors as well as contextual factors. Bearing action in mind, French social psychologist Saadi Lahlou (2008b) created a triple-determination framework (õinstallation theoryö) for analyzing complex social-technical systems, in response to the challenges of õdigital revolutionö faced by social science. This framework õis usable for governance, design, and more generally for those who want to change the Worldö (Lahlou, 2009).

According to Lahlou (2008b), õAt a given moment, the World can be considered as an õinstallationö (in the artistic sense of assembling patterns in space to modify the way we experience this situation). This installation guides subjects into their activity track, at three levels: physical, mental, institutional.ö The first, physical, level of determination refers to material artifacts, and provides affordances or objective possibilities for activities. But mere affordances are not sufficient for action, so psychology comes into play its role at the mental level. Mental representations, practices and motives all affect the interpretation of the given situation by the subject, and enable the feasible action. There is a co-evolution process between physical and mental level: õrepresentations are constructed by the practice people have of objects. Conversely, objects are made after the pattern of their representationö (Lahlou,

2008b). At the social level, institutions are created by the relevant stakeholders (users, providers, local authority, etc), in order to monitor the co-evolution of objects and representations and enforce acceptable behaviors.

Each of the three levels has its own resources and constraints, and the combination determines how people behave at a given moment. From Lahlou's (2009) perspective, it is not enough to change people's behaviors if action only limited to a single level of determination. To achieve a stable and sustainable state of the system, appropriate installation in the three levels must be addressed together. It leaves room for people to employ different strategies on how to create and coordinate such installation.

One implication of the *installation* theory is that we must keep these three levels of determination in mind to understand the construction of social capital. Building up a stable and sustainable system to generate social capital requires making changes at three levels: physical environment (working or meeting space, IT infrastructure, tools), individual concerns (motives, incentives, representation, practice); institutional settings (updated rules of good practice, how to enforce the rules by stakeholders of the domain). These three layers interplay with each other. Thus, the achievement of social capital depends on the adequate matching among these three layers.

2.4.2.2 Social Identity and Social Capital

After discovering the declining trend of civic engagement in American society, sociologist Robert Putnam had turned to social psychology to restore civic trust and generate social capital. Putnam (2007) found that there could be unexpected consequences of intergroup contacts for social capital in community: while ethnic diversity doesn't necessarily increase social capital in the community, forming new identity seems to be a solution:

"In the short term, immigration and ethnic diversity tend to reduce social solidarity and social capital. New evidence from the US suggests that in ethnically diverse neighbourhoods residents of all races tend to 'hunker down'. Trust (even of one's own race) is lower, altruism

*and community cooperation rarer, friends fewer. In the long run, however, successful immigrant societies have overcome such fragmentation by creating new, cross-cutting forms of social solidarity and more encompassing identities.*ö (Putnam, 2007, p.137)

Putnam and Lim (2010) suggested the positive effects of social networks couldnøt be simply reduced to networksø structural features (i.e. size, strength of ties), but needed to consider the social contexts in which networks were forged and the identities shared in the networks. Putnam (2007) also indicated that in-group/out-group distinction was not always fixed or stable, as identity was socially constructed, de-constructed and re-constructed all the time in any dynamic society. In order to facilitate trust and cooperation in the diverse community, he argued it should be important to cultivate permeable or malleable identities that enable previously separate groups to see themselves as members of a new group with a shared identity.

In the study of *guanxi* utilization in China, scholars have already mentioned the importance of forming shared identity. Hwang (1987) discovered that Chinese were not necessarily helpful towards strangers, but they were bound by social obligation to help others who belonged to the same social group. Luo (2000) indicated that identifying shared identity helped to establish *guanxi*, but the common ground could be found from various sources, such as kinship, fictive kinship, locality, dialect, work place, or social clubs. Although the relationship between social capital and identity is only explored at the early stage, Putnam (2007) believed it would be an important frontier for research.

The theoretical development of social psychology might provide new perspective to explore this issue further. In the Tajfel-Turner tradition of Social Identity Theory/Self-Categorisation Theory, the self is composed of a loose association of group memberships, and different groups become salient or õswitched onö according to context (Turner et al., 1987). Campbell (1997) stressed that traditional scholars had tended to emphasize the cognitive and motivational processes involved in forming identity, but had neglected the specific content of identities or the role of actual life situations in the shaping of identity. She highlighted the

situation-dependent and context-specific nature of social identities, as õdifferent group memberships are associated with different sets of recipes for living and are shaped in the context of particular life challenges. Identity is never static, but constantly constructed and reconstructed in response to the life challenges posed by the relevant social and material worldsö (Campbell, 1997).

The link between social identity and organizational space has been raised by Burrell and Dale (2003). They introduced a fundamentally new way to understand space in organization: On the one hand, architecture is not simply approached as õthe material environment of organization but as a part of the corporate activities that shape and promote needs, wishes, beliefs and identitiesö (Burrell & Dale, 2003); On the other hand, the physical space cannot be separated from its diverse users or inhabitants, who are in search for representational spaces to appropriate their identities.

The action aspect of social identity has also been mentioned by scholars recently. In the studies of Duveen (2001), identities are not just elaborated internally, but can be constructed externally out of social representations, which are socially shaped symbolic resources. Under certain circumstances, members of socially excluded groupings may construct positive identities and adopt collective action to challenge their marginalized status. Campbell et al. (2000) believed that positive experiences of participation would enable people not only to build empowered view of themselves and their communities, but also get their needs and interests recognized by other sectors of society. As a process õthat depends upon, and in turn, helps to construct identitiesö (Campbell et al., 2000), participation does open up new spaces for understanding social capital.

2.4.2.3 Participation in Community of Practice and Social Capital

Participation is a key notion for social psychologists to understand the formation of community, where social capital comes from (Putnam, 1995). According to Wenger (1998), participation in community is both personal and social, both a kind of action and a form of

belonging: õparticipation shapes not only what we do, but also who we are and how we interpret what we doö. He also pointed out that, while people had freedom to choose the level of participation in community activities, they also needed to consider the tension of multiple memberships in different communities and the social consequences of practice.

From the perspective of social psychology, there are at least four aspects of community needed to address: õcommunity as a source of social knowledge, community as a basis of common identities, community as a means of marginalisation and social exclusion, community as a resource for empowermentö (Howarth, 2001). Campbell et al. (2000) argued that the tangible and intangible resources of community could only be gained through the process of participation, which also enabled community to be actualized, negotiated or transformed.

In order to encourage community participation, Wenger et al. (2002) suggested various organizations to cultivate the organic and informal communities of practice (CoP), which were õgroups of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basisö. Participation in communities of practice õrefers not just to local events of engagement in certain activities with certain people, but to a more encompassing process of being active participants in the practices of social communities and constructing identities in relation to these communitiesö (Wenger, 1998) As an emerging organizational form, Communities of Practice are believed to complement the existing structures, facilitate knowledge sharing and learning creatively, and supply new solutions to problems; members can volunteer to join or quit Communities of Practice, and set their own agendas and management style (Wenger et al., 2000).

Communities of Practice (CoP) can exist everywhere, and their spontaneous, diverse and self-organizing nature makes them resistant to interference and supervision. Wenger et al. (2000) believed CoP could benefit from proper cultivation by managers who can õidentify potential communities of practice that will enhance the companyøs strategy capabilities, provide the infrastructure that will support such communities and enable them to apply their

expertise effectively, and use nontraditional methods to assess the value of the companyøs communities of practiceö.

Following Putnamøs (1995) conceptualization of social capital as community cohesion, community building seems to be an important part of social capital creation in cluster. While communities of practice are not a new idea, its link with social capital has not been clarified in the previous literature. It appears that belonging to a CoP can get access to the members of CoP and their shared resources, therefore a CoP can be considered part of the social capital of its members. Identifying the suitable ways to nurture CoP may open up new horizon for social capital creation.

2.5 Summary: Social-psychological Understanding of Social Capital

To sum up the argument of this chapter, the success of enterprise clusters cannot be simply explained by the economic factors, but also need to take the social aspects of cluster into account. While the importance of social capital in the cluster building has been recognized by more and more scholars, its nature and construction process are still open for discussion. Due to the technological advancements, there are emergent new ways to build social connections around the world. As a social psychologist, the present researcher has argued that social capital should not be separated from its context, and certain theories from social psychology can contribute to the better understanding of social capital. It turns attention to the dynamic social-psychological processes behind social capital creation, and calls for a multi-level framework (physical, institutional, mental) for social capital analysis.

The next chapter explores these relevant issues further within a specific context through studying Xindanwei, a small creative cluster in Shanghai. It will provide a useful exploration of what social capital actually is in the context of a real-world business, and what kinds of mechanism facilitate or hinder the creation of social capital in that context. The outcomes of the research presented should usefully inform practice in building sustainable clusters in other contexts in the future.

Chapter 3   Research Design, Methodology and Analysis

In order to gain an in-depth understanding of social capital in a cluster, we will turn to a special case in Shanghai (Xindanwei) for which we need to select appropriate research method.

Social research methods can be divided into two main fields. Usually there is a distinction drawn between qualitative approaches ó conducted on a limited number of participants and through in-depth interviews ó and quantitative approaches, involving statistical analysis conducted from highly structured questionnaires (Berthier, 2006). Quantitative methods typically assume that the researcher knows precisely which questions to ask and how to ask them, and they are more useful in large amount of samples and õteasing out the relative importance of a number of different causes of a social phenomenonö (Bryman, 2001). In contrast, qualitative research could produce a great number of rich information and identify the meanings that underlie different perceptions (Gaskell, 2000). It appears to be a more positive step towards a deeper understanding of social phenomena and their dynamics (Attride-Stirling, 2001). Although people tend to associate case studies with qualitative research, both quantitative and qualitative approaches can be employed in a case study (Bryman, 2001).

Given the present researchøs focus on one specific case and the highly explorative nature of this research, the selected method needed to be able to gather material which was rich in meaning and õnot to reduce complexity by breaking it down to variables but to increase complexity by including contextö (Flick, 2002). Unlike working in a situation where it is possible to formulate clear hypotheses, qualitative methods allow for the possibility of elaboration by the informant as well as exploration by the researcher in order to tease out interesting nuances of information. Thus, selecting qualitative strategy in this particular project appears to be a wiser choice than to rely on quantitative methods.

To explore social capital in an enterprise cluster is a difficult endeavour, especially given the fact that cluster members have their own agendas and limited time. In addition, the context of social capital has not been explored from an angle combining both online and offline spaces. In order to address these challenges, a research design was devised that incorporated some unconventional elements: first, the double roles taken by researcher as both academic scholar and wine merchant when entering the field, as detailed in Chapter 1 (section 1.5); second, three-dimensional data collection through semi-structured interviews, participation observation and web documents; third, a thematic analysis informed by installation theory (Lahlou, 2009) and garbage can model (Cohen et al., 1972).

This chapter is designed to clarify the design, process and method of the current study. The first part clarifies why Xindanwei is relevant data set for studying social capital in cluster; the second part is concerned with the research design and procedure; the third part elaborates methods of data collection; and the fourth part illustrates the method for data analysis.

3.1 The Research Context

3.1.1 The Researcher's Relationship with Xindanwei

The present researcher has been a senior advisor to International Creative Industries Alliance (ICIA) since 2009. Established in Beijing and London, the ICIA tries to address and overcome the existing problems of creative clusters, and aims to promote international collaboration and exchange of knowledge among SMEs in creative industries (http://icia-net.com/index.html). It adopts an approach of õcluster facilitationö rather than õcluster managementö in supporting sustainable cluster initiatives, which not only focus on SMEøs activities, needs and benefits within clusters, but also allows SMEs to improve their capacities through joining collaborative and dynamic networks in open and increasingly virtual business environments (Passiante and Secundo, 2002). While the researcher was working for ICIA, one affiliated SME member of ICIA named Xindanwei started to gain the researcherøs attention.

Inspired by the global wave of co-working, three creative entrepreneurs established Xindanwei

in Shanghai in 2009, and attempted to introduce the authentic co-working community into China. Commercial õdesk shareö spaces have already existed in the market for a while, but co-working or collaborative working space is a new concept which just emerged in US over a decade ago, and now spreads to other continents. More and more entrepreneurs, start-ups, freelancers and creative professionals get tired of working in isolation or buying endless cups of drinks in coffee shops to benefit from the free wifi. Co-working spaces serve as an alternative way to work with more human interaction.

õCo-workingö was first used to describe collaborative work supported by computer or new technologies in 1999 (wiki.coworking.com), and started to incorporate the element of physical space in 2005. õIt started out as a loose community for the self-employed, bringing freelancers and independents together to share space and resources, but has since evolved into an all-around platform for various types of businesses and organizations, including startups, social enterprises, nonprofits, and even corporationsö (DeGuzman, 2012). San Francisco is generally considered as starting point of this co-working movement, and has a large presence in the co-working community. A San Francisco-based consulting firm named Citizen Agency, not only developed a co-working space called õCitizen Spaceö but also actively promoted the concept through their co-working wiki. Clark (2007) discovered the gene of open source software in the origin of co-working space. õJust as open source software developers provide access to their code with the idea that outside volunteers will help them improve it, Messina and Hunt (founders of Citizen Agency) imagined that crafting an operating code for shared work spaces might encourage others to enlarge on the concept.ö Many popular online social networking services (i.e. LinkedIn, Facebook) have placed community building at the centre of their business, but the authentic co-working practitioners would like to connect on deeper and more positive levels. They scoff at fly-by-night commercial model of co-working space, and believe that building intangible and sustainable relationships are essential to co-working (Clark, 2007).

Co-working seeks to enable members to gain access to õan ecosystem of innovation, learning, and supportö (DeGuzman, 2012). In a typical co-working space, members share a single

ṣproperøoffice and benefit from a wide range of services, such as conference room, lounge and coffee machine. Collaboration in a co-working environment appears to be organic and creative: õThere are essentially no managers, no bosses, and subsequently, according to our interviews õno competitionö, õno conflictö, and õfull freedomö. Perhaps more interesting though, is the fact that in a coworking environment, there is also a continuous stream of innovation, free exchange of ideas and learning, and a curious desire of individuals to openly collaborate without complex contracts and without legal dispute. In some cases, these collaborations even extend past the individualøs core work tasks, into side projects and partnerships. There are managers but they act more as õden mothersö and there are owners of the space but they act more as õevangelists for coworkingö, and facilitators of collaborative coworking projects.ö (Marshall et al., 2010, pp. 16-17)

The three co-founders of Xindanwei perceived co-working as social movement, which not only could change the working style in China, but also the way people think and innovate. Without sufficient financial resources and strong government network, Xindanwei couldnøt promote itself as a powerful platform like some õgarage cafesö, which have direct backings from venture capital or local authorities. Instead, the co-founders chose to emphasize the social benefits of Xindanwei with slogan of õsimple, open and networkedö, and tried to create a community which õpromotes and facilitates creativity, sharing, and the great scale of collaborationö (Xindanwei.com). After initial investigation, the researcher was amazed by the fact that Xindanwei not only managed to survive in Shanghaiøs competitive market, but also attracted more and more members and media attention in short period of time.

Xindanwei seems to be a microcosm of dynamic creative cluster in a single building. From its website, Xindanwei has advertised itself as an open and simple community for anyone who would like to establish new guanxi or network. Introduced by a board member of ICIA, the researcher had the opportunity to know Liu Yan, the CEO of Xindanwei. In the initial contact phase with Xindanwei, Liu told the researcher that Xindanwei had kept experimenting new ways to connect people, as they believed social capital was key to their success. If so, how can this bottom-up cluster initiative create social capital for its members? An in-depth analysis of

Xindanwei might help to answer the research questions of the present study: What is social capital in the real-world cluster? How can social capital be created in a cluster?

Acknowledging the constraints of the MPhil thesis format, the researcher decided to limit the scope of the present study to focus on one specific creative cluster: Xindanwei, which offered a case of realistic business operation for cluster creation, could provide abundant resources for research to explore on a daily basis. On the one hand, there are various types of members, activities and supporting tools for connection in Xindanwei; on the other hand, the lack of involvement of financial capital in the operational processes of Xindanwei provides a relatively untrammeled space in which to study social capital. Therefore, Xindanwei appears as an ideal case to look at how social capital emerges in the real world.

3.1.2 Developmental history of the Xindanwei cluster (2008-2012)

In China's contemporary history, the influence of *Danwei* or "work unit" was substantial in planned economy and urban workers were bound to their work unit for life. The meaning of Danwei for Chinese people encompassed not only working hours, but also communal life. Before the reform of China's economy, permission had to be obtained from the affiliated work units before undertaking daily action such as marriage, travel or having children. Here Xindanwei signifies a new way of organizing working life, and provides a new sense of belonging to those who no longer belong to any work unit:

"Xindanwei, which literally means "New Work Unit," is a co-working community which promotes and facilitates creativity, sharing, and the great scale of collaboration. Xindanwei combines the best elements of a workspace (productive, functional) with a social media platform (hybrid, real-time, efficient) and a creative hub (social, energetic, creative). This gives people their own workspace in a community, while also providing opportunities to share knowledge face-to-face and get inspired through collaboration with other members." (xindanwei.com)

The reality of China's creative industries has shown that Xindanwei cannot simply copy the

co-working model from the West, and its creative endeavor must fit into the local context. The co-founders have adopted a managing style of õcluster facilitationö to run Xindanwei. The daily operation of Xidanwei has been evolving, as it emphasizes the process of creativity and put the utilization of social capital at the center of developing creative cluster. The following table 1 shows the chronology of Xindanwei:

Table 1: Chronology of Xindanwei 2008-2011 (Keane, 2011)

Time	Development Stage	Contents
2008	Experiment	Two co-founders, Yan and Aaajiao, had experimented with a series of creative industries salon under the name of Xindanwei; The third co-founder Chen returned to Shanghai and formed a new partnership with the other two
Early 2009	Preparation	Conducted research on co-working models in the US and Europe; searched for suitable physical space; pitching
Late 2009	Taking shape	Open on 1st July, 2009 in an old factory site in Shanghaiøs Changing District; low rent; horizontal space; events were free of charge; location not good for organizing events
Late 2010	Location changed	Moved base to a historical building in central Shanghai; high rent; vertical space; good location with regular events; guests were charged for events
July 2011 onwards	Fast growth	Avoided the limitations of single co-working venue, through forming co-working partnerships with various local properties

At the beginning of its establishment, Xindanwei had been keen to promote the co-working concept in China, and offered a lot of free services to attract new members. The present researcher signed up as Xindanwei's online member early 2010, and received the following email from Xindanwei shortly after registration:

"In April (2010), everyone could work daily at Xindanwei up to one hour (9am-6pm, Mon-Fri) for free. Reservation in advance obliged. Your cost is on us. We don't care who you are and what you do, all we want as return is new faces, new ideas and new energy!

PS: There are millions of ways to kill one hour daily at Xindanwei: Meet your friends/classmates/coworkers; Chat with Xindanwei members; Chat with more Xindanwei members; Netsurfing; Check emails; Read books and magazines; Do your homework; Taking pictures; Play games; work sometimes… You figure it out." (Quotes from Xindanwei's email sent to members on March 30th, 2010)

Later on, the co-founders of Xindanwei became more realistic and strived to find a sustainable business model for Xindanwei's operation. More innovative services were introduced to the cluster members:

"We believe some of you have already noticed that we are starting to offer a free community-based consultation service ('New Mentor') to all of our coworkers. New Mentor is a mechanism for acknowledging and facilitating the exchange of skills, knowledge and resources between Xindanwei membership and network. You will be invited to a 2-hour chat over coffee/tea with one of our staff New Mentor." (Quotes from the event page of Xindanwei.com on Jan 31st, 2011)

"We all believe in the new way of working. The boring office and the chain coffee shop sucks. From March, Xindanwei is giving you more than refreshing ideas and new networks. Come to our cafe on the ground floor with as little as 30RMB per day. Get your work done, have a meeting with your co-worker ad chat with a newly met, what you are waiting for?" (Quotes from the event page of Xindanwei.com on March 7th, 2011)

As the cluster and memberships grew, Xindanwei tried to get rid of the limitations of single

co-working space, and formed partnerships with different local venues, where members could choose suitable space to co-work around the city:

õ*Xindanwei Property is our new space service on providing creative event venues, flexible office spaces and retailing locations in Shanghai. Exhibition & event space is emphasized where you can host cocktail party or conference for up to 200 people. With Xindanwei Property, we now not only provide flexible office solutions for small business and startup entrepreneurs, but are also able to host and provide service to larger scale events as well as providing pro-level working space for "started-ups" in different urban areas while always keeping them connected with other members in the creative professional network of Xindanwei.*ö (Quotes from the event page of Xindanwei.com on August 29th, 2011)

Gaining the permission from CEO of Xindanwei, the researcher was able to enter into the physical field of Xindanwei as both an academic researcher and a SME member (a merchant who sells French wine) in 2011. Undertaking the double roles enables participant observation and academic interviews; and it gives the researcher an advantage to understand the dynamics and stories behind Xindanwei cluster. Although the scale of Xindanwei is small compared to traditional creative clusters in China, the experience from such a miniature initiative may create a magnifying effect in enabling other cluster building.

3.2 Research Design

3.2.1 Research Process

The present researcher first discussed the research design with supervisor Saadi Lahlou in March 2011. We agreed that relevant data could be collected through participant observation and interviews with stakeholders in Xindanwei. Since the researcher happened to run a wine business in China, we believed it might be useful for researcher to interact with other cluster members in the role of potential business partner, and gain the legitimate status in Xindanwei. Therefore, the researcher entered into the field with double roles: an academic researcher, and, at the same time, an entrepreneur who would like to expand his wine business in Shanghai.

In April 2011, prior to going to the physical field of Xindanwei in Shanghai, the researcher conducted a pilot interview with Liu Yan, the co-founder and CEO of Xindanwei, who happened to visit London at that time. After knowing researcher's academic interest in social capital through the case of Xindanwei, Liu was very happy to help and share her experiences. Then the researcher informed her about the research plan which would be conducted in Xindanwei and gained her approval. Liu also mentioned about the daily operation of Xindanwei, and informed the researcher what needed to be aware of in Shanghai.

At the beginning of May 2001, the researcher flew to Shanghai and spent two weeks in Xindanwei. In order to observe and immerse himself in Xindanwei experiences, the researcher became a pay-as-you-go hourly member of Xindanwei and chose to work in different floors of Xindanwei office house, which might give chance to interact with different members. Three semi-structured interviews were firstly conducted with the two co-founders and the account manager of Xindanwei. They were particularly helpful in referring the researcher to those active members in Xindanwei. Due to the limited time spent in Shanghai, only 6 members of Xindanwei were selected to conduct face-to-face interviews in the ground floor Xin Café of Xindanwei. These interviewees can be divided into two general groups based on different levels of participation: the first group only utilize the working facilities of Xindanwei and become selective on joining the Xindanwei events; the second group is very active in Xindanwei, not only taking advantage of the services offered by Xindanwei, but also forming new partnership through the help of Xindanwei. During those two weeks, the observation and experiences of the researcher were also noted down as ethnographic notes.

After leaving Shanghai, the researcher kept on following and interacting with Xindanwei and its members through Weibo, the Chinese online social media platform similar to Twitter. Xindanwei would update its news, events and members'information through Weibo on a daily basis. Additional 6 members of Xindanwei were interviewed online through the help of Xindanwei's management team. Since Xindanwei is a rapidly growing SME platform and the co-founders play a critical role in its development, follow-up discussions were arranged with the CEO of Xindanwei in London (June, 2011) and the COO of Xindanwei in Guangzhou

(September, 2011). In order to promote co-working movement in China, they later published a free co-working manual online which shared insidersø ideas, experiences and business model in running Xindanwei (this can be accessed at http://xindanwei.com/co-working-manual/). This proved to be a good supplement to the data of interviews and participant observation.

Therefore, data collection will be coming from three sources: semi-structured interviews (N=15), ethnographic notes of participant observation, and Xindanweiø self-publishing web document. These construct a triangular approach to look at Xindanweiø operations.

Data analysis began with the process of transcribing the interview materials, as this allowed the researcher to acquire a preliminary overview of the data. This was followed by the thematic analysis of interviews and web document, and a theory-driven approach to the interpretation of ethnographic notes and web posts.

3.2.2 Adopting a Dual Role

Although the researcher would allow other Xindanwei members to know about his dual role, he had been careful not to mix these two roles: he would be a pure academic scholar when conducting interviews, while he would interact with others more as wine merchant in the daily life of Xindanwei. In contrast to a pure researcher who kept distance from the research subjects (taking an external perspective on the operations of Xindanwei), the extra role would bring in unique perspective to examine the case from an internal perspective, thus providing the researcher with access to rich data allowing more depth of interpretation.

The shortcomings of becoming a pure academic researcher in Xindanwei can be three-fold: First, the Xindanwei cluster is a highly collaborative and participatory community, where everybody is encouraged to contribute or share resources. In order to gain acceptance in a new community within short period, it was better for the researcher to undertake multiple roles. Second, it seems that most members of Xindanwei were practical oriented, and a purely academic conversation would not interest them much. Having an extra role as businessman

(wine merchant) enabled the researcher to be perceived as a potential business partner, and so attract more in-depth communication with other members.

Third, the operation of Xindanwei was continually evolving and improving, so it was useful to explore the system from a real user perspective. Becoming a business user in Xindanwei enabled the researcher to experience the pros and cons of such an environment, and the stories told to him in this role proved to be a good supplement to what could be gained through academic observation.

Joining Xindanwei as a wine merchant also provided the researcher with an advantage in gaining a good reputation in the community. In recent years, ‑wineø has become a popular topic in China and people would love to know more about the knowledge of wine. Since the researcher was trained in UK as a professional wine taster, it was not difficult for him to create links in Xindanwei through the ‑wineø introduction. The casual and business elements of ‑wineøhelped the researcher to start a conversation easily.

Having received the approval of the Xindanwei management team for his research strategy, the researcher could choose to work in the various floors of the Xindanwei house, and sought chances to interact with various members. Through being introduced by Xindanwei co-founders, the researcher was also able to meet some active members or potential business partners in the community, and invited to join the casual lunch or dinner with other members. In addition, the researcher had taken the initiative to help develop other membersø projects in Xindanwei, including coffee tasting of Xin Café (the internal coffee brand of Xindanwei), promotion of seabuckthorn drinks, and the ‑urban paintmobøevents.

Thus the dual role of the researcher helped to enrich the data available for further analysis. On the one hand, the researcher had conducted interviews with Xindanweiøs members for academic purpose, which had nothing to do with wine business. On the other hand, the notes of participant observation could be divided into two parts: one was the ethnographic notes of Xindanwei ecosystem from external perspective, and the other was in the form of a ‑wine merchantøs journalø which documented his own stories and self-reflection from internal

perspective. This account of the wine merchant's experience was good supplement to other members' stories, but had to be used carefully in the subsequent, in order to maintain the separation of the researcher's two different roles.

3.3 Data collection

3.3.1 Semi-structured Interviews

The forms of interview methods considered for this study included structured, semi structured and unstructured interviews. Although fresh issues are raised in the research reported here, this research was also informed by a previous study conducted by the present researcher on a similar topic in the context of ICIA. Thus, semi-structured interviews with a pre-developed interview topic guide were employed in this research. The explorative nature of the research required a format that gave room for informants to talk freely on personal experiences and unanticipated topics while, in the mean time, allowing the researcher to maintain some kind of control over the interview and steer it to obtain the kind of data which helped to answer the research question (Willig, 2001). The researcher not only sought clarification and elaboration on the answers given by respondents, but also adapted the predetermined line of enquiry in order to investigate interesting responses.

While minimizing the impact of context effects, structured interviews are not an option here, as they would inhabit any emerging contextual insights. Though unstructured interviews can be used to "encourage people to give open-ended account of their ideas and opinions" (Hayes, 2000), employing them carries the risk that participants might ramble completely away from the topic guide; also there would be the possible lack of comparability between participant's responses. Thus, for the purposes of this specific research, semi-structured interviews were considered to be the most appropriate way to collect prolific data.

All interviews were recorded with the permission of interviewees: the duration of interviews varied from 20 to 60 minutes. The interviews were conducted in either Chinese or English, with the assistance of Xindanwei's management team. The researcher transcribed all the

recorded interviews at the end of data collection, and the Chinese content was translated into English.

3.3.1.1 Topic guide

The topic guide was elaborated based on the literature and took into account the recurring themes that emerged during the initial discussions with the companies involved in the ICIA-CADIC project. In order to explore the issue of emerging social capital, the researcher conducted interviews with both the client side (participating SME members in Xindanwei) and the service side (Xindanwei's co-founders, account managers).

The interview topic guide for the client side is designed into four parts:

1. The first part aims at the profile of the participating SME (basic company information) and contains rather brief questions about facts and figures.

2. The second part focuses on past or current experiences of participating SMEs with any kind of business collaboration (networks, supply chains, clusters etc.). This part leaves a bit more space to collects narratives and stories about good and bad practices of collaboration: general experiences as well as well as experiences with supporting tools and services used for cluster management.

3. The third part aims at collecting expectations and motivations for clustering in Xindanwei, and the researcher is hoping to know what resources Xindanwei's members are after.

4. The fourth part focuses on the experiences and role of participating SMEs in Xindanwei, what kind of opportunities and obstacles they encounter when participating in this particular cluster, and what can be done to improve the facilitation service.

In terms of interviews for service side (Xindanwei's daily operator), the topic guide includes:

1. Philosophy, basic facts and services of Xindanwei.

2. The interesting stories in Xindanwei.

3. The obstacles experienced by Xindanwei.

4. How they perceive the future of Xindanwei.

3.3.1.2 Sample Selection

This study adopts the non-probability method of the convenient sampling. The sample was initially selected from a group of active members in Xindanwei. As a leading co-working community in China, Xindanwei mingles, catalyzes and supports startups and entrepreneurs in China and around the world. According to Liu Yan (the co-founder of Xindanwei), there were over 6000 members of Xindanwei by the end of 2011 and more than 60% membership were from abroad, which was achieved by providing physical workspace and opportunities to share knowledge in a 6-storey house in Shanghai. Among these members, most of their interactions with Xindanwei were limited to following Xindanwei's twitter or facebook account online, or subscribing to its bi-weekly newsletter. In order to study the social capital emerged from the whole process, it is better to interview those active members in such community, especially those who base their office spaces in Xindanwei, organize or join Xindanwei's events on regular basis.

The following table 2 provides information on the selected 15 interviewees for this research. Apart from interviewing the core team running Xindanwei, the interviewees will also be selected from the emerging Xindanwei cluster. In order to maintain confidentiality, each respondent was given a code from 1 to 15.

Table 2: Information of Member Cases

Case	Sex	SME Type and role in cluster (CRM=Cluster Relation Manager)	Relationship with Xindanwei	Method	Nationality
1	Female	Xindanwei (catalyst SME)	CEO of Xindanwei	Face-to-face interview	China
2	Female	Xindanwei	COO of	Face-to-face	China

		(catalyst SME)	Xindanwei	interview	
3	Female	PR consulting firm entrepreneur (CRM)	Designer and former account manager in Xindanwei, now runs her own business	Face-to-face interview	China
4	Female	Café shop owner (CRM)	Running a coffee shop inside Xindanwei	Face-to-face interview	China
5	Male	Urban paintmob, event organizer (CRM)	Host corporate events in Xindanwei	Face-to-face interview	China
6	Female	Entrepreneur (CRM)	Promote new drinks in Xindanwei	Face-to-face interview	China
7	Male	Social enterprise consultancy (CRM)	Hourly member in Xindanwei, event organizer in Xindanwei	Face-to-face interview	France
8	Male	Venture capital (CRM)	Think tank of Xindanwei	Face-to-face interview	China
9	Female	Headhunting (CRM)	Monthly member in Xindanwei	Face-to-face interview	Sweden
10	Female	Fashion entrepreneur	Monthly member in	Online interview	China

		(CRM)	Xindanwei		
11	Female	New media artist (CRM)	Chair events in Xindanwei	Online interview	US
12	Male	Art magazine entrepreneur (CRM)	Monthly member in Xindanwei	Online interview	UK
13	Male	Co-founder of online wine magazine	Chair member in Xindanwei	Online interview	China
14	Female	Fashion design freelancer (CRM)	Monthly member in Xindanwei	Online interview	Spain
15	Female	Venture capital (CRM)	Monthly member in Xindanwei	Online interview	US

3.3.2 Participant Observation

There are some concrete problems associated with using interviews as the sole research method. These include: learning the native language, or the problem of the degree to which the interviewer really understands what has been said to him; matters that interviewees are unable or unwilling to talk about; and accessing information on matters people see through distorting lenses (Becker & Geer, 1957). Thus, participant observation appears here to be a good supplement to interviewing.

Participant observation allows the researcher to immerse oneself within the social group in question, experiencing it at different times and from different positions in its natural environment (Hammersley & Atkinson, 1995). It concentrates on what is presented rather than re-represented (Deleuze, 1983), and thus to highlight particularly those phenomena that do not meet researcherøs expectations or in relation to the themata in respondentsø discourse from

interviews.

By offering different time service plans and office facilities, Xindanwei attracts people from all different professional backgrounds. However, Xindanwei functions as more than a regular co-working office. The founders of Xindanwei not only want people to show works, but also encourage people to talk about ideas in Xindanwei. It is a creative hub where mini-meetings or exchange can be found in hallways, in corners, or on the stairs. Various individuals and organizations are invited to give talks or host events on regular basis, but the topics need to be diverse and inspirational. Thus, entering into the field is a good way to capture the dynamics of such community.

In addition, with the advent of social networking services (i.e. Twitter, Facebook, Weibo), social media have created a new form of public space for social interaction and communication. Xindanwei tries to merge õthe best elements of a workspace (productive, functional) with a social media platform (hybrid, real-time, efficient)ö (Xindanwei.com) . It provides a range of online social networking services for its members, including Facebook, Linkedin, Twitter, Weibo and Douban. Such social media platform offers a new layer for participant observation. According to Hine (2000, as cited in Bryman 2001), õconceiving of the Internet as a place—a cyberspace— has been one strategy for an ethnographic study of the Internet, and from this it is just a short journey to the examination of communities in the form of online communities or virtual communtieisö.

The researcher paid special attention to the Weibo (microblog) platform, the main social media used by Xindanwei. Unlike the non China-based platforms like Twitter and Facebook which are censored in China, Weibo is easily accessible by the local communities, and has become one of the hottest internet applications in China. Xindanwei updates its news and interacts with its members or non-members on daily basis. And the followers may find new ideas or partners by following Xindanwei on weibo.

It was considered interesting to see how the interaction online is like, and what type of

resources could be gained through joining Xindanwei's online platform. The current research studied all messages posted on Xindanwei's official Weibo account from March 2011 to August 2011, when a total 808 messages were posted (counted by Weibo's online advanced search engine). During this half-year period, the researcher also participated in this digital space.

Since the researcher entered into Xindanwei community as both academic observer and wine entrepreneur, his own experiences, in the latter role, will provide a good supplement to the other 15 interviewed cases, and help to understand the actual processes of co-working in terms of real-world business. Such experience would become a separate wine merchant's journal, apart from the other ethnographic notes. The focus of wine merchant's journal would be divided into two parts: 1. How a wine merchant can benefit from this platform; 2. How he can gain the trust or resources from other members. Hence the researcher in the role of wine merchant would become the case 16 for this study. The stories gleaned from these 16 respondents lay the foundation for studying social capital as it emerged within the Xindanwei community.

3.3.3 Web Documents

In respond to the increasing interests from outsiders, Xindanwei has produced a co-working manual which can be downloaded as pdf document or iPhone App from its website. In addition to interviewing and participant observation, this manual allows the researcher to examine more about "the necessity and advantages of coworking communities, Xindanwei business model, key points of building the space, experience in business planning, community management and brand management" (http://xindanwei.com/co-working-manual/).

Bryman (2001) had indicated that official documents deriving from companies would be very important for researchers conducting case studies of organizations, as these documents are likely to be comprehensible, authentic, and meaningful in bringing out different subcultures within the organization. But Bryman (2001) also mentioned that these documents could not be

õregarded as providing objective accounts of a state of affairs, and had to be interrogated and examined in the context of other sources of dataö. Members of different groupings tend to express concerns that reflect their positions in the organizations, and certain sensitive or less favorable content might not be presented in the documents. By combing the sources of web document with interviews and participant observation, the researcher hoped to present a relatively complete picture of Xindanweiøs cluster practice.

3.4 Data analysis

3.4.1 Thematic analysis and theory-driven approach

The data provided by the participants consisted of interviews, notes of participant observation and some material generated from the Xindanwei web platform. These would be likely to include different discourses such as Paranoid Discourse, Problem Structuring Discourse and Framing Discourse, identified in different stages of cluster development (Humphreys, 1998). In order to understand the creation of social capital, it was necessary to examine the operation of Xindanwei from different perspectives. Hence the interview data and a formal web document generated by Xindanwei foundersø team were initially studied by means of thematic analysis, and then the other materials (ethnographic journal, web posts) were explored by mean of a theory-driven approach informed by the initial thematic analysis.

At the first stage, thematic analysis was employed to investigate the interview materials and Xindanweiøs formal web document (Xindanwei coworking manual). This is an inductive technique (Robson, 1993) for breaking up the text and discovering an implicit signification within explicit content. Data is broken down into certain themes or categories, which result from the constant comparison between data and conceptualization (Bryman, 2001).

However, this initial thematic analysis appears to be insufficient for a full interpretation of the data as it focuses mainly on an analysis of the frequencies of themes in the data corpus overall. It also needs to play attention to recurring taken-for-granted, dyadic patterns in respondentsø evaluation. Steinberg (2005) distinguished conceptually between õthemataö and õthemesö.

õThemata reflect the deductive side of the analysis grounded in theory, themes the inductive part, grounded in the data. Themata refer to historically embedded presuppositions, culturally shared antinomies, and the deeper logic of social thought. By contrast, themes refer to the actual data units of discourse and have no overarching generative and normative power.ö (Steinberg, 2005)

Therefore, once a set of well-developed and theorized categories had emerged from thematic analysis and formal web document, the research compared these outcomes to other sources of data from the ethnographic journal and web posts. This is a more top-down approach in examining the data. Certain gaps were identified during the data comparison, and the original categories from the thematic analysis were refined or changed in correspondence with the new data. By the end of analysis, a theoretical framework, derived from the data, had emerged that could explain the creation of social capital in the Xindanwei context.

3.4.2 Results of the initial thematic analysis

In order to extract themes from qualitative data, two issues had to be clarified by the researcher: õ(i) the traces of themes that he or she looks for; (ii) the consistent principles that he or she would comply throughout the analysisö (Yu, 2011). In regard to the first issue, the reviewed theoretical literature and the fieldwork experiences had served as the compass that guided the present researcher through the process of coding. As to the second point, the present researcher had bore in mind that the aim of analysis was to reflect the diversity of respondentsø opinions and capture the dynamics of social capital creation in the real world business. In order not to reduce the richness of the selected case study, the final themes should leave sufficient spaces to present the dynamic processes of how various stories happen.

During the initial process of getting from raw materials to research findings, the present researcher followed through Attride-Sterlingøs (2001) six steps of the network thematic analysis in studying interview data: õStep 1: coding the material; Step 2: identifying themes; Step 3: constructing the networks; Step 4: describe and explore the thematic networks; Step 5:

summarize the thematic networks; Step 6: interpret patternsö. For practical reasons, the present researcher had blended these six steps and summarized them into three stages:

Stage I: Coding

In the initial stage of analysis, there were two separate batches of data in need of thematic coding: the first batch consisted of interview materials from the client side (interviewees 4-15), and the second batch consisted of materials from the service side (interviewees 1-3 and web document by Xindanweiøs co-founders). These two batches offered different perspective to look at social capital in the real world. However, the researcher had discovered the dual roles of Xindanwei coordinators: they not only provided the daily service for the operation of Xindanwei community, but also utilized Xindanwei platform to implement their own projects as clients. Therefore, certain part of coordinatorsø answers can be coded as the client side to supplement other membersø accounts.

After reading through both sidesø transcripts several times, a number of thematic codes were derived under four key categories: õneeds or problemsö, õresourcesö, õsolutionsö and õconstraintsö. These very general categories reflected not only the theoretical concerns of current study (õwhat is social capitalö and õhow to create social capitalö), but also the explorative feature of current research design, in which the researcher õattempted not to impose his expectations onto the data and to remain open and flexible for unexpected themes and surpriseö (Steinberg, 2005). In addition, further codes were generated by comparing (a) membersø differences; (b) gaps between membersø expectation and service provided.

Stage II：Identifying and arranging themes

Through constantly re-reading the materials and organizing them with the assistance of ATLAS.ti, one of the popular software programmes for qualitative analysis (Yu, 2011), the present researcher tried to generate thematic themes that render meanings for the study of social capital. The main interest was to identify various connections among õneeds or problemsö, õresourcesö, õsolutionsö and õconstraintsö. Although ATLAS.ti can help to count the frequencies of themes and extract themes systematically, in making the interpretation, it

must be borne in mind that the selected themes should be õbroad enough to encapsulate a number of ideasö (Yu, 2011) and coherent enough with theoretical grounds.

The three-level thematic analysis proposed by Attride-Stirling (2001) was employed here. The first level of thematic analysis is the level of the õbasic themesö which divides textual data into coded text segments. Then the higher level of õorganizing themeö organizes the basic themes into clusters of similar issues, in order to make sense beyond their immediate meaning basic themes. It corresponds to the common, salient or significant themes in the coded text segments. Finally in the level of õglobal themesö, it presents both a summary of the main themes and an informative explanation of the texts. The full coding frame is given in Appendix 5.

Stage III: Initial analysis and interpretation

With 6 organizing themes and 11 basic themes obtained from previous stage, the researcher tried to link these themes to theoretical framework. Installation theory (Lahlou, 2009) and garbage can model (Cohen et al., 1972) had become the main guides to interpret the themes. While the installation theory enabled the researcher to understand Xindanwei from different angles (physical, institutional, mental), the garbage can model directed researcherøs attention on how problems, solutions, participants and choice opportunities were linked together. Three thematic networks or õglobal themesö were extracted from data in relation to the research questions: the first thematic network presented how social capital was created on macro level; the second thematic network showed how social capital could be created on micro level; and the third thematic network indicated the limitation of social capital creation in Xindanwei.

3.4.3 Refined thematic analysis by comparing with two other sources

The similar coding process also applied to the data generated from offline and online participant observation, including the ethnographic journal and web posts from Weibo platform. Then the preliminary interpretive framework generated from the previous section could be refined and completed by comparison with the codes from these two sources.

While the ethnographic journal helped the researcher identify the gaps between what members said and what they actually did, the analysis of web posts from Weibo platform could provide more systematic view of membersø activities. During the process of comparing different data, on the one hand, the similar findings from these two other sources had been inserted to the relevant section of the thematic framework, and improve the depth of analysis; on the other hand, the present researcher was interested in finding the themata or missing codes not mentioned directly by the interviewees. These unspoken elements mainly took place in the micro practices to generate social capital (e.g. giving small favors to other members), the unexpected situations where resources can be created, and the constraints of Xindanwei cluster (e.g. membersø self-selected participation). In addition, three photos from the ethnographic notes had been added to the analysis in order to illustrate what had happened in Xindanwei.

After the comparison process, the emergent feature of social capital and the informal process of social capital creation became clearer to the researcher, and three more basic themes (õgiving favorsö, õthe unexpected link between problems and solutionö, õself-selected participationö) was added to the thematic framework. In addition, by combining the extracted themes and contents from different data sources, more detailed headings were generated to inform the interpretive analysis of Xindanwei cluster in Chapter 4. Three analytical dimensions were summarized to dissect Xindanweiøs style of organizing: õMarco links between problems and solutionsö, õMicro productive practiceö and õContext constraints for resources creationö. Under each dimension, there were different layers to present how social capital creation was facilitated or obstructed in Xindanwei. Following the presentation order from general design to specific context, the analysis of Xindanwei was thus able to pay more attention to the context-sensitive aspect of social capital.

Chapter 4 Interpretive Analysis: Examining the Sustainability of the Xindanwei Cluster

This chapter attempts to present the dynamic universe in which the Xindanwei members are clustered and which inform the possibilities of developing a facilitative model for the emergence of social capital in enterprise cluster. The stories of Xindanwei members, as well as ethnographic journal and web materials, are analyzed in this chapter. The aim here is to present the major themes that underpinned Xindanwei membersø discourse and practice in building a sustainable enterprise cluster, particularly with regard to membersøneeds, solutions, resources and constraints of cluster.

Social capital has always been emphasized in the development of co-working cluster in Xindanwei. As the co-founder put it, õThere are lots of things we can do together. Itøs all about having more social capital and reputation here. So I have more power to find the right partners for different projects and we can work together. (Interview 1, 2011)ö In the ideal scenario, õcommunity members can form stable, cooperative and mutually friendly relationship between themselves; they have to realize the benefits that community activities bring to them and the significance they have to the community and the entire societyö (Liu et al., 2012).

According to the present researcherøs observations, Xindanwei serves as an exchange platform or market which is more complex than the classic market where one is either buyer or seller. In fact, each participant here is both a carrier of problems and carrier of resources. Xindanwei hasnøt forced members to give a lot to the community, but provides many low-cost or even free facilities for members to encounter, display and share their goods. Once their resources are shared in suitable manner and carefully activated among the cluster, they could happen to be the solutions to other membersøproblems. Inside the cluster, various types of members can have completely different patterns of participation to acquire resources.

Social capital is usually understood as owned by individual, and constructed through encounters in his own history. But here in Xindanwei, a different style of organizing has been adopted to create social capital, which is treated as a communal good. Individual member can build social capital by acquiring bonds which are õon offerö in the platform. To understand the construction of social capital in our case, three main issues have been identified from the data analysis, including õmacro links between problems and resourcesö, õmicro productive practicesö and õcontext constraints for resource creationö. It appears that Xindanwei has built up a generative cycle which keeps producing resources for members, but it does have its own limitations and challenges.

4.1 Macro Links between Problems and Resources

To build a sustainable cluster, the needs of members must be recognized and satisfied in Xindanweiøs community. For those members who co-work in Xindanwei, they do have problems which canøt be solved on their own, so they are desperate for help and solutions in the cluster. In the meanwhile, they do need to consider the time and opportunity choices in participating in more serious projects in Xindanwei. One observation by the researcher was the link between the effectiveness of problem-solving and membersø participation in the cluster: more problems can be solved in the platform, more likely these members will appreciate the value of the cluster and contribute to the cluster. Thus, it will be useful to analyze the needs of members, and look at how Xindanwei responds to their needs.

4.1.1 Members' Expressed Needs

4.1.1.1 Economic and Functional Needs

From membersø perspectives, most of them had expressed practical concerns in regard to their motivations to join the cluster. They were interested in finding partners that could help to satisfy their economic or functional needs.

Low cost workspace

One common need for members in Xindanwei was to find affordable office space in Shanghai. These regular members, mostly creative startup entrepreneurs and SMEs, wanted to work in a proper office setting, but couldn't afford expensive office rent in central area. In order to cut the operation cost, they were happy to share some office facilities. During the observation period, the researcher encountered an NGO team in Xindanwei: "Chen Xu introduced me to Cherry, the manager from YouChange Foundation. They originated from Beijing, and just opened a new branch office in Xindanwei recently. The current team had three persons, and occupied the whole 3rd floor for work." (Ethnographic notes, May 4th 2011) Surprisingly, the researcher discovered that this team only paid one monthly membership. "For some corporate clients, in order to reduce the cost, they will pay one monthly membership to secure a fixed working space, then pay some hourly memberships depending on different situations." (Interviewee 3)

Getting acquainted to the local culture

Apart from the consideration of cost cutting, what most members required from Xindanwei was also functional. On one hand, some members were new to Shanghai, so basic help from the local people such as language or daily life information could be really helpful. For interviewee 11, a mandarin-speaking working environment should be ideal for her to practice her language skills. The researcher also encountered one hourly member during his visit to Xindanwei: "Andrew was Chinese but born and grew up in US. This was his first time coming back to China. He has already spent a month in Shanghai for holiday. He happened to find Xindanwei in Yongjia Road and quite enjoyed the atmosphere, so came back everyday as hourly member. He found Xindanwei a good gateway to know China and Shanghai, and it was convenient to ask all types of questions here." (Ethnographic notes, April 29th 2011) Before he went back to US, Andrew even bought some Xindanwei's voucher as gifts for his American friends, and would recommend Xindanwei to those who come to Shanghai in future.

Advanced business functions

On the other hand, some members had spotted the opportunities to expand their business in Shanghai, and required more advanced functions from cluster to help implement their own

projects. Depending on the categories and development stage of their projects, their needs can be multifunctional and complicated.

Some of them (Interviewees 4, 6, 9, 10, 12, 13, 14, and case 16) wanted have opportunities for marketing or exposure to new clients:

õ*I used to introduce this product to a company named "New Element". They showed great interests in this product, and even wanted to use sea-buckthorn to replace their existing products. But I didn't like their marketing strategy for sea-buckthorn. I just want to put it simple and pure. You can only tell the benefits of sea-buckthorn after you have positive experience. Xindanwei could be a good place for people to experience.*ö (Interviewee 6)

õ*I want to expand my wine business in Shanghai. It should be great to let more people know and appreciate French wine. Xindanwei seems to be a good platform.* ö (respondent 16)

Some of interviewees required flexible activity spaces for special events or exhibitions:

õ*We are preparing for an art project named 'Poor Coffee' in Xin Café. We mix Chinese Pu'er tea and western coffee to create a new drink called 'Poor Coffee' for our clients. At the same time, we need a space to show the artworks which promote the cross-culture thinking.*ö (Interviewee 4)

õ*During the paintmob event, participants will be provided with all the paints and tools they need, and create their own paintings. We are quite flexible in choosing the event venue, which could be gallery, coffee shop, bars or outdoor environment.*ö (Interviewee 5)

Other typical functional needs included talent search (Interviewee 7, 8, 9, 12, and 14), pursuing new contacts or opportunities (Interviewee 3, 12, 15 and respondent 16), and fund raising (Interviewee 1 and 2). However, membersø needs can be mixed and evolving. Take one member for instance: õMy company is a new startup. At this early stage of company, it is very important for us to control cost, make new friends, generate new ideas, and recruit suitable partners. We believe Xindanwei can provide us a great platform to solve our problems.ö (Interviewee 13)

4.1.1.2 Social Psychological Needs

Some needs required by members may not be as obvious or straightforward as those mentioned above. Most members choosing to work in Xindanwei were either individuals or small teams. Taking the small size and relatively independent nature of work into account, their needs could be social psychological:

Belonging to a unit

õ*We have a special feeling for the term "Dan Wei (work unit). I grew up in such an environment, where my parents and my friends' parents all worked for the same state-owned "Dan Wei". It was more than a place of work, but a family for us……The first few years when I came back to China, in order to take care of my kids, I had to be a full-time housewife, and suffered a lot without a Dan Wei (work unit). I would really like to work in a place where entrepreneurs without official Dan Wei can have a sense of belonging as those previous Dan Wei in China.*ö (Interviewee 1)

õ*I would really like to work with Liu Yan, Chen Xu (co-founders of Xindanwei) and someone with similar style. Scale does not always matter. If we can focus on one point, we would gain recognition from more and more people, then we really make something happen.*ö (Interviewee 6)

Feeling homely

The cozy atmosphere in Xindanwei was appreciated by the members, as interviewee 15 put it:

õ*We have looked at ten different office spaces, and finally we found this cute house of Xindanwei. It is perfect for a small team like us. If I choose to work in a tall office building, I just feel like the same as working in any big city in the world. But now I can be close to the streets, close to the local people, and feels like home. When you feel comfortable, you are more creative.*ö

Avoid loneliness

To some members, co-working was an effective way to reduce loneliness of starting a new venture. According to one co-founder of Xindanwei,

ö*Most of our members need to focus on innovative works, and they are starting a totally new venture by themselves. In such stage, they have special needs of getting rid of the loneliness of venturing, and look for support from someone who can really understand them. Sometimes a simple response or conversation from other entrepreneurs can be very helpful*.ö (Ethnographic notes, April 29th 2011)

Social recognition

Some members in cluster also expressed the need for gaining recognition or respect in the cluster. In Xindanwei, the researcher found some ambitious and enthusiastic members whose primary concerns were not immediate commercial success (interviewee 1, 2, 6, 7):

ö*We define ourselves as social enterprise, as we have a specific social purpose. Our goal is not for earning dirty money, but for linking different types of people*.ö (Interviewee 2)

ö*The co-founders of Xindanwei realized that what they were doing might not be commercially successful in a short term, but provided great value for the whole society. They attempted to challenge the traditional way of thinking in society, and hoped their voices and efforts could be recognized by more members*.ö (Ethnographic notes, May 4th 2011)

There was one member who turned herself from a casual follower of Xindanwei into full-time coordinator in Xindanwei. This was how she described the attractiveness of Xindanwei:

ö*Do you play online game? Here is just like the game playing field where you can earn credits through joining the activities. If you have sufficient credits, you can enter into next higher level of playing. Xindanwei has thousands of members. Each one can experiment their ideas or plans here, if they have proper budget plan and timeline. You can have your own saying here*.ö (Interviewee 3)

Curiosity

Based on the researcherøs observation, many members initially joined the cluster without any specific plan or idea in mind, but they were keen to know someone from different background.

Members can come across various entrepreneurs, designers, writers, artists, engineers or scholars from all over the world here. As one member put it, "I decided to come here with as open a mind as possible, and I really didn't know what to expect" (Interviewee 12). For those who work in the creative industries, the right mixture of people may lead to the unexpected "creative synergy", which a more homogenous group couldn't provide (Interviewee 11). "Xindanwei attracts a lot of members who would like to think out of the box and differently. They believe if they can co-work with cool people, they will become more productive, generate more ideas and fun." (Interviewee 1)

From here, the needs expressed by members can be divided into two main categories, as shown in Table 3. They wanted to take advantage of Xindanwei's network, which not only satisfied their economic needs for business, but also their social-psychological needs for identity and self-confidence.

Table 3: Members' Expressed Needs

Economic and functional needs	Social-psychological needs
i.e. low cost workspace, getting acquainted to the local culture, advanced business functions	i.e. belonging to a unit, feeling homely, avoid loneliness, social recognition, curiosity

4.1.2 Facilitator's Multi-level Installation for Problem Solving

4.1.2.1 Enhancing Physical Affordance

With limited budget, the co-founders of Xindanwei had put lots of efforts in building physical setting of Xindanwei, which was believed to be integral part of cluster construction. The importance of physical space in forming constructive relationships between members had been emphasized in Xindanwei's homemade co-working manual: "A good community can only be established in a good space. When people feel happy and comfortable in a space, they are willing to spend time with other people within that space. All of these are conditions that can

help to develop the relationship between community members. With our ‒New Mentorø guidance, the community relationship may develop into valuable social capital and an effective social network. ö (Liu, Aaajiao & Ge, 2012)

After entering into the field, the researcher discovered that Xindanwei space had been carefully designed to satisfy different needs of members. Located in the centre of Shanghaiøs former French Concession area, Xindanweiøs flagship space was a 6-storey house dated back to the 1930s. Generally these six floors were assigned for different usages on a normal working day: the first to sixth floors were quiet area with fixed or floating office spaces, while the coffee shop on the ground floor and a little garden on roof terrace were open spaces for relaxing and networking (as illustrated by photo 1 and 2 from the Ethnographic notes). Six pairs of opposing but compatible factors had been considered by co-founders for more specific space planning: Public vs Private; Fixed vs Floating; Quiet vs Bustling; Professional vs Imagination; Unified management vs Self management. (Liu et al., 2012)

Photo 1: Xindanweiøs office

This photo has been removed as the copyright is owned by another organisation

Photo 2: Xin Café on the ground floor

This photo has been removed as the copyright is owned by another organisation

In Xindanwei's co-working manual, it mentioned that "the space you create is not just a workplace, it is also a location for social activities, so several aspects such as the environment, social physiology and visual effects should be taken into consideration. In particular, details should never be dealt with in a perfunctory manner and hence every detail should fit into the community culture and atmosphere that you want to create."(Liu et al., 2012)

Some interesting details had been equipped in Xindanwei to attract and inspire the cluster members. On the one hand, there were unique historical elements found in Xindanwei, such as rustic wooden door and floors, art deco antique furniture, and ceiling beams. It seemed to be a small museum for some members (Ethnographic notes, April 28th 2011). On the other hand, the space was infused with contemporary elements. Comfortable sofas were placed in the ground floor Xin Café, and furniture was easy to move and combine for flexible learning space. One huge piece of transparent glass was specially installed on the front wall of the main entrance (photo 3 from Ethnographic notes), which not only made the whole space look brighter and clearer, but also reflected the contrast between indoor creative working space and outdoor traditional residential area. The Xin Café owner and event organizers did appreciate and benefit from this glass:

> "Without the window, some new customers may hesitate to come inside Xindanwei." (Interviewee 4)
>
> "Lots of passers-by watch the casual painting through the open window today. It is a good way to gain attention from the strangers and generate more business." (Interviewee 5)

Photo 3: Street view of Xindanwei

This photo has been removed as the copyright is owned by another organisation

Before moving to the current space, Xindanwei initially based on the fourth floor corner of the former Shanghai Plastic Mold Factory, which was then turned into a creative industry park. Although the rental fee was relatively low, the limitations of old factory space are obvious: unattractive location for members, inflexible office space, mismanagement of the creative industry park, lack of food and beverage services nearby (Interviewee 1). One year later they decided to move out of the factory space, and chose the current house in a central area with the idea of creating a hub with more suitable design for co-working. The reasons behind selecting the current location had been listed in its co-working manual: õconvenience for public transport and proximity to a cityøs downtown area; close proximity to the residences of target clients; easy to find; cultural atmosphere; close proximity to F.B (food and beverage) and other professional services; availability of suitable nearby accommodation; good natural environment; safety and security issuesö (Liu et al., 2012).

The flexible space also generated new possibilities for Xindanwei, as the co-founder put it: õWe also host a BarCamp event in the old venue. Unlike here, the old venue is flat and all spaces are on the same floor. But the overall measures of area are the same, and both have about 300 square meters. The BarCamp event in the old venue was a bit crowded, but members still enjoyed themselves. Now we have better facilities. We have different floors, which mean we can enter into different levels and different mindsets. The physical setting becomes more interesting. ö (Interviewee 2)

4.1.2.2 Institutional Enabling Settings

4.1.2.2.1 Flexible Resources *Sharing* System

Encouraging sharing had always been the basic theme in Xindanwei, as the co-founders believed sharing benefit all members: õWe have to admit that our resources are limited and consumed rapidly these days. To achieve better result or maintain sustainable lives, we must know how to share. Sharing not only means sharing office spaces or facilities, but also sharing other useful resources, including knowledge and expertise. We are lucky to see there is increasing trend of sharing from online virtual community to offline world.ö (Interviewee 1) Xindanwei had carefully designed sharing mechanism among cluster members, which facilitates sharing not only workspaces, but also other useful resources (i.e. knowledge and expertise).

Physical infrastructure for sharing

In the normal working hours of Xindanwei, members were offered to share various basic office equipments and communal space, including wifi, VPNs, fridges, microwave ovens, lockers, printers, notice boards, conference rooms, Xin Café and roof terrace. Different time service packages were designed to meet membersøneeds, in order to maximize sharing among members. For those long-term members who afford to pay monthly or yearly membership, they could have unlimited access to their reserved office spaces in quiet area; while for short-term or hourly members, they were offered with floating office spaces or hot desks in Xin Café with limited access but less cost (Ethnographic notes, April 28th 2011). The conference room was one of the most sought-after facilities in Xindanwei, so an online pre-booking system had been designed to maximize the usage of conference room: õAny monthly member who would like to use the conference room should book the room online first, and have two hours for free per day. Sometimes they may spend more than 2 hours in the conference room, it is OK if it is not in rush hour.ö (Interviewee 3)

Digital infrastructure for sharing

Outside the working hours, both online and offline services were provided by Xindanwei to facilitate sharing among cluster members. There was an online section called "Star of the Month" in Xindanwei's website, where one star member would be selected every month to share their own stories and experiences with other members or followers. "If you are only office space provider, you won't find this resource. Through "Star of Month" programme, we can explore more and more interesting hidden stories behind our co-workers, and thus bring in more resources to share."(Interviewee 2) Members can also post their requests, news and activities in the official online newsletter "Xindanwei Buzz" which will be sent to all members monthly (Ethnographic notes, May 5th 2011).

Events for sharing

During the quiet time in Xindanwei (weekends and the nights of weekdays) when very few members work in their offices, the physical space would not only be rented out for private or corporate function, but also be transformed into offline sharing space for members (Interviewee 3). Since the establishment, Xindanwei had been highly influenced by the un-conference culture. Unlike traditional conference, the un-conference is a participant-driven conference where content is planned and generated by the participants. Anyone can discuss or share ideas on any topics, and the only rule is that no commercial advertising for companies or products. In the past, Xindanwei hosted a lot of events by the management team, in order to demonstrate the open-sharing style of Xindanwei and how events can be easily organized inside the cluster. After a while, more and more members felt encouraged and took the initiative to organize new events by themselves. (Liu et al., 2012) The researcher was invited by Xindanwei's co-founder to give a talk about wine knowledge in Xindanwei's annual BarCamp event (un-conference style):

"It is one-day conference, morning and afternoon, and anyone can have casual talk during the lunch time. In one day, we will have around 50 topics to share. Since we have six floors in Xindanwei House, at the entrance we have a big blackboard to show what happen in each floor. Each floor has different topic, and one speaker can have 10 to 20 minutes to share his ideas. For example, if you come to Xindanwei and want to give a talk on "wine business and its social responsibilities", you can put your name and topic on the blackboard and fill in the

slot of a specific room. If your topic is really interesting, you will find that your room will be full of people. At the same time, there will be talks by other speakers in other rooms. The whole event is really dynamic. When you look at the whole house, it is absolutely an ideal creative environment. Everyone has freedom to visit different rooms with interesting and pioneering ideas, and it is really exciting. ö (Interviewee 2)

Communal resources provided to users

A full-time space host was employed by Xindanwei to take care of the internal activities, and played an important role in facilitating the sharing among inside and outside Xindanwei. As the previous space host told the researcher, õmy responsibilities can be divided into three parts. The first part is to coordinate and manage the customer relationships, and keep the updated record of key membersø activities. The second one is to publish Xindanweiøs news through different platforms. I have to upload articles, photos and videos to the internet. These online resources help us to attract more followers and expand our member network. The third part is the daily maintenance for Xindanweiøs physical space. Sometimes I have to show people around Xindanwei, and introduce them what type of service we can provide in Xindanwei.ö (Interviewee 3)

4.1.2.2.2 Organic *Networking* System

Aspiring to become central hub for all kinds of people and ideas, Xindanwei never stops engaging members in various ways and bringing richness and diversity into the cluster. The co-founders were inspired by the Indian Banyan tree model: õBanyan tree is a plant you can see anywhere in India. They are very special. It looks like a forest, but actually it only belongs to one tree! The mother tree is so big that its branches fall on and grow into the ground. These branches start to become individual trees, but at the same time they are all connected! When the mother tree gets sick or disease, small young trees around it could support her. Xindanwei is just like the mother tree, and our members are like those small trees relying on our support.ö (Interviewee 1)

One distinguished feature of Xindanwei was its active promotion for cross-sector linking. "The fields we focus on are a bit different. It is difficult for other organizations to do cross-sector projects, and they usually focus on one specific or commercial area. Since their goal is to maximize profit, they won't waste time in researching unrelated fields. Our starting point is a bit different, and we don't simply perceive ourselves as agent. We care more about finding common ground between people from different fields, and connect them together. We make extra effort on cross-platform or cross-industry issue than others. Design is one of our main interests, as it can be related to different areas, including social problems or environmental issues." (Interviewee 2) In the ideal scenario, the co-founders hope to "form a cross-sector community that breaks down industrial and professional barriers, with members ranging from designers to artists, social entrepreneurs to elite internet professionals and from educators to engineers" (Liu et al., 2012).

Digital networking infrastructure

It was not only free to register as online member of Xindanwei through its official website, but also free to follow Xindanwei through various social media platforms, including Facebook, Twitter, Weibo (Chinese version of Twitter), LinkedIn and Douban (Ethnographic notes, April 28th 2011). Taking advantage of the emerging online social networking services, Xindanwei believed that "we live in a world where location doesn't matter much. We can use new technology to connect people and resources all over the world" (Interviewee 1). "All the info of Xindanwei will be displayed on my official website, Xindanwei.com. And we also use Sina Weibo, Chinese version of Twitter. Some members may prefer to use this type of social networking service, so they will have lots of interaction with us on Weibo. They may introduce Xindanwei to his friends on Sina Weibo by "@ Xindanwei", or recommend Xindanwei's event to his friends by "@ (someone's name)". Then more and more people will become the followers of Xindanwei." (Interviewee 2)

Take Xindanwei's Weibo account for example, which served as an important hub to maintain members' relationships or attract new members. There were more than 4000 followers of

Xindanwei's Weibo at that time. Out of 808 posts on Weibo from March 2011 to August 2011(referred to Table 4), there were 265 posts about introduction of Xindanwei's services and event updates, where followers could understand what Xindanwei could provide for members; 185 posts about members' projects, activities or interaction in Xindanwei, where followers could taste a bit of Xindanwei life and find interesting partners; 175 posts of useful information which might interest members, such as job opportunities, local life information, news of technology and creative industries; 125 posts of positive comments on Xindanwei, which might come from either published media sources or users' own experiences; 16 posts of jokes and 42 deleted posts. It became a popular online magnet for members' networking.

Table 4: Content Analysis of Xindanwei's Weibo

Type of Weibo Content	Number of Posts
Xindanwei's services and event updates	265
Members' projects, activities or interaction	185
Useful information for members	175
Reposts from members' positive comments or recommendation of Xindanwei	125 (82 from users; 43 from media)
Jokes	16
Deleted messages	42
Total	808

Physical networking infrastructure

Recognizing the limitations of online networking, a coffee shop named "Xin Cafe" had been equipped in Xindanwei for awaking people to connect offline. By utilizing the Xin Café, the management team of Xindanwei could practice its networking model, which was "Host (co-founders, account managers)+ Event (initiated by members themselves, organic)= Guanxi (networking)" (Ethnographic notes, April 29th 2011).

Xin Café was not run by Xindanwei directly, but outsourced to another entrepreneur who had passion in making great coffee and admiring creativity. The founders' team of Xindanwei had collaborated with Xin Café to develop creative networking events and business together, such as Poor Coffee project which mixes Chinese Pu'er tea and foreign coffee to promote international exchange (Interviewee 4). "All Xindanwei events will be host in Xin Café, and every participant who joins the paid events in Xindanwei can get one drink from Xin Café. Xindanwei also advise Xin Café on what kinds of drinks should be included in the menu." (Ethnographic notes, 2011) On the one hand, the café space served to cultivate relationships between members. "It is not just a place for coffee or tea, but a place where people can have lunch together or talk or hold a small gathering and they can also use hot desks to work with others. All of these are conditions that can help to develop the relationship between community members" (Liu et al., 2012). On the other hand, it helped the cluster to expand its network. Everyone can come into Xin Café for a drink, and "it is an open layer for anybody who passes by or is curious, and encourages them to just step in. In this way, we are actually connecting to the local community, and not isolated as some sort of creative parks. People can come in and we can explain our concept. Then people can be aware of different way of working." (Interviewee 1)

Communal Resources: Mentoring

In addition, Xindanwei had adopted a more deliberate approach for engaging members in offline activities. Since the beginning of operation, Xindanwei had put huge emphasis on the construction of membership database covering members' contacts, needs and resources. With such record in hand, Xindanwei can not only inform members of news and events on timely basis, but also help active members who would like to form in-depth relationship with other members. In particular, a special "New Mentor" scheme had been implemented to match the right partners and resources inside Xindanwei:

"Our three co-founders and account manager will become the mentors, which are the hubs for connection. According to customers' needs and our expertise, we will have one or two hours' talk with them monthly. During the talk, we need to know what type of problem they now have in business, and what kind of suggestion they propose for Xindanwei. After knowing

*this information, we will try to solve their problems through Xindanwei's network. For example, we will partner with International Top Talent, our monthly corporate member, to develop headhunting database in creative industries, as they know we have a large group of creative talents here. This will be a value-added service for members who work regularly in Xindanwei.*ö (Interviewee 2)

õ*It is free for monthly and yearly members, while other members should pay for this service. This programme does separate us from other co-working service providers, Xindanwei is not only an office, but also cares about members' needs. The more we understand you, the better service we provide.*ö (Interviewee 3)

4.1.2.3 Establishing the Intangible Links

The importance of community building had always been emphasized since the establishment of Xindanwei. As the co-founder of Xindanwei once put it, õthe first consideration for whether or not creative industry clusters can achieve sustainable development is whether or not a community can be formed and what kind of community relationship is formed between individuals, and between individuals and the environment, which is the precondition for the cluster to existö (Liu et al., 2012). The co-founders of Xindanwei aspired to create a unique community for members, which should be more than ordinary workspaces. The key work of Xindanweiøs community building can be divided into two parts.

Branding the community

The first part was to achieve positive brand awareness or social representation of Xindanwei. From the viewpoint of Xindanweiøs co-founders, this was a crucial step, consciously or unconsciously, to attract new members and maintain the close links among existing members. With clear understanding of Xindanweiøs distinctive spirits, they had adopted a holistic approach to influence members:

õOur fundamental brand strategy is to enable people to understand Xindanweiøs spirit and values ó innovation, openness, simplicity, inclusiveness and uniqueness ó at all places and during all interactions where people can see or feel Xindanwei, whether it be online or offline,

pictures or texts. Once a brand is built, it will become part of your work, have an influence on the understanding of others towards you and guide your decisions.ö (Liu et al., 2012)

Trust and sharism

The second part was building trust among members, which was more ambiguous and nuanced process for the cluster coordinators:

õWe are linked by different types of social network. But it doesnøt mean we are ready to trust each other and cooperate. I think trust building is very important. I can trust a stranger if he is a good friend of mine or recommended by my friend, or he belongs to the same community as mine, and has good reputation in our community. So my understanding is that, trust is based on recommendation by friends, reputation, and sense of belonging. A good co-working environment should not only focus on connecting people, but also on building trust. ö (Interviewee 1)

Based on the researcherøs observation, õthe management team of Xindanwei had experimented many ways to promote trust among co-working members, such as organizing regular drinks or dinners, outdoor trip to pick cherries, and supporting collaborative projects.ö (Ethnographic notes, May 6th 2011) They also wanted to materialize the trust into cashable shares which could be traded inside and outside Xindanwei community (interviewee 2).

The co-founders of Xindanwei had been actively promoting a philosophy called sharism to its members, which encouraged members to build trust through sharing in Xindanwei (Ethnographic notes, April 29th 2011). The idea behind sharism was that õwe believe nowadays the value of any knowledge can not last and old knowledge can only generate new knowledge through the process of sharing, and that there is no receiving without givingö (Liu et al., 2012). Over the years, they were still trying to figure out the best way to enable more members to accept and practice sharism:

õIn Xindanwei we promote a philosophy called õsharismö, developed by Issac Mao, who is a friend of mine, big supporter of Xindanwei and important collaborator. He visits us quite often, and has given lecture on sharism. What interests me is how to put his philosophy into my

business practice. Until certain stage, I hope the community can measure your ÷sharesø and decide if you are reliable co-worker or not.ö (Interviewee 1)

õHis (Issacøs) theory of sharism is important. Many media describe him as õsocial godö due to his sharism philosophy. When he delivered lectures around the world, he treated Xindanwei as practical example of sharism. He believes that social capital can be powered by sharism philosophy.ö (Interviewee 2)

4.1.3 Xindanwei's Style of Organizing

From here, it can be shown that Xindanwei has adopted an innovative way in supporting cluster development, and its style of organizing could be summarized as the following Figure 3:

Figure 3: Style of Organizing in Xindanwei
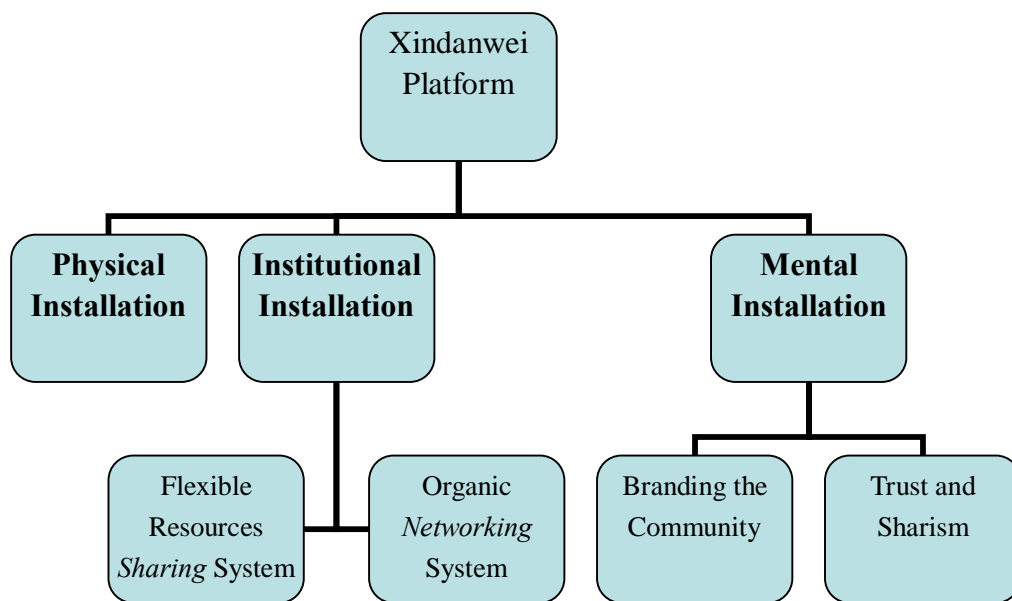
In Xindanweiøs style of organizing, there are always sufficient spaces for improving or refining its organizational structure to support cluster development. On the one hand, they recognized that membersø needs could have different nature. Members might have both tangible (economic and functional) and intangible needs (social psychological) in joining Xindanwei cluster. On the other hand, membersø diverse concerns could be addressed on different levels of installation in Xindanwei. Unlike Chinaøs traditional creative clusters which

emphasize physical installation, Xindanwei's style of organizing had adopted a more holistic approach to develop cluster, which took all physical, institutional and mental installations into consideration. The flexible design of Xindanwei's physical environment provided possibilities for various types of activities, while the institutional and mental setting increased user stickiness to Xindanwei platform.

During the process of running Xindanwei, the management team had been very careful in defining its role, which was more like facilitator rather than controller. They tried to avoid the limitations of top-down management, and welcomed members' feedbacks and participation to improve the organizing of Xindanwei. In particular, members' bottom-up initiatives were encouraged and facilitated on the three-level installation (physical, institutional, and mental) of Xindanwei operation. Members have freedom to utilize the Xindanwei platform to generate social capital for its own use.

4.2 Micro Productive Practices

While the facilitative mechanisms had been set up for members to gain access to social capital, the final outcome depended on the members who actually participated in the cluster life. The researcher had found that certain types of practicing strategies worked better in winning the support from other members, and these strategies included "creating persuasive encounters" and "giving favors". By adopting different ways to practice, the resources generated for members could be unexpected and individualized. In addition, the communal resources also emerged from members' collective practices.

4.2.1 Resource Mobilization Strategies in Cluster

4.2.1.1 Creating Persuasive Encounters

The term "persuasive" here is used to describe member's efforts to gain other cluster members' support which are based on considerate introduction, without the intrusive force of uncomfortable hustling. Depending on the actual needs, members can take advantage of

Xindanwei's various channels to create encounters, although the outcome may not be produced immediately.

In order to achieve broader persuasive effects, lots of members chose to host public events in Xindanwei, which could attract a wide range of audience, including Xindanwei's members, followers, friends, media, investors, and potential clients. According to the event calendar in its official website (xindanwei.com), the types of public events in Xindanwei varied greatly, but the talk-style events had dominated the quiet time in Xindanwei during the period of 2011 (Table 5). The usual format of talk events was that 20-50 people were brought together for about two hours to listen to short presentation by the host members, and active discussion or Q&A section would be followed. If the events are too popular, some audience may have to stand during the whole events. All activities will be recorded on Xindanwei's website and newsletter, so the host members can further benefit from the whole cluster publicity (Ethnographic notes, May 3rd 2011). Many members would host a mixture of events (i.e. talk and collection exhibition by Interviewee 10 and 14), in order to strengthen the persuasive effects.

Table 5: Summary of Public Events in Xindanwei (Jan-Dec 2011, Xindanwei.com)

Event Type	Number of Happening
Talk/lecture	20
Seminar/workshop	12
Exhibition	3
Movie night	3
Concert	1

By hosting or participating in public events, members could learn from each other and adjust their future strategies in persuading others to support:

"I pretty like the style of Xindanwei event. My original idea is to partner with Xindanwei to organize a special event on weekends, everyone can come here to taste sea-buckthorn drink

and know the origin of sea-buckthorn. The participants need to pay at least 20 RMB, in order to share our cost. I could encourage my friends and colleagues in Shanghai to join. Our invited guests should have a few years of working experiences, then they can spread the word of sea-buckthorn via their network, which is also a good way to promote Xindanwei. We call this õsocial powerö! This type of event should be efficient to promote sea-buckthorn, but the problem is that it is very time-consuming. So now I persuade Jing He (owner of Xin Cafe) to add sea-buckthorn into its daily menu. She also came up with an idea of making a special drink, which blends sea-buckthorn, mint, honey and other juice. It is more sustainable way for promotion and fit into the healthy concept of Xin Café.ö (Interviewee 6)

Xindanwei members also initiated informal coffee breaks or smaller scale meetings with potential partners in Xin Café. Apart from the three friendly and active co-founders, the researcher found that two members in Xindanwei had been extremely helpful in identifying potential influencers:

1. Community manager in Xindanwei. She was the formal daily host employed by Xindanwei, and her formal responsibilities can be divided into three parts: õThe first part is to coordinate and manage the customer relationships, and keep the updated record of key membersø activities. The second one is to publish Xindanweiøs news through different platforms. I have to upload articles, photos and videos to the internet. These online resources help us to attract more followers and expand our member network. The third part is the daily maintenance for Xindanweiøs physical space. Sometimes I have to show people around Xindanwei, and introduce them what type of service we can provide in Xindanwei.ö (Interviewee 3) Community manager was well acquainted with members in Xindanwei, and keeping a good relationship with her might gain more exposure in Xindanweiøs communication channels.

2. The owner and operator of Xin Café. During the observation period, the researcher had spent lots of time in interacting with Xin Caféøs owner. õJing provides me another perspective to look at Xindanwei, as she is the one who works in Xindanwei day and night even without customers. She is responsible for seat allocation and collecting money from hourly member in Xindanwei, and also covers the work of introducing Xindanwei to newcomers when community manager is away.ö (Ethnographic notes, April 30th 2011)

4.2.1.2 Giving Favors

The researcher's observations revealed that, the approach of giving favors to other members had been frequently used to gain support in Xindanwei. As a small cluster full of entrepreneurs and startup business, many members could only offer something of small value, explicitly or implicitly, to impress their new contacts, in the hope of getting return in the future.

The three co-founders of Xindanwei, as key members of cluster, had been constantly in search of creative ways to give favors to their partners, in order to expand their business. Aware of the shortage of financial support in Xindanwei, they tried to give favors in non-financial aspects, such as "introducing community members to the groups and media across various channels that follow Xindanwei; providing customized exposure to community members on the "Star of Month" section on the Xindanwei website; publicizing activities and news relating to community members through "Xindanwei Buzz" newsletter; and posting community member signs and notices within the shared space" (Liu et al., 2012). Sometimes, they would be flexible in daily management of Xindanwei:

"We have an online pre-booking system for the conference room. Any monthly member who would like to use the conference room should book the room online first, and have two hours for free per day. Sometimes we may allow them to spend more than 2 hours in the conference room, if it is not in rush hour." (Interviewee 3)

During the fieldwork in Xindanwei, the researcher was perceived more as a wine expert than an academic researcher, and had several chances to involve in the cycle of giving favors:

"Jing (owner of Xin Cafe) had a great passion in coffee making. After knowing my expertise in wine tasting, Jing made me a special cup of single-variety coffee by her siphon coffee maker for free (usually the hourly member have to buy at least one cup of coffee to work in Xindanwei). She wanted to hear my honest comment on her coffee, and was also interested in my skills of wine tasting. And I was very happy to share my experiences with her." (Ethnographic notes, April 30th 2011)

"Today Terry was hosting a paintmob event in Xin Café. It cost RMB 150 to join this casual painting event, as the participants would be provided with canvas, acrylic paint, painting tool and apron. He didn't have many clients today. He had already offered Jing (owner of Xin Cafe) a free trail to have her own painting today. After I came to Xindanwei, he also gave me a chance for painting free of charge. But I kindly refused. After the event, he told me that he was helping his girlfriend to find a job. Her girl also loved wine, and see if I can help." (Ethnographic notes, April 30th 2011)

As a wine merchant, the researcher also felt the need to initiate favor giving:

"After entering the field of Xindanwei and interacting with other members, it became natural for me to give small favor to others, even without any gain. In order to be perceived as trustable partner and accepted by Xindanwei community, I think it is necessary to behave in this way. I had given some free wine sample to other members to taste, and luckily got some advice on how to approach the local market in Shanghai. Hopefully they will think of me when they need someone on wine purchase." (Respondent 16)

4.2.2 Emergence of Resources

4.2.2.1 Unexpected Link between Problems and Solutions

According to the researcher's own experiences, the link between problems and solutions inside cluster may not be as straightforward as designed by the co-founders of Xindanwei. It was not difficult to notice that the Xindanwei members wanted to take advantage of the cluster to develop themselves professionally or personally, no matter they mention it or not. While members brought in various types of problems to the cluster, they also owned a range of solutions for other members, which might not be recorded by the official system in Xindanwei. The interactions among members often started without an explicit request for help, but they served as key starting points for the emergence of problem solving.

During the fieldwork period, the researcher entered into Xindanwei with two roles: an academic researcher interested in õsocial capitalö, and an entrepreneur promoting wine business. The researcher had no clear idea on which members could offer help for his problems in the first place, so interacted with the local members as open-minded as possible. After a while, it was surprised to know that solutions often came from unexpected way, and every member could become help receiver as well as help provider. Here are three examples:

Story 1:

Before entering the field of Xindanwei, I (the researcher) invited Liu (co-founder of Xindanwei, Interviewee 1) for lunch in London, without clear idea of how to implement my projects in Xindanwei. After knowing my research topic and business, Liu was not only happy to share her own understanding on social capital, but also willing to show me how she practiced social capital in the real world. On the first day of my arrival in Shanghai, Liu invited me to a social entrepreneurial dinner, where local entrepreneurs meet weekly for good food and networking. It did help my research, and also got me familiar with local business culture which should be good for my wine business. On the other hand, Liu was eager to improve Xindanweiøs business model at that time. I offered her some advice on running Xindanwei through my previous experiences, and found the synergy between conducting my academic interviews with members and implementing Xindanwei value-added service ---õNew Mentorö scheme. Both projects could be mixed together to gain feedback from members for next-stage work. (Ethnographic notes, Early April, 2011)

Story 2:

I (the researcher) met Xindanweiøs new account manager Cozi (Interviewee 3) for research data collection. I happened to know that Cozi used to study art in France and fell in love with wine. She even worked for a local wine company before coming to Xindanwei and became knowledgeable about wine business in Shanghai. She referred me to local wine shops and bars, and mentioned her contact in a professional magazine which could be useful for promoting wine in Shanghai. She told me that she might not work for Xindanwei for long time, and would love to have her own design and PR business. In return, I gave her one bottle of French

wine to taste, and shown my interest to work with her in the future. (Ethnographic notes, April 29th 2011)

Story 3:

I (the researcher) contacted a member named Violet (Interviewee 6) for knowing her experiences in Xindanwei. At that time Violet tried to introduce sea-buckthorn drink in Xindanwei. We found the common interests not only in promoting quality drinks, but also in utilizing potential distribution channel. Our business network could be complementary: she didnøt have powerful network in Pearl River Delta, and would love to use my network there to explore new market. She introduced me to Mr.Cao, one of her potential local distributors for sea-buckthorn in Shanghai, and happened to visit Xindanwei for the first time. Mr Cao mentioned how his friend utilized alumni network and wine tasting events to promote Spanish wine. (Ethnographic notes, April 30th 2011)

4.2.2.2 Emergent Personal Assets

Once members participated in the cluster, their access to cluster resources couldnøt be absolutely equal. There were more than 4000 paid and non-paid members in Xindanwei (Interview 1), from regular members who built their business from within the space, to those who followed or passed through Xindanwei only briefly. Their levels of involvement in Xindanwei varied greatly, including õgeneral community, active community, and elite communityö (Interviewee 1). Such fluid participation generated different assets for different members.

Good reputation was perceived as intangible asset by individual members, but it often emerged from their daily interaction inside Xindanwei. Take the history of Xin Café for instance. The previous owner didnøt care much about the quality of products, and tried to sell coffee of poor quality to members in order to make quick profit. But his time of running Xin Café didnøt last long, as bad word of mouth spread and members started to buy coffee from outside. When the new owner Jing took over Xin Café, she had to put lots of efforts in

winning back the customers. She spent more than 10 hours in Xindanwei to serve freshly made coffee everyday, and enjoyed talking to customers to gain instant feedback of her coffee (Interviewee 4). She always tried to find a way to improve her coffee making skills, and would dump the bad cup if she felt the taste was not good enough. So then Xin Café had attracted more customers than before, and Jing had a good reputation among members for her pursue of quality (Ethonographic notes, April 30th 2011).

Status among members was another intangible asset which emerges from the cluster practices. Xindanwei was highly influenced by a philosophy called "sharism", which believed that "the more you share, the more you receive" (Interviewee 8). "Share not only means 'to share', but also means 'share of shareholder'. It is kind of lifetime accumulating, and it's activity driven. You can not buy 'share' with money, and hopefully this 'share' can be used as currency across the coworking community. In order to become an active co-worker, you can accumulate 'shares' by doing things or sharing things with your community." (Interviewee 1) So a member's status in Xindanwei was not fixed through appointment or financial power, but depended on its actual contribution to the cluster. As one member put it, "Do you play online game? Here is just like the game playing field where you can earn credits through joining different activities. If you have sufficient credits, you can enter into next higher level of playing." (Interviewee 3)

Apart from sharing their own experiences through self-organized events, members can volunteer to become mentors under "New Mentor" scheme, and donates his time and resources to help other members (Ethnographic notes, April 29th 2011). "Our mentors will be elected by the community, mainly based on reputation and feedback of the members. There is a time limit for being mentors. After certain time, they will be re-elected." (Interviewee 1) Gaining a regular mentorship appeared to be high-status recognition for member, as it required the approval of the whole cluster. But in fact, not many members can contribute as much time and resources as Xindanwei's three co-founders. They were keen to become mentors to help other members, as they felt responsible to promote the "New Mentor" scheme and set good examples for other members (Ethnographic notes, 2011). The in-depth involvement of

Xindanwei's co-founders in the mentorship, did earn them the leader status in the cluster, which gave them advantage to mobilize resources to get things done. So every time when members have any problems or ideas, such as holding new exhibition (Interviewees 9, 14) or introducing new drinks (Interviewee 4, 6), it became a nature step for members to contact co-founders first for discussion. As a result, those three co-founders of Xindanwei were regularly elected as mentors. And they also gained great access to information through this, as well as personal networks.

But the co-founders also realized the limitations of power concentration, and hoped to incentivize more members to become active leaders: "Until certain stage, the community can measure your 'shares' and decide if you are active co-worker. If you are active co-worker with specific projects, we will provide mentor to help you to develop the projects and develop your skills. We will also create different content to promote you and let you be the leader or mentor for new members. " (Interviewee 1)

4.2.2.3 Emergent Communal Assets

Community building had always been emphasized in Xindanwei, and collective practice was perceived as important as individual practice for the sustainability of cluster. Xindanwei has kept exploring ways to stimulate members' interests and commitment in community life. By following its official website, the researcher knew that most early events held in Xindanwei were free to join. Gradually, more and more events were required to pay for the tickets, as the key members believed the value of Xindanwei as a whole cluster can be enhanced by collective efforts:

"Since we changed our policy, we haven't got any negative effect yet. But the feature of our events remains the same as before. Xindanwei's events still focus on social or design issues, rather than commercial. The reasons why we charge for the events are that participants need to respect both the event organizers and speakers. With this new threshold added, we hope that participants can treat our events more seriously. After they pay for the event, they will take

part in and appreciate the event. For the price itself, it isn't expensive, and includes drinks." (Interviewee 2)

Informal communication channels between members had emerged from participating in the community life. "With the coordination of Xindanwei's management team, any ordinary members can initiate communal activities, such as meal sharing, afternoon tea gossip, or outdoor entertainment. During the events, the host would do the ice breaking, and members can communicate with each other in casual ways. If members' feedbacks are good, such activities may become regular communal events" (Ethnographic notes, May 6th 2011). One member had described the last communal countryside visit to the researcher:

"Last time we went to the suburb area for strawberry picking together. Although these guys may have known each other before, they are too busy to communicate in the working hour of Xindanwei. We create chance for them to spend at least half day together in a relaxed environment monthly. We try our best to organize some interesting events for them and don't waste their time. Actually, we receive good feedback from the last strawberry picking event and they quite enjoy themselves. The strawberries we picked are so sweet! We will do it again next month." (Interviewee 2)

Apart from knowledge sharing, collaboration in practice had also been advocated in Xindanwei. The supportive and tolerant natures of Xindanwei had earned members' trust in the cluster. As one member put it, "each one can experiment their ideas or plans here, if they have proper budget plan and timeline. You feel your ideas and voice being respected here. For people using the space, the boundary is no longer definite or limited." (Interviewee 3) Inside the whole cluster, various active communities of practice had emerged from the supportive environment, as shown in the following Table 6.

Table 6: Emergent Communities of Practice in Xindanwei

Interest	Practice	Key Members

Start-up Business	Presentations, workshops, BarCamp	Interviewee 1, 2, 3, 5, 8, 12, 15
Social enterprise	Presentations, workshops, BarCamp	Interviewee 1, 2, 6, 7, 8,15
Fashion	Presentations, exhibitions	Interviewee 1, 2, 3, 10, 12, 14
Catering	Tasting, promotion events	Interviewee 1, 2, 3, 4, 6

During the fieldwork in Xindanwei, lots of members mentioned the stories of XinCheJian (New Garage) to the researcher. õIt is a (hardware) hacker community which was initially by three technocrats who were based in Xindanwei. They got to know each other during Xindanweiøs BarCamp event, and started the idea of building the first hackerspace in China. They would like to promote a hackerøs culture that focuses on the creative application of technology. In XinCheJianøs physical space, people are provided with all types of tools and open source hardware to experiment new ideas. XinCheJian became a platform for sharing and co-creation of like-minded hackers, and it has experienced explosive growth in the past two years. With the income generated from workshops and technical courses, XinCheJian community turned out to be a successful self-funded project. Now XinCheJian has rent a separate space from Xindanwei to work, and becomes the flagship incubated project by Xindanwei.ö (Ethonographic notes, Sep 9th 2011)

Since the beginning of its opening, Xindanweiøs operating mode had continued to evolve and improve. With the goal of establishing a real coworking community in China, the core members of Xindanwei were very active in sharing their experiences of building Xindanwei with the outsiders through different channels, including social media, magazine, and TV programmes (Ethnographic notes, 2011). In response to the ever-increasing amount of interests from various fields, they even managed to create a DIY Co-working Manual originated from their own experiences, covering Xindanweiøs business model, community

management experiences, key points of space and brand building. They hoped to utilize this manual as public asset to inspire more people to establish better coworking communities.

4.3 Context Constraints for Resource Creation

According to Xindanwei's co-working manual, members' voluntary sharing and collaboration were the two main principles of Xindanwei's coworking cluster: "Xindanwei provides its community members with an open working environment and opportunities to share knowledge face-to-face and be inspired through collaboration with other members, without paying high rents." (Liu et al., 2012) However, when their practices were reviewed in more details, some gaps could be identified between ideal and actual co-working communities.

4.3.1 Obstacles in Sharing Practice

4.3.1.1 Cultural Context

Sharing was perceived by Xindanwei's key members not only as necessary means to generate new knowledge in creative economy, but also as the best way to promote the coworking cluster (Liu et al., 2012). However, the experiences members had before joining Xindanwei can affect their understanding of sharing.

For those members who had lived or worked in an open culture, it was not difficult for them to embrace the sharing as a way of life:
"I first discovered a co-working space in New York, and now discover Xindanwei in Shanghai. Such concept is familiar to us as urban Americans who work in creative sectors. " (Interviewee 11)
"I used to work in similar creative incubators in both Silicon Valley and Paris, and that's why Xindanwei's sharing concept attracts me at the first time. If there is anyone who would like to talk to me during the lunch or tea break, I am happy to meet them in Xindanwei. " (Interviewee 13)

But for some local members, they might not feel comfortable to share in a public space, and preferred to be silent followers.

"Liu tells me, currently there are no more than 20 monthly members, and most members just want to observe rather than make things happen (stand-by). Half of them are Chinese. Different members have different personality, someone just prefers to stay in quiet area and don't interact a lot. The Chinese are not really comfortable with knowledge sharing and Western style of networking." (Ethnographic notes, April 29th 2011)

"In our events, people are a bit shy to communicate with other members during the casual painting work. Apart from providing artistic assistance along the way, I will also encourage members to comment on others' paintings, in order to initiate communication among them." (Interviewee 5)

"In foreign co-working space, people are quite active in networking and sharing. But in China, if you just put two or three strange persons to work in the same office, they may not have any word with each other." (Interviewee 8)

Even the co-founders of Xindanwei admitted that there were cultural gaps between China and Western countries, and it required a particular approach to bridge these gaps:

"But we need to bear in mind the difference between your local serving community and others. The whole co-working concept is becoming more and more popular in the western society, and one big player in this industry is the HUB in London. HUB has franchised co-working spaces across the world, and it wants to partner with Xindanwei as well. But I refused to become the franchised member of HUB, as I thought HUB was not familiar with the China's environment and very aggressive. I want to keep the independence of "Xindanwei" brand and provide localized service." (Interviewee 1)

"China has a different culture and background from Western countries with creative sharing and coworking innovation being virtually non-existent in China and as such there is no relevant experience to refer to... We hope Coworking Communities can actually change our working style in China, along with the way we think and the way we innovate. However, such change can not solely be achieved by Xindanwei." (Liu et al., 2012)

4.3.1.2 Practical Concerns

The co-founders of Xindanwei tried to provide a good role model for other members in sharing, and didnøt hesitate to share some business secrets in their coworking manual:

õWe spent a long time in thought before we decided to share this. Many people suggested that we should launch a standard model that can be copied and promoted and use this to attract investment and get our company listed. However if we chose that approach, we would not be able to produce this Guide and all of our knowledge would be locked up in our filing cabinet. Locking away this knowledge is against our principles: we believe nowadays the value of any knowledge can not last and old knowledge can only generate new knowledge through the process of sharing, and that there is no receiving without giving.ö (Liu et al., 2012)

But the ‑fully sharingø approach might not apply to any business:

õI am a merchant of French wine. The reason why I came to Xindanwei is to expand my wine business to new market and find appropriate partners. In this public platform, it is great to share my wine knowledge and promote my company. But I have to be very careful in sharing my business planning and problems, as you never want your competitors to know your weaknesses. I will be very selective in choosing people to share in-depth business details. I think Xindanweiøs sharing approach is good for open innovation and knowledge exchange, but not good for every business.ö (Respondent 16)

Sometimes the sharing in Xindanwei could not be as open as it claimed to be. The co-founder once told the researcher a story: õThey used to organize a public event in Xindanwei, and the topic was a bit sensitive to the local government. They were told by the local police to cancel the event, and they had to follow the instructions. Sometimes they felt that they were being followed by the local policemen. But now they will choose some safe topics when hosting public events.ö (Ethnographic notes, April 29th 2011)

4.3.2 Challenges to Sustainable Collaboration

4.3.2.1. Limited Resources

Xindanwei was characterized by its cross-sector connections, which meant it was possible to collaborate with various members õranging from designers to artists, social entrepreneurs to elite internet professionals and from educators to engineersö (Liu et al., 2012). But in practice, all participating members had to figure out how to make good use of their limited resources:

õIn my previous work, I have met a lot of entrepreneurs. According to their and my own experiences, we always face the same situation in the startup business: limited resources, limited time, and limited intelligence. I believe the entrepreneurs are never short of ideas, but they need to find sustainable ways to execute them. Most of time, we have to embrace limitation.ö (Interviewee 13)

The facilitators or coordinators in cluster also needed to consider carefully about how to arrange their limited resources:

õAt the end of day, we have to know our limitations. We only afford to have a small team to run Xindanwei. The current space restricts us to serve startup entrepreneurs and creative teams consisting of no than more 8 members. If there are big teams looking for help, we can refer them to other suitable creative clusters. ö (Interviewee 1)

õWe cooperate with creative parks, property developers and various space owners and introduce clients to them whose requirements we can not satisfy. These clients are mainly teams that hold events or exhibitions and consist of more than 8 members.ö (Liu et al., 2012)

õIt is easy to introduce you to other members or have coffee together. But when it comes to do a specific project with big impact, our role as coordinator will become crucial and we need to capture both sidesø actual needs. The actual need means serious commitment of time, resources and efforts. It is more than a casual talk. As an agent, our vision and judgment are important.ö (Interviewee 2)

4.3.2.2. Self-selected Participation

In the absence of any restriction being set on the profiles of members who intended to base themselves in Xindanwei, the total amount of Xindanwei's members and followers had kept rising in the previous two years. "Up until today we have had nearly a thousand frequent-paying members and over five thousand Xindanwei community members on the internet that pay close attention to Xindanwei's news and development." (Liu et al., 2012) As the cluster developed, the feature of Xindanwei's membership base was also evolving. According to one co-founder of Xindanwei, "our member base used to be dominated by foreign co-workers, but now is equally shared by Chinese and foreigners from diverse sectors due to the current central location." (Interviewee 2)

In Xindanwei, the members had the freedom to participate in or quit any partnerships. Although Xindanwei's coordinators always tried to be nice and helpful for the members, forming a new partnership was hard to be predicted:

"Chen Xu introduced me to Cherry, the manager from YouChange Foundation, but we only said hi and left. YouChange Foundation originated from Beijing, and just opened a new office in Xindanwei recently. Cherry and her colleagues seemed to be very busy these days, and different types of visitors came to visit them all the day. As monthly member, they can have free access to the "New Mentor" scheme in Xindanwei. But Chen told me that they hadn't shown great interest in this scheme: every time when Xindanwei's management team tried to arrange a long talk with them about their needs, they were too busy to accept the invitation. Chen felt she couldn't do much about this." (failed attempt, Ethnographic notes, May 4th 2011)

"Violet had her full-time job elsewhere, but she was keen to use Xindanwei's platform to promote the social value of sea-buckthorn. She also wanted to put sea-buckthorn juice and tea in the menu of Xin Café, so she had a long discussion with Jing He (owner of New Cafe). Cozi (daily host of Xindanwei) told Violet that she could help to promote sea-buckthorn through her previous restaurant network for free, but she couldn't force Xin Café to sell

sea-buckthorn. They have to make agreement together.ö (successful partnership, Ethnographic notes, May 5th 2011)

From the cluster coordinatorsø perspective, it was difficult to control the inflow and outflow of members. Without proper facilitative settings, the high turnover of members could be detrimental to the sustainability of the cluster:

õEvery month we have new members joining us, but at the same time some members move out of Xindanwei. There are many reasons why they choose to leave: some teams have grown big enough, and require more spacious or formal working spaces; some projects are suspended or failed, so they have to go. This brings significant challenge for Xindanweiøs cash flow. ö (Interviewee 2)

To sum up, it was in need of membersø sustainable participation to create social capital for the whole cluster. In Xindanwei, sustainable participation meant membersø continuous sharing and collaboration with others in the cluster. However, membersø participation in Xindanwei life was not unconditional and unlimited. Since Xindanwei was an open community, there were various context issues needed to be considered to promote participation, including cultural differences, political atmosphere, membersø business model, competition of resources allocation, and the psychological attachment to the cluster. In order to overcome challenges in sustainable participation, more context-sensitive or customized style of organizing should be adopted in the cluster.

Chapter 5   Discussion

"Measuring the economic impact of all the ways the internet has changed

people's lives is devilishly difficult because so much of it has no price. It is

easier to quantify the losses Wikipedia has inflicted on encyclopedia publishers

than the benefits it has generated for users.ö

——*The Economist* (2013)

5.1 Summary of Analysis

This research is interested in two main research questions in relation with the social
psychological aspect of enterprise cluster：1. What is social capital in the real-world cluster? 2.
How can social capital be created in a cluster? These two questions have guided the researcher
in studying a selected case named Xindanwei, which gained researcherøs attention by its rapid
growth as a bottom-up initiative, and once experienced difficulty in maintaining its operation
in top-down driven creative industry park in Shanghai. Without strong financial capital or
official support, it seemed that the fast expansion of Xindanwei was highly driven by social
capital. As a business practice for supporting the development of creative cluster, Xindanwei
provided abundance of resources for the researcher to explore social capital on realistic basis.
Lessons learnt from Xindanweiøs experiences could contribute to a better understanding of
social capital.

Although there are increasing amount of researches done on the contribution of social capital
to the growth of clusters, the actual process in raising social capital in a cluster is still
unknown to most outsiders. Hence, this study turned its attention to the daily experiences
behind Xindanwei, and aimed to address this issue by focusing on i) how problems and
solutions can be matched in Xindanwei, and ii) obstacles and pathways to the sustainable
collaboration. Insight into this area was gained through secondary data, semi-structured
interviews, and participant observation. In doing so the researcher hopes to develop a
framework to understand what facilitates/hinders the emergence of social capital in cluster.

By entering into the field, the researcher had gained an in-depth understanding of Xindanwei's propensity to generate social capital. One distinguished feature of Xindanwei was its active promotion for cross-sector linking. Inspired by the Indian Banyan tree model and sharism philosophy, Xindanwei operated as a rhizomic network (Eco, 1986), where any member was possible to connect with every other member. It appeared to be a semi-organized garbage can, which was more organized than the garbage can model (Cohen et al., 1972), but less organized than a classic organization. It didn't have a fixed hierarchy, and the turnover of members could be high.

While members' needs could be both economic and social-psychological, Xindanwei had set up specific mechanism for *macro links between problems and resources* (4.1). On the one hand, its multi-level (physical, institutional, mental) installations had fostered members' encounters and enabled resources and problems to meet; On the other hand, it left spaces for what emerged in the encounters got capitalized and visible for the community, and provided institutional recognition of members' reputation and status. Members' changing needs and feedbacks were considered in Xindanwei platform, and the management team had tried to avoid the freezing of social relations.

However, the emergence of social capital in Xindanwei could not be separated from members' *micro productive practices* (4.2) and the actual *context constraints (4.3)*. Although every member can gain access to social capital in Xindanwei, it was the efficiency of their practices or action in the community that made the difference to the final outcome. Both creating persuasive encounters and giving favors were good strategies to accumulate social capital, and these actions might generate unexpected assets for individuals and communities. Those situational factors (such as cultural context, practical concerns, limited resources, and self-selected participation) should also be addressed in the emergence of resources. It indicated the dynamic and constrained process of how social capital was created in the actual world.

5.2 Comparison with the Reviewed Literature

By comparing the results from the above analysis of the case of Xindanwei with the literature reviewed in Chapter 2, three issues can be identified from the current study. Firstly, there can be different styles of organizing in cluster building. The bottom-up miniature initiative of Xindanwei should be good supplement to the top-down dominated cluster literature. While Xindanwei can provide the benefits of the Marshallian Trinity (Marshall, 1920), it also has developed a culture of helping and sharing similar to that of Silicon Valley (Blank, 2011). Its experiences confirm the economic, social and institutional nature of cluster. The researcher has found that the style of organizing in cluster can be the mixture of bottom-up and top-down, and need to evolve according to the context.

Secondly, the case provides additional in-depth understanding of social capital, in comparison with the existing literature. The construction of social capital in Xindanwei has been presented as emergent and collective process, which confirmed the process view of social capital. It has provided more practical descriptions of what is actually social capital, which has more layers than the three-dimensional (structural, relational and cognitive) model of Nahapite et al. (1998). Expressive and instrumental actions (Lin, 2001) or õLishang-wanglai (courtesy demands reciprocity)ö (Chang, 2010) do help to build new guanxi and cut across the structural hole of network (Burt, 2000) in Xindanwei. Social capital is so dynamic and multi-dimensional that it entails more than fixed network analysis, and it is better perceived as originated from multi-dimensional guanxi (with physical, institutional and mental elements) rather than one-dimensional network.

Thirdly, the style of organizing, informed by social psychological considerations, needs to be considered when building a sustainable cluster. According to Xindanweiøs experiences, the construction of social capital cannot be separated from its context, where management of innovation has shifted from õclosed innovationö to õopen innovationö paradigm (Vanhaverbeke, 2006). Lahlouøs (2009) installation theory could be borrowed to understand the multi-dimensional process of social capital creation, which includes physical, mental, and

institutional layers. Through participating in communities of practice (Wenger et al., 2002), the emergent social identity (Turner et al., 1987) will provide members new perspective to create social capital. A platform with rhizomic style of organizing (Eco, 1986) will help to facilitate the guanxi building in cluster.

5.3 Co-working, Guanxi and Communities of Practice

Inspired by emerging practices in the generation and diffusion of open-source software, co-working in Xindanwei is an innovative attempt to bring the social aspect back to the creative clusters in recent years. It is particularly relevant to release the social capital of creative clusters, as successful collaboration is difficult to achieve in the conventional work environment. In a suitable co-working environment such as Xindanwei, it õallows autonomous and interdependent behavior that encourages creative initiative, innovation and collaboration successö (Marshall and Witman, 2010).

Although there are different styles of co-working spaces around the world, Reed (2007) argued that they shared four core values: õcollaboration, openness, community and sustainabilityö (Reed, 2007). Marshall et al. (2010) has also identified that co-working encourages õautonomy, trust, investment, collective purpose, community and collaborationö. It is the community aspect that differentiates co-working from the commercial desk share: õCo-workers want to make connections, fostering collaboration and sharing knowledge. Co-working gathers people who work independently but who share values and look for the synergies that a common space shared with talented people can bring. Co-workers are expected to participate in the life of the community by bringing his own talent. The members should share their ideas with each other. Co-workers should not feel competition between each other.ö (Leforestier, 2009)

Co-working creates various values for its members: õnetworking opportunities, tapping into ‑accelerated serendipityø, opportunities for bigger projects, shared resources (from equipment to expertise), streamline operations and minimize overhead expenses, mentoring and coaching, auxiliary services (such as legal advice and possible leads for funding)ö (DeGuzman, 2012).

But it is believed that the most important resources of co-working is the social relationship nurtured by co-working alongside others or simply õsocial capitalö. Some co-working spaces have experimented with alternative currencies which are non-monetary (i.e. time banking, reputation system), in order to capture the value of social capital. õWith time banking, you can simply help or work other coworkers in exchange for something that everybody has: time. With the other system, which is similar to Ebay or the Amazon reputation system, you can assess in õhoneyö, which is used to measure trust and community engagement with coworkers.ö (Cagnol, 2013) Here, there are two levels of operation to generate social capital in Xindanwei.

On the one hand, social capital can be formed on the basis of individual guanxi through co-working practice. In Xindanwei, members might come from different background or companies, and their connections were not fixed or stable. Unlike the traditional transactional relationship with the customers, the co-founders of Xindanwei served as coordinators rather than managers: they were not eager to sell products or services in a hurry; they encouraged members not only to utilize the space creatively, but also connect socially and learn from each other; the boundary between the members and the staffs was deliberately blurred, which created a feeling of ─homeø for the community. Under such relaxed environment, members were inclined to share resources or collaborate with others, and were able to create commercial or non-commercial links among themselves across institutional boundaries.

It seems to be more appropriate to use õguanxiö rather than õnetworkö to describe co-workersø relationships. As mentioned in section 2.4.1.2, õnetworkö is characterized as commercial and impersonal in Western organization literatures, while guanxi is more about personal relations and reciprocal exchange of favors, which involves both objective and subjective intents. Co-working provides an ideal atmosphere for the individual õextended form of guanxiö (Yan, 1996) to be practiced and experienced through both the flow of material gifts and favors and the build-up of emotional and moral values.

On the other hand, social capital can be created on communal level through nurturing

community of practice (CoP), which derives from the daily co-working practice. In the business setting, Wenger et al. (2000) has indicated that communities of practice can add value to organizations: help drive strategy, start new line of business, solve problems quickly, transfer best practices, develop professional skills, help companies recruit and retain talent. In such case, CoP is an important source of social capital.

It must bear in mind that not everything named community is a community of practice (CoP), and it should consist of three crucial characteristics:

õ1. The domain: since a community of practice is focused on a domain of shared interest, it is not merely a club of friends or a network of connections between people. Membership therefore implies a minimum level of knowledge of that domain-a shared competence that distinguishes members from other people.

2. The community: in pursuing their interest in their domain, members engage in joint activities and discussions, help each other, and share information. Having the same job or the same title does not make for a community of practice unless members interact and learn together.

3. The practice. A community of practice is not merely a community of interest. Members of a community of practice develop a shared repertoire of resources: experiences, stories, tools, ways of addressing recurring problems一in short a shared practice. This takes time. ö (Wenger, 2001, pp.2-3)

In a traditional working environment, it is not easy to establish and maintain CoP or integrate them into the formal organizational agenda, as õthe organic, spontaneous, and informal nature of communities of practice makes them resistance to supervision and interferenceö (Wenger et al, 2000). In contrast to the formal organization, Xindanwei didnøt have restrictions in fostering the communities of practice. It addressed both the explicit and tacit aspects of community of practice, in order to generate social capital for the whole community. Xindanweiøs co-working initiative happened to contribute positively to the thirteen fundamental areas of successful CoP identified by Wenger (2001):

"1. Presence and visibility. A community needs to have a presence in the lives of its members

and make itself visible to them.

2. Rhythm. Communities live in time and they have rhythms of events and rituals that reaffirm their bonds and value.

3. Variety of interactions. Members of a community of practice need to interact in order to build their shared practice.

4. Efficiency of involvement. Communities of practice compete with other priorities in the lives of their members. Participation must be easy.

5. Short-term value. Communities of practice thrive on the value their deliver to their members and to their organizational context. Each interaction needs to create some value. 6. Long-term value. Because members identify with the domain of the community, they have a long-term commitment to its development.

7. Connection to the world. A community of practice can create value by providing a connection to a broader field or community that its members care to keep abreast of.

8. Personal identity. Belonging to a community of practice is part of one's identity as a competent practitioner.

9. Communal identity.   Successful communities have a strong identity that members inherit in their own lives.

10. Belonging and relationships. The value of belonging is not merely instrumental, but personal as well: interacting with colleagues, developing friendships, building trust.

11. Complex boundaries. Communities of practice have multiple levels and types of participation. It is important for people on the periphery to be able to participate in some way. And inside communities too, people form subcommunities around areas of interest. 12. Evolution: maturation and integration. Communities of practice evolve as they go through stages of development and find new connections to the world.

13. Active community-building. Successful communities of practice usually have a person or core group who take some active responsibility for moving the community along."

(Wenger, 2001, pp. 45-46)

In summary, co-working creates links for people objectively as well as subjectively. Various issues have been considered in co-working space: technology, time and space, participation,

value creation, connections, identity, community memberships, community development. It is suitable not only for cultivating personal guanxi (network with subjective elements), but also for nurturing various types of communities of practice. The focus of guanxi construction by co-working is õextended formö rather than õprimary formö (Yan, 1996), while cultivating community of practice can improve the sustainability of co-working. According to the Xindanwei practice, to generate social capital in co-working space requires sufficient support in the triple installation (Lahlou, 2008b) of co-working space. At a deeper level, building a facilitative platform for co-working is more than technological concern, but needs to consider physical, mental and institutional issues which help or hinder the creation of social capital.

5.4 Understanding Social Capital: Towards an ontology of becoming

In the classic literature, social capital has been treated as product or process, as has been reviewed in the previous Section 2.3. However, in the real-world cluster such as Xindanwei, social capital cannot be simply treated as product or process, and its creation is more dynamic and emergent than the theories suggest.

On the surface, the Banyan tree analogy of Xindanwei made by its co-founder seemed to be similar to the traditional mechanical view of management. As the co-founder (Interviewee 1) put it, õit looks like a forest, but actually it only belongs to one tree! The mother tree is so big that its branches fall on and grow into the ground. These branches start to become individual trees, but at the same time they are all connected!ö However, after exploring further under the surface, the present researcher believed that it was the innovative sharism mentality (õthe more you share, the more you will receive; there is no receiving without giving.ö) (Liu et al., 2012), rather than the mechanical management, which drove the growth of Xindanwei cluster. In order to realize sharism, Xindanwei didnøt perceive it as pure property agent, but promoted cross-sector collaboration, and made extra efforts on creating links among unrelated fields. In such case, social capital in Xindanwei was sometimes generated unexpectedly as coordinators or members could imagine. In other words, the creation of social capital appeared to go beyond the Banyan tree model, but took place in a non-linear process.

From the literature, traditional perspectives on social capital (as mentioned in sections 2.3.1 and 2.3.2) can be traced back to different philosophical origins. On the one hand, approaching social capital as product can be found in the Cartesian philosophy, which tends to divide the world sharply between person and world, mind and body, self and other. Such a full dichotomy between subject and object world carries the risk to neglect the space of representation between them (Jovchelovitch, 2007), and struggle to contribute to an understanding of diversity in the practical world (Howarth, 2001). On the other hand, the dynamic process view on social capital reflected a philosophical shift from Cartesian to Hegelian. The Hegelian view is interested in looking at relationships rather than elements, changing processes rather than stable states, and co-construction rather than stimulus-response (Weick & Quinn, 1999). Hegeløs conception of dialectics treats õself/other and individual/community as contradictory units working towards transcendenceö (Howarth, 2001), and allows for a relational social psychology to understand social reality and individual thought.

In recent years, more and more social psychologists have started to question the adequacy of dialectics as an analytical registered form to deal with the growing ambiguity and fluidity in an increasingly multicultural and rapidly changing world. Proposed by Deleuze and Guattari (1987), the notion of õRhizomeö may provide a potential fruitful way to understand the emergence of social connections. Unlike conventional 'tree-like' structures for thinking, a rhizome is a structure without an outside, whose structure is formed of plateaus. A plateau refers to õany multiplicity connected to other multiplicities by superficial underground stems in such a way as to form or extend a rhizomeö. (Deleuze & Guattari, 1987) The rhizome is potentially infinite, and the rhizomic network is "so constructed that every path can be connected with every other one. It has no centre, no periphery, no exit because it is potentially infiniteö (Eco, 1986). Disruption, discontinuity and multiplicity are emphasized by the rhizomic thinking (Deleuze et al., 1987). Bearing the concept of rhizome in mind may serve to re-orientate the construction of social capital from dyadic representationalism towards an ontology of becoming.

The present researcher believed that a rhizomic thinking can advance the understanding of social capital in cluster setting. Deleuze's rhizome resonated with a process ontology which conceptualized the organization in terms of movement and becoming: õArboreal, root-tree structures grow and multiply in relation to a central guiding and anchoring structure. The rhizome, on the other hand, is the free, expansive movement of grass, constantly connecting random and infinite points. Root-tree structures stifle this movement, diminishing its expansiveness and potential. At the same time, underlying rhizomatic movement troubles such seemingly static structures.ö (Lawley, 2005) It introduced a rhizomic process view of social capital: õSuch a processual orientation must not be equated with the commonsensical idea of the process that a system is deemed to undergo in transition. Rather it is a metaphysical orientation that emphasizes an ontological primacy in the becoming of things; that sees things as always already momentary outcomes or effects of historical processes.ö (Chia, 2005)

The observation in Xindanwei provided a new way to look at the social capital creation, which was not necessary to follow the pre-design path. Beneath the predictable Banyan tree-like structure of Xindanwei, there was õalways the possibility for rhizomatic movement to take the organization to novel, unexpected outcomesö (Lawley, 2005), such as the emergence of social capital. The ontology of becoming leads us to reconceptualise social capital theory, not as a study of solid and static things, but as a context-sensitive analysis of emergent process which involves economic, social and psychological elements.

5.5 Building a Sustainable Cluster Informed by Social Psychology

Boudreau & Lakhani (2009) identified three types of platform business models which have been employed by actual creative clusters. As shown in Figure 4 (below), these are: *integrator platform* (integrates external innovation first and then sells the resulting products to customers), *product platform* (external partners have freedom to innovate on the core technology provided by the platform, then transact with the customers directly), and *two-sided or multi-sided platform* (both external innovators and customers affiliate with the platform, but they are free to transact with one another). After reviewing the evolution and success of Apple's iPhone,

Boudreau et al. (2009) claimed that a platform's strategy in creative cluster should evolve according to its nature of innovation, innovators' motivation and business model at a given context.

Figure 4: Three Platform Business Models (Boudreau et al., 2009)
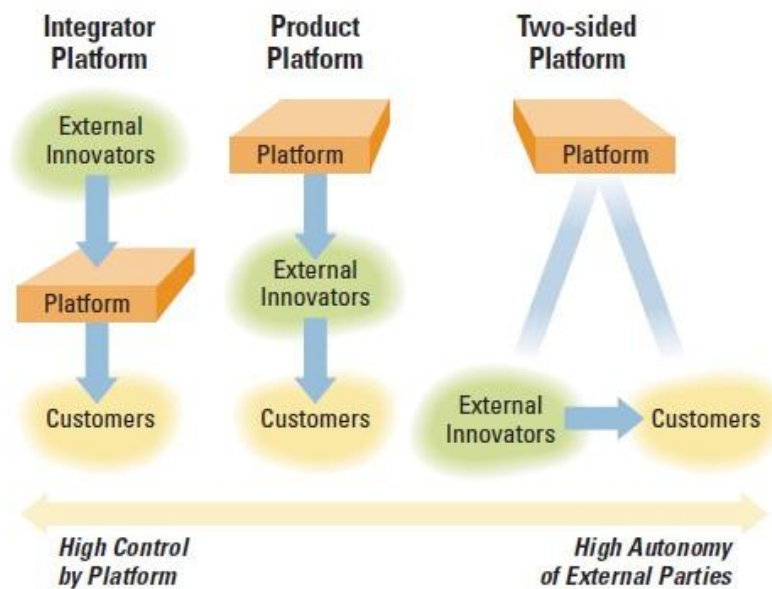
In the case of Xindanwei, it operated as multi-sided platform, where members were free to transact with one another. Apart from the deliberate links by management team of Xindanwei, many problems were often found to be solved through unexpected interactions among members. Cohen et al. (1972) found that many institutions actually operate as organized anarchy, which is characterized by problematic preferences (people may act without knowing preferences), unclear technology (members may be uncertain about the rules, structures and processes by which decisions are made), and fluid participation (different actors may involve in different types of decision, or in the same decision at different times). In contrast to rational choice theory, Cohen et al. (1972) argued that problem solving in organized anarchy didn't necessarily follow a rational process, and people tend to "discover preferences through action more than it acts on the basis of preferences".

A Garbage Can Model (GCM) of organizational choice has been proposed to explain the resulting behavior in organized anarchies. The original model of GCM by Cohen et al. (1972)

conceives of actions in organized anarchies in terms of independent streams of problems, solutions, participants and choice opportunities. õTo understand processes within organizations, one can view a choice opportunity as a garbage can into which various kinds of problems and solutions are dumped by participants as they are generated. The mix of garbage in a single can depends on the mix of cans available, on the labels attached to the alternative cans, on what garbage is currently being produced, and on the speed with which garbage is collected and removed from the scene. ö (Cohen et al., 1972) In Kingdonøs study of US national policy agenda setting, the original GCM had been modified in three ways (Lipson, 2007). First, those four independent streams of actions (problems, solutions, participants, and choice opportunities) were reduced to three streams (problems, policies, and politics). Second, the concepts of policy windows and policy entrepreneurs were introduced into analysis. Finally, an evolutionary component was added to the model by reformulating the solution or policy stream. But in a study of United Nationøs peacekeeping, Lipson (2007) still adopted the original GCM model in a way that would suit the context of international policymaking.

Although dynamic clusters always require minimum level of intervention, it doesnøt mean õblindly giving up control and hoping for the bestö (Boudreau et al., 2009). The implications from Garbage Can Model to generate social capital are: 1. Problems need to be properly defined and communicated to the members. 2. A solution is an answer constantly looking for a question, and it may exist independent or prior to any problem. 3. The linking of problems and solutions is determined by both temporal sorting and level of human participation.

Based on Xindanweiøs experiences, social capital creation should be treated as essential part of cluster building. In order to build a sustainable cluster, it requires to adopt a new style of organizing informed by social psychology which will i) address context-sensitive installation in all physical, mental, and institutional levels of infrastructure (Lahlou, 2009); ii) promote inclusive or malleable identities that unite previously separate groups (Putnam, 2007), and allow for disruption, discontinuity and multiplicity; and iii) foster bottom-up participation to cultivate communities of practice (Wenger et al., 2002). Ideally, a positive feedback loop could emerge in such semi-organized garbage can platform (Cohen et al., 1972), where

problem-solving and social networks can enrich each other.

5.6 Rethinking the Participation in Cluster

There were different types of participation patterns in the cluster. For the passive members, it is important to receive resources immediately from participating in the cluster; for the active members, they donøt care much about the short-term return, but are happy to share resources with the community and other members. In the case of Xindanwei, the active members gained more resources and support than the passive members. Those active members participated in the cluster life at different levels: they not only joined and initiated events in Xindanwei, but also made friends with other co-workers, and offered help whenever they could.

In particular, the gift-giving practices between Xindanwei members worth to be revisited. In the classic study of gift exchange, Mauss (1950, as cited from Bart, 2011) had identified the intrinsic link between gift and the reciprocal obligation, and emphasized the power relationship between giver and receiver. It is not obliged to give gifts in Xindanwei, but it is a useful and quick way to gain trust or resources from the community. Since Xindanwei had advocated the sharism culture and provided affordance on multiple levels, members were motivated to give gifts under different contexts. As demonstrated in the wine merchantøs journal, the forms of gift in cluster can vary, including buying others a cup of coffee, sharing a bottle of wine, giving others advice, or doing others a favor. It was very popular for members to give favors during encounters in Xin Café or events. The power relationships among members have been continuously constructed by the gift exchanges. Although certain members gained more reputation or higher status in the community, Xindanweiøs management team had managed to utilize these membersø gift-giving practices to benefit the whole cluster, such as promoting the New Mentor scheme and keep updating the co-working manual with active membersø inputs.

Such observation enables a new thinking in building sustainable clusters. In the past, cluster organizers had paid too much attention in the economic or financial aspects to sustain the

cluster. But here in Xindanwei, the efforts in social-psychological building can also generate huge benefits to sustain the cluster. Once appropriate social-psychological settings (such as cultivating the sharing culture) are built in, it can increase the level of membersøparticipation in cluster. Since having positive social identity will enable members to pay back to the cluster, a cluster can keep on creating resources for its own members. For individual members, it is also worth participating in the cluster life and investing in interpersonal interaction. The more they offer to others, the more social capital they gain from the cluster to solve their own problems in the future.

Chapter 6   Conclusions and Implications

6.1 Overview

This final chapter attempts to provide some answers to the research questions raised in the case study. The advantages of Xindanwei style of organizing are also presented. Inspired by Xindanwei's experiences, the researcher will propose a facilitative framework for social capital creation, which implies a new style of organizing for cluster building. Finally, the limitations of this research and the implications for practice will be provided.

6.2 Answers to the Research Questions

6.2.1 The Nature of Social Capital

So, what is social capital in the real-world cluster? The current research has shown that social capital appears to be neither stable nor rigid, but is emergent, dynamic and context-based in the reality. It can be activated or extended by members' exchanging favors, and the creation of social capital is potentially an unlimited and continuous process in the cluster.

Social capital seems to originate from dynamic guanxi rather than a static network in cluster. While traditional network building for social capital is mainly objective, guanxi building is both objective and subjective. To gain access to social capital in cluster, it is not only related to member's position or having links inside a network, but also about the abilities of matching problems and solutions, and gaining the trust from members. Trust building is the crucial part of guanxi, which emphasizes objective as well as subjective benefits for other members. More trust generated among the group or beyond the group, more social capital can be formed.

Social capital is usually perceived as individually owned asset, but here it can also be co-owned by participating members in cluster. While cluster members are looking for solutions to their own problems, they can also provide solutions to other members. By

knowing others' interests and letting others know your interests, members get potential access to resources (e.g. information, capital, skills) controlled by other members of the network. These collaborative efforts could become communal asset shared by all members.

6.2.2 The Process of Social Capital Creation

In illuminating how social capital is created in a cluster, Xindanwei's experiences have demonstrated that it needs to perceive the construction of social capital as an emergent process with both individual and collective endeavor. It not only requires a facilitative platform informed by social psychology, but also needs to take productive actions from members and consider the context constraints.

On the one hand, the facilitative platform should be context-sensitive and provide multiple links between problems and resources. Members' tangible (economic and functional) and intangible (social psychological) needs should be addressed in such platform. It will provide affordance for social capital creation by multi-level installation, including physical, institutional and psychological levels.

On the other hand, the efficiency of facilitative platform depends on human agency and situational factors. Joining a good platform doesn't necessarily generate resources for its members, and it relies on members' active participation in cluster to create social capital. In the same platform, the amount of social capital gained by each member could be different. Members' expressive and instrumental actions do matters in generate trust from the community. It would be useful for members to invest in interaction with others, and favor giving seems to be crucial step to create social capital.

6.2.3 Contributions to the Literature

The current case study has made contributions to the social capital literature in three ways: Firstly, it has shown the emergent nature of social capital and the emergent process of social

capital creation in the real-world cluster, which haven¢t been mentioned in the previous literature. Secondly, it has added a social-psychological understanding of social capital. It focuses not only on the objective elements of social capital, but also on the subjective elements, and how the objective and subjective elements interact with each other. Finally, it has questioned the ownership of social capital. Social capital is usually perceived as individually owned asset, but here it can also be co-created and co-owned by participating members in cluster.

Some contributions have been made to the enterprise cluster literature as well. The small case of Xindanwei has introduced an innovative style of organizing in the cluster development. It has shown that the cluster development is not only an economic issue, but also a social psychological one. Without strong financial backing, the Xindanwei cluster has survived through co-working initiative which makes the balance between economic and social nature of cluster. It operates as a semi-organized garbage can (Cohen et al., 1972), where the independent streams of problems, solutions, participants and choice opportunities can be facilitated to interact with each other, and the outcome of such interaction could be utilized to benefit the whole cluster. Its style of organizing in cluster concentrates on how to generate social capital, which originates from the guanxi building and communities of practice. The sustainability of such cluster not only calls for a facilitative platform with multi-level installation (physical, institutional, mental), but also needs to encourage members¢ bottom-up participation. Inspired by the Xindanwei experiences, a facilitative framework to create social capital in clusters will be proposed in the following section, and the researcher hopes it can guide the cluster building in the future.

6.3 Advantages of Xindanwei's Organising Style

The role of physical space in shaping identity and power in organization has been emphasized by some scholars before (Dale & Burrell, 2007), but Xindanwei has shown its ambition to go beyond a creative space provider. Virtual cycles of collaboration among members seem to emerge continuously in the Xindanwei cluster.

Open-ended Exchange Market

Through putting the philosophy of sharing into practice, Xindanwei has become an active exchange market where membersø problems and solutions can be matched efficiently. It focuses on real-world context and membersøchanging needs, and leaves enough flexibility on physical, institutional and mental design of installation to nurture new social capital. On the one hand, it operates as an organic garbage can model (Cohen et al., 1972) with proper installations, and the four independent streams of action (problems, solutions, participants, choice opportunities) can encounter in a facilitative eco-system.; On the other hand, the operation of Xindanwei continues to evolve in order to provide the right infrastructure for social capital.

Bottom-up Participation

The co-founders of Xindanwei recognize that without membersø bottom-up participation, the cluster wonøt be sustainable. Xindanwei doesnøt force members to participate, but installs three-level threads of democratic engagement into the process of supporting the cluster development: on the physical level, the environment is flexible enough to host different events and activities; on the institutional level, members can not only gain professional supports and feedbacks from the management team to initiate creative projects or events, but their needs or feedbacks can also get quick responses by the management team; on the mental level, the open-sharing culture has not only united but also motivated members to take advantage of Xindanweiøs facilities and services.

In fact, in a way similar to the spirit of Silicon Valley, more and more Xindanwei members are willing to share resources, create unit of cooperation, or experiment various types of projects without fear of failure. The effectiveness and appropriateness of cluster building have both been dealt with by membersø bottom-up participation in Xindannwei: on the one hand, Xindanwei members have freedom to choose effective networking formats suitable for their needs; on the other hand, by engaging members into the management process of Xindanwei, the cluster operation becomes more context-sensitive and has high user stickiness, which

should be useful for its sustainability. The fast growth of Xindanwei cluster has provided well-founded empirical background for promoting bottom-up participation.

*Supporting Communities of Practice*

While challenged by various obstacles, Xindanwei has kept on producing various types of social capital, such as problem-solving between members, gaining material resources, reputation, trust among members, new contacts, etc. Most of these are generated within the emergent communities of practice in Xindanwei. Unlike formal organization, Xindanwei doesnøt have clear organizational structure, which leaves spaces for communities of practice to thrive. Members are not only facilitated for effective networking, but also supported to co-work together.

The management team of Xindanwei attempts to capitalize on and recycle the links and knowledge generated from the communities of practice, and has managed to provide a variety of communal resources (e.g. a mentoring service, co-working manual, online resources) to support the growth of communities of practice. The communal resources will continue to be generated not only by membersø own inputs, but also by the communal practices. Although members can choose to opt in or opt out of the communities of practice at any time, their co-working experiences will be valuable for the whole cluster.

6.4 A Facilitative Framework for Social Capital Creation

By recognizing the emergent nature of social capital, it doesnøt mean that social capital will come out from nowhere. On the contrary, building supportive infrastructure with a facilitative mechanism is required in order to generate social capital. Inspired by Xindanweiøs experiences, the present researcher proposed a new analytical framework of social capital. As shown in Figure 5, the framework combines the original garbage can model (Cohen et al., 1972) with Lahlouøs (2008b) triple-determination framework (õinstallation theoryö), and attempts to show how social capital can be created and accumulated in facilitative platform.

Figure 5: A Facilitative Framework for Creating Social Capital
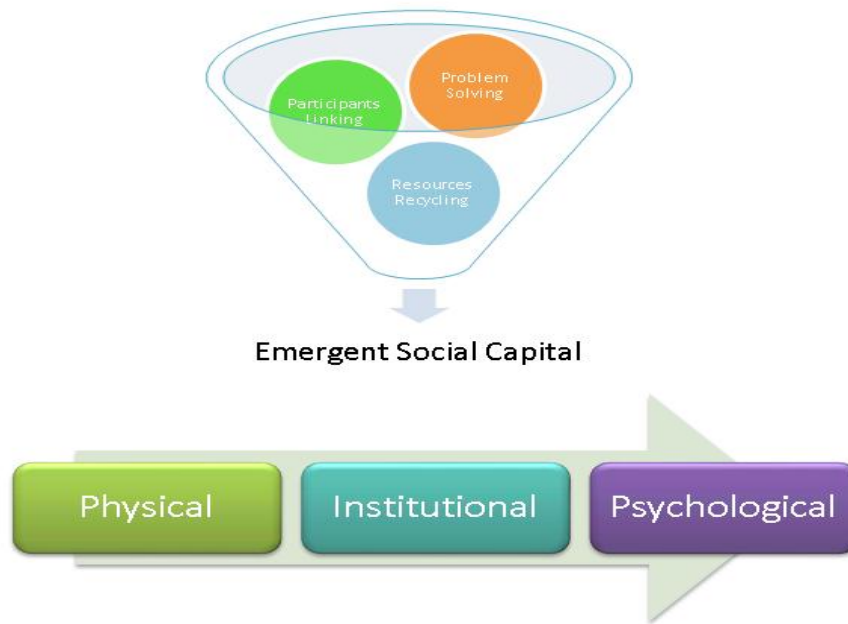
This proposed framework is intended to suggest issues to be considered regarding social capital creation in a cluster, rather than offering universal and definitive claims. The main idea behind this framework is that: in order to generate social capital for members, the cluster should establish a facilitative platform which cultivates three types of communal space, including space for emerging problems solving, space for participants linking, and space for resources recycling. These three kinds of spaces are inter-connected, and they can constitute a supportive infrastructure for the sustainable creation of social capital. But the activation of resources requires membersø participation in the clusterøs activities, which are constrained by the physical, institutional and psychological layers of the cluster. The implications of this proposed framework can be wide-ranging.

In particular:

First, it is equally important to cultivate communal spaces for problem solving, participant linking and resources recycling to sustain the cluster. These three spaces are complementary, as successful problem solving inside cluster serves solid foundation for future reference of participant linking and resources recycling. Solving actual problem may appeal more to the short-term members, while the other two aspects can attract more long-term members. A good

mixture of members can enhance the appeal of whole cluster. It is also worth emphasizing the role of communities of practice in the cultivation of these three spaces in cluster. Since most communities of practice are spontaneous and emergent, it not only provides a natural setting for participant linking, but also has huge potential for problem solving and resources recycling. Cluster building can benefit greatly from supporting the emergent communities of practice.

Second, building the facilitative platform for a cluster requires multi-dimensional considerations. The traditional creative clusters have focused principally on the building of physical space and institutional setting. But this study suggests that building the facilitative platform should also address the issue of social psychological bonding between members. The actual cluster practices have to be threaded through the physical, institutional, and psychological layers of the facilitative platform. These three layers are not fixed or immune to the surrounding environment. They are constantly in interplay between each other, and interdependent with their inhabiting members. Depending on the actual situation, the role that the facilitative platform plays in cluster development practice is dynamic rather than fixed. In accord with the research of Boudreau & Lakhani (2009), it can evolve as an integrator, a product provider or a two-sided platform for its members.

Third, the emergence of social capital cannot be separated from membersøactive involvement in the cluster. It is possible for any member to create social capital for his or her own use inside the platform, but this requires appropriate action by members. In a loosely controlled cluster without a clear structure for membersø relationships, it is difficult for the platform organizers or a coordinator to force members to act by command. Mobilization of intangible resources in cluster is a complicated social process that depends upon cluster membersøactive involvement in the cluster, and the effects of their activities can vary. Members also face competition from other members to gain support in the cluster, so the most appropriate strategy of social capital creation should be unique and sensitive to the specific context, which includes the constraints from the physical, institutional and psychological fields.

Fourth, the sustainability of social capital in cluster should avoid the freezing of social relations. Due to the online and offline social networking service, interactions between õstrangerö members can be easily initiated by invoking similar interests or values; constructive relationship building is no longer bound by the traditional primary guanxi network. To maintain attractive to its members, the cluster has to maintain the balance between õextended formö and õprimary formö of guanxi (Yan, 1996). It is common phenomenon that extended form of guanxi can evolve into primary form, which may lead to differential relations between cluster members and concentration of resources among certain key members. Thus, a sustainable cluster should not only facilitate membersøattempts to create an extended form of guanxi with successful members, but also set up transparent rules to share resources and promote social mobility inside the cluster.

6.5 Limitations of the Study

Some limitations of this study should be taken into account before applying the proposed analytical framework proposed here. Firstly, the current findings are based on the early experiences of Xindanweiøs developmental stage. After he had finished collecting data in Xindanwei, the researcher found that it had partnered with other property developers to open more Xindanwei branches in Shanghai. Due to the time and recourses constraints involved in producing the MPhil thesis, this study has only been able to focus on a certain period in Xindanweiøs cluster development process. It would be good to conduct follow-up research covering the time when Xindanwei has more than one branch. Secondly, the research design of this study is innovative in that the present researcher has taken the double roles as both academic scholar and cluster member. Although this has given researcher leeway to approach other cluster members in Xindanwei, it may still affect the quality of data, as the researcher inevitably has his own bias. Thirdly, the strength of research findings is inevitably tempered by the uniqueness of the selected case. While this paper is grounded on the idea that Xindanwei was a promising cluster initiative, the local context should be taken into account and its success still needs to be justified in the long run.

It is not the present researcher's intention to claim that Xindanwei cluster has been ideal in every respect, but some useful lessons could be learned from Xindanwei. While Xindanwei has served as an innovative experiment for social capital creation, its co-founders have admitted their current model may only fit for a specific small number of members, and they has to make a compromise between social benefits and commercial success. In the future, a longitudinal study of Xindanwei is needed, and additional comparison with other similar initiatives will also be helpful to understand how social capital can be created in different contexts.

6.6 Implications for Practice

In the book of "Styles of Organizing: The Will to Form", Gibson Burrell presented a 3D design envelope for styles of organizing: "whilst there are a huge number of possibilities for the process of organizing, the constraints of the human body, our cognitive limitations in space and time, and our relationship to nature, mean that these are necessarily limited to an 'envelope' of possibilities." (Burrell, 2013, book description) He argued that the organizing of organization was a derivative of the 'will to form' which produced a shelter in which people could hide from chaos, and different 'styles of organizing' represented key differences in assumptive positions. Burrell's design envelope points to the existence of 'style wars' between differing assumptions, and the choice of style exists but is not large.

In the actual practice for building sustainable creative industry clusters, the style of organizing must not be separated from its specific context, and adopting an appropriate style of organizing is an important task for cluster coordinators. In the traditional industries or economies, a top-down style of organizing focusing on economic issues has been widely used. But in the creative industries emphasizing open innovation, a bottom-up style of organizing seems to be more effective to develop sustainable cluster. According to the Xindanwei experiences, its fast growth relies on the members' bottom-up participation in the cluster operation, and its style of organizing takes the social-psychological issues as well as the economic issues into account.

Inspired by Xindanwei's small scale initiative, future practice in SME cluster building needs to pay attention to the importance of the creation of social capital through this practice, and adopt a context-sensitive style of organizing. It will be useful for the emergent SME cluster, in the future, to shift their focus from the mere "objective factors" to both "objective and subjective factors". In other words, SME cluster building should go beyond the physical bonding (networking), but towards the psychological bonding (guanxi). In particular, the co-working concept could be drawn on to create social capital for the cluster: as demonstrated in this thesis, within a flexible working environment, this not only helps to create links for members, but also fosters real collaboration among members. The communities of practice that emerge through co-working can be utilized to pay back resources to the cluster, so that a cluster can create a positive feedback loop that enables it to sustain itself and thrive.

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Wikipedia.com

xindanwei.com

Appendices

Appendix 1: Selected interview transcribing from Xindanwei's co-founder

M: Michael Junxiang Zhang, researcher
C: Chen Xu, Co-founder of Xindanwei

M: Hi, Chen Xu. Thank you so much for accepting my interview. I know that you have been very busy all these days.

C: It is my pleasure. As a small company, we have to promote Xindanwei proactively. We not only invite people to visit Xindanwei, but also join outside events. In the middle of this month, we are going to join the big BarCamp event in Shanghai.

M: Are you going to give a talk there?

C: Not this time, as we have given a talk in the previous one. We hope to share new stories with them next time, as you know Xindanwei has changed rapidly in the last few months.

M: BarCamp culture has been emphasized since the establishment of Xindanwei. So what is the relationship between Xindanwei and BarCamp?

C: Apart from small events, we also organize big events, such as BarCamp. Actually it is kind of unconferences (user-generated conferences). Last time we host a BarCamp event here. It is one-day conference, morning and afternoon, and anyone can have casual talk during the lunch time. In one day, we will have around 50 topics to share. Since we have six floors in Xindanwei House, at the entrance we have a big blackboard to show what happen in each floor. Each floor has different topic, and one speaker can have 10 to 20 minutes to share his ideas. For example, if you come to Xindanwei and want to give a talk on õwine business and its social responsibilitiesö, you can put your name and topic on the blackboard and fill in the slot of a specific room. If your topic is really interesting, you will find that your room will be full of people. At the same time, there will be talks by other speakers in other rooms. The whole event is really dynamic. When you look at the whole house, it is absolutely an ideal creative environment. Everyone has freedom to visit different rooms with interesting and pioneering ideas, and it is really exciting.

M: So BarCamp is an annual event?

C: Yes, it can bring in some sponsorship from big company such as Intel. They are very concerned about the new ideas, which are usually very pioneering. So their new products can originate from these seeds.

M: Do you think the space in Xindanwei is sufficient for this type of event?

C: Here we can host either big or small event. As people can come in and out of the house all the time, we accommodated more than 200 persons in the BarCamp event last time. When Xindanwei followers see our update online, they can choose when to drop by.

M: I notice that this event was host last October when Xindanwei just moved to Yongjia Road.

C: Yes. We also host a BarCamp event in the old venue. Unlike here, the old venue is flat and all spaces are on the same floor. But the overall measures of area are the same, and both have about 300 square meters. The BarCamp event in the old venue was a bit crowded, but members still enjoyed themselves. Now we have better facilities. We have different floors, which mean we can enter into different levels and different mindsets. The physical setting

becomes more interesting.

M: Is Xindanwei still hosting the weekly Friday Chit Chat Party?

C: Yes, but the Chit Chat Party becomes more flexible in terms of time. That means it may not be hosted on Friday only. You will be surprised that more members prefer to come on weekends, even though it will take their time for relaxing. In the past we hosted lots of events ourselves, in order to demonstrate the style of Xindanwei and how events can easily be done here. Encouraged by our examples, more and more members now initiate new events by themselves.

M: So the new venue is more valuable than the old one?

C: Sure. The rents of old venue were cheap, but it has its own problems. It located in a creative industry park which is a bit far away from the city centre, and the management team of the park was not professional. Sometimes when we hosted an evening event, the guests couldn¢t enter the park through the main entrance, which was quite annoying. So now we move to the central area, and attract more balanced range of members. Our member base used to be dominated by foreign co-workers, but now is equally shared by Chinese and foreigners from diversed sectors due to the current central location. Foreigner co-workers are more familiar with co-working concept, while it takes extra effort to persuade Chinese to join us.

M: What is the distribution of yearly, monthly and hourly members in Xindanwei now?

C: Most of our members are quite cost sensitive, so they will choose to pay by hour. For those regular users here, they would prefer to pay monthly membership, even though the average cost will be higher than the yearly membership. These monthly members come from different sectors, such as venture capital institution, social enterprises, PR, media, design, film, marketing, and headhunting agency. But the number of these monthly members is less than 20.

M: When I used the office space on the 4th floor, I found that the members on 3rd floor were easily and frequently disturbed by others who climb up and down the house. This does affect their privacies.

C: You are right. This is one of the limitations we have here. I remembered to mention to you about maintaining the balance between openness and relative privacy in Xindanwei before. When running companies or business, our members need to focus on their job first, then they would be happy to communicate with others. So we believe it is important to maintain the balance between openness and privacy here. Before members choose to work here, we should have given them a gentle reminder. Some companies do care about this, but some don¢t.

M: Apart from the working space in Xindanwei, I also notice the special function of window on the ground floor. When we held the Urban Paintmob event on the ground floor last Sunday, the transparent window lets the outsiders see what¢s happening inside Xindanwei. Watching is one thing, but how to attract these outsiders to join us is another thing. Do you have any idea to encourage more people to open the door and join us?

C: To be honest, we have been considering this but with no answer. Since the opening of our new venue, there have been lots of curious watchers standing by the window. Some may suspect that here is internet café without computer, or a library with small amounts of books. How to transfer their curiosity into real action is a big problem. Do you have any

suggestion?

M: I think the night time of Xindanwei can be better utilized, as I found Xindanwei was very quiet and empty at night. Maybe we can put up a luminant sign of õXin Cafeö outside the building? So when someone drives past at night, they can easily see the sign and come in for a sip of coffee or wine. Jing He (owner of Xin Cafe) told me that when she moved in last month, Xindanwei didnøt have any sign to show that we were also coffee shop here.

C: In terms of business, there are a lot of things we need to learn. For example, how to sell our services through Xindanweiøs space is a big challenge.

M: So how do you perceive the future of Xindanwei? What will be its main business model? Liu Yan (another co-founder) told me that she didnøt want to be a commercial property developer only. She hoped that Xindanwei could grow through selling professional expertise.

C: At the moment, we canøt ignore both ways. Liu Yan mentioned that we were going to provide a consultancy service, create value through linking proper companies, then we can charge consultancy fees. At the same time, we are space provider. Neither ways can be dumped.

M: I am a bit concerned about membersø experiences and perceptions of Xindanwei when it becomes more business-oriented. In the past, Xindanwei organized a lot of free events. But more and more events are required to pay for a ticket. Have you considered the effects of this change?

C: Since we changed our policy, we havenøt got any negative effect yet. Because the feature of our event remains the same. Xindanweiøs events still focus on social or design issues, rather than commercial. The reasons why we charge for the events are that participants need to respect both the event organizers and speakers. With this new threshold, we hope that participants can take our events more seriously. After they pay for the event, they will take part in and appreciate the event. For the price itself, it isnøt expensive, and includes drinks. Of course, we need to be very careful in playing this commercial card. That is why we hesitate to put up a commercial sign at the entrance. Our old members will become confused if we only focus on business.

M: I know that Xindanweiøs three co-founders donøt have business background, but do want to do something interesting with social benefits. When the size of Xindanwei becomes bigger, you do need to think about the commercial thing.

C: We do experience a change from being too idealistic to being practical. At the moment we do need to consider the cash flow and reduce the financial pressure, and some events have to be done in commercial way. We need to maintain the balance. We donøt want to mention a lot about profit, but we are not non-for-profit charity. So for each event we need to consider many points.

M: So Xindanwei does have its own dilemma.

C: Right.

M: I want to know more about the monthly members here. Do they only utilize here as working space, or they will develop something together with Xindanwei?

C: In Xindanwei we are promoting a project called õNew Mentorö for our monthly members. Our three co-founders and account manger will become the mentors, which are the hubs for connection. According to customersø needs and our expertise, we will have one or two

hoursø talk with them monthly. During the talk, we need to know what type of problem they now have in business, and what kind of suggestion they propose for Xindanwei. After knowing this information, we will try to solve their problems through Xindanweiøs network. For example, we will partner with International Top Talent, our monthly corporate member, to develop headhunting database in creative industries, as they know we have a large group of creative talents here. This will be a value-added service for members who work regularly in Xindanwei.

M: Now I have been working in Xindanwei for nearly a week. I find that the role of mentor or host is quite important. Do you have any specific requirements for the host in Xindanwei?

C: The long-term host here is Cozi (account manager in Xindanwei). We require her to know our regular members in Xindanwei, but the forms of knowing can be quite casual. She could chat with you during the coffee time, or arrange time for meal together. She needs to know the latest news of every monthly member, and who is doing what. Apart from letting regular members fill in the basic information form, including name, title, position and company name, Cozi should enquire about your activities and problems encountered in Shanghai. We hope Cozi can grab enough information from members, then we can collect the data and put these information into order. Some memberøs problem may be easily solved by another member, so we make sure that the host has close relationship with different members on daily basis.

M: There is a new company, Cøest La Chine, just moving into Xindanwei on 4th floor.

C: Yes. One founder of this company used to work in the financial sector. She formed a partnership with two graduates with design degree in China Central Academy of Fine Arts to exploit fashion business. Their main products are fashion accessories such as scarf and necklace, and may design new collection of clothes later.

M: So they know each other through Xindanwei?

C: No. They have already known each other before moving here. They found that the atmosphere and value of Xindanwei matched with their new brand. If they base the office in Xindanwei, that will be an advantage. Xindanwei will also introduce them to our members in fashion and media industries. In addition, Xindanwei is running a programme called õStar of the Monthö, which will showcase our featured co-worker monthly. One star will be selected every month, and their stories will be shared among Xindanweiøs network. The business of Cøest la Chine will benefit a lot from this programme. õStar of the Monthö is the further development from õNew Mentorö programme. Last month our star is Spanish designer Belen who used to work in Zara. Now she comes to Shanghai to start new career, and works closely with Xindanwei. She found a new business partner in Xindanwei.

M: This does demonstrate the value of Xindanwei.

C: This month we are going to promote another star Rah. After reading his introduction written by Cozi, I find that everyone has lots of stories to be explored. If you are only office space provider, you wonøt find this resource. Through õStar of Monthö programme, we can explore more and more interesting hidden stories behind our co-workers, and thus bring in more resources to share.

M: So all their stories will be shown on the website?

C: Yes. All the info of Xindanwei will be displayed on my official website, Xindanwei.com. And we also use Sina Weibo, Chinese version of Twitter. Some members may prefer to use

this type of social networking service, so they will have lots of interaction with us on Weibo. They may introduce Xindanwei to his friends on Sina Weibo by "@ Xindanwei", or recommend Xindanwei's event to his friends by "@ (someone's name)". Then more and more people will become the followers of Xindanwei.

M: The house of Xindanwei is fit for the small-scale event. What happens if there are bigger event?

C: Actually we are having an expansion plan in terms of location. Some investors have noticed the potential of Xindanwei, and they also have good location spaces to provide for us. So in the next stage we may have multi locations. Here the space is still too small. We hope that at the end of this year, we will have another two new Xindanwei branches.

M: I have different opinion about the expansion. I think that the current size of Xindanwei is appropriate, as everyone is close to each other and communicates frequently. Once we move to a bigger space, will it affect the dynamics of Xindanwei?

C: It is just like becoming boutique coffee or Starbucks. I think it is important to standardize the intangible value of Xindanwei brand. Starbucks has done a great job in keeping its green concept, how to display the coffee beans, how to set up the coffee table, and how to serve clients. This requires us to summarize and standardize our unique things of Xindanwei. This could be one solution for your concern. We will keep our standard visualized system of logo in the branches: white background with black color "Xindanwei". Then we need to standardize our service procedure. For now, the charm of Xindanwei mainly comes from our staffs, who integrate their personalities into Xindanwei. But what happened if we have 50 branches? All I mentioned before are very basic, and the most important points for transferring to other branches are not sure yet.

M: There is only one office for Xindanwei at the moment, right?

C: Yes. But we definitely need to expand in the future. To open any new branch, we have to divert some efforts to the new one and cultivate the atmosphere. The cultivation should be accompanied with the unified visual logo and standard service procedure.

M: In China, "guanxi" (relationship) is very important. Xindanwei does play an important role in building guanxi for new comers in Shanghai.

C: We used to do a lot of work in linking different people, and acted as friends. But in the future we have to find a sustainable model for such service. Now we can charge fees for renting Xindanwei office spaces, in order to sustain Xindanwei and our networking service. We don't want our networking service become uncomfortable for members.

M: This reminds me of some museums in UK which are free to enter but supported by the donation of its members. Do you think Xindanwei can copy this type of model?

C: We have discussed this model before, but the feature of Xindanwei is not charity.

M: So how do you define Xindanwei, enterprise or social enterprise?

C: Social enterprise, as we have a specific social purpose. The goal of Xindanwei is not for earning dirty money, but for linking different types of people. In order to achieve this goal, we have to do it in commercial way. We are not non-for-profit, and the profit will be reinvested into social purpose.

M: It takes time for the local community to understand this concept. In China many organizations claim to be non-for-profit, but it is always easier said than to be done.

C: We want to turn the spirit of sharism into a simple model, and then our ideas can snowball.

Our co-founders don∅t want to force others to share, but hope to develop a service product which is easily understandable and has market value.

M: A few days ago, I met Issac Mao from Harvard University. He told me that he was part of think tank in Xindanwei.

C: Yes, his theory of sharism is important. Many media describe him as õsocial godö due to his sharism philosophy. When he delivered lectures around the world, he treated Xindanwei as practical example of sharism. He believes that social capital can be powered by sharism philosophy. Many of his ideas do influence us at the beginning of setting up Xindanwei. For example, he used to suggest that Xindanwei∅s members could be rewarded with a digital currency called õshareö, and it can be cashable and traded inside and outside Xindanwei community. He does inspire us a lot.

M: Apart from him, is there anyone else in the think tank?

C: We have quite a few advisors in Xindanwei. Issac Mao pays more attention to the theoretical side, while others will concentrate on the practical side. We have an advisor who specializes in using social media for marketing and branding. In addition, we also have some good friends from financial and legal sectors, and they will advise on general issues. Usually it is free, but they may charge for the specific case. Many members of our think tank are recommended by Issac. For us, Issac is an important connecting point, especially in the initial stage. After referring other professionals to Xindanwei, he gradually steps outwards and helps with the PR job of Xindanwei.

M: From the media, I notice that in Xindanwei there is an MIT (Massachusetts Institute of Technology) guy who develops education software with his Xindanwei co-workers. How about his project now?

C: His name is David Li, also our good friend. This is kind of experimental project in Xindanwei. Basically, it is an open-source system to educate the kids. Just like Lego bricks, his software will instruct the kids to do different types of creative actions, and is suitable for those minimum 4 years old. The whole project is for child education, and we invited a senior designer from a famous interactive design company to join. Then we also recruited many final year university students majored in early childhood education. These students will initially be trained by David Li and the designer, then they will become teachers to educate children on how to use the software. This is one off event, and nearly 10 children joined the training camp.

M: Why is it just one-off?

C: After the first trial, we found this project required a lot of time investment by many people. The university students have to come for the education weekly and continually. In order to support this project, we have to find a powerful sponsor or do it in commercial way. Otherwise, it won∅t be sustainable. Only relying on the small tuition fee is not enough for running this team. At that time, we have three options: one is to commercialize the project, which will inevitably make it complicated; the second one is to find a sponsor; and the last one is to interrupt the course if short of staffs, but will affect the education dynamics. At the end of day, we didn∅t come to any conclusion on how to bring this project forward.

M: So then the project stops?

C: Yes. At that time we did try to find a potential sponsor for this project. This sponsor specializes in IT education for the youth, and they have already prepared the agreement on

how to promote this project jointly. But finally they were still not sure which way to go, and hesitated to commit more. So the project stopped. Xindanwei here encourages different people to try different ideas. A lot of 3rd year or 4th year design degree students use Xindanwei to experiment their ideas, but usually once off event.

M: I can see there is huge difference between doing experimental project and real business.

C: This is exactly the challenge faced by Xindanwei when we try to link different members. It is easy to introduce you to other members or have coffee together. But when it comes to do a specific project with big impact, our role as coordinator will become crucial and we need to capture both sides∅actual needs. The actual need means serious commitment of time and efforts. It is more than a casual talk. As an agent, our vision and judgment are important.

M: I know that there are many foreign members in Xindanwei. Most of them don∅t know much about China, and Xindanwei is a good place for them to settle down and start new business. However, the appeal of Xindanwei may decrease gradually as they find new friends or other agents in China. So how do you describe the uniqueness of Xindanwei?

C: The fields we focus on are a bit different. It is difficult for other organizations to do cross-sector projects, and they usually focus on one specific or commercial area. Since their goal is to maximize profit, they won∅t waste time in researching unrelated fields. Our starting point is a bit different, and we don∅t simply perceive ourselves as agent. We care more about finding common ground between people from different fields, and connect them together. We make extra effort on cross-platform or cross-industry issue than others. Most of the time Xindanwei is an agent, but if the cross-sector project fits into our brand, we will involve in-depth. Design is one of our main interests, as it can be related to different areas, including social problems or environmental issues. In addition, we have lots of media partners in Xindanwei. You will find that there is a correspondent from Timeout Magazine based in Xindanwei. So every time there is an event, they can help us for the propaganda.

M: As a wine merchant myself, I am also looking for someone who can provide us ideas on marketing and packaging. Apart from the referral service by Xindanwei, do you have any other activities to promote the communication between members?

C: Apart from the arranged talk with specific members, we also organize monthly events for members, such as dinner or countryside visit. We would like members to communicate with each other in casual way. During the dinner time, the host of Xindanwei will do the ice breaking and let the members know each other. Last time we went to the suburb area for strawberry picking together. Although these guys may have known each other before, they are too busy to communicate in the working hour of Xindanwei. We create chance for them to spend at least half day together in a relaxed environment monthly. We try our best to organize some interesting events for them and don∅t waste their time. Actually, we receive good feedback from the last strawberry picking event and they quite enjoy themselves. The strawberries we picked are so sweet!

M: I really hope that I can join this community event next time when I come back to Shanghai. Maybe I can host a wine tasting event in Xindanwei.

C: That will be a good idea. You can give a talk here, talk about the stories and culture behind wine, and your understanding of wine. It would be really interesting. You are a wine businessman who understands social issues. Really rare! The world you see is totally

different from those only understand wine.

M: This is another reason why I spend 10 days here this time: see how I can utilize the space here, truly understand Xindanwei's operation, and find the best way to partner with Xindanwei together. I hope to achieve win-win situation for both sides. I am glad to hear that Xindanwei is willing to experiment new project.

C: I am looking forward to our future cooperation.

Appendix 2: Selected interview transcribing from Xindanwei's member

M: Michael, researcher

V: Violet, distributor of sea-buckthorn and purchasing manager for VANCL

M: Can you introduce yourself a bit?

V: Currently I am a purchasing manager for the internet apparel brand VANCL, now based in Beijing. During the process of purchasing around the country, I have to select the good products and suppliers. If the selected products are not good enough, it is a waste of time and resources. I pretty like the purchasing job, as it gives me chance to investigate different products, factories, entrepreneurs and interesting stories behind them.

M: What is your project in Xindanwei mainly about?

V: I am here to promote a new drink made from a plant called sea-buckthorn. When I was on a business trip to Germany last year, I found a factory which processed a plant called sea-buckthorn. I was so surprised to know that sea-buckthorn was originally from China. So I continued to do more research. I discovered that a state-owned company in Gansu Province controlled 80 to 90 percent of sandy areas where sea-buckthorn was planted. This company has more than ten years' history and specializes in planting sea-buckthorn, but doesn't very well in marketing its products. Without proper incentive system in the state-owned company, its packaging is not that appealing neither. It subordinates to The Ministry of Water Resources of the People's Republic of China, so its sea-buckthorn products are only known to the internal staffs of The Ministry of Water Resources. Most of the products are exported to other countries, and not many people know the value of sea-buckthorn. Planting sea-buckthorn in sandy areas is useful to protect soil and water. Thanks to sea-buckthorn, the fragile ecology in western China is partly restored and we have experienced fewer sandstorms in Beijing now. In addition, sea-buckthorn drink is good for your stomach, and the pulp of sea-buckthorn can be made into soap. Have you tasted the sea-buckthorn juice before?

M: Yes. Jing He gave me some sample to taste a few days ago.

V: Do you like it? I have some feedback that it is too acid.

M: It is fine for me. I prefer something natural.

V: Sea-buckthorn is an antioxidant drink and contains lots of vitamin C. The fruit of sea-buckthorn can be made into juice, while the young branches and leaves can be made into sea-buckthorn tea. In Germany, they also produce new products such as sea-buckthorn jam and powder. I used to introduce this product to a company named õNew Elementö. They showed great interests in this product, and even wanted to use sea-buckthorn to replace their existing products. But I didn't like their marketing strategy for sea-buckthorn. I just want to put it simple and pure. My mother used to have problem of stomach ache. After drinking sea-buckthorn juice, the symptom has been reduced. You can only tell the benefits of sea-buckthorn after you have positive experience.

M: What is your expectation of Xindanwei?

V: I knew sea-buckthorn when I worked for Tesco, my previous employer. I used to consider purchasing some land in Western China to plant sea-buckthorn. But my contact in the state-own sea-buckthorn company told me that it was more meaningful for me to do the marketing job, based on my working experiences. I can help to introduce sea-buckthorn to

those influential people. So now I focus on the marketing and promotion of sea-buckthorn. Since I still need to work full-time, I turn to Xindanwei for help. I knew Xindanwei long time ago, so I wrote an email to tell Liu Yan (co-founder of Xindanwei) about the health and social values of sea-buckthorn. And she was really supportive about this project, so now I try to promote sea-buckthorn through Xindanwei's platform. The state-owned system is not very efficient in marketing sea-buckthorn, I hope that Xindanwei can help to spread the word of seabuckthorn's value. I can offer Xindanwei special price for the sea-buckthorn juice.

M: What is the problem of state-owned company?

V: For example, I found that the packaging of sea-buckthorn product was not very appealing, and advised that company to change the packaging. But my contact said it was not easy to change, as it was another department's responsibility. There is always politics involved between different departments in the state-owned system. They do have their own interests, and won't take bottom-up criticism seriously.

M: What do you get from Xindanwei so far?

V: I pretty like the style of Xindanwei event. My original idea is to partner with Xindanwei to organize a special event on weekends, everyone can come here to taste sea-buckthorn drink and know the origin of sea-buckthorn. The participants need to pay at least 20 RMB, in order to share our cost. I could encourage my friends and colleagues in Shanghai to join. Our invited guests should have a few years of working experiences, then they can spread the word of sea-buckthorn via their network, which is also a good way to promote Xindanwei. We call this "social power"! This type of event should be efficient to promote sea-buckthorn, but the problem is that it is very time-consuming. So now I persuade Jing He (owner of New Cafe) to add sea-buckthorn into its daily menu. She also came up with an idea of making a special drink, which blends sea-buckthorn, mint, honey and other juice. It is more sustainable way for promotion and fit into the healthy concept of New Café.

M: How do you perceive the value of Xindanwei?

V: It feels like a family here. I would really like to work with Liu Yan, Chen Xu (co-founders of Xindanwei) and someone with similar style. Scale does not always matter. If we can focus on one point, we would gain recognition from more and more people, then we really make something happen. You will be surprised that the information flow in Xindanwei is huge, and you can't find similar information elsewhere.

M: I am not only an academic researcher, but also a wine merchant. Maybe I can bring some sea-buckthorn products to my hometown Guangdong, and promote this product to my clients.

V: Fantastic! I know that people from Guangdong are really concerned about their personal health. If possible, I can deliver these products to your place. For now, the packaging of our products should be changed first.

M: I think the packaging is OK, but we need someone who can disseminate knowledge of sea-buckthorn. We have lots of clients who are senior citizens, they don't care much about the packaging.

V: I can be the salesperson if you want. I go to Guangzhou quite often for business trip. Planting sea-buckthorn can solve China's desertification problem, provide jobs for locals and bring health benefits. This is a perfect project! I don't know how my initiative will

make any effect, but I just feel excited about what I am doing.

Appendix 3: Ethnographer's journal in Xindanwei (2011) with wine merchant's journal

Early April

Before entering the field, I invited Liu (co-founder of Xindanwei) for lunch in London, without clear idea of how to implement the research projects in Xindanwei. After knowing my research topic and wine business, Liu was not only happy to share her own understanding on social capital, but also willing to show the researcher how she practiced social capital in the real world.

Liu was eager to improve Xindanwei's business model at that time. I offered her some advice on running Xindanwei through my previous experiences, and found the synergy between conducting my academic interviews with members and implementing Xindanwei value-added service ---õNew Mentorö scheme. Both projects could be mixed together to gain feedback from members for next-stage work

April 28, Thursday

1. Arrived in Shanghai, still jet lag. Settled down in a hotel, then visited Xindanwei for the first time, get myself familiar with the nearby environment.

2. Some member like the museum layout of Xindanwei

3. Liu Yan, co-founder of Xindanwei, was on a business trip to Chengdu, but should be back the next day. She had already introduced me to Chen Xu (another co-founder) via email before I arrived. Received my first warm welcome. Chen Xu introduced me to the Cozi, who was responsible for the daily operation of Xindanwei (host), and showed me around Xindanwei. We had a short discussion and I informed Chen Xu my plan of participant observation in Xindanwei in the next few days. Then I left, too tired to work today.

4. Liu Yan, co-founder of Xindanwei, referred me to a social entrepreneurial dinner near Xindanwei. The dinner was organized by a society called õSerial Supperö. Serial Suppers is built on the philosophy that õthere are few things better in life than the combination of good food and good companyö. Serial Suppers occur every other Thursday over dinner and has a ten (10) person cap per table. Membership in Serial Suppers is currently operating on an invitation only basis, and the main theme remains the same every week: good food and good people meeting regularly with the goal of stimulating both the mind and the palate. Liu Yan often joins this event for networking. It did help my research, and also got me familiar with local business culture which should be good for my wine business.

5. It is free to register as Xindanwei online member, and follow it on Facebook, Twitter, Weibo, LinkedIn and Douban

6. First impression of Xindanwei space:

In the normal working hours of Xindanwei, members were offered to share various basic office equipments and communal space, including wifi, VPNs, fridges, microwave ovens, lockers, printers, notice boards, conference rooms, Xin Café and roof terrace. Different time service packages were designed to meet members' needs, in order to maximize sharing among members. For those long-term members who afford to pay monthly or yearly membership, they could have unlimited access to their reserved office spaces in quiet area; while for

short-term or hourly members, they were offered with floating office spaces or hot desks in Xin Café with limited access but less cost

There were unique historical elements found in Xindanwei, such as rustic wooden door and floors, art deco antique furniture, and ceiling beams. It seemed to be a small museum

April 29th, Friday
1. Had lunch with Issac Mao (Fellow of Berkman Center for Internet and Society in Harvard University) in Xindanwei. As a chief advisor to Xindanwei, he came here for the monthly board meeting today. Issac believes that the more you give, the more you get. His philosophy of sharism was advocated by Xindanwei co-founders and empowered Xindanwei. He told me that Xindanwei was a good experimental project, but in need of appropriate support and find a sustainable growth model. We also discussed some social problems in China.
2. Met Andrew Liu, PhD candidate from Columbia University, who studies Modern Chinese History (after opium war)，discuss the modern Chinese history with him, he went to Oxford University to look for historical materials last month. I told him my interest in history of Chinese international trade before the 1st opium war, so he recommended Peabody Essex Museum in Boston to research Chinese Hong merchant. He mentioned that US and UK were bettered place than China to study modern Chinese history.
   He has already spent a month in Shanghai for holiday. He happened to find Xindanwei in Yongjia Road and quite enjoyed the atmosphere, so came back everyday as hourly member. He was going to leave Shanghai in two days, so today he came back to buy some Xindanwei's voucher as a gift to his friends in New York. He really enjoys his time in Xindanwei, and wants his friends to share his experience.
3. Met Cozi Ge, account manager of Xindanwei (host of daily operation in Xindanwei), who just accepted this post last month. She got a master degree of cultural management in Paris, and then worked in Montpellier as an assistant of an artist. She explained to me about the daily operation of Xindanwei, and introduced me to other interesting members. She was quite knowledgeable about wine since she had worked in a wine company for a while. Although she used to stay in France, she preferred South African and Argentine wine (malbec shiraz). She referred me to some good local wine shop and bar, such as Enoteca and Epicvre. Wine became her personal interest, but she preferred to work in creative industry.
4. There are six floors in Xindanwei. The ground floor in Xindanwei is Xin Café (New Cafe), which is a place for hourly members, small meetings, and pass-by coffee drinkers. Xin Café provides free wifi, magazine and relaxed music, just like Starbucks. Other floors are office spaces and conference room for monthly members. I can interact with more people on the ground floor.

Photos provided by Xindanwei:
Entrance of Xindanwei

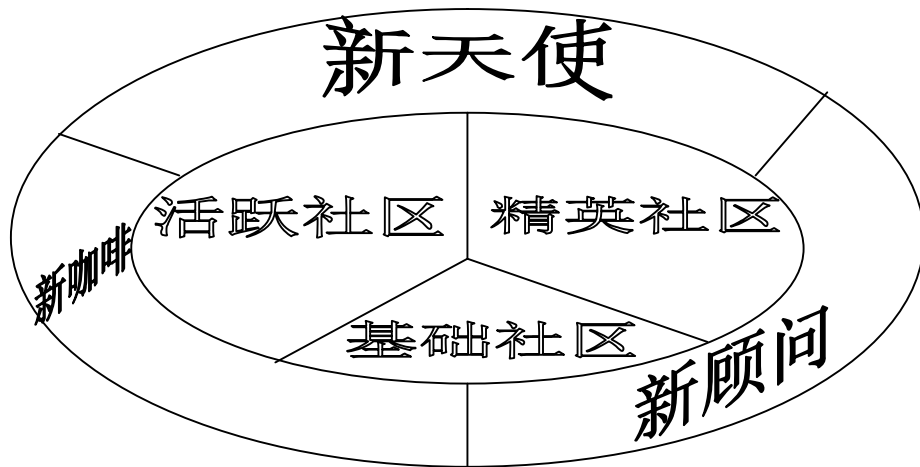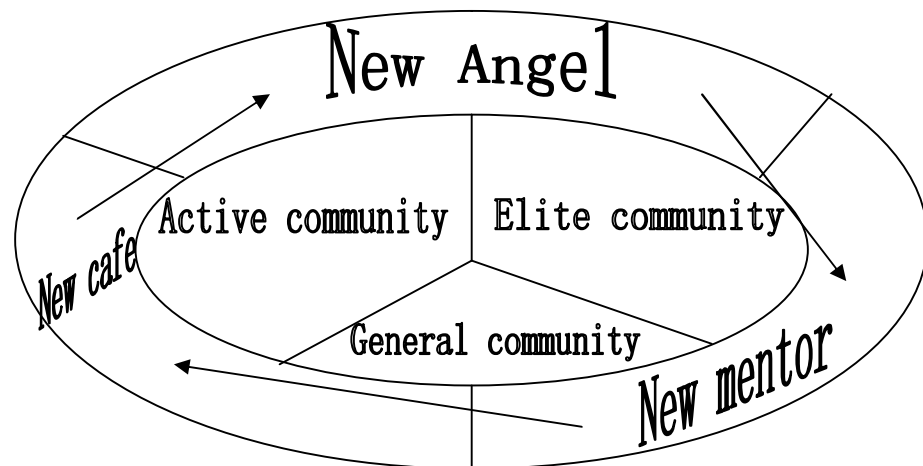*This photo has been removed as the copyright is owned by another organisation*

This photo has been removed as the copyright is owned by another organisation

Ground floor of Xindanwei (New Cafe)

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Menu of New Café

Monthly member office

Xindanwei Event:

5. Liu Yan, co-founder of Xindanwei, arranged a õNew Mentorö talk with the monthly member Belen in New Café. Apart from sharing their own experiences through events, the experienced members can volunteer to become mentors under õNew Mentorö scheme, and donates his time and resources to help other members. The Xindanwei co-founders felt responsible to promote the õNew Mentorö scheme and set good examples for other members. And it was natural for members to turn to co-founders for help.

6. In-depth interview and discussion with Liu Yan, co-founder of Xindanwei. Here are some key points:

(1) Xindanwei has monthly õNew Mentorö programme, which is type of simple survey for the members or co-workers. The interviewee should be those members who has been helped or advised by Xindanwei mentors (three co-founders and account manager in Xindanwei). The interviewees will be asked to update their recent activities and opinion on Xindanwei, they can choose the interviewer who they feel confident to talk to. For example, the Spanish designer Bella, who got help from Xindanwei to form partnership with other Xindanwei member, told Yan that there was one co-worker who talked very little in the office. So then Xindanwei can improve their services and foster communication.

(2) Xindanwei helps active members to find proper partners. For example, if a foreigner would like to set up a new business in Shanghai, Xindanwei can refer him to an experienced lawyer who is also friend of Xindanwei.

(3) Xindanweiøs management team is considering new business model. Liu Yan drew a diagram to explain:

新天使

新咖啡

活跃社区　精英社区

基础社区

新顾问

English version:

New Angel

New café

Active community　Elite community

General community

New mentor

Liu tells me, currently there are no more than 20 monthly members, and most members just want to observe rather than make things happen (stand-by). Half of them are Chinese. Different members have different personality, someone just prefers to stay in quiet area and don∅t interact a lot. The Chinese are not really comfortable with knowledge sharing and Western style of networking.

Xindanwei used to focus too much on the New Café group (basic networking, event organizer, renting out office space), but now wants to switch focus on the New Angel and New Mentor programme. The New Angel will help the active members to form partnership in order to practise new ideas, while the New Mentor will summarize the cooperation experiences and give feedbacks to the general community. They try to build a sustainable cycle.

Different internal communities can generate different business for Xindanwei: the general community of Xindanwei can appeal to headhunting business, while the elite community will need various services to develop successful business.

(4) Liu Yan perceives Xindanwei as interactive hub for accessing space, resources, connections, knowledge, experience and investment: online platform (Xindanwei's website, twitter, facebook)+ offline office space and events. Xindanwei has an internal networking model: Host (co-founders, account managers)+ Event (initiated by members themselves, organic)= Guanxi (networking). For regular member only. Now we do more and more paid events than before.

The whole concept become more and more popular in the western society, and one big player in this industry is the HUB in London. HUB has franchised spaces across the world, and want to partner with Xindanwei as well. But Liu Yan refused to become the franchised member of HUB, as HUB was not familiar with the China's environment and very aggressive. Liu Yan wants to keep the brand "Xindanwei" and provides localized service.

"Most of our members need to focus on innovative works, and they are starting a totally new venture by themselves. In such stage, they have special needs of getting rid of the loneliness of venturing, and look for support from someone who can really understand them. Sometimes a simple response or conversation from other entrepreneurs can be very helpful"

(5) Liu Yan summarized challenges for Xindanwei:

A. Who they are? We have 5000 members or followers, but how can I know about them? Usually Xindanwei will provide the networking service selectively for those members who are active in Xindanwei.

B. Problems with fee charging model: I can't rely on my own expertise (cultural management, policy consultant) to make profit, and I have to be a commercial property developer. But this is only transitory period. Need to find a way of charging through cultural mentoring. Two companies have rented our two floors' spaces, but it leaves less space for us to grow.

C. Who select who? Now it is elite selects us. Ideally we can cultivate our own elites, and they feed back into our own community.

D. Our services are too flexible, can't generate stable cash flow. Less than 20 members choose to be monthly members, most of them want to be hourly member. Members don't have to pay hourly fee to stay here, they can buy a cup of drink instead. But most of members will pay according to their usage time.

E. They used to organize a public event in Xindanwei, and the topic was a bit sensitive to the local government. They were told by the local police to cancel the event, and they had to follow the instructions. Sometimes they felt they were followed by the local policemen. But now they will choose some safe topics when hosting public events.

(6) Liu Yan introduced me to a company named "MakeSense" which bases in Xindanwei. "It is an early stage Social Business (non-loss, non-dividend), open Source (the app is open

source, the project is open that is to say that everyone can join) , and start-up. Believing in the power of Social Entrepreneurship and Social Business to change the world, MakeSense connects social entrepreneurs with supercool individuals online on and offline through specifically designed workshops also called õMakeSense Hold-upsö. The website allows people to browse for social entrepreneurs, connect with them, know more about their venture and their challenges, and eventually solve them. The Hold-ups are creativity and brainstorming workshops organized in small groups of people to help solving a specific social challenge. Its main objective is to boost the impact of social entrepreneurs and enabling them to take up the challenges. In addition, and in order to sustain their social impact, they promote the concept of social business.ö (http://www.makesense.org)

Habib Bellaribi, the French-Moroccan representative of Makesense, joined our conversation during the interview. He came to Xindanwei to kickstart Makesense in Shanghai one and a half months ago. Habib knew Xindanwei through his manager of Makesense France, then followed each other. He was alone when he first came to Xindanwei. But after 4-day promotion, his õMakeSense Hold-upö workshop attracted 15 persons to come, and he experienced the magic of Xindanwei. õIf you are alone, it is difficult to assemble these people in such a short term. Xindanwei is an innovative system and has lots of value. What Xindanwei needs now is to formalize the process. The old social sharing systems is like Facebook or Twitter, but we need to bring new structure to Xindanwei. ö He now has a team of 5 social entrepreneurs. According to the model of Makesense (Social entrepreneurs+fans=MakeSense), he treats Xindanwei as õsocial enterpriseö. In the future, he will help to define the needs and challenges of Xindanwei, then develop new IT project to facilitate the process and solve the challenges.

April 30th, Saturday
1. This is the first day of the 3-day May Labour Holiday weekend. Xindanwei is a bit quiet, only an Urban Paintmob event happened between 1pm and 6pm. This event will be host for three consecutive days. Anyone can pay 150RMB to join this event, and they will gain assistance from the host and produce their own paintings. But no one customer joins today.
2. Meet Terry, representative of Urban Paintmob. Today he is hosting a paintmob event in the New Cafe. Founded by a Taiwanese architect, Urban Paintmob connects people with arts and aims to facilitate creativity. During the paintmob event, participants will be provided with all the paints and tools they need, and create their own paintings. Without the constraints of formal arts education, anyone can come here to relax, have fun and create anything they like. Terry is the facilitator who provides any assistance alongside.

Terry didnøt have any art degree, but used to work in the advertising industry. Teddy comes from Hong Kong, and had worked in Mainland China for 8 years. The concept of õcasual paintingö is quite popular in Hong Kong, and a good way to promote team building for company colleagues. Corporate clients are the main source for their revenue, and their clients include big companies such as Diageo and Wella. They are quite flexible in choosing the event venue, which could be gallery, coffee shop, bars or outdoor environment. Teddy explained the reason why Urban Paintmob business doesnøt go well in

Shanghai compared to HK：1. The rental cost. It is hard to find a place which can generate enough traffic. In Shanghai, good location and facility which can generate sufficient foot traffic always associate with higher cost, but the ratio between rental cost and purchasing power is higher in Shanghai than in Hong Kong. In Hong Kong, the customers don¢t care much to spend 150 HKD for DIY painting, but Shanghai¢s customers are more concerned about the cost. õSo that¢s why we are flexible in venue in order to cut the cost. For corporate event, we rent the space from Xindanwei, but for Wednesday regular event we share the profit with Xindanwei, rather than pay the rentö. 2 Shut down of foreign websites of social networking service. õOur clients usually come from foreign background and they use Facebook as their main communication channel. （Facebook is a good way to do adverts）Before the shutdown of Facebook in China, our business had done pretty well in the foreign community in Shanghai. But the shutdown affects us directly and we can¢t do efficient promotion through local social networking serviceö. Based on the above reasons, Terry chose Xindanwei as a new way to attract new client, and he hope the expat group and 4000 online followers in Xindanwei can help to generate new business. But he is aware of the fact that active members in Xindanwei may be only 10% of the total members.

Teddy did follow Xindanwei for some time. But the remote location of Old Xindanwei obstruct him to base in Xindanwei. Now Xindanwei moves to the central area, and Terry quite like the cozy atmosphere of new venue, which makes him to experiment paintmob here. He started to rent Xindanwei¢s space for a corporate event two weeks ago. The corporate event was quite successful, and full of guests. This encourages Terry to utilize Xindanwei as regular event venue. Now Terry host regular painting learning event every Wednesday. But business doesn¢t go well in the first few days, still a long way to go.

3. After Teddy left at 6pm, there were only Jing He, the owner of New Café (Xin Cafe) and me in Xindanwei. She taught me how to make and taste coffee. I ordered a Sumatra Mandehling from her, and then we discuss on how to run the New Café business in Xindanwei.
Working rhythm of Xindanwei: In the weekdays, quiet in the morning and evening, busy in the afternoon; Most events are host on weekends.
The New Café used to be operated by a photographer, but the business didn¢t do well. This photographer was quite busy with his own photographic business, didn¢t spend much time in New Café, quite stick to his own idea (for example, he prefers to sell more wine with high profit margin, and neglect the quality of coffee, which didn¢t appeal to Xindanwei member at all). So the photographer quit after 5 months of running New Cafe, and Jing He replaced him in April. Jing tries to apply her experience of running coffee shop in Wuhan into Shanghai. These days Jing He tried really hard to win back the customers in Xindanwei. Her partner and she spend every day in Xindanwei from 10am to 10pm, which she believes is necessary even though there are few customers at night. They also spent much time visiting other coffee shops, and improved their coffee making skill gradually. In order to provide best service, Jing will taste every coffee before bringing to customers. If she considers it not good enough, she will dump it and make a new cup of coffee. In addition,

Jing enjoy talking to customers and gaining instant feedback from them, which will differentiate themselves from the franchised coffee shops.

The team from Xindanwei does help Jing to develop the New Cafe business. All Xindanwei events will be host in New Café, and every participant who joins the paid events in Xindanwei can select one drink from New Café. Xindanwei also advise New Café on what kinds of drinks should be included in the menu. These days New Café is negotiating with a seabuckthorn juice and tea supplier, who is referred by Xindanwei. Jing hopes her õNew Cafeö brand can grow with Xindanwei together and expect more branches in the future.

New Café welcomes creative ideas and projects. These days they are preparing for a õPoor Coffeeö art project in New Cafe. By mixing coffee together with Pu'er tea, Poor Coffee can be ordered from the menu. But this art project is more than serving clients with special drinks. õOne one hand, Poor Coffee is a beverage composed of authentic coffee and fermented Pu'er tea. Looked at from the perspective of its timeline, its cultural background and tradition, Pu'er and coffee are heavily symbolic beverages. On the other hand, "Poor Coffee" is both a public installation and a space to provide a service. It can be set up in a particular place by hand, and then exists and serves as a node for people to meet in. Through the Poor Coffee installation, the information being conveyed and exchanged in this particular space can be stored in the artwork, thus, this exchange of information conveys the new thinking and experience which are advocated by Poor Coffee. The artwork "Poor Coffee" can be presented in various forms. It can be as large as a real cafe or as small as a sign or a mobile installation. It is omnipresent.ö

May 1ˢᵗ, Sunday

1. Good day for Urban Paintmob. They have 6 customers today, and each one is charged with 150 yuan. Two are old customers, two are invited by emails, one may notice this event from Douban.com, and last one just walk past Xindanwei. During the event, Terry was so glad that the participants can communicate with each other when they were painting. After finishing the painting, some participants take pictures of their own and othersøpaintings, in order to remember this special day in Xindanwei.
2. Terry said that the big and transparent window of Xindanweiøs venue was a good way to attract new business. Lots of passers-by watch the casual painting through the open window today, and they may try Paintmobøs service next time. Teddy also tried to sell his service to a participant who was HR manager, in order to generate corporate business.

Xindanweiøs Entrance

This photo has been removed as the copyright is owned by another organisation

3. Terry started to feel confidence as the location and internet do bring in customers. He is going to discuss with Xindanwei about long-term cooperation. He wants to keep the momentum going, and utilize the idle time and space of Xindanwei. After the first week pilot, he believes that the night time of weekdays isn't good time to do this type of casual business.

4. Some Xindanwei members had a meeting in Xindanwei on Sunday, and just need to pay 5 cups of icy mocha. They wanted to use the ground floor which was occupied by painting group, so they have to move to the conference room on 6th floor.

5. I ordered Mocha (more acidity than the yesterday's bitter Sumatra Mandehling) in New Café, and observed behind the painting group

6. Full of Douban FM music in the space.

May 2, Monday

1. Today is the last day of May Labour Holiday. One regular member, Nick, came to Xindanwei, but he hadn't realized that today was still holiday.

2. No new business generated for Urban Paintmob, so Terry left early at around 4pm.

3. Discover the entrepreneurship of Jing He. Her mother is from Shanghai, but she grows up in Wuhan, a city from Central China. Although she has relatives in Shanghai, she chooses to stay in the youth hostel and walk back to Xindanwei everyday. She still keeps some stakes in Wuhan's coffee shop, but she comes to Shanghai alone and focuses on her business here. She did her undergraduate degree in Wuhan University. She doesn't like the breakfast in Shanghai, not enough variety. It was a coincidence that Xindanwei wanted to find a new partner to run New Cafe and Jing happened to want to open a new coffee shop in Shanghai. She told me that East Lake and Wuhan University were good tourist attractions in Wuhan. And it is convenient to travel between Wuhan and Shanghai through 4-hour train.

May 3rd, Tuesday

1. After the May Labour Holiday, the atmosphere in Xindanwei becomes lively again.

2. The co-founders of Xindanwei were still on holiday. Cozi, the account manager and host

of Xindanwei, was very busy after the holiday. As the main contact point between Xindanwei and its members, Cozi will be in Xindanwei for all the working days. She needs to solve different types of problems raised by the co-workers. For example, she tried to fix the internet problem for one member. Cozi told me that she was not receptionist, and He Jing from New Café would be responsible for the seat allocation of new members and collecting the hourly membership fees. Then Cozi could concentrate on the event side and serve long-term members. If possible, she will also help New Café a hand.

Cozi also told me how to organize events in Xindanwei: the usual format of talk events was that 20-50 people were brought together for about two hours to listen to short presentation by the host members, and active discussion or Q&A section would be followed. If the events are too popular, some audience may have to stand during the whole events. All activities will be recorded on Xindanwei's website and newsletter, so the host members can further benefit from the whole cluster publicity.

3. As a special guest of Xindanwei, I can choose wherever I want to use as office space. The New Café on the ground floor is noisy but good for interaction, while the other floors are more like formal working spaces. I used the office on the 4th floor, two foreign co-workers were doing their own work quietly there. The 3rd and 5th floor were occupied by the corporate users, and the 6th floor conference room was always used by different pre-book groups. No much interaction between office users, and each one concentrates on their own works.

4. Jing He from New Café needs to make fresh brewed coffee for the co-workers every now and then. When she had time to take a rest, she would read a book about Buddhism. So I discovered that she was buddhist.

5. The corporate member International Top Talent was making a film on 5th floor.

May 4th, Wednesday

1. Chen Xu, another co-founder of Xindanwei, finally came to work in Xindanwei, so I could have a chance to conduct an in-depth interview with her.

2. Chen Xu introduced me to Cherry, the manager from YouChange Foundation., but we only said hi and left. õYouChange Foundation originated from Beijing, and opened a new office in Shanghai's Xindanwei. They rent the whole 3rd floor as their Shanghai office. YouChange is an innovative private foundation funded by entrepreneurs from mainland China, Taiwan and Hong Kong. It operates through providing participatory grants that support projects and organizations for public interest endeavors. ö (www.pacificpension.org) Cherry and her two colleagues were so busy these days, and different types of visitors came to visit them all the day. They don't even have time to arrange a monthly talk with Xindanwei.

    As monthly member, they can have free access to the õNew Mentorö scheme in Xindanwei. But Chen told me that they hadn't shown great interest in this scheme: every time when Xindanwei's management team tried to arrange a long talk with them about their needs, they were too busy to accept the invitation. Chen felt she couldn't do much about this.

3. My reflection after chatting with Chen Xu: The co-founders of Xindanwei realized that

what they were doing might not be commercially successful in a short term, but provided great value for the whole society. They attempted to challenge the traditional way of thinking in society, and hoped their voices and efforts could be recognized by more members

May 5th, Thursday

1. Today I chose to sit beside Cozi (host of Xindanwei) on the ground floor, as she was the information hub in Xindanwei. Then I could interview her along the way. Cozi is a good wine taster, so I give her one bottle of wine from my company to taste.

2. Cozi is not only the physical host, but also the virtual host of Xindanwei. During the working time, she needs to update the Xindanwei news online through different platforms; response to different questions from website, Twitter, facebook and emails; upload pictures and videos from events to Xindanwei website. For the new õFeatured Peopleö page on the website, every month she has to arrange interview with the selected co-worker in Xindanwei, then writes an article to introduce this featured member. This monthly õFeature Peopleö is an important tool to promote Xindanwei and attract new members.

3. Cozi introduced me to Violet, whose part-time job was to promote the sea-buckthorn juice and tea in Xindanwei. Today Violet came to Xindanwei after work at 6pm. Her passion in sea-buckthorn is not only due to the health benefits of drinking sea-buckthorn, but also due to the fact that the plant can be exploited for soil and water conservation purposes in North China. Violet had her full-time job elsewhere, but she was keen to use Xindanweiøs platform to promote the social value of sea-buckthorn. She also wanted to put sea-buckthorn juice and tea in the menu of New Café, so she had a long discussion with Jing He (owner of New Cafe). Cozi told Violet that she could help to promote sea-buchthorn through her previous restaurant network for free, but she couldnøt force New Café to sell sea-buchthorn. They have to make agreement together.

4. Violet introduced me to her friend Mr Cao, who was another potential distributor for promoting sea-buckthron juice. This was the first time for Mr.Cao coming to Xindanwei, and he was impressed by the layout and value of Xindanwei. Mr Cao did business in IT panel and mentioned how his friend from Jiaotong University promoted Spainish wine through alumni network and wine tasting events.

May 6th, Friday

1. Today is my last day for first round participant observation.

2. Xindanwei had a free cake tasting today, and I was so lucky to have the blackforrest cake. Todayøs tasting was offered by a patisserie called Waffleboy (www.wfboy.com). Waffleboy doesnøt have any retail shop, and their cakes can only be ordered by telephone or online. Waffleboy offered free tasting for the first time buyer, and Cozi found this information online.

3. There is no public event in Xindanwei this weekend, and AIESEC (the world's largest youth-run organization, offers young people the opportunity to participate in international internships, experience leadership and participate in a global learning environment) (www.aiesecchandigarh.org) hires t he whole venue to do private event. Every time there

is new event, more people will know Xindanwei.

4. Reflection: the management team of Xindanwei had experimented many ways to promote trust among co-working members, such as organizing regular drinks or dinners, outdoor trip to pick cherries, and supporting collaborative projects. With the coordination of Xindanwei∅s management team, any ordinary members can initiate communal activities, such as meal sharing, afternoon tea gossip, or outdoor entertainment. During the events, the host would do the ice breaking, and members can communicate with each other in casual ways. If members∅ feedbacks are good, such activities may become regular communal events.

June 16

1. Meet Liu Yan in London again, she is here for the 9th Europe Asia Young Leaders Forum.
2. Progress from Xindanwei:

(1) She is so happy to tell me that the value of Xindanwei is recognized by the local government. In Shanghai, there are 800 creative industry parks, but only 100 parks are registered under the government umbrella. Now local officials form new company to integrate these creative industry parks, and require all registered parks have to provide co-working spaces. Thanks to the new investment by the government (2 million per year), Xindanwei will get free space in each of these parks. High cost of rents is always the big issue for Xindanwei, especially when they were based in the old venue in creative industry park. Now Xindanwei can expand like a fitness centre. The member can choose wherever is convenient for them to work.

Government doesn∅t want Xindanwei to manage the creative parks, just provide free of charge offices. Government will design new process and system to keep tracks of members.

(2) Government is quite sensitive of Xindanwei∅s collective gathering. They will send national security staffs to monitor the sensitive events. Example: Issac referred a supporter of Tibet independency come to Xindanwei for an event. But this guy was not allowed to get on the plane before his trip to Shanghai.

(3) Liu Yan told me that Blanca Martins from European CADIC team had contacted her. Blanca had network of venture capital in Barcelona, and these venture capitalist would like to invite Liu Yan to Barcelona and build Xindanwei branch there. Liu Yan and Blanca only knew each other through casual talk in London CADIC meeting. Only meet each other once physically. This is a great surprise for me!

(4) We discussed the cooperative initiative between Solera System (a Columbian music) and Xindanwei. This project can connect various sectors, including music, design, manufacturing. Liu Yan was very interested and she believed Chengdu government might be interested.

(5) Xindanwei will get a new shareholder who specializes in business expansion and property development. This guy is billionaire, and also owns the competitor of Xindanwei, which is called Anken 安垦. Liu Yan told me that Xindanwei was desperate to get this guy onboard, as the original three co-founders were too idealistic. The powerful network of this billionaire will be a great asset, providing contacts of

venture capital.

(6) Liu Yan believed in the Pareto principle (also known as the 80-20 rule), will focus more on the 20% important members of Xindanwei.

Sep 9th Interview with Chen Xu in Guangzhou

1. Chen Xu has just been back just from a workshop in Budapest. Liu Yan and Chen Xu both joined this workshop, which was referred by former coworker in Xindanwei. The whole trip is funded by the organizer. õThis workshop brings together key thinkers and practitioners who work at the intersection of digital and urban design, making and remaking and are distributed across different cities in the U.S., Europe and China. The main goal of the workshop is to provide a space for mutual engagement, learning from each othersø experiences and the challenges that individual groups might face, and establishing opportunities for future collaboration. The workshop will also contain a practical component where we engage participants through a hands-on design brainstorming session and a D.I.Y. session designed around a specific activity, for example, õlearn how to take apart your favorite childhood robo-toy to understand some of the workings of the computational black box.ö

Exploratory and playful engagements with technology are often cited as dominant drivers of innovation. For example, Googleøs 20-percent-time culture, encouraging its employees to use 20% of their work time to realize their own technological passions, play and experiment with hard and software, is one of the most illustrating examples of this new work ideology. New ideas of tinkering, technological aesthetics, playing with and un-packing the workings of computational technology are visible way beyond the confines of large IT corporations such as Google or innovation hotbeds such as Silicon Valleyö (iranmediaresearch.org).

2. Xindanwei is an open space, which means that it welcomes different types of persons. Issac Mao is a think tank behind Xindanwei, but his political philosophy (sharism) is not welcomed by local government. At the beginning, Chen Xu and Liu Yan were not aware of this political issue. When they organized more events involved foreigners, they found that they were traced by staffs from National Security Agency. These staffs know the Xindanweiøs operation very well. Some events had to be cancel due to the intervention of national security agency.

3. Cozi has already left Xindanwei and established her own PR business, specialized in wine industry.

4. 创意地产 The new partner of Xindanwei is property developer, and he wants to use Xindanwei as new concept to promote his property.

5. 沙棘汁 Seabuckthorn juice didnøt sell well in the New Café, as many customers donøt like the strong taste of seabuckthorn. Since Jing He made a new mix of seabuckthorn with other juice, it sells better now.

6. husband of Chenxu, fashion photographer, could be potential partner for Michaeløs wine advertising business. They also talked about how the fashion industry in China evolves recently.

7. Xinchejian (new garage), emerged from the old Xindanwei platform, Chen Xu and Liu Yan did a lot to help it grow. Now Xinchejian becomes Xindanweiøs derivational flagship project, and has its own working space. õXinCheJian is a hacker community formed and

established in Xindanwei that provides an environment with open hardware;tinkers, digital artists, designers, DIY hobbyists and everyone interested in figuring out how things work and are happy to get their hand dirty to build some fun stuffs with some like-minded people. XinCheJian will provide workspace for people to work on projects, organize workshop and courses on various subjects ranging from electronics, embedded system, and programming and host speakers and workshop session. Also, XinCheJian will act as fund raising and supporting platform for people interested in prototyping their ideas and launching new projects.ö (Xindanwei.com)

It is a (hardware) hacker community which was initially by three technocrats who were based in Xindanwei. They got to know each other during Xindanweiøs BarCamp event, and started the idea of building the first hackerspace in China. They would like to promote a hackerøs culture that focuses on the creative application of technology. In XinCheJianøs physical space, people are provided with all types of tools and open source hardware to experiment new ideas. XinCheJian became a platform for sharing and co-creation of like-minded hackers, and it has experienced explosive growth in the past two years. With the income generated from workshops and technical courses, XinCheJian community turned out to be a successful self-funded project. Now XinCheJian has rent a separate space from Xindanwei to work, and becomes the flagship incubated project by Xindanwei.

8. Chen Xu is also interested in the development of open office in China. She mentioned the example of Cheku Café in Beijing. The start-up entrepreneur just needs to pay as low as one coffee per day in Cheku Café. Apart from sharing the essential office facilities, the entrepreneur can find funding, network, partners, employees and all types of resources here. This is a new platform for venture capital and selecting innovative projects. Investors can find all types of potential projects here. 车库咖啡：创业者开放办公平台

Wine merchant's journal (Respondent 16)

Aim of joining Xindanwei:

I want to expand my wine business in Shanghai. It should be great to let more people know and appreciate French wine. Xindanwei seems to be a good platform.

April 28th

Liu invited me to a social entrepreneurial dinner, where local entrepreneurs meet weekly for good food and networking. It was a good chance to get familiar with local business culture and promote wine business.

April 29th

1. I met Xindanweiøs new account manager Cozi. I happened to know that Cozi used to study art in France and fell in love with wine. She even worked for a local wine company before coming to Xindanwei and became knowledgeable about wine business in Shanghai. She referred me to local wine shops and bars, and mentioned her contact in a professional magazine which could be useful for promoting wine in Shanghai. She told me that she might

not work for Xindanwei for long time, and would love to have her own design and PR business.

2. The representative of õMake Senseö (a social enternprise) is from France. We could talk about French culture, wine and food together.

April 30th
1. Met Terry from Urban Paintmob. We both spoke Cantonese and became friends easily.
2. Met Jing He, the owner of Xin Café. We shared a lot in common, such as the taste in quality drink, running small business, love in art, etc. She also told me some insider story of Xindanwei. I offered to do the coffee tasting for her, and discuss how to run a good independent coffee shop in Shanghai.

May 1st
1. Exchanged ideas with Terry on how to run business in Shanghai and Hong Kong. He also wanted me to find a wine-related job for his girlfriend.

May 4th
1. Chen Xu, the co-founder of Xindanwei encouraged me to host a wine event in Xindanwei. She wanted to know more about wine and culture behind it. She believed I could be a good guide on wine.

May 5th
1. I went to the wine bar recommended by Xindanwei host Cozi, and it was great! In order to appreciate her help, I gave Cozi one bottle of French wine to taste, and shown my interest to work with her in the future.
2. Cozi introduced me to Violet, whose part-time job was to promote the sea-buckthorn juice and tea in Xindanwei. I consulted Violet on how I could benefit from the Xindanwei platform. She wanted me to promote sea-buckthorn juice in South China.
3. Violet introduced me to her friend Mr Cao. During the short talk, Mr Cao told me that his friend from Jiaotong University promoted Spainish wine through alumni network and wine tasting events in Shanghai.

May 6th
1. Good feedback from Cozi about the wine I gave her yesterday.
2. Met Chen Xu, the co-founder. I shared my short-term experiences as business user of Xindanwei with her, and told her my difficulty in promoting French wine in China. Chen Xu was really interested in wine culture, and encouraged me to organize a wine education event in Xindanwei when I come back to Shanghai next time. She could also refer some designer to help me design the gift box for wine.

Reflection after the fieldwork
How to interact with other Xindanwei members:
After entering the field of Xindanwei and interacting with other members, it became natural for me to give small favor to others, even without any gain. In order to be perceived as

trustable partner and accepted by Xindanwei community, I think it is necessary to behave in this way. I had given some free wine sample to other members to taste, and luckily got some advice on how to approach the local market in Shanghai. Hopefully they will think of me when they need someone on wine purchase.

Challenges of Xindanwei

I am a merchant of French wine. The reason why I came to Xindanwei is to expand my wine business to new market and find appropriate partners. In this public platform, it is great to share my wine knowledge and promote my company. But I have to be very careful in sharing my business planning and problems, as you never want your competitors to know your weaknesses. I will be very selective in choosing people to share in-depth business details. I think Xindanwei's sharing approach is good for open innovation and knowledge exchange, but not good for every business.

Appendix 4: Stories of 16 members in Xindanwei

	Case Name	Case description	Relationship with Xindanwei	Goals	Resources	Strategies
1	LY	CEO/Co-founder of Xindanwei, majored in Arts Management and Marketing	CEO, event curator and co-founder of Xindanwei	An advocate of cross-culture and cross discipline exchange, entrepreneur and community organizer, expand Xindanwei's business, brings angel investors	As an independent consultant and lecturer in the Netherlands and China from 2004-2007, she has good networks in the creative industries around the world, knows a lot of local design companies and shares ideas about how those local companies do things	Joins different networking events globally, public speaker and promoter for Xindanwei, public media interviews, being mentor for the start-up companies, facilitates Xindanwei members to know each other (Ms.Whoever-you-want-to-know in Shanghai), introduce different individuals or organizations to host events in Xindanwei, õNew Mentorö scheme to structure the relationships with key Xindanwei members
2	CX	COO/Co-founder of Xindanwei, with an MA degree in Cultural and	COO and Co-founder	promotes and facilitates creativity, sharing, and the great scale of collaboration, expand Xindanwei's business, pitch new investors for Xindanwei	Specializes in freelance project managment for cultural and creative programmes, experienced and	Joins different networking events globally, media interviews, facilitates Xindanwei members to know each other (Ms.Whoever-you-want-to-know in Shanghai), introduce different individuals or organizations to host events in Xindanwei, organize collective activities for members (such as

					good contacts in creative industries	outdoor picnic or dinners)
		Creative Industries from King's College London (UK)				
3	CG	Account manager at Xindanwei, with a MA in Management in Cultural Frame and BA in Art/Fashion Design	Account manager, daily operation, internal data collection	Gain working experiences, networking, hope to be an art consultant in the future (quit the job now, and starts her own PR business)	Specializes in art, design, fashion, branding and identity, integrated marketing. Also had working experience in the wine industry	Responsible for the daily maintenance job in Xindanwei, event management, identify potential partners in Xindanwei through casual talks
4	JH	Owner of New Cafe	Supply coffee and drinks in Xindanwei, collect money from the hourly members, working from 10am-10pm nearly everyday	Promote authentic coffee culture, and expand the coffee business õNew Coffeeö	Good network in the coffee industry	Select the coffee beans carefully, disseminate coffee knowledge, co-design the new menu with Xindanwei's co-founders, promote members' products inside New Café (i.e. Pu'er Coffee, seabuckthorn juice), make New Café as integral part of Xindanwei's events (every paid audience for Xindanwei events will receive a drink from New Cafe), fully utilize the space (as art gallery, small conference room, activity space)
5	T	Manager of	Host corporate	Promote the services of	Have some big	Host several events in Xindanwei, share event

		Urban Paintmob, which aims to inspire and connect people together with arts	event in Xindanwei	Urban Paintmob, hope to generate more corporate and private clients from Xindanwei's member base	corporate clients and high-end customers who would like to try new things	profit with Xindanwei in exchange for internal support (publish event info through Xindanwei's online platform, no need to pay venue fee), free trial service of Urban Paintmob for Xindanwei's key members
6	V	Distributor of sea-buckthorn drinks	Try to distribute her sea-buckthorn drinks through Xindanwei and other network	Find right partners to distribute sea-buckthorn drinks, hope Xindanwei's members help to promote sea-buckthorn	Has working experiences in the supermarkets and products purchasing	Emphasize the social and health benefits of sea-buckthorn, spread the words of sea-buckthorn via Xindanwei's key members (Cozi offer help to promote sea-buckthorn through her restaurant networks), persuade New Café to add sea-buckthorn drinks into its menu, give out samples of sea-buckthorn drinks
7	HB	Representative of MakeSense in Shanghai	Hourly member, host events, provide IT support to improve Xindanwei's services	Promote social entrepreneurship and social business	Has online and offline network and tools to solve the problems of social business	Host events in Xindanwei about social enterprises, advise on the strategic development of Xindanwei, recruit staffs from Xindanwei's followers, joins õNew Mentorö scheme which helps start-up entrepreneur
8	IM	a venture capitalist,	Think tank of Xindanwei	Experiment Sharism in Xindanwei, find a	Software architect, fund raising, network	Advise on the strategic development of Xindanwei, provide useful contacts from legal and

		blogger, software architect, entrepreneur and researcher in learning and social technology		sustainable business for Xindanwei	of professional services	financial sectors, promote Xindanwei around the world
9	SW	Swedish, Headhunting Manager for PAE Design Talent	Monthly member	help companies in the design field to find designers from China or internationally, expand to additional design field they are not yet covering	Had international recruitment experience and advisors from the creative industry; specialized in HR-related issues; work closely with advertising agencies, design consultancies, event companies and e-commerce	Have fixed office table in Xindanwei, join relevant events for networking, disseminate job info via Xindanwei's network, partner with Xindanwei to build a platform for creative industries
10	EW	A young lady who just got bored from her financial	Monthly member	passion for art and fashion collaboration, pursuit for a right place for beginner entrepreneurs, display	Financial background, MBA degree	build her start-up fashion business within Xindanwei，collaborate with Xindanwei to display artworks and design in Italy, Germany and Spain.

		management job and jumped out of the box to create an art-fashion project of her own.		artworks from the project at Xindanwei space		
11	AX	Los Angeles design strategist, new media artist and digital community builder	Pass through Xindanwei only briefly and intermittently, but appreciate the community there	Promote her research on artistic explorations of social media, and achieve conversational fluency in Mandarin	She has shown her work in art spaces internationally, a guest lecturer at numerous venues, regular columnist for different international media	Chair events in Xindanwei, collect data for her research and media article, gain inspiration through joining events, learn Chinese through interaction
12	SG	Art director for Tank Magazine, an idependent quarterly magazine which positions itself	Monthly member	Make a new bilingual English and Mandarin website for TankMagazine, pursue new opportunities for sister company Tank Form (boutique creative agency) and to search for and meet potential future	Independent position in the fashion industry, high-end fashion clients	Based in Xindanwei and join events to find creative writers, photographers, and designers.

		at the apex between fashion, art, politics, and music		contributors to our new website		
13	SZ	Young Chinese entrepreneur, co-founder of online magazine	Hourly member, launch his own project through Xindanwei	Promote his wine magazine, look for high quality media content and design, establish a media brand, find a sustainable business model	Media connection in France, venture capital connection in Silicon Valley, knowledge of wine and web product development	Met other members through lunch or coffee break, active online Weibo member, repost his own article online
14	BO	Fashion Designer and has worked internationally for ZARA, MANGO and other fashion houses, create a exiting new art inspired clothing & life style brand	Monthly member, led an exciting brand presentation/ and artist showcase at Xindanwei	Wishes to be actively involved in the current changes in garment industry in China, looking for new input and inspiration coming from everything and everywhere in China, do something for social change and help the community, attract investing partners to help take RA to itøs next phase	offering her expertise and experience in fashion.	Host event and display design in Xindanwei, join events with social and cultural topics to gain new ideas, find design partners and useful contacts through Xindanwei

		RA				
15	CL	Venture capitalist	Hourly member	Finding potential innovative projects to invest	Harvard MBA, American who can speak Chinese, international healthcare and marketing experiences	Meet as many new contacts as she can in Xindanwei, identify new projects for venture capital within Xindanwei, join New Mentor scheme
16	MZ	LSE Researcher, French wine merchant, China manager of EU sponsored CADIC project	Hourly member, promote wine in Xindanwei	Collect data for his academic research, promote French wine and find potential market	International contacts, wine education	Follow and interact with Xindanweiøs key members on twitter everyday, have dinners with Xindanweiøs co-founders when they were in UK and China, become hourly member and join events to experience Xindanweiøs life, give out wine samples, show interests in hosting wine tasting event in Xindanwei, advise on Xindanweiøs business expansion

Joint Collaboration

1. LY referred MZ to a social entrepreneurial dinner near Xindanwei. The dinner was organized by a society called õSerial Supperö. MZ can know more local social entrepreneur via the weekly dinner.
2. MZ referred Blanca Martins, Spanish country coach of EU CADIC project, to LY. Blanca helps to spread the words of Xindanwei in Spain, and now a Spanish

hedge fund shows interest in partnering with LY to open Xindanwei branch in Barcelona.

3. MZ and LY discussed about the potential cooperative initiative between Solera System (a Columbian music band) and Xindanwei. This project can connect various sectors, including music, design, manufacturing. LY was very interested and she believed her contacts in Chengdu government might be interested.

4. CG briefed MZ about Shanghaiøs wine market, and MZ gave a bottle of French wine to CG for tasting. Since CG is both a wine lover and designer, MZ may hire CG to design gift package for his wine.

5. MZ discussed with CX about how to conduct the interview with õthe monthly featured people in Xindanweiö. The data collected through such interviews will not only be useful to promote Xindanwei, but also useful for MZøs academic research.

6. The team from Xindanwei does help JH to develop the Xin Cafe business. All Xindanwei events will be host in Xin Café, and every participant who joins the paid events in Xindanwei can select one drink from Xin Café. Some members also advise Xin Café on what kinds of drinks should be included in the menu. MZ suggests JH that she can put an electronic shop sign at the entrance to attract clients at night.

7. JH and MZ found common ground on drink (coffee and wine) appreciation. JH taught MZ how to taste coffee, while MZ taught her how to taste wine.

8. Both JH and MZ found that Vøs sea-buckthorn products might fit into their own business, and would like to distribute sea-buckthorn via their own network. V introduced MZ to her friend Mr Cao, who mentioned about how his friend promoted Spainish wine through alumni network and wine tasting events.

9. T shared experiences on how to use new media in attracting new customers with MZ. These new media include Facebook, Twitter, Douban.com.

10. EW started Cøest La Chine as a creative hub, and invited Zhuang Bin, a sculpture graduate from the China Central Academy of Fine Art, to design their first collection. õWe work with different artists and anyone who works in the creative industry.ö Xindanwei has been playing a critical role in fostering this group and introduce her to other creative talents in China.

11. LY helps Spanish designer BO establish a new partnership with an American visual designer. The Spanish designer is not attracted by office sharing, but by connecting experienced co-workers.

Appendix 5: Coding Frame

Global theme	Organizing theme	Basic theme	Definition	Respective quote
Problem solving on macro level	Understanding membersø expressed needs	Economic and functional needs	The practical needs which motivate members to join Xindanwei	*"We need a space to show the artworks which promote the cross-culture thinking*.ö (Interviewee 4)
		Social psychological needs	The intangible needs which motivate members to join Xindanwei	õ*But now I can be close to the streets, close to the local people, and feels like home. When you feel comfortable, you are more creative*.ö (Interviewee 15)
	Facilitatorsø solutions	Enhancing physical affordance	Formal solutions provided on physical level	*"The space you create is not just a workplace, it is also a location for*

				social activities, so several aspects such as the environment, social physiology and visual effects should be taken into consideration." (Xindanwei co-working manual)
		Institutional enabling settings	Formal solutions provided on institutional level	õ*Through 'Star of Month' programme, we can explore more and more interesting hidden stories behind our co-workers, and thus bring in more resources to share.*ö (Interviewee 2)

| | | Establishing the intangible links | Formal solutions provided on mental level | *"Our fundamental brand strategy is to enable people to understand Xindanwei's spirit and values – innovation, openness, simplicity, inclusiveness and uniqueness – at all places and during all interactions where people can see or feel Xindanwei, whether it be online or offline, pictures or texts.*ö (Xindanwei co-working manual) |

Problem solving on micro level	Resource mobilization Strategies	Creating persuasive encounters	Describing member's efforts to gain other cluster members' support which are based on considerate introduction, without the intrusive force of uncomfortable hustling	õ*My original idea is to partner with Xindanwei to organize a special event on weekends, everyone can come here to taste sea-buckthorn drink and know the origin of sea-buckthorn.*ö (Interviewee 6)
		Giving favors	offer something of small value to impress others in the hope of getting return in the future	õ*Sometimes we may allow them to spend more than 2 hours in the conference room, if it is not in rush hour.*ö (Interviewee 3)
	Emergence of resources	Emergent personal assets	Individual resources gained from the cluster	õ*Here is just like the game playing field where you can earn credits*

				*through joining different activities. If you have sufficient credits, you can enter into next higher level of playing.*ö (Interviewee 3)
		Emergent communal assets	Communal resources shared by the whole cluster	õWe therefore created this Coworking Manual-A DIY guide on how to establish coworking space; it is dedicated to all our members, coworkers and fans that support and contribute to the development of Xindanwei.ö (Xindanwei coworking manual)

Constraints of problem solving in Xindanwei	Obstacles in sharing	Cultural context	The cultural elements which affect sharing practice	õ*In foreign co-working space, people are quite active in networking and sharing. But in China, if you just put two or three strange persons to work in the same office, they may not have any word with each other*.ö (Interviewee 8)
		Practical concerns	There are some practical issues needed to consider in sharing.	õ*I will be very selective in choosing people to share in-depth business details. I think Xindanwei's sharing approach is good for open innovation and knowledge*

				*exchange, but not good for every business.*ö (Respondent 16)
	Challenges to sustainable collaboration	Limited resources	Every member has to make good use of their limited resources	ö*At the end of day, we have to know our limitations. We only afford to have a small team to run Xindanwei.*ö (Interviewee 1)
		Self-selected participation	Member has freedom to participate in or quit any partnerships	ö*Every month we have new members joining us, but at the same time some members move out of Xindanwei. There are many reasons why they choose to leave.* ö (Interviewee 2)