

**Business Model Innovation in Chinese Private Art Galleries: a
Dual Value Proposition Model**

LENG Jinhui

Thesis submitted as partial requirement for the conferral of

Doctor of Management

Supervisor:

Professor Virginia Trigo, Professor Emeritus, ISCTE University Institute of Lisbon

Co-supervisor:

Professor Yifei Du, Professor, University of Electronic Science and Technology of China,
School of Management and Economics

May, 2017



Instituto Universitário de Lisboa

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- Spine -



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Abstract

With the rapid development of China's economy, people's living standards continue to improve, spiritual needs are constantly increasing, and more and more people participate in the appreciation, investment and collection of art. Private art galleries are constantly emerging but, in the absence of government subsidies, private capital or donations, have to consider their dual nature of commerciality and commonweal to ensure a sustainable management. Based on the network theory, this thesis puts forward a new type of business model for private art galleries in the Chinese context, as opposed to the traditional linear model, in order to integrate this dual nature. The aim is to resolve the conflict between commerciality and commonweal and to integrate the different kinds of value specific to art works revealing that the dynamism and richness of networks allow for such integration and enable the full release of artistic value.

The research uses multiple case studies of private galleries in Sichuan province, China, as well as an extensive collection of interviews, fieldwork and secondary data. Along two years, five galleries have been visited, 42 artists, 10 executives and 9 art professors have been interviewed and substantial secondary data were analyzed. In the whole, 300,000 words in Chinese have been collected and processed through content analysis and data triangulation. The analysis allowed to (1) verify the conflictual nature of commerciality and commonweal that private galleries need to address; (2) identify that the release of artistic value is a process developed through the interaction among creators, appreciators and brokers; (3) identify that only explicit value may be fully released while potential value is constantly promoted through networks that emerge among appreciators. On a first stage the thesis proposes a double helix model based on artistic value where potential value provides space for integrating commerciality and commonweal.

There is also a dual purpose in this thesis: (1) to reveal the limitations of the traditional business model canvas and (2) to present a new business model aiming at optimizing the ability of art organizations to fulfill the dual aim of commerciality and commonweal for the full release of artistic value. The data collected enabled to conclude that networks contain the dynamism and richness required for the transport of artistic value and, based on them, a new business model was developed, integrating the main elements of the traditional business model canvas with the network theory and proposing an evolutionary, volcano like model, so as to express the intense, continuous and often ignored activity developed by networks and that resembles the lava in a volcano.

The thesis draws from three theoretical approaches – value, network and business model theories – and integrates the three of them. Then, based on qualitative data collection and analysis, proposes a new business model that may add to existing theory and aims at being useful for those art organizations that face the need to satisfy commerciality and commonweal and to release both explicit and potential value for the full realization of artistic value.

Keywords: Private Art Galleries; Commerciality; Commonweal; Networks; Business Model

JEL : M10 General Administration; M21 Business Economics

Resume

Com o rápido desenvolvimento da economia chinesa e a melhoria dos padrões de vida, as necessidades espirituais têm também vindo a aumentar e cada vez são mais as pessoas que, na China, apreciam, investem e colecionam arte. Este aumento nota-se também no número crescente de galerias de arte privadas que, na ausência de subsídios governamentais, investimento privado ou mecenato, têm de encontrar formas de satisfazer objetivos sociais e comerciais para garantir uma gestão sustentável.

Esta tese propõe um novo tipo de modelo de negócios que, em contraste com a linearidade do modelo de negócios tradicional, integra a dupla natureza das galerias de arte no contexto chinês através de uma proposta de valor assente na teoria das redes de relações. O modelo pretende resolver o conflito existente entre a necessidade de satisfazer objetivos sociais e comerciais e agregar os diversos tipos de valor característicos das obras de arte, demonstrando que o dinamismo e a riqueza das redes de relações favorecem a integração destes objetivos com vista à promoção integral do valor artístico.

A tese utiliza diversos casos de estudo de galerias privadas na província de Sichuan, China, e uma extensa coleção de entrevistas, trabalho de campo e dados secundários. Ao longo de dois anos foram visitadas cinco galerias, entrevistados 42 artistas, 10 gestores, 9 professores de arte e recolhida documentação secundária obtendo-se, no total, mais de 300 mil palavras em chinês. O material foi depois processado através de análise de conteúdo e triangulação de dados. A análise permitiu (1) confirmar a natureza conflitual entre objetivos sociais e comerciais com que se debatem as galerias de arte privadas; (2) identificar que a libertação do valor da arte se processa em constante interação entre criador, apreciador e canal de distribuição; (3) identificar ainda que apenas o valor explícito da obra de arte pode ser integralmente libertado ao contrário do que acontece com o valor potencial, baseado nas redes de relações promovidas entre apreciadores. Numa primeira fase a tese propõe um modelo tridimensional em hélice para representar o processo de formação do valor artístico, segundo o qual o valor potencial permite a integração de objetivos comerciais e sociais.

É também duplo o objetivo fundamental desta tese: (1) expor as limitações do modelo de negócios tradicional e (2) apresentar um novo modelo que permita otimizar a capacidade das organizações artísticas corresponderem a objetivos sociais e comerciais e libertarem ao máximo as diversas formas do valor artístico. Verificou-se, através da recolha e análise de dados, que as redes de relações proporcionam o dinamismo e a riqueza necessários para transportar

esse valor e foi com base nelas que se chegou a um novo modelo de negócios que integra os elementos principais do modelo tradicional com a teoria das redes de relações propondo um novo modelo não linear, mas evolucionário, que se designou por “vulcão” para retratar a intensa, contínua e não totalmente conhecida atividade desenvolvida pelas redes, semelhante à lava no interior de um vulcão.

Partindo de três abordagens teóricas – as teorias do valor, das redes de relações e do modelos de negócio – esta tese integra as três perspectivas e, com base numa extensa recolha de dados tratados qualitativamente, propõe um novo modelo de negócio que pode acrescentar algo à teoria existente e ser útil para as organizações que negociam em arte e se debatem com a dupla necessidade de satisfazer objectivos sociais e comerciais e de libertar o valor explícito e potencial das obras para a completa realização do valor artístico.

Palavras chave: Galerias de Arte Privadas; Valor comercial; Valor social; Redes de relações; Modelo de negócios

JEL : M10 General Administration; M21 Business Economics

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Chapter 1: Introduction

1.1 Research Background

The exploration of business models of enterprises can be regarded as an eternal and new topic. The exploration of business models involves such aspects as model factors, innovative approaches and assessment methods. However, at the core for the causes of such exploration is still the creation, transfer and realization of value. The research of value theory can be traced back to the exploration into economics and political economics in the 19th century. Value theory has an extremely complicated connotation and numerous research angles. Along with the boom of consumption economy and experience economy, traditional value theory based on the use value of products has been challenged, while research focused on experience value or participation value is booming. Experience value and participation value are not one-time value to be realized with products as ties, but sustainable value based on ties as links. The network relation theory with ties as its major research content has already spanned social sciences and penetrated other sectors. The intermediate economic behaviors of contemporary socialists, anthropologists, politicians and historians have already become a type of mainstream viewpoints by embedding themselves deep in social network relations. Along with the constant changes of the macro-environment of world economy and modern science and technology, especially with the advent of the Internet age, value, network relations and business models all bear their contemporary features, and need to be studied in new historical backgrounds. By scanning the current operation environment, we will probe into the operation problems faced by Chinese private art galleries through the above-mentioned three research perspectives including value, network relationships and business model.

The booming of Chinese private art galleries is based on a certain historical background. Along with the rapid development of the Chinese market economy, the rise of Chinese per-capita GDP, and the increase of Chinese people's spiritual pursuit, the demand of Chinese art market becomes higher and higher and more and more people participate in the investment and the collection of artworks. Art institutions undertake the function of artwork creation, popularization, communication and value realization. In turn, the expansion of art market demand also has a higher requirement for art institutions to disseminate art and share artistic value. However the development of Chinese cultural industry still lags behind that of western

countries and China makes an insufficient investment in its cultural industry. In 1993, the annual output value of the entertainment industry exceeded that of the automobile industry in Japan^①, while in China, although the added value of the cultural industry and its proportion in GDP have been rising constantly over the past few years, up to RMB 2,723.5 billion (about €362.6 billion) in 2015 from RMB 425.3 billion (about €56.6 billion) in 2005, and its proportion in GDP up to 3.97% in 2015 from 2.3% in 2005, there is still a gap when compared with western countries^②. Existing Chinese art institutions including state-owned art galleries cannot satisfy the ever-growing national pursuit of culture and art.

According to relevant data released by Chinese private art galleries, China has more than 400 art galleries, 1/3 of which are private ones^③. Therefore, private art galleries have become an important part of the development pattern of Chinese art galleries, further promoting the benign interaction of art creation, art dissemination, art release and art sharing, offering cultural services, promoting the humanistic development of cities, and enabling the public to benefit from them, and maximizing artistic value.

Let us review the development process of Chinese private art galleries. In 1991, Yan Huang Art Gallery was established, which is regarded as the first Chinese private art gallery. In 1998, art galleries sponsored by enterprises were established in succession, including Shenyang Dongyu Art Gallery, Tianjin Taida Art Gallery and Chengdu Shanghe Art Gallery, announcing that Chinese art galleries embarked on a road of privatization. In 2002, Beijing Today Art Gallery developed vigorously, marking another boom of Chinese private art galleries, which expanded people's cognition of art galleries. After 2007, the craze for building private art galleries reached a climax along with the reinforcement of relevant appeals and the continuous promulgation of relevant policies. In recent years, Chinese private art galleries have been "gushing" along with people's strong passion for artwork collection. However, most of these private art galleries were transient, and few of them had an operation history of more than ten years. Shenyang Dongyu Art Gallery, Tianjin Taida Art Gallery and Chengdu Shanghe Art Gallery established in 1998 were closed after only less than three years of operation due to improper operation and lack of talents. Longyishi Art Gallery established in December 2014 stopped its operation before opening. The difference between the operating conditions of the Chinese local private art galleries and those western ones gives much significance to the exploration of the survival model and business model of private art galleries in the Chinese

^① Data source: <https://wenku.baidu.com/view/785cc2678bd63186bdebbc39.html>, 2009

^② Data source: National Bureau of Statistics of P. R. China, 2009

^③ Data source: <https://wenku.baidu.com/view/785cc2678bd63186bdebbc39.html>, 2009

context.

Countries in Europe and North America have mature policies and laws on supporting non-profit organizations, as well as desirable collection resources and management concepts. In these countries, operation industrialization and technique corporatization have come into being. In contrast, the development of Chinese art galleries is not based on a sound operation model and governance mechanism. The relevant regulation on art galleries in China entitled Provisional Regulations of the Ministry of Culture on the Work of Art Galleries was put forward in November 1986. So far the definition of private art galleries is very vague^④. Although Chinese government renders policy support to the development of cultural industry and art galleries at present and the top-down cultural industry strategy has been reinforced continuously, the preferential policy remains unclear and no relevant laws and regulations explicitly specify what kind of art galleries is private and which types of them can apply for policy funding. It is therefore quite difficult for private art galleries to secure the financial aid provided by policies. Furthermore, China has no tax preference policy for the operation of art galleries to encourage the donation of the society and enterprises to art galleries. In contrast with their western counterparts, Chinese art galleries have not yet formed a desirable cluster effect, and still have a huge gap in building their core competitiveness to attract visitors. European and American countries represented by USA have appropriate cultural fund systems, which play an important role in such aspects as economy, politics, culture and diplomacy. However, the financial source of private art galleries in China still mainly relies on self-financing, which objectively restricts its development.

The present operation models of Chinese private art galleries include: purely academic exhibitions; exhibitions based on sponsorship and cooperation, and self-marketing accompanied with business operation. Business models are classified into conventional ones and unconventional ones. Conventional models include: the model of entrance tickets, the model of selling works, the model of art derivatives, the model of art added value and the model of art collection. Unconventional models include the model of art real estate, the model of money laundering and the model of financial bridgehead. These profit models are lacking in sustainability and cannot support the fund required for the long-term operation of galleries. Present operation models can neither effectively attract visitors' interest, time, effort and support, nor effectively resolve the benign cycle hematopoietic function of sustainable

^④Data source: News from People's Political Consultative Conference Website: <http://www.rmzxb.com.cn/c/2015-08-28/565487.shtml>, 2015

development of private art galleries.

In light of the above, it is essential to find out a business model for private art galleries that suits Chinese reality in the present Chinese social environment. Such a new business model can help to establish the brand of Chinese private art galleries, balance social and economic benefit, maximize its social benefit, and promote the benign sustainable development of private art galleries. The research into the innovation in the business model of private art galleries, which combines commonweal and commerciality may solve the current management difficulties facing private art galleries in China. Therefore we believe that it is of importance social significance.

Based on such three research perspectives as value theory, network relationship theory and business model, applying the methods of multi-case study and qualitative study and through the investigation and analysis of the management status quo of the current private art galleries in China, this study reveals the innovation of the business model of private art galleries which combines the commonweal and commerciality of art respectively in the aspects of potential value discovery, network relationship bearing and business model implementation. Among them, potential value discovery refers to the discovery of potential value of artwork relative to its explicit transaction value; network relationship bearing refers to the potential value carried on by relationships; and business model implementation means the activation of potential value based on connection relationships and the realization of explicit value returns.

1.2 Research Significance

Theoretical Significance

During the management of modern enterprises, the innovation of business models has aroused more and more attention. According to Mitchell and Coles (2003), the innovation of business models is the most fundamental competitive edge for enterprises, as it can help them increase their market shares and profit. In particular, along with the popularity of Internet and the advent of the Internet era, the business model has been shifting from “supply-oriented” to “demand-oriented”. Value research has also been given a new connotation nowadays. In the industrial age, more attention was paid to functional value. However, with the upgrading of consumption and the increase of people’s demand for art and culture, the value of artwork is no longer limited to its functional value; instead, more emphasis is laid on the emotional value and situational value of products interacting with collectors and appraisers in a later period. The

value then emphasized the ties among various subjects attached to the products themselves. Moreover, the ties have already changed from point-to-point bilateral relationship to a platform of network relationships (Xu and Zhang, 2006). The richness of value connotation and the richness and dynamics of network relationships require a corresponding adjustment for the traditional business model with value creation, value delivery and value realization as targets. In the new situation, how should enterprises adjust their business model to carry on new value?

In addition, in recent years, the percentage of social enterprises has been rising. As complexes of commonweal and commercial organizations, social enterprises usually lie in a productive balance state by integrating commercial and charitable elements (Dees, 1998). In contrast with ordinary commercial enterprises concentrated on the creation and acquisition of economic value, social enterprises are focused on the acquisition of economic value and creation of social value, with the creation of economic value and the acquisition of social value as a supplement (Liu and Jin, 2015). Social enterprises should maintain their sustainable operation, which is also crucial for organizing the exploration of business models. Which business model should social enterprises apply to effectively balance their commercial and public-benefit appeal?

Similar problems on the exploration of enterprise business models need to be further explored intensively. Therefore, this thesis will explore new business models in connection with the characteristics of the new situation and the characteristics of art galleries as social enterprises and aims at being an effective supplement to the present exploration theory of business models in China.

This research integrates three research perspectives including value theory, network relation theory and business model. The research result intends to play a certain enlightening role to the original theory.

Practical Significance

Although Chinese private art galleries already have a development history of more than 20 years, there are still many problems that restrict their development as it will be explained ahead. In contrast with western mature laws and statutes on artistic and cultural markets and mature demand of westerners for art and culture, Chinese private art galleries face a quite different operation environment, and it is crucial to explore an operation model of private art galleries that suits the present Chinese national conditions. The research of this thesis sorts out the operation status of many private art galleries nationwide, and in the way of typical case analysis, presents the problems encountered by and specific tactics applied by private art

galleries during their actual operation. On the basis of these characteristics the research will sum up the business model that can integrate the commerciality and commonweal of private art galleries, so as to offer better guidance to their realistic operation and be of significance for the design of new business models.

1.3 Research Content

Based on their development in the present Chinese social environment, private art galleries must establish a business model that integrates commerciality and commonweal; realize their self-hematopoiesis function, thus ensuring the sustainable operation of art galleries. In the way of case study, this thesis explores a certain type of business model that balances commercial and commonweal conflicts.

First, based on sorting out value-related literature, the potentiality, dynamics and emergence of artwork value are interpreted. The above-mentioned value that artworks have enables network relationships with artworks as links to generate value. Network relationships generate potential value space relative to explicit value space, and the conflict between commerciality and commonweal can be better integrated in the potential value space.

Next, this thesis sorts out the literature on ties according to the logic of value-bearing network relations, sorts out the research status of network relations, and reveals that the bearing of potential value of artworks needs the help of network relations. The richness and dynamics of network relations can bear value and integrate the commercial and commonweal value of art.

Finally, according to the research into value and network relationships, a business model structure based on network relationships is proposed and the advantage of the business model based on network relationships is studied combined with the traditional linear business model, thus offering better guidance to the application of private art galleries in practice.

1.4 Research Methods

This thesis synthetically applies research methods that enable to discuss and solve the research problems of this thesis. Such methods will be described in detail in Chapter 3 and include:

Qualitative Research

Through the data and information collected through interviews, observations, and secondhand data obtained through multi-channels, the research aims at analyzing the operation status of private art galleries in the Chinese background. It conducts in-depth overall discussion, processes the obtained data by using the process of repeated comparison and repeated theoretical sampling, and works out a theoretical proposition and model that aims at meeting the research expectations.

Case Study

With regard to case study, by integrating the overall and all-round understanding of the real world situation and our inductive thinking process, we can effectively study various processes of an organization. In particular, when the perspective oriented to an overall, all-round and long-term process is applied to this method, its research effect will often be unexpected but genuine and credible (Li and Cao, 2012). If we apply case study, we can track out key enterprise behaviors from typical cases. Major cases studied in this research include: Siwei Art Gallery, Nongyuan Art Village, Hong Art Gallery, Blue Roof Gallery, Jianchuan Gallery, Today Art Gallery.

1.5 Research Framework

To better conduct the research, we have designed the following research framework to display the logics of several of our key constructions, just as Figure 1-1 shows.

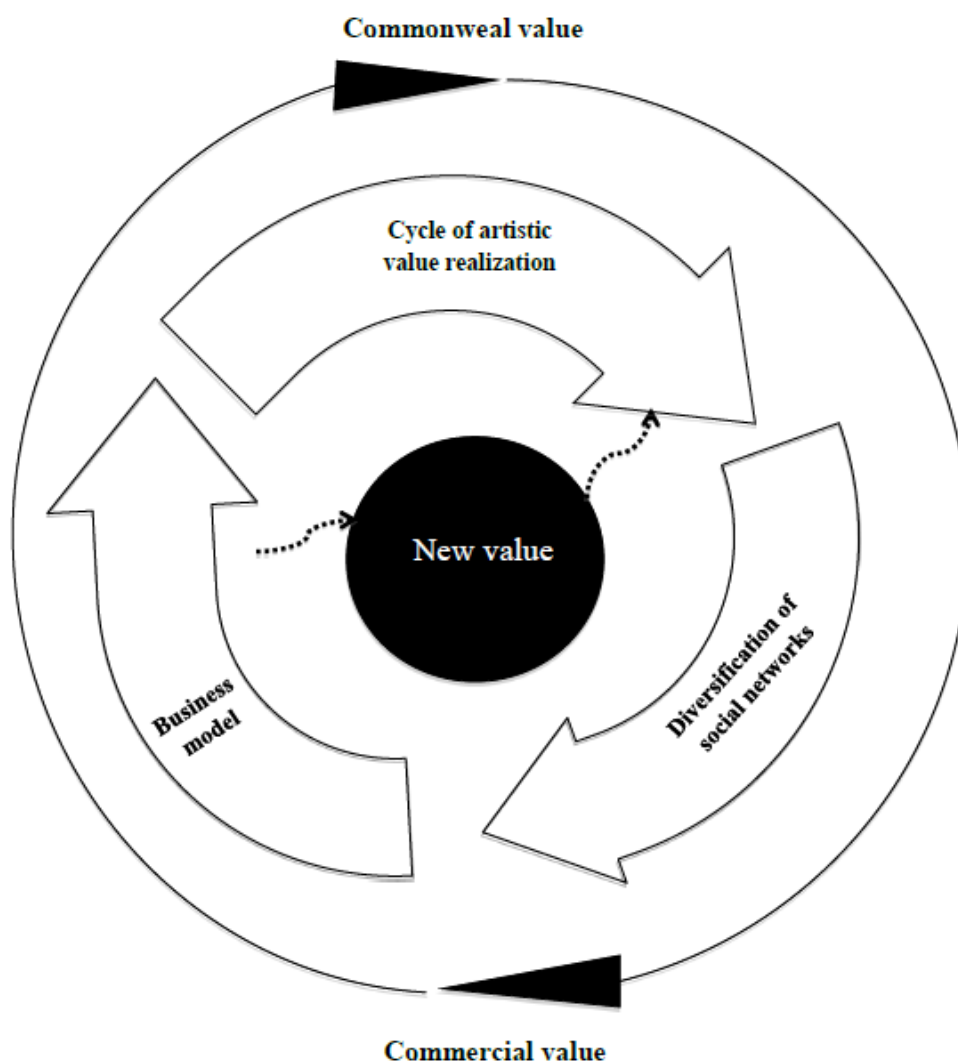


Figure 1-1 Key Constructs

Data source: presented by the author

Chapter 1 covers the introduction, expounds the research background, the research significance, the major research content, a summary of the research methods and the major research framework.

Chapter 2 presents the literature review, sorting out literature on value, network relations and business model, finding out theoretical support and theoretical innovative points from existing research.

Chapter 3 explains the research methods used expounding the data sources involved by this research and the ways of data processing.

Chapter 4 presents the cycle process of artistic value, forming its basic cycle process through data processing, extracting key constructs and forming propositions.

Chapter 5: introduces the bearing of artistic value by network relations. Through data processing, the dynamics and rich changes of network relations come into being in the cycle process of artistic value, key constructs are extracted, and propositions are formed.

Chapter 6: Through the propositions in Chapter 4 and Chapter 5, the business model comes into being based on network relations for private enterprises that can integrate commercial and commonweal, offering contribution to theory and guidance to practice.

Chapter 7: Research conclusion – a summary is made to the whole thesis, and suggestions are put forward for future research work.

Chapter 2: Literature Review

2.1 The Concept of Value

2.1.1 Definition

In the opinion of Marx and Engels (1843), value emerges and exists in the dynamic process of interaction between subjects and objects. This process is chiefly embodied as the practical activities of human beings. Objects satisfy subjects not spontaneously, but usually through conscious and purposeful processing and transformation aiming at turning things-in-themselves into things-for-us, thus meeting the requirements and demands of subjects. Therefore, value always emerges and exists in the dynamic movement structure marked by the mutual reliance of subjects and objects.

As far as value itself is concerned, it is a word involving an extremely rich connotation. Value in different disciplines has different definitions and connotations. As a foreign word, value originated from "valere" in Latin at the earliest. In terms of etymology, its root has a vague meaning, covering many aspects. For example, it has such meanings as "good" and "full of physical power or full of valor or vigor". This Latin word was officially brought into the English language family in the 14th century. However, in the 19th century, it went through a long process of evolution, with its meaning becoming narrower and narrower; chiefly concentrated in the fields of politics and economics, it exclusively referred to the price of a commodity, or of general human labor condensed in a commodity. At the end of the 19th century, in the philosophy of neo-Kantists, Nietzsche and Schopenhauer, the connotation of this word was expanded, with its meaning becoming richer. In the meantime, doctrines with value as their research objects, e.g. value theory and axiology began to develop systematically, which was called "science of value" (Hartman, 1959), and the definition of value began to be enriched. In its broad sense, value refers to all nice things or goods valued very high; and such goods have an obvious feature: they can reflect a certain preference or desire of people. Besides the above-mentioned definitions, in the books on moral philosophy, value is usually understood as "the belief in specific ways of behaviors or targets desirable for individuals or the society" (Li, 2006). In a word, value involves various types of normative judgments made by all people on individuals and the society.

Makiguchi (1989) holds a similar viewpoint as, according to him, value refers to the emotional relations between objects and people. Therefore, it is a consistency relationship reached between objects and subjects. In his eyes, value is an appraisal and weighs subject-object relations. To put it simply, value is the result of judgment made according to the influencing degree and interest size of a piece of goods to users. Therefore, value is the mutual reliance relationship between subjects and objects. That is to say, if an object does not have an explicit or potential usefulness, or this explicit or potential usefulness is useless for the subject in its opinion, value would not occur. Of course, “object” here is not necessarily a piece of tangible goods, because it also includes some intangible or ideological concepts, e.g. truth, kindness and beauty.

Besides Makiguchi’s definition, Bu and Ji (2001) classified value into the following trichotomy: embedded value, extrinsic value and instrumental value. In their opinion, instrumental value has no value tendency, because tendency only exists when a value purpose is achieved. Extrinsic value is amicable, and can serve as a purpose while embedded value is the basis for us to pursue substances. As per Zhen and Wang (2015), value has such basic attributes as durability, inseparability, relative independency and satisfiability.

Academically, there are thousands of schemes for the classification of value. In the opinion of (Lowrance, 1985), some scholars distinguish ultimate and ideal value from secular and operational value, some scholars distinguish basic demand value from luxury demand value, other scholars distinguish static value from pursued dynamic value, while others distinguish self-oriented value from group-oriented value. Others still distinguish positive value from negative value, and others differentiate value according to content and source, including aesthetic, economic, religious, political and other. There are numerous definitions to value. Therefore, we have sorted out some selected definitions from different perspectives.

Value from economic perspective:

The definition of commercial value in traditional economics is: the value created by commercial enterprises and commercial capital in the commercial process when they move or act in the field of circulation (Wang, 2012). In commerce, the real source of value is surplus value created by workers, and is the value created by them after deduction of their basic demand. In economics, value is the opposite side of the use value of commodities, namely general indiscriminate human labor condensed in commodities. The “value” here refers to undifferentiated human labor condensed in commodities.

Value from management perspective:

In the field of management, Chen et al. (2003) concentrated their definition in effectiveness, e.g. customer value, sales level, sales growth rate, absolute market share, relative market share, and production capacity utilization, all of which are aspects that can embody the performance of an enterprise. In management, the concepts of value are usually concentrated in efficiency or effectiveness, and are often manifested in the form of financial efficiency, e.g. net profit ratio, earnings per share or ROI. These concepts are the most commonly used definitions in the research into strategic management and product performance. The definitions of value in management are based on financial data, and are essentially different from the artistic value expounded in this thesis.

Value from a philosophical perspective:

In the opinion of (Marx and Engels, 1843), value is a relationship in which objective attributes meet the demand of subjects, falling into the category of a relationship, embodying a unity between subjects and objects. In philosophy, value can be classified from different perspectives. For example, according to human demands, value can be classified into material value, spiritual value and in the integrated value of material and spirit. According to the results of value relationship, value can be classified into “truth” (scientific value), “kindness” (ethical value) and “beauty” (aesthetic value). Among them, human value is the highest, because it can create other types of value.

In classic Marxism (Marx and Engels, 1843), the statements on commodity value include “value”, “exchange value” and “use value”. Besides tangible substances, artistic creation is also a process of value production in the opinion of Marx. In his eyes, morality, religion, family relations and art. are all special forms of value production and, more or less, are all subject to the value law. Marx’s definition of value from a philosophical perspective coincides with the characteristics of artistic value in some aspects.

Value from marketing perspective:

According to Chen and Deng (2015), consumer value is one of the major concepts extensively applied in the marketing field. The value definition by Zeithaml (1988) is based on emotion and perception. In her opinion, customer value has two dimensions: perceptual gains and perceptual losses. The major part of the former is product quality, while the major part of the latter is product price.

In turn, Parasuraman and Grewal (2000) classified perceived value into four types: (1) acquisition value: the consideration paid for acquiring a certain commodity; the purchasers can

benefit from it after paying the agreed consideration; (2) transaction value: a sense of pleasure that customers can acquire in the transaction process; (3) use value: the value that commodities bring to purchasers in the process of use; (4) redemption value: the residual value that can be recovered after the use of a product. Among the four types of perceived value, transaction value places more stress on the spiritual pleasure that value brings to people, while use value emphasizes the sustainability of value. These characteristics are very similar to those of artistic value.

Besides emotional value, customer value is emphasized in marketing. Customer value refers to the degree of perception and approval of customers to the product and service supplied to them after their demand is met. On the one hand, customer value is the degree of approval of customers to products or services. On the other hand, it is also a precondition for customers to pay the agreed consideration. The above-mentioned statement can be expressed by an equation: customer value = explicit demand + implicit demand + unknown demand. In terms of the intrinsic value of commodities, it can also be expressed as: customer value = basic value + extended value + derived value. Therefore, the basic value of commodities merely meets the explicit demand of customers, while the extended value further taps the hidden value of a commodity, expanding the scope of value. Derived value is the re-positioning of sellers to customers' demand, namely, creating new demand by guiding customer demand, and re-classifying customer groups with the new demand.

Against customer value, Kotler (1999) put forward a new concept of customer delivered value. In his eyes, customer delivered value is total customer value minus total customer cost. In the measurement model proposed by him, total customer value has two aspects: one is the value acquired as expected by customers; the other is the value actually acquired by customers. Total customer value includes product value, service value, brand value and personality value. Total customer cost refers to the respective prices paid by customers in the process of acquiring total customer value, e.g. money, time, energy and other costs.

In the consumption value model proposed by Sheth et al. (1991), it is pointed out that products or services provide customers with value of five dimensions: (1) conditional value; (2) cognitional value; (3) social value; (4) functional value; (5) emotional value. Please refer to fig 2-1 for the illustration of the five dimensions of customer value as referred by Sheth et al. (1991).

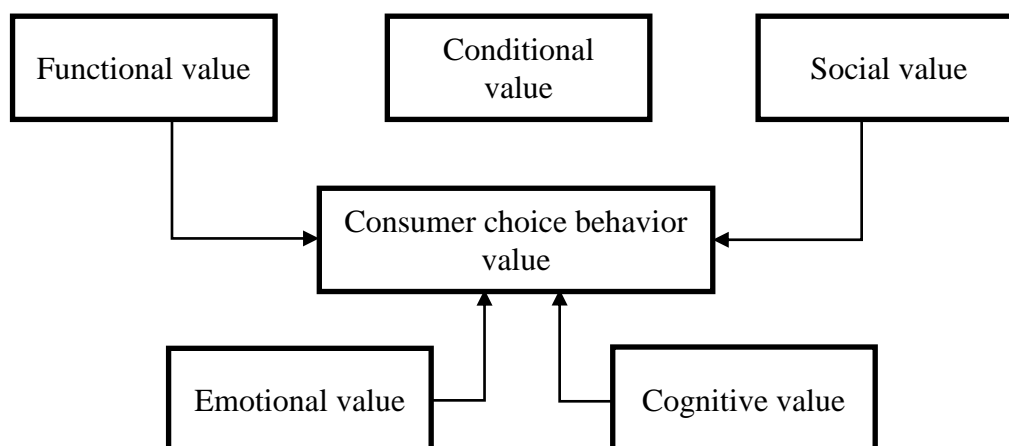


Figure 2-1 Sheth et al.'s (1991) Five Dimensions of Customer Value

Data source: literature collation

The meanings of these five dimensions are:

(1) Functional value: refers to a kind of value contained in commodities that can benefit consumers.

(2) Social value: the value that consumers can communicate with others in the process of the product use. Under the influence of social value, consumers who select a product may pay more attention to whether this product can promote their own social status, and mold their own social image through its characteristics.

(3) Conditional value: specific conditions at the time when consumers select a certain commodity. For example, under some specific circumstances, products can provide greater value; while under other circumstances, products can only provide lesser value.

(4) Emotional value: a certain emotion that can influence consumers to purchase commodities. In this case, the value acquired by consumers comes from a certain emotion aroused by the product selected.

(5) Cognitive value: the cognition of consumers to a certain commodity, e.g. whether they are curious; whether they want to make further exploration. In the opinion of researchers, while selecting commodities, consumers may be subject to one of the above-mentioned five types of value, but in most cases are subject to two or more of the five types, or even to all. Based on the research of Sheth et al. (1991), Sweeney and Soutar (2001) conducted an empirical study on the industry of durable retails, and proposed four dimensions of customer value: quality factor, price factor, social factor and emotional factor. This value classification embodies elements related to artistic value. For example, emotional value embodies the experience and emotional state that commodities bring to consumers. Social value enables consumers to share

some commodities and interact and communicate with one another. However, not all dimensions coincide with our definition of artistic value as it will be explained ahead.

In marketing, there is a description of commercial value stating that it refers to economic value that for-profit organizations or institutions (mostly enterprises) bring to others through a series of economic management activities. Macroscopically, it can embody the investment value of an enterprise. Microscopically, it refers to the due reward that enterprises acquire after meeting customers' demands. Commercial value can also be the customer value that enterprises acquire after supplying products or services to customers, i.e. the sum of considerations paid by customers to purchase commodities and services. Customer value is the basis of commercial value. The higher the customer value is, the higher the commercial value will be, and the stronger the competitiveness of the enterprise will be. "Commercial value" here is somewhat similar to the price definition in management based on financial data.

If an enterprise can only supply basic products or services to customers and can only meet explicit demand, then this enterprise can only obtain basic rewards. Therefore, in order to survive, enterprises in the industry should at least provide similar basic functions. However, if they can only provide basic value they will inevitably fall into homogenous cut-throat competition. Accordingly, if an enterprise can tap and meet the implicit demand of customers while providing basic value, then it has created extended value and thus enjoys a differentiated competitive edge. In order to break away from cut-throat competition in the industry and acquire profitability, the enterprise must create the potential or unknown demand of customers, change and innovate the original business model in the industry, and achieve derived value by meeting the potential or unknown demand. The above-mentioned statement can be expressed as: $\text{commercial value} = \text{basic value} + \text{extended value} + \text{derived value}$. The "commercial value" here does not only refer to those tangible commercial activities in enterprises. Potential derived demand also needs to be developed continuously. These derived demands may be captured through the potential value contained in commodities, so that commercial value can rise to a layer of spiritual pursuit, breaking away from previous unitary functional demand. In this aspect, commercial value is very similar to artistic value (Chen and Deng, 2015).

By sorting out value from various above-mentioned perspectives, we can detect that value definitions are very extensive. Each discipline has its own unique perspective and viewpoint to value and specifically expounds what value is from its own perspective. However, we can detect that the definitions of value given by many disciplines are completely different from the artistic value in the art market. Art is a discipline integrating such elements as aesthetics, design, soul,

religion, belief and nationality. Artistic value has something to do with our perceptions and our emotions, and different people even have completely different definitions of art. Therefore, artistic value is mostly incorporated into emotion, tactile sense, or perception, matching all the more the concept of value from the marketing perspective..

2.1.2 The Definition of Potential Value

Macroscopically, potential value refers to the potential value of commodities. “Commodities” here encompass all social commodities. Microscopically, potential value refers to the potential value contained in a certain or in a category of commodities (Ge, 2007).

Potential value bears a nature of virtual potentiality. The nature of virtual potentiality means that value is virtually-existing and potential, rather than being actually-existing and explicit (Fronzizi, 1984). If the potential value is required to be transformed from virtual potentiality to concreteness, then subjects and objects are required to be interactive and mutually transformable. As stated by Fronzizi (1984), while distinguishing value from the object of value, value is nothing but a potential, containing an unrealistic nature.

In Ge's (2007) opinion, there are two dialectical relationships between value and potential value:

First, potential value and value are different and have different space-time attributes. Value is a natural relationship of economic interest between subjects and objects, while potential value is a potential relationship of economic interest that may occur between subjects and objects. The entity of value is human labor that has already come into being, while potential value does not have an entity, because it is human labor that may come into being in the future. The realization of value can only exist in the three-dimension space of the real market. Once it goes beyond this space, its nature will change inevitably. The realization of potential value can only exist in a future spatial field. If its realization process goes beyond this space field, it will no longer be potential value. Their formation mechanisms are also different. The quantity of value is certain, while potential value chiefly emerges from such factors as the change of social production conditions, the change of realization conditions and the change of labor quality and quantity. As the value that is possibly realized, potential value is uncertain, and only tentatively can it be described and measured via various mathematic models.

Second, value and potential value are correlated. First, value and potential value rely on each other. Value is the basis of potential value, while potential value is the value that has not yet come into being and has not been realized. The potential value that has not been realized

may affect the process of value realization. Potential value is the premise of value, and is the potential value that has already been unfolded and realized. It contains new potential value in itself. Next, value and potential value can transform into each other under certain conditions. With regard to the commodities or services whose value has been realized, e.g. a purchased car or a pen, when they enter the market again, due to the change of social production conditions and realization conditions, their current value will not be completely the same as before. In this process, value is transformed into potential value. Likewise, after those social factors that can affect potential value undergo a change, potential value will be transformed into value. Since the beginning of the total process of social production, value has always been developing and changing under the promotion of the contradictory movement between productive forces and productive relations. Therefore, value movement is a dynamic process in which value is transformed into potential value and potential value is transformed into value. In other words, value movement is a dynamic process in which value and potential value transform into each other continuously.

Artistic value has its explicit aspect, i.e. it meets our aesthetic demand and our spiritual demand. It also has its potential aspect, i.e. potential value contained in artworks, which has not yet been released. On the one hand, it is different from the explicit layer of artistic value; on the other hand, it can also be transformed into a kind of explicit value. The issue of artistic value will be discussed below.

2.1.3 Artistic Value

Just like the definition of value from the marketing perspective, many scholars endow value with emotional and aesthetic meanings.

For example, as per Fischer's (2013) opinion, emotion is the source of value. If we cannot interpret a certain thing within a rational limit, when rationality can no longer help us to solve the problem, emotion can help us at this time. Emotion can be released through our consciousness and perception, enabling us to perceive the existence of the world and discern value. It is difficult to measure in a rational way the value mentioned here, which can only be felt through a kind of consciousness or experience, e.g. aesthetic value. Based on emotional doctrines, He (1989) thinks that value comes from the recognition of our human beings to some extent; it exists in our appraisal of the world, and lies in our expectations towards humanity (including rationality and irrationality). These things are fundamentally derivatives of human emotion, and are those difficult-to-accomplish wishes in human culture. In essence, value is not

a tangible substance; it is not based on necessity, but based on wishes.

In turn, Meng (1998) asserted that when human beings begin to pursue conditions at a layer higher than material ones, the value they pay attention to is not limited to material value, but is extended to spiritual and cultural life, which is manifested in the modern pursuit of spiritual value. Apart from material value and economic value, people seem to emphatically pursue a kind of null value, dig human nature from the null value and seek the fundamental significance of the existence of human life. This kind of seeking is very persistent: on the one hand, it is the continuance of the long-term seeking of the mystery of life of human beings; on the other hand, it has also brought our pursuit of spirit and selves detached from substances. With many patterns, this pursuit assumes multi-perspective and multi-dimensional characteristics, including the exploration of human beings into philosophy or history and the textual research of human beings to these problems.

Artistic value can be regarded as a special existence way of value. It has its own inherent regularity, and it is also the unity of subjectivity and objectivity, contemporariness and immutability, individuality and collectivity, and nationality and internationality (Liu, 2010). In terms of intrinsic structure, artistic value consists of two subjects: the purchaser and the artwork. In terms of the realization form of art, it assumes a dynamic process, which is a multi-value system focused on aesthetic value, and is also an open one. Artistic value has a standard, which is an important category of artistic value embodiment. Value standard reflects the demand of subjects, and has manifold connotations. In the contemporary society, people under an historical transformation period such as China's have multiple and multi-layered demands. These demands endow artistic value standards with such characteristics as diversity and multiplicity. Moreover, at different layers including individual demand, social demand and human development demand, different artistic value standards have come into being.

Apart from the particularity of art mentioned above, as an important content of human spiritual life, art even represents the spiritual structure of human beings in its own sense. Art emphasizes a kind of value of universal participation, and therefore art has a participation value. "Participation value" means that artworks are unconventionally not fully completed by creators, but enable the participation of potential audience in the way of "semi-finished products". Only in the process of actual participation of universal audience, can artworks slowly display their intrinsic artistic value and vigor (Li, 2013). In the sense of participation, artworks are completed jointly by creators and audience, and are unfinished and open, manifested as the weakening of the control of creators to artworks and the reinforcement of the participation of audience to

artworks.

The “participation value” of art endows artworks with a characteristic at another layer, i.e. dynamics. Meng (1998) claims that the existence of art is a dynamic process, and art can be eventually completed only after going through a complete process from creation to appreciation among creators, artworks and audience. Artistic value is unfolded and operated exactly in this process, and the formation and realization of artistic value are also manifested as a dynamic process. This process includes three links: the formation of potential value, value appraisal and value effect, which together constitute a value process. The dynamics of art makes it more possible to release the potential value of art, with its potential value emerging continuously in the process of dynamic participation. .

In conclusion, with regard to the definition of artistic value in this thesis, it refers to people’s pursuit of aesthetics, spirit, vitality, religion or symbols, and represents people’s perception of art. Artistic value does not have any explicit use value just like ordinary commodities (so Marx’s definition of value is hereby inapplicable), nor can it be accurately calculated and bring tangible material benefit as defined in enterprise management or economics (so artistic value is also inappropriate from the perspective of enterprise management or economics). If we regard artistic value from the marketing perspective, some concepts in its definition, e.g. “social value”, “emotional value”, “situational value” coincide with our definition of artistic value. If we regard value from the philosophical perspective, some of the concepts therein, e.g. “aesthetic value” and “spiritual integrated value” also coincide with our artistic value.

The Potential Value of Art

In sum, by sorting out relevant literature on artistic and potential value, we consider that artistic value can be viewed from two aspects: one is explicit value; the other is potential value. When human beings begin to pursue conditions at a higher layer than material ones, the value they pay attention to is not limited to material value, but is extended to spiritual and cultural life (Meng, 1998). While pursuing artistic value, including pursuit of such aspects as spirit, soul, aesthetics, religion and vitality, people perceive the value by breaking through the material and economic boundaries. The series of value perceived by people is embodied in such forms as emotional value, social value or emotional value, all of which are manifestations of explicit value. Potential value refers to unreleased value contained in commodities. Potential value and value rely on each other since potential value is based on value. The potential value of art is also based on the explicit value of art that includes social value, emotional and situational value

and needs to be perceived by people. The existence of artistic value is a dynamic process, and artistic value can be eventually completed amidst the appreciative acceptance of acceptors only after going through a full process from production to consumption among creators, artworks and acceptors. Artistic value is unfolded and operated exactly in this process, and the emergence and realization of artistic value are also manifested as a dynamic process. This dynamic process forms a value network encompassing consumers, artists, art institutions and other participants, forming a huge “network of network relations” in a dynamic form. Everyone is active in the emergence process of artistic value. This big network of artistic value can also bear value in itself, namely: network relations can also bear value themselves. Potential value and value can also transform into each other. The value carried by network relations emerges in the form of a kind of potential value, and will emerge continuously in the future, cooling and solidifying into explicit value.

Artistic value can, therefore, be classified into explicit and potential value. In the large network of art, artistic value is borne in the way of “network relations”, as a dynamic process. Next, centering on the concepts of potential value and explicit value of art, we will discuss artistic value from the perspective of network relations, and explore how to dig and tap the potential value of art in a maximized way.

2.2 Network Relations

2.2.1 The Theoretical Review of Network Relations

Sociologists and anthropologists have applied the network theory to verify the features and effects of interactions and exchange among individuals (Harland, 1995; Maguire and Folgheraiter, 1983). Presently social networks have already spanned social sciences and have been rapidly applied in physics, communication and biology. In management research, social networks have already been applied in understanding working performance (Sparrowe et al., 2001), transformation of organizations (Kilduff and Krackhardt, 1994; Krackhardt and Porter, 1985), promotion (Burt, 1992), innovation (Obstfeld, 2005), creativity (Burt, 2004) and immoral conducts (Brass et al., 1998).

However, social networks have been more extensively applied in management consultancy as network analysis has rapidly become a diagnostic standard and an established instrument (Anklam, 2007; Bonabeau and Krebs, 2002; Cross et al., 2002; Karl, 2001). As can be easily observed social networks have exerted extensive influence on economic outputs (Arrow, 2000).

The middle economic behaviors of sociologists, anthropologists, politicians and historians have become a mainstream viewpoint by embedding themselves deep in social network relations. In the opinion of Granovetter (1992), economic behaviors have been embedded in continuous networks of individual relations and have been integrated with non-economic targets related to economic targets and social backgrounds. For collaboration and division of labor, unofficial social systems also emphasize network management (Fulton, 2016; Piore and Sabel, 1984; Powell, 2003; Ring and Van de Ven, 1992; Snow et al., 1992).

At present, research scholars of network relations are already aware that networks exist in the emergence and transformation of social capital in the form of a mechanism — in turn, they are also the basis of social interest (Coleman 1988) or individual interest (Burt, 1992). With regard to the interests generated through networks, their ingredients and functions as a value source, including the competitive edge of enterprises, come into being by relying on the network structure and network evolution in a given period. Many scholars pay attention to networks, with a tendency to concentrate on the measurement degree of networks, the series of ties that characterize them, and the actual structure of networks (Greve, 1995; Malecki and Tootle, 1996; Zimmer, 1986). According to Ren et al. (2016) on network relations received a great impulse with Granovetter's (1973) theory of Strong Weak Ties (SWT) and later with the subsequent Structural Hole (SH) theory by Burt (1992). Borgatti and Halgin (2011) explain that networks are linked by a series of actors and nodes in a series of special-type relations and actions. In networks, the modes of relations form a special structure.

2.2.2 Network Structure

The concept of network structure involves three important basic elements: (i) the nodes in the network, (ii) relations that link nodes and (iii) the mode or structure emerging from these linking results (Ahuja et al., 2012). Network structure and its membership are related to the node character, relative location, situation and strength, interaction mode or relations among nodes. With the lapse of time, the network structure changes, there is the increasing or decreasing in the number of nodes, or a changing in the features of nodes---not only within the scope of their abilities, but also when the relations among these nodes are created, dissolved and modified according to their strength and content. For example, joint ventures and alliances can be dissolved (Polidoro et al., 2011), the strength of relations may be changed (Mariotti and Delbridge, 2012), and relations of a certain type can affect the forms and composition of relations of another type (Shipilov and Li, 2012). Relations may also be changed according to

content, and the network relations of friends may be transformed into relations of business partners. Relations among actors can flow at the same time in multiple relation forms. In addition, the formation and compatibility of relations among nodes and distorted relations can in turn bring about the change of structure and relation forms.

Ahuja et al. (2012) proposed two aspects of dimensions of network structure for discussion: structure and content. The structure aspect includes self-network and overall network. At the layer of self-network, the consistent dimensions in relation forms are mostly centrality and structural holes existing or not existing in indirect or direct relations. Centrality involves extensive potential diversified interest, e.g. acquisition of diversified information or higher status or reputation. Existing structural holes are usually related to intermediate media. The discussion is carried out from five dimensions at the overall network layer: (i) the degree of node distribution, (ii) the connectivity of networks, (iii) the form of aggregation in networks, (iv) network density and (v) network relevance degree.

Overall network and self-network are opposite to each other, but have different outputs. The degree of node distribution affects the relevant frequency and relation distribution change of cross-node relations in networks (Jackson, 2010). The degree of distribution has been applied in the cross-organization distribution of status, power and reputation (Ahuja et al., 2009; Gulati and Gargiulo, 1999). The connectivity of networks affects the maximum path distance of two nodes in networks (Jackson, 2010). This can help to understand the diffusion process in networks, e.g. the dissemination or disappearance of information. In the background of organization networks, the small worlds of network programming and the separate management of information energy transmission promote the output of innovation and transformation (Schilling, 2005; Schilling and Phelps, 2007). The change of aggregation modes at the layer among organizations represents the reconstruction of aggregation or inter-company mutual competition just like network alliances (Gomes-Casseres, 1994).

In network densities, high network densities can affect network closure, and are in turn related to normative development under a condition. In network relevance, the significance of positive relevance lies in that high-position nodes are connected with other high-position nodes and low-position nodes are connected with other low-position nodes. The occurrence of irrelevance or negative relevance is that high-position nodes prefer to be associated with low-position nodes, and vice versa. Another aspect of dimensions in network structure includes the types of flow and the quantity of obvious flow. The types of flow consider the types of network relations, e.g. the conversion between strong and weak relations. The quantity of flow considers

the quantity involved by nodes and relations in networks. However, research into the structural characteristics and value creation of network relations is relatively scanty.

2.2.3 Attributes of Network Relations

The root of the theory of dynamics of network relations is from sociology. In particular, the research by Granovetter (1985, 1973) distinguished strong relations from weak relations and revealed the nature of social affiliation and complicated social elements and their features. In this field, more research has verified the key characteristics of these relations in commercial networks (Gulati, 1995; Larson, 1992; Ring and Van de Ven, 1992). This literature proposes that strong relations interact among these relations repeatedly and chronically according to tight densities (Kilduff and Krackhardt, 1994; Uzzi, 1996, 1997, 1999). Kilduff and Krackhardt (1994) also emphasize that trust, interaction and social capital at a higher layer are cultivated due to familiarity (Gulati, 1995; Larson, 1992). The feature of weak relations is through transactions conducted in irregularities and low frequencies without ties of social expansion. Just as Dyer and Singh (1998) have observed, frequencies that may be involved by weak relations conflict with durability. These definitions differentiate strong and weak relations and also indicate the essence of actions and transactions. They are described according to universality and special relations.

The ties of different strengths have different effects on knowledge transfer. Strong ties provide organizations with information of higher quality, reach consensus knowledge and promote the capacity of jointly solving problems. Weak ties tend to enable actors to access new information. Strong ties can promote the utilization of knowledge, while weak ties can promote the exploration of knowledge (Nooteboom, 2000). The strengths of relations have an extremely important effect on organization development. Tight relations among organizations play an active role in knowledge transactions, creation team standard and trust (Coleman, 1988). However, Burt (1992) pointed out that tight networks limited organization performance, because the increase of tight relations resulted in redundancy. The research of Gargiulo and Benassi (1999) and (Uzzi, 1996, 1997, 1999) also verified such a viewpoint. In addition, Uzzi and Gillespie (2002) found out that organizations relied on embedded relations too much, and obtained new resources from the outside by closing themselves. Smith (2012) proposed that, in the process of individual job applications, weak ties are more likely to be information pipes, exerting an influence on whether they can help to find out better jobs.

Most of research into the effects of relation strengths on network structure and outputs are

based on static analysis. Based on the two types of strong and weak ties differentiated by Granovetter (1973), Mariotti and Delbridge (2012) proposed that there still existed two types of relations: potential ties and latent ties. These four network relations/ties change dynamically in a certain period, and actors can avoid network loads and redundancy among organizations through effective management of these relations/ties. More and more scholars have acquired more cognition to potential ties and latent ties. For example, McCarthy (2015) pointed out that latent ties had a very strong influence on employee organization commitments. Walter et al. (2015) detected that enterprise performers tended to select latent ties which they had spent considerable time accumulating to achieve their goals. Reagans et al. (2015) pointed out the influence of unshared third parties (potential ties) on knowledge overlapping and knowledge transfer.

Ahuja et al. (2012) defined the richness of network relations as “there are different types of multiple relations among actors of the same type”. They pointed out during their cause and effect analysis of formation of network relations that circles of similar attitudes would come into being at the individual layer due to similarity, personality and other factors; the actors of these similar circles had similar functions, affecting the absorption of external heterogeneous resources to a certain extent. At the layer of organization, rich network relations play an extremely important role to organization networks of community ecology (Wang et al., 2016): they can promote the maintenance of relation strengths and relation types among business partners or members (Provan et al., 2005). The growth of richness represents the partnership of sustainable development. Other research also more and more densely proves the richness and trust among business partners (Luque et al., 2011; Provan et al., 2004). For example in the partnerships among organizations, diversity affects the joint evolution of networks (Lee and Monge, 2011) while at the individual layer, richness can promote the performance of individuals. This influence is in the shape of an inverted U (Methot et al., 2015; Shah et al., 2017). However, rich networks tend to cause network overlapping. The social dimensions of rich relations, due to the sharing among relations of these types, can universally promote the centrality of social capital and related central work networks (Adler and Kwon, 2002; Methot et al., 2015).

Besides, multiple relations have more flows of interest high-quality information than singular relations (Lazega and Pattison, 1999). However, diversified relations also have some limitations especially because all relations are very expensive, because people need to spend considerable time in communication and information exchange (Hansen et al., 2001; Kilduff

and Krackhardt, 1994; Mcfadyen and Cannella, 2004). Diversified relations may consume more working hours and effort than singular work relations since they have a higher cost of maintenance, require a higher social capital (Adler and Kwon, 2002) and suffer from the psychological pressure brought by diversified relations. Too many rich relations may also reduce concentration on work, and conflicts may also emerge in these relations of work and social attributes (Shah et al., 2017).

“Relationships” in the Chinese context is relatively similar to private relationships involved in western societies. The difference between this "relationship" or *guanxi* and "network relationship" discussed by western scholars lies in that the subject of cognition is "private". Private relationships in the Chinese society are considered to be the foundation of economic and social organization, to which individuals and organizations need to pay high attention. Although the "relationship" exists among individuals, its essence reflects the prerequisite that, above all, mutual help and benefit exist among members in the “circle”. In China, “who you are acquainted with” and “who you know” have even a much higher practical significance than in the West and is part of a special way of social formation.

Chinese relationships reflect more of the trust on one another among the members of the network and this trust is the ground for a sustainable relationship, which reduces the risks brought about by external uncertainty. Compared with western network relationships, Chinese relationships have three distinct characteristics: 1. "Relationships" place more stress on personal aspects. The main body constituting social relationships is the individual, so the individual's emotion and affection are the basis of social relationships; 2. The main bodies of these relationships act on the basis of mutual benefit, that is, responsibility or obligation is generated in the process of reciprocal interaction and the principle of reciprocity is also a necessary condition for consolidating and strengthening these relationships; 3. There exist different types of relationships, which is different from the western classification of network relationships.

Chinese relationships mainly reflect the social norms centered on employment, blood relatives and friends. Chinese people participate in social activities, mainly relying on relationships rather than on any other ways. Therefore, they not only pay attention to relationships in their daily life, but also take relationships as the main breakthrough in political and economic life. Relationships become a resource of mutual trust and cooperation among people (Zhou and Zhao, 2017) and are particularly important for the survival of enterprises in the Chinese context. For new ventures, they are an important way to obtain legitimacy for an organization (Tian and Yang, 2017). For example, a recent study by Chen (2017) has pointed

out the complex correlation between family-acquaintance relationship networks and the path and process of the rural economic modernization based on Chinese relationships.

Many western scholars have carried out comparative studies on Chinese and western network relationships to conclude that, in different contexts, the influence of relationships on the individual and the organization varies (Hu et al., 2013). However, the study of the combination with western relationships in the Chinese context needs to be further deepened.

In conclusion, remarkable achievements have been made in present research into network relations, whether they are static or dynamic. On the other hand, we also pay more attention to the effects of embedding of network relations on economic output. However, research into the following aspects is still relatively scanty: how do relevant attributes of network relations affect value realization and its action mechanism and how do organizations conduct the innovation of business models based on network relations? Our research takes network relations as the intermediate media of value creation, value delivery and value realization and business model innovation. We carry out hereby an in-depth discussion of the action mechanism of network relations.

2.3 Business Model

2.3.1 The Significance of Business Model

Since around 1999, Internet technology has developed swiftly. This technology not only changed the interpersonal connection pattern, but also changed the operation and business model of enterprises to a very large extent. Therefore, 1999 can be regarded as a watershed year in business model research. Since then, business model innovation has been lying in a core position in terms of both enterprise practice and academic research (Li, 2014).

Based on different research perspectives, scholars present different academic achievements on the research into business model. However, universally, all scholars agree that the research into business model plays a vital role on enterprise and organization development. According to Magretta (2002), a good business model can ensure the long-term and stable development of an enterprise. In turn, Amit and Zott (2001) state that although the internal integrated resource capacity and external cooperative capacity of enterprises are important, the importance of a matching and effective business model to the operation success of the enterprise has already exceeded that of the above-mentioned two capacities. Mitchell and Coles' (2003) assert that, in order to obtain sustainable core competitiveness, enterprises must continuously

innovate their business model in the contemporary background. Therefore, each enterprise should create a business model that suits itself, so as to seek a continuously growing market share and sales profit. In particular, with the advent of the Internet age, the business model oriented to supply in the traditional value chain is gradually becoming extinct, with the emergence of the demand-oriented Internet business model and value creation having.

Sinfield et al. (2012) pointed out that the pursuit of growth chiefly relies on three paths: investing in and developing new products, gaining an intensive insight into consumer demand and purchasing or entering a new market. The innovation of business models has become the fourth path of enterprise value creation as the change of the business environment is transforming the existing distribution of industry value chain, the boundary of enterprises, operation conditions, consumer behaviors and consumption ideas. Enterprises need to re-position markets and customers and innovate in terms of customer value. In sum: to maintain and develop core competitiveness, enterprises must innovate their existing business model (Chen and Wei, 2015).

The effective design of a business model can not only create value, but also blend conflicts, thus better releasing potential vigor. Therefore, scholars generally agree on the important role of business model.

2.3.2 The Definition of Business Model

Although scholars have a relatively consistent cognition of the importance of business model, they have different definitions in what concerns business model based on different research perspectives and research purposes. There are mainly three points of views about the research into the concepts of business model.

The first point of view is mainly by way of sorting out various factors that should be contained in the business model and emphasizing the coordination among various factors (Voelpel et al., 2004; Yip, 2004). According to Weill and Vitale (2001), business model chiefly includes four aspects: strategic target, key success factors, core competitiveness and revenue resources. Osterwalder et al. (2005) suggested the concept of business model canvas proposing that the factors of a business model include customer segmentation, value orientation, distribution channel, customer relations, core resources, key activities, important partners and cost structure.

The second point of view is that the business model is an indivisible unified whole and emphasizes on its characteristics as a process. According to Chesbrough and Rosenbloom

(2002), the business model is a series of processes of tapping the potential economic value of technology and converting it into customer value. Chen and Sun (2013) state that the purpose of a business model is to achieve the maximization of customer value. In this process, we need to integrate internal and external factors that enable enterprise operation, forming a whole of sustainable profit. This whole needs to be perfect, internalized or interest-related, highly effective and have unique core competitiveness. This whole can meet customer demand and realize customer value through optimal realization forms.

The third point of view concerns then the value creation theory and is generally accepted by scholars at present (Amit and Zott, 2001; Chesbrough and Rosenbloom, 2002; Morris et al., 2013). Table 2-1 below sorts out definitions of business model provided by different scholars based on viewpoints of value theory which we have discussed before.

Table 2-1 Definition of Business Model from the Value Creation Theory

Time	Representative	Business model definition
2001	Makadok	Business model is the structure of an enterprise and its business partner network which come into being when the enterprise creates value, markets the value and provides value, so as to generate profitable and sustainable customer relation capital (Makadok and Barney, 2001).
2002	Magretta	Business model changes the original value chain of the enterprise, or innovates some links in the value chain (Magretta, 2002).
2002	Chesbrough	Business model is an analysis mode, which integrates business idea and technology and obtains economic output from them. It describes two important functions: business model defines a series of activities aiming at creating new value. These activities include supplying new products or services. Second, business model describes how enterprises realize value amidst a part of these activities (Chesbrough and Rosenbloom, 2002).
2005	Osterwalder	Business model is a conceptual instrument. Based on several components and their relations, it is used to reflect the business logic of specific enterprises, and describes how enterprises explore market, deliver value, create relation capital, obtain profit and maintain cash flow by creating customer value, establishing an internal structure and forming network relations with partners (Osterwalder et al., 2005).
2010	Teece	Business model vividly displays the logic, data and evidence of different costs and profitability structures supporting customers' value proposition and delivering value for enterprises (Teece, 2010).
2010	Wei Wei, Zhu Wuxiang	The essence of business model is the transaction structure of stakeholders (Wei et al., 2012).
2001 2010 2011	Zott, Amit	Business model covers transaction content, transaction structure and transaction governance designed to create value by developing business opportunities. Business model is a system of cross-boundary mutual reliance activities that go beyond core enterprises (Amit and Zott, 2001).
2012	Li Changyun	A process of creating the maximum value for enterprises themselves and customers. This process will bring new business models into the original system (Li, 2012).
2014	Li Wenlian	The redesign and reconstruction conducted by enterprises to enterprise resources, structures, processes and entire value networks based on identification or re-identification of customer value proposition (Li, 2014).

Data source: literature collation

As inferred from above, scholars generally agree that the purpose of the business model is to meet customer demand, and eventually meet the growth appeal of enterprises, but the statement has changed from an emphasis on transaction and profit (Chesbrough and Rosenbloom, 2002; Osterwalder et al., 2005) to value bearing (Li, 2012). In general, value creation theory holds the opinion that business model is the logic of value creation, value delivery and value realization, expounding how enterprises identify customer demand through internal resources, complete value exchange by designing management and structure,

internalize value according to their own enterprise strategy and eventually form new competitiveness. In essence, business model means value development and utilization. In connection with artistic value, as the development and utilization of explicit value are already known to the public, how to design and develop potential value through business model will be the focus of our research.

2.3.3 The Process Analysis of Business Model

Value Creation

With regard to reflections on business model, traditional concepts hold the opinion that the value creation of a business model means that enterprises convert inputs into products (Stabell and Fjeldstad, 1998). In the industrial age, the subjects of value creation were enterprises themselves, and the audience of value creation were customers, while the carrier was the value chain as proposed by Porter (1980), and value creation was completed through a series of internal activities including basic activities and auxiliary activities. Later on, scholars attached more importance to the close relations between value creation and customers, changing the objects of value creation from products to customers, and held the opinion that enterprises could win competition only by offering better service to customers and continuously promoting customer value. Then the problems that must be solved were who the target customers were and what the value propositions to customers were, and emphasized that effective coordinated support of internal resources of enterprises should be used to carry out value creation for customers (Osterwalder et al., 2005) under the idea that value is created jointly by enterprises and customers (De et al., 2006). Along with the enriching of value creation definitions, more attention is paid to such aspects as user value (user scale, demand and consumption cost), relation networks (relations among enterprises and relations between enterprises and users) and supply chain innovation. The objects of value creation have been expanded from original enterprises and customers to an external relation network with a more extensive coverage. The ways of value creation are correspondingly classified into two aspects, namely improvement of internal management quality and development of external network relations based on value. In general, scholars hold the opinion that the participants of value creation of business model are no longer singular enterprises, but various participants in the entire value network of business model.

Value Delivery

Value delivery in business model can be classified into such aspects as capital flow,

information flow, logistics or knowledge flow (Luo et al., 2005). The basic medium of value delivery in the industrial age concerned products (Stabell and Fjeldstad, 1998), and the value of products is classified into use value and exchange value. When transactions are completed with customers, customers acquire the use value of products, while enterprises acquire exchange value, thus achieving value delivery. As the subjects covered by the business model go beyond customers and enterprises to other stakeholders, the way of value delivery is also changed from the previous way of bilateral delivery to a trilateral or multilateral mode (Liu, 2013). The entire business model is a system integrating cross-enterprise-boundary resources and activities, with various roles (Amit and Zott, 2001) and the process of value delivery is to solve a value activity system that spans beyond the specific business boundary of organizations. In the Internet background, the mode that can effectively regulate various cross-organization value deliveries is the platform mode since it can link two or more parties, and provide specific groups with a site of communication and interaction (Chen and Wei, 2015). A brand-new and highly efficient transaction platform should be created to meet the demand of all people (Xu and Zhang, 2006).

Value Realization

For the value realization of the enterprise, we should ponder where its income comes from, what the conditions for income realization are, and how to maintain the stability of income sources (Zhang and Luo, 2011). Value realization in business model is a link for enterprises to acquire income, determining the continuity of the entire value cycle. As per traditional concepts, the creation and delivery of user value and the realization of enterprise value is a process of dynamic transaction (Allee, 2000); when transactions are completed with consumers, enterprise value will be realized, with the three being highly consistent. However, along with market change and the vicissitudes of new technology as well as the change in the consumption model of customers, the free-of-charge model sweeps across various industries, and consumers can acquire high-quality service at very low prices or even through a free-of-charge approach. The value cost paid by customers no longer has a complete positive relationship with acquired value experience, and the tendency of deviation of price from value has not only brought operation pressure but also created a new model for enterprises. Value realization and value creation are being separated from each other gradually, and the creation of customer value and the realization of enterprise value no longer have a simultaneous and natural linear relationship (Wang, 2011). The traditional income source and income model are no longer applicable, and a new profit model needs to be explored.

Value realization also contains the link of value distribution. In the process of value distribution, enterprises not only need to promote their own bargaining capacity and acquire a higher percentage of value distribution by competing with customers and suppliers; more importantly, they need to see the win-win tendency beyond zero sum game, and need to cooperate with customers, suppliers or competitors for win-win, and distribute more value on the basis of realizing a greater overall value (Nalebuff and Brandenburger, 1997). The way of value realization has changed from a zero-sum game to the model of a win-win cooperation.

The dynamic Business Model Based on Value Ecology

Along with competition and the rapid change of technology, the roles that participate in value creation, value delivery and value realization have already expanded from bilateral relations to trilateral and multilateral modes, and traditional value creation and realization have been further expanded and enriched to value constellation (Normann and Ramirez, 1993), value creation ecology (Hearn and Pace, 2006) and value ecology system. Among them, value constellation refers to the value creation through the remolding of roles and relationships and the mutual cooperation of various members in the value creation system, while value ecosystem means that the entire value process is regarded as an ecological circulation system due to the increasing number of participating roles, thus the relationships among the roles gradually become complementary. Under the system of value ecology, the business situation has become more complicated, and how to realize the reciprocating cycle from value creation to value realization is essential, which also requires the business model in the Internet background to be more vigorous and innovative than the traditional system of business ecology. The dynamic perspective of business model based on value ecology also arouses more and more attention from scholars. As per Li (2012), sustainable dynamic innovation is essential for business model. The continuous renewal of value ecology requires the business model to be continuously improved and perfected through repeated applications, so as to maintain continuous value creation and value acquisition (Dunford et al., 2010), which denotes that the business model has already evolved from a static one to a dynamic one that can rapidly respond to environmental changes.

As can be inferred from the sorting of above-mentioned literature, the joint value creation between enterprises and consumers verifies the importance of consumer participation. The multilateral nature of value delivery and the separation of value realization indicate the reliance of the process of value realization on network ties. The realization of artistic value is also a process of continuous participation of consumers, which requires the designer of business

model to ponder the reliance on network connections and on the dynamics of business model, so as to continuously adjust and adapt to the process of value realization.

2.3.4 The Richness of the Concept of Business Model

The research into business models is not only limited to pure business operation objects. Scholars also extend the exploration of business model to business model operation of social enterprises (Liu and Jin, 2015). Social enterprises re-invest most of their profit in business or community activities targeted at social commonweal, rather than pursuing the maximization of enterprise shareholder interest. We can also see that social enterprises embody the characteristics of a mixture from the following aspects: 1) The mixture of business methods and social goals; 2) The mixture of the management methods of capital in social enterprises and commercial capital; 3) The mixture of the production driving force and social mission; 4) The mixture of financial performance indicators and social influence; 5) The mixture of supplying public products and hitting economic targets; 6) The mixture of social value and economic value created by social enterprises (Alter, 2007).

The common measure for social enterprises to reach a balance state is not only utilizing commercial logic but also integrating public-benefit charity elements (Dees, 1998). In contrast with ordinary commercial enterprises focused on creation and realization of economic value, social enterprises are focused on acquisition of economic value and creation of social value, with creation of economic value and acquisition of social value as an auxiliary measure (Liu and Jin, 2015). Activity re-design needs to be carried out together with relevant persons-in-charge for the business model of a social enterprise, so as to ensure economic sustainability and the sustainability of creation of environmental and social value (Kramer and Porter, 2011). Mair and Schoen (2007) jointly proposed the characteristics of business model of social enterprises: (1) Establishing specific value networks; (2) Conducting strategic innovation, identifying key resources and rare resources and ensuring the acquisition of key resources and rare resources; (3) Re-defining and innovating customer interfaces and creating social value. As per Sarpong and Davies (2014), the value creation networks of social enterprises is very important, and social enterprises can grow rapidly only by remedying their own weaknesses in connection with internal and external business partners. The exploration of business model of social enterprises can enrich the connotation and application scope of business models in general, and the exploration of the operation model of social enterprises can, in turn, trigger the model operation of commercial enterprises.

Private art galleries bear the commonweal of art dissemination and the commerciality of their own sustainable development, with a nature similar to that of social enterprises, and need to consider commonweal and commerciality at the same time. Therefore existing research on social enterprises can be used as a reference for the exploration of the business model of private art galleries. On the other hand, the research into the business model of art galleries will further enrich the exploration of the relevant problems of social enterprises.

The exploration of business model should be closely connected with the change of external environment. Along with the rapid change of external environment of Internet age, we are required to replace static perspectives with dynamic business model perspectives. In addition, the three phases (value creation, value delivery and value realization) are also endowed with new characteristics by the Internet age. The process of creation not only involves the participation of enterprises, but also the participation of the subjects in the entire value relation network including users, intermediaries, advertisers and even government. Value creation involves multi-subject participation, which will inevitably result that value delivery involves multiple subjects. Only the way of platform-oriented value delivery can solve the problem of value delivery efficiency. Due to the asymmetry and asynchrony of customer and enterprise value realization, the establisher of business model needs to consider bearing value with network relations and storing potential value with these ties, so as to promote the subsequent value development and value realization of business model.

2.4 Literature Conclusion

By sorting out the above-mentioned literature, we detect that the potentiality of artistic value and the dynamics of value realization determine that the release of artistic value is not a one-time transaction of ordinary commodities, but the establishment of network relationships for value bearing. Network relationships are a carrier of value bearing. Scholars' research into network relationships indicates that the embedding of network relationships indeed exerts influence on economic outputs. However, with regard to the specific way for network relationships to affect value realization and the action mechanism, the help of business model innovation based on network relationships would be needed for realization. The potentiality, dynamics and emergence of value, and the richness and dynamics of network relationships jointly determine that the business model as the way of value realization needs to have the dynamics of response to environmental change and the embedding of network relationships.

The purpose of this thesis is to study an innovative business model that can integrate

commerciality and commonweal, while the key for building the business model is to understand the value flow in the business process. The value of artworks is not a simple transaction. Their value lies in the network connection composed of artists, collectors, appreciators and art appreciation masses. The review of literature on value sums up the potential value of artworks, while the review on network relationships sums up the connection-bearing value, which helps to establish a business model that melts conflicts.

Chapter 3: Research Methods

3.1 Research Background

After our literature research on the theory of value creation and capture, network relationship and business model, we conducted multiple case studies and used qualitative data collection and processing. It is most appropriate to use inductive and qualitative approaches for the theoretical research of processes, and case studies can be used to adequately answer the explanatory and exploratory questions that exist in a still insufficiently known field (Eisenhardt, 1989). On this basis, this thesis vertically explores the integration of commonweal and commerciality of artistic value of private art galleries in order to understand the theoretical requirements of the integration of commonweal and commerciality of artistic value for the creation and capture of value, as well as the relationship between relationship networks and business model. The aim is also to get an in-depth understanding of the growth of private enterprises in this particular industry, i.e. the art industry. At present, the intrinsic relationship among value creation and capture, network relationship and business model has been studied in depth, but mostly as three disparate theories, while we could not find sufficient research concerning the mechanism of their internal relations and actions.

Art industry, compared to traditional industries, such as manufacturing or services, has its particularities. It possesses not only the general traditional value chain and the commercial value, but also special commonweal attributes. At the same time, the works of art and the general merchandise differ in that, the former, as the physical bearer of value relation, meet the demands of the subject and offer the subject the objects demanded by virtue of their aesthetic attributes and characteristics. This is what distinguishes the works of art and general value objects. At present, the development of the global art industry varies greatly; in developed countries it is relatively mature and has a complete industry development standard, while in China it lags behind in terms of the national economic, political and cultural development. Due to this imperfect development, opportunities and risks coexist, which has a practical significance for the study of the development of China's private art galleries.

As the background for this study, we have selected Chengdu, Sichuan Province. With a long cultural history, Sichuan Province has been known as a cradle of artists where a large number of well-known contemporary artists emerged, such as Zhou Chunya, He Duoqin, Cheng

Conglin and Yang Mian. These globally well-known artists have played a leading role in the development of art and culture of Sichuan Province. On the strength of the cultural heritage of Sichuan Province and the influence of many well-known contemporary artists, Chengdu, the capital city of the province, has developed a large number of private art galleries, such as Blue Roof, Nongyuan, West Village, A4, Liao Liao and Siwei. Some of these private galleries have been enjoying considerably high reputation and influence nationwide, and have attracted many well-known artists, thus promoting the rapid development of the art industry in China's southwest region and building a strong influence across the country. However, in consideration of the current development status of the domestic art industry, as well as the special nature of the art industry, challenges have also arisen to the development of private galleries and it is of great guiding significance to explore the business model of private art galleries in practice.

In this regard, we conducted a multiple case study investigation on the private art galleries in Chengdu, interviewed many senior executives of these galleries, paid field visits to the galleries as well as communicated with a number of artists and insiders in a deep-going manner so as to explore how private art galleries integrate the commonweal and commerciality of artistic value, and achieve the sustainable development of galleries.

3.2 Selection of Methods

Inductive and longitudinal multi-case studies are used in this thesis. Inductive study helps researchers to explain the problems arising from the process (Ozcan and Eisenhardt, 2009); in the meanwhile, the replication logic of multi-case study can guarantee the robustness of the data collected (Eisenhardt and Graebner, 2007). The study of the longitudinal process of the cases helps to reveal the questions of "how" and "why" along its development (Langley et al., 2013). This study method has been widely used for the study of procedural issues and theoretical construction, and mainly embodies two aspects. On the one hand, this thesis focuses on the creation of artistic value, how artistic institutions achieve business model innovation through social network relationships to solve the conflict between commonweal and commerciality of artistic value, and why to achieve business model innovation through the network relationships, which is an exploratory question (Yin, 1989). This is also consistent with the fact that case study facilitates the study of explanatory and exploratory issues in inadequate areas (Eisenhardt, 1989). On the other hand, the multi-case study design in this thesis enables each case to be used to validate the theoretical perspective emerging in the study process. It is easier to obtain a more robust and universal theory than the single case study through replication logic (Eisenhardt and

Graebner, 2007).

The reasons for the adoption of multi-case study are as follows: First, the objective of this thesis is to solve the problem of how to integrate commerciality and artistry of artistic value, with the focus on "how" and the object of the study is the things occurring but not controlled by us, which is supported by several authors (e.g. Mao and Li, 2014; Yin, 2003, 2009). Second, this thesis does not carry out validation through the proposal of hypotheses, but it aims at combining the actual situation of Chengdu art circle to reveal the commercial and artistic status quo of artistic value and put forward propositions, mechanisms and frameworks. Case study is of important significance in discovering unexplained logical relationships and building new theories (Luo et al., 2014). Third, in the analysis model of this research, priority is given to the study of artistry and commerciality of artistic value. However, these two attributes keep a tradeoff relationship at a dominant level and, as now few single art institutions have both attributes, the multi-case study is a more appropriate method rather than the single case study, which may present restrictions on the analysis of core issues. Fourth, the results obtained through multi-case study are more convincing (Herriott and Firestone, 1983), and helpful to improve the validity of the results by repeated validation (Yao et al., 2014).

3.3 Data Acquisition

The research problem in this thesis is mainly to find out how art institutions integrate the commonweal and commerciality of artistic value and design a business model that allows for this integration. Therefore, when collecting first-hand data, our emphasis should be given to the in-depth interviews with the middle-level and senior executives of art institutions and the artists who maintain close cooperation with the institutions. In addition, we also participated in the meetings and activities of art institutions (namely Siwei Art Gallery) in order to ensure the acquisition and comparison of the original data in various aspects. Meanwhile, we have also searched the corresponding second-hand data before and after the interviews to cope for omissions and deficiencies in the original data. The multi-source data collection channels have provided our research with important support. We classified and sorted the above data as shown in Table 3-1.

Table 3-1 Descriptive Statistics of Data Collection

Data Type	Data Source	Data Information Statistics					
		Formal Interviews			Informal Interviews		
		Time of Interview	Text of Interview	Number of Interviewees	Time of Interview	Text of Interview	Number of Interviewees
First-hand Data	Interview	1,874 minutes	305,100 words	9 artists 8 senior executives 7 art educators	3,000 Minutes	100 pages	40
	Field visit	5 art institutions 15 art seminars held in art village 10 business operation and development meetings among senior management 42 artistic activities					
Second-hand Data	Second-hand sources	57 from enterprise sources 65 from search engine 32 artistic books and magazines					

Data source: collation of interview data

3.3.1 Interview

Interviews have been considered to be the most common and powerful way of understanding people (Fontana and Frey, 1994). In our research, we adopted formal and informal interviews. Formal interviews were conducted on a semi-structured basis, mainly around research issues and research topics under the following question: How does the commonweal and commerciality of artistic value integrate with each other based on network relationships? Our interviews did not have any particular sequence, but were based more on the actual situation at the time (Gummesson, 2000), and the entire process of the interview was recorded. In order to minimize any negative influence brought about by the need to record, an assistant was asked to do the recording.

We have followed a number of principles. First, the “24-hour principle” means to transcribe the detailed interview record within 24 hours after the interview. Second, all data have been included. Third, our feelings during the interview were strictly distinguished from the information provided by the interviewees. The time of each interview would be maintained within 1 to 3 hours, and thus the interview records totaled over 300,000 words. We also made informal interviews with the artists, art practitioners and art collectors encountered during our field visits to the art institutions (art galleries, galleries and galleries), and our participation in various artistic activities organized by official and unofficial organizations. We had a total of 100 pages of information accumulated through informal interviews, which provided an effective supplement to our research.

As to individual interviews, we mainly made semi-structured interviews, formal and informal. We interviewed 42 artists, 10 senior executives of the institutions and 9 art educators totally. Of them, 9 artists, 8 senior executives and 7 art educators were formal interviewees, that is, their interviews were recorded. All the artist interviewees had a relationship of cooperation with the art institutions we studied, and all the senior executives were from the institutions we studied. At the same time, we carried out several discussions with the senior executives about the process of the integration of commonweal and commerciality of artistic value. These executives have been mainly responsible for the routine operations and management of the institutions, so they have a unique understanding of how to achieve the integration of commonweal and commerciality of artistic value.

We spent nearly two years on data collection from the individual interviews in three stages, which involved some repetitive interviews. Table 3-2 shows various elements of the interview at each stage, including the name, occupation and years of employment of the interviewees, time of the interview and the number of words of the records.

Table 3-2 Formal Interviews

Stage	Name of Interviewee	Occupation	Years of Employment	Time of Interview	Number of Recorded Words
Stage I (From November to December 2014)	Li Wenbin	Calligrapher	Nearly 30 years	2:42	About 25,800
	Luo Kai	Oil painter and professor	Over 40 years	2:50	About 19,900
	Li Aidong	Chinese brush painter, ceramic artist and professor	Nearly 40 years	2:06	About 16,500
	Ren Guangrong	Traditional Chinese painter	Nearly 60 years	2:20	About 17,500
	Zeng Jun	Traditional Chinese painter	Nearly 20 years	0:43	About 8,500
	Liu Gang	Partner of an art institution	3 years	0:50	About 9,000
	Song Xiaosong	Broker	15 years	1:00	About 10,000
Stage II (From July to October 2015)	Tan En	Oil painter	15 years	0:45	About 8,900
	Jiang Lin	Entrepreneur of an art institution	15 years	4:20	About 36,900
	Jin Yan	Senior executive of an art institution	10 years	2:28	About 25,900
	Luo Wei	Senior executive of an art institution	10 years	1:00	About 10,200
	Liu Chao	Middle-level executive of an art institution	6 years	0:50	About 9,500
	Ma Fang	Traditional Chinese painter	Over 20 years	0:47	About 8,000
	Zhang Biwei	Traditional Chinese realistic painter	Over 20 years	1:00	About 9,800
Stage III (March to July 2016)	Feng Zhen'an	Craft design teacher of an art university and amateur traditional Chinese painter	20 years	1:09	About 12,000
	Xie Hongbo	Fine arts teacher of an art university	15 years	1:40	About 16,500
	Wang Yabin	Fine arts teacher of an art university	10years	1:02	About 10,000
	Lv Nan	Dean of the craft design department of an art university	12 years	1:00	About 9,700
	Liu Yi	Dean of the school of art	31 years	1:40	About 12,900
	Shi Yaning	Senior executive of an art institution	14 years	0:30	About 4,000
	Jiang Lin	Entrepreneur of an art institution	15 years	4:20	About 45,000
	Liao xinsong	Professor	14years	1:00	About 10,000
Subtotal			33 hrs	About 320,000	

Data source: collation of interview data

3.3.2 Field Visits

By virtue of close relationship with an art industry expert in the southwest region, we paid a field visit to five local art gallery enterprises in Chengdu, and especially, we conducted a resident inspection on three of them (Nongyuan, Hong Gallery and Blue Roof). In addition, we participated in 15 art seminars delivered in the art village and 10 business operation and development meetings among the senior management. Each time, we would make recording and prepare the complete minutes. Meanwhile, we also participated in the relevant theme activities organized by the enterprises to acquire a further understanding of the impact of these activities on the commonweal and commerciality of artistic value. Table 3-3 shows various enterprises, which we have paid a field visit to, and their brief introduction.

Table 3-3 Profile of the Enterprises under Field Survey

Name	Brief Introduction
Siwei Art Gallery	Siwei Art Gallery is the core art exhibition and academic presentation site affiliated to Sichuan Siwei Culture and Art Co., Ltd., i.e. Siwei Art Institution, located at New Century Global Center, Tianfu Avenue, Gaoxin District, Chengdu. Siwei Art Gallery and Siwei Art Institution to which it is affiliated have been always adhering to the business philosophy of “Quality, Concentration, Creditworthiness and Great Ambition”.
Blue Roof Gallery of Chengdu	As a private non-profit art gallery, Blue Roof Gallery of Chengdu is situated in No. 2 Sloping Field, Zone A, Moonlight over the Lotus Pond, Sansheng Village, National 4A-level Scenic Spot and built adjacent to the studio of Blue Roof top leaders, such as famous artists Zhou Chunya and He Duoqin. Having been relying on the national and international well-known artist community, Blue Roof Gallery has been committed to the display and promotion of contemporary Chinese artworks.
Hong Gallery	As an ecological platform of artworks situated in Donghu Park, Chengdu, Hong Gallery has been mainly engaging in the bonded business and contacting with the capital market and the public based on the platform.
Nongyuan	In 2008, Chengdu Nongyuan Culture and Art Communication Co., Ltd. invested in the construction of Tianyi Art Gallery covering an area of 2,000 square meters. The Gallery has been dedicated to creating creative art space and displaying contemporary art, especially young artists who have not yet emerged, as well as providing the domestic art with diverse interactive space and continuously focusing on the emergence of cutting-edge art so as to demonstrate the development of Chinese art from the real perspective.
College of Communication Science and Art of Chengdu University of Technology	As a teaching institution directly under Chengdu University of Technology, the College of Communication Science and Art has won over 100 prizes, such as the Universe Multicultural Film Festival-Best Musical Film, the Golden Rooster Award, Chinese Broadcasting, Film and Television Award-Flying Goddess Award, the National and Provincial “Best Works Award”, the Golden Eagle Award, the National TV show Host “Golden Microphone Award”, the CDA, the Silver Award of the National Copper Logo Design Competition and the Second Prize of the Provincial Teaching Achievement Award, and published more than 20 academic monographs and teaching materials as well as more than 500 academic papers. The college has been putting into implementation the blending teaching model and direct instruction method among radio, film and television majors in order to cultivate cross-disciplinary and practical talented students and enable students to possess the required overall quality and professional skills, with remarkable results achieved.

3.3.3 Second-hand Data

Table 3-4 Second-hand Data Collection Information

Source	The amount of data
Enterprises	57
Search Engine	65
Artistic books and magazines	32

Data source: collation of interview data

The second-hand data were derived from the surveyed enterprises, the search engine, artistic books and magazines (Table 3-4). From the enterprises, we could collect various archival data including chronicle of events, yearbooks and business plans during different periods. From the search engine, we could collect the national laws and regulations in relation to arts, related comments on the professional art website and archives of famous artists in Chinese history. From the artistic books and magazines, we could collect the data related to the development trends of art. The search engines mainly referred to Baidu and Google. We would get 18,600,000, 17,600,000 and 100,000,000 results respectively by entering the keywords “artistic value”, “what’s artistic value”, “laws and regulations associated with artistic value” and “art institution”. We read and found that 100+ results were hardly correlated with the keywords, and thus we sorted out them pursuant to the following rules: first, the repeated data should be deleted; second, the advertising messages of key words should be deleted; third, the unattributed data should be deleted; fourth, the data from an official source should be selected. Through the above processing, 65 results were left as the second-hand data, 215,300 words approximately, including 7 pieces of national artistic policies, 17 articles of the art institutions, 10 press releases of the art institutions and 8 interview manuscripts. We obtained an information sheet of private art galleries by classifying and sorting the second-hand data of various sources as shown in Table 3-5.

The collection of in-depth interviews, field visits and secondary data constitute the “triangular verification”. Based on the original data derived from the in-depth interviews, and field visits supplemented by the second-hand data, the research work could be carried out and the research question can be analyzed more effectively. Table 3-5 below summarizes the main information extracted from secondary data.

Table 3-5 Second-hand Data of Private Art Gallery

Case Subject	Main Contents	Size of Contents	Source of Contents	Description of the Institution
Guanfu Gallery	The development history, scale, business model and business scope of Guanfu Gallery	10 press releases, sorted data of 8,000 words	Baidu Baike and the official website of the gallery	Guanfu Gallery was founded on October 30, 1996 with the approval of the government. It consists of Porcelain Gallery, Furniture Gallery, Craft Gallery, Oil Paintings Gallery, Doors and Windows Gallery, and has set up branches in Xiamen, Shanghai and Shenzhen. Its founder and incumbent curator is Mr. Ma Weidu, a famous Chinese antique collector and connoisseur. As an independent commonweal legal person, the Gallery accepts the donations from all walks of life and has put into implementation the system of the board of directors since 2004. It has been known as one of the few galleries which run on its own, relying on neither the government appropriations nor the funds from other enterprises, and has entered a virtuous circle.
Hong Art Gallery	The type of ownership, business purpose and business model of Hong Art Gallery	6 articles and reports; sorted data of 6,000 words	Baidu Baike and the official website of the gallery	Hong Art Gallery was founded in 2015 as a private non-profit art institution affiliated to Chengdu International Culture and Arts Center. The architectural style of the Gallery reflects the avant-garde aesthetics between the traces of the old industrial era and the contemporary concept, and the open interior exhibition space also offers many possibilities for the arbitrary demonstration of various artistic forms. Relying on the bonded platform of artworks, with the aim of incorporating art into our life and the concept of “being public beneficial and open to the public”, the Gallery has been energetically building a creative, forward-looking and academic art space.

Case Subject	Main Contents	Size of Contents	Source of Contents	Description of the Institution
A4 Art Gallery	The founding background, business model and nature of A4 Art Gallery	6 papers and interview manuscripts; sorted data of 7,000 words	Baidu Baike, the official website of the gallery and interview with the curator	A4 Art Gallery is a professional art space founded by Chengdu Wide Horizon Investment Group Co., Ltd. in March 2008, and was formerly registered as a privately operated non-profit art gallery in 2016. The Gallery is designed by American famous architect, Antoine Predock and in the charge of the Art Director Sun Li. The Gallery consists of a three-floor exhibition space designed by DisignARC, public library, academic lecture hall, multi-function performing hall, children's education center, artistic-residency workshop, art store and café. to provide the public with more diversified art services.
United Art Gallery	Founding background, business concepts and operation status of United Art Gallery	8 papers; sorted data of 7,500 words	Baidu Baike, the official website of the gallery and interview with the related artists	United Art Gallery is the largest commonweal private art gallery in Wuhan founded by Wuhan Optics Valley Union Group Company Limited. With an independent legal person capacity under general administration of Hubei Provincial Department of Culture, the Gallery covers a construction area of 10,000 square meters and has been equipped with the world's first-class hardware and software facilities for exhibition and collection. Having been carrying forward the concept of building an academic, international and groundbreaking gallery and the aim of bringing the contemporary art to the public, the Gallery has been emphasizing the artist case study, focusing on supporting the artistic innovative forces and endeavoring to build itself into a brand-new future-oriented art gallery which can exercise an ideological influence and disseminate the art.

Case Subject	Main Contents	Size of Contents	Source of Contents	Description of the Institution
Longsheng Gallery	Development history, operation status, business concepts and problems of Longsheng Gallery	5 papers; sorted data of 4,500 words	Baidu Baike and the official website of the gallery	Shenzhen Longsheng Gallery, located in Wisdom Plaza, Overseas Chinese Town, Nanshan District, Shenzhen, covers a total exhibition area of 6,600 square meters. Among the folk galleries, the Gallery has been known as “the largest private gallery” in China. It is not only the domestic largest civil collection and non-state-owned gallery, but also a gallery renowned for its most complete category of collections and the most collections of rare quality.
Today Art Gallery	Founding background, operation status and development prospect of Today Art Gallery	10 papers; sorted data of 9,000 words	Baidu Baike, the official website of the gallery and interview with the related artists and scholars	Today Art Gallery is a civil art gallery built and put into operation pursuant to the international art gallery standards, and had been transformed into a non-profit institution in true sense in July 2006. At the end of 2006, Beijing Today Art Gallery entirely controlled by Antaeus Group successfully completed its transformation and became a private commonweal (non-profit) art gallery officially registered with the civil affairs department after split up from the cultural industry of Antaeus Group. This transformation has played a vital role in the development of the Gallery.
Blue Roof Gallery	Founding background, business concepts, business model and operation status of Blue Roof Gallery	12 papers; sorted data of 10,000 words	Baidu Baike, the official website of the gallery and interview with the curator and artists	Established in 2003 as a community of freelance artists, Blue Roof Gallery was initiated by Zhou Chunya, Yang Mian and other famous artists, and came into being spontaneously. The cap of the building is blue colored, so the Gallery is customarily called blue roof. In 2007, the previous farmland was to be demolished and the government of Jinjiang District also wished to introduce artists for the new rural construction, so the Gallery was relocated in Jinjiang District and began its development on a larger scale. The Gallery has been abiding by the rule of artistic dissemination during the spontaneous development of an art community while offering the business forms necessary for artistic dissemination in due time to avoid arrested development and blindly realizing the commerciality of artistic value from a commercial view.

Case Subject	Main Contents	Size of Contents	Source of Contents	Description of the Institution
Nongyuan	Development history, business model and operation status of Nongyuan	10 papers; sorted data of 9,500 words	Baidu Baike, the official website of the gallery and interview with the curator, artists and scholars	Established in 2005, Chengdu Nongyuan has been specializing in creation, exhibition and sales of the works of art as well as corporate marketing planning. Currently, it has successfully invested and built Chengdu Nongyuan International Art Village in Wuhou District, Chengdu. In 2009, it was named as “Cultural Industry Demonstration Base of Sichuan Province” by Sichuan Provincial Department of Culture. In 2012, it was listed by the People’s Government of Sichuan Province as one of the first “Key Cultural Flagship Enterprises of Sichuan Province”. In 2013, it won the title of “A Best Creative Industry Park in China”. More than two hundred artists such as Cheng Conglin, Liang Shimin, Lin Yue and Guo Ruyu have set up the studios or private art galleries here. What’s more, Sichuan Production Workshop of China National Academy of Painting, Bashu Creation Center of China Artists Association and other well-known domestic art creation agencies have been resident in Nongyuan.
Han Feng Art Gallery	Founding background and operation status of Han Feng	6 papers; sorted data of 5,500 words	Baidu Baike and the official website of the gallery	Han Feng is a joint-stock group company co-sponsored by several domestic and foreign well-known collectors and large-scale art investment institutions at Shanghai Lujiazui International Financial Center, and has been offering a series of specialized business services, such as financial investments in the works of art, commissioned auction of ancient and modern works of art, pawnbroking, acquisition and replacement, exhibition sales, publicity and planning, appraisal and valuation. It has been committed to providing the collectors and art institutions with a high-level, high-quality, high-efficiency healthy and benign circulation platform by focusing on the circulation process of the works of art and integrating various advantageous resources.

3.4 Data Processing

The text data collected in this thesis is processed by content analysis. Kimberley Neuendorf (2002) believes that content analysis is a quantitative method that allows for summarizing information extracted from qualitative data in a scientific way. This method is not limited to the type of variable to be measured or the background of creation and message presentation (Neuendorf, 2002) and the communication media recorded can be studied and sorted out through the objective, systematic and quantitative research of the contents displayed by the communication. In essence, content analysis mainly consists of coding textual material transforming the original material into a standardized one. In the following paragraphs, we explain the whole process of our research, and describe how we iterate, analyze and theorize the data collected.

Core questions: Our forefront objective is to understand how the commonweal and commerciality of artistic value integrate with each other. We believe that this may be achieved through studying the interaction between the attributes of the network relationships and value creation.

Exploratory interviews: In order to further develop our research question we started with exploratory interviews. We interviewed three artists and an institutional staff in the subject area. We put forward the viewpoints and opinions of the interviewees on the commonweal and commerciality of artistic value from multiple perspectives. These interviews had a certain purpose such as motivation, work mode, artistic creation and deals with the works of art.

The main general framework: In all interviews, there are two core concepts: explicit and implicit. For example, Li Wenbin of Siwei Art Gallery said, “the artistic value we see now is very basic and superficial. Its commerciality is embodied in the price and commonweal is embodied in the artistic development of the masses. However, this is the partial integration of commonweal and commerciality of artistic value only, and a large portion of value is unrevealed and implicit...” Similarly, other interviewees also expressed that potential value could be activated by explicit artistic value. For instance, “many industries can be derived from art industry, such as education, finance and animation. All of these industries are built on the activation of potential value by explicit artistic value...” With the realization of explicit artistic value, the implicit artistic value will be gradually paid attention to and developed. With the realization of implicit artistic value, the explicit artistic value will be embodied in a more adequate manner” (Song Xiaosong, Director of Sichuan Siwei Art Gallery, Table 3-2 and 3-3).

In conclusion, our exploratory interviews indicate that the implicit and explicit artistic values are dynamic and are the key to our understanding of the integration of commonweal and commerciality of artistic value.

Preliminary analysis: During the data collection period, every week we have sorted out and analyzed the data collected, and looked for the relationship between the various data to find their similarities and differences. In the initial data collection, the subject of the study gradually became clear and revealed (Reay et al., 2006). We noted that the artistic value is partially explicit and a large portion has not been developed yet, while implicit value can be released partially through the network relationship, and the commonweal and commerciality of artistic value can be fully demonstrated by virtue of an innovative business model. At the same time we have extracted four key nodes for the integration of artistic value: value creation, value dissemination, value release and value sharing. These four key nodes have typical key characters, and they interact with one another to achieve the path of value integration.

Formal analysis and recension literature: We began to conduct in-depth analysis on all the information collected, and gradually analyzed the conclusions and key words in our preliminary analysis. The explicit and implicit artistic value became more and more important for us to understand the integration of commonweal and commerciality of artistic value. So we formally encoded all the data via open coding, accompanied by axial coding (we could explain more about the relationship and restrictions of the subjects through concept coding). Finally, we extracted three core ideas: (1) the integration of commonweal and commerciality of artistic value, (2) rich and dynamic network relationships, (3) a business model featured by the integration of the commonweal and commerciality of artistic value. In particular, in the open coding process, we always focused on confirming the different types of statements using our data, problems and the behavior of developing the first-order concept in a given interaction. For example, we have noted that in the integration process of artistic value based on the market, its commonweal and commerciality supplement each other and the over-development of either value would cause the imbalance of the realization of the overall value. In the process of value realization, a certain type of network relationship has been over-developed. We compared these first-order concepts by axial coding and through comparison, having brought about the structure of our second subject: exploration, triggering, and activity (i.e. the actions taken to realize the goal). For instance, we have noted that a series of problems are rooted in how to integrate the value that has been carried.

We further consolidated our understanding of each interaction pattern, and compared the

interaction between each other simultaneously, especially the contrast to observed data. In comparison with the small-scale analysis of the code, the mutual contrast can further the understanding of the phenomenon. In the analysis during this period of time, we continuously reviewed the recordings and second-hand data from interviews and field visits to deepen our conclusions. Finally, we digested the entire analysis process by juxtaposing the theory and phenomenon. Figure 3-1 shows the above study in detail.

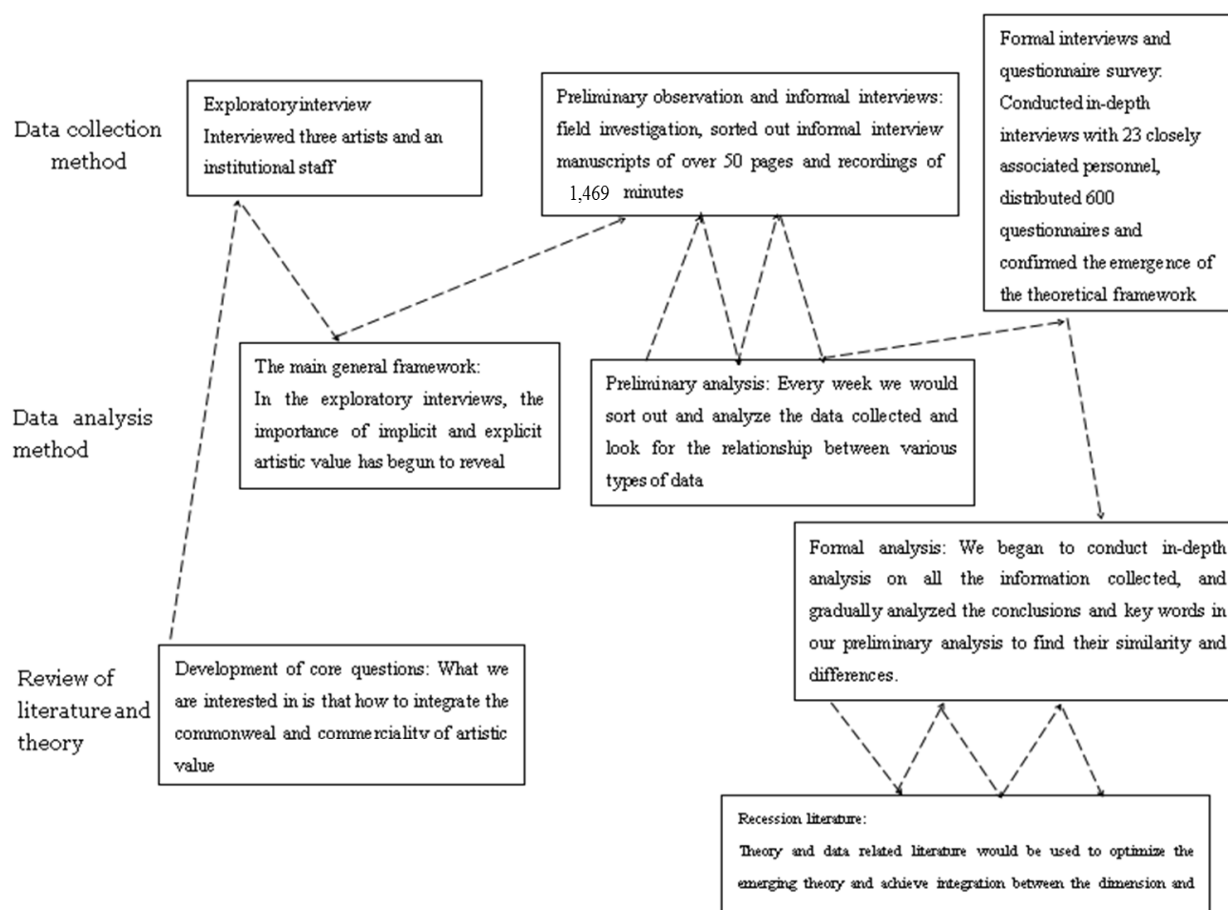


Figure 3-1 Data Collection and Analysis

Data source: collation by the author

3.4.1 Data Encoding Process

We spent three years on the in-depth study of the problems discovered, and obtained a huge text data using scientific methods, but it was difficult to directly use these primary and second-hand data for our analysis. As a result, we deleted and classified them iteratively. For example, the primary data of Siwei Art Gallery were marked S1-S10, and the second-hand data were marked S11. The primary data of Hong Art Gallery were marked H1-H3, and the second-hand data were marked H4. The primary data of Blue Roof Gallery were marked L1-L4, and

the second-hand data were marked L5. The primary data of Tianyi Village were marked Y1-Y3, and the second-hand data were marked Y4. The primary data of College of Communication Science and Art of Chengdu University of Technology were marked C1-C7, and the second-hand data were marked C8. Then, we started the coding process. Before coding, we compiled a set of preliminary data processing methods, as modified continuously in the analysis so as to obtain high-quality coding results. Some basic coding principles are listed in Table 3-6.

After determining the basic principles of coding, we officially started coding. For example, we read in the text of interviews, “We held a variety of art exhibitions. Perhaps you see a small number of participants, but we do find sometimes the effect of our activities has been obtained as expected, i.e. the effect on the art publicity and education, as well as the deals with the works of art. It is these participants that have played the role in publicity and indirectly attracted many groups” (Director of Siwei Art Gallery). We found that the groups involved in the realization of the artistic value were diversified, and indirectly or directly associated with each other by nature. Especially the weak potential relationships involved a wide range and could conduce to the transmission of artistic value. Subsequently, we continued to read the text with the question of what the characteristics of this network relationship are, “Among our peer group, if we can have a place in this industry and have the right to speak, why do we worry about our development?” (The Chairman of Nongyuan), “Currently, we rank the third nationwide but our business philosophy ranks highest, so many government teams have paid a visit to our gallery for learning and cooperation” (Manager of Blue Roof Gallery), “We now interact with many network relationships, which gives us more opportunities to create new cyberspace” (Marketing Director of Hong Art Gallery).

Table 3-6 Basic Principles of Coding (Example)

Encoding Class	Coding Tag	Coding Symbol
Universal Coding	Siwei Art Gallery	Primary Data: S1-S10, Second-hand Data: S11
	Hong Art Gallery	Primary Data: H1-H3, Second-hand Data: H4
	Blue Roof Gallery	Primary Data: L1-L4, Second-hand Data: L5
	Tianyi Village	Primary Data: Y1-Y3, Second-hand Data: Y4
	College of Communication Science and Art of Chengdu University of Technology	Primary Data: C1-C7, Second-hand Data: C8
	Informal Interview	FZ
	Other second-hand data	QE
	Time of Occurrence	T
Artistic Value	Value Tendency Path	QL
	Commerciality	SY
	Commonweal	GY
Network Relationship	Richness	FF
	Dynamics	DT
Business model	Value Proposition	ZZ
	Internal Undertaking	CC
	Explicit utilization	XX
	Potential Development	QZ

Data source: collation by the author

We found that the centrality in the network relational structure had a direct effect on the artistic value bearing, and that the interaction between these different groups, different crowds and organizations was the basis for the change of organizational network structure. This structural change was conducive to the artistic dissemination and deals with the works of art. How did they work? With this question, we returned to the data. Finally, the data from multiple sources have confirmed our proposition that the richness and dynamics of network relations are conducive to the integration of commonweal and commerciality of artistic value. Figure 3-2 shows some coding structures.

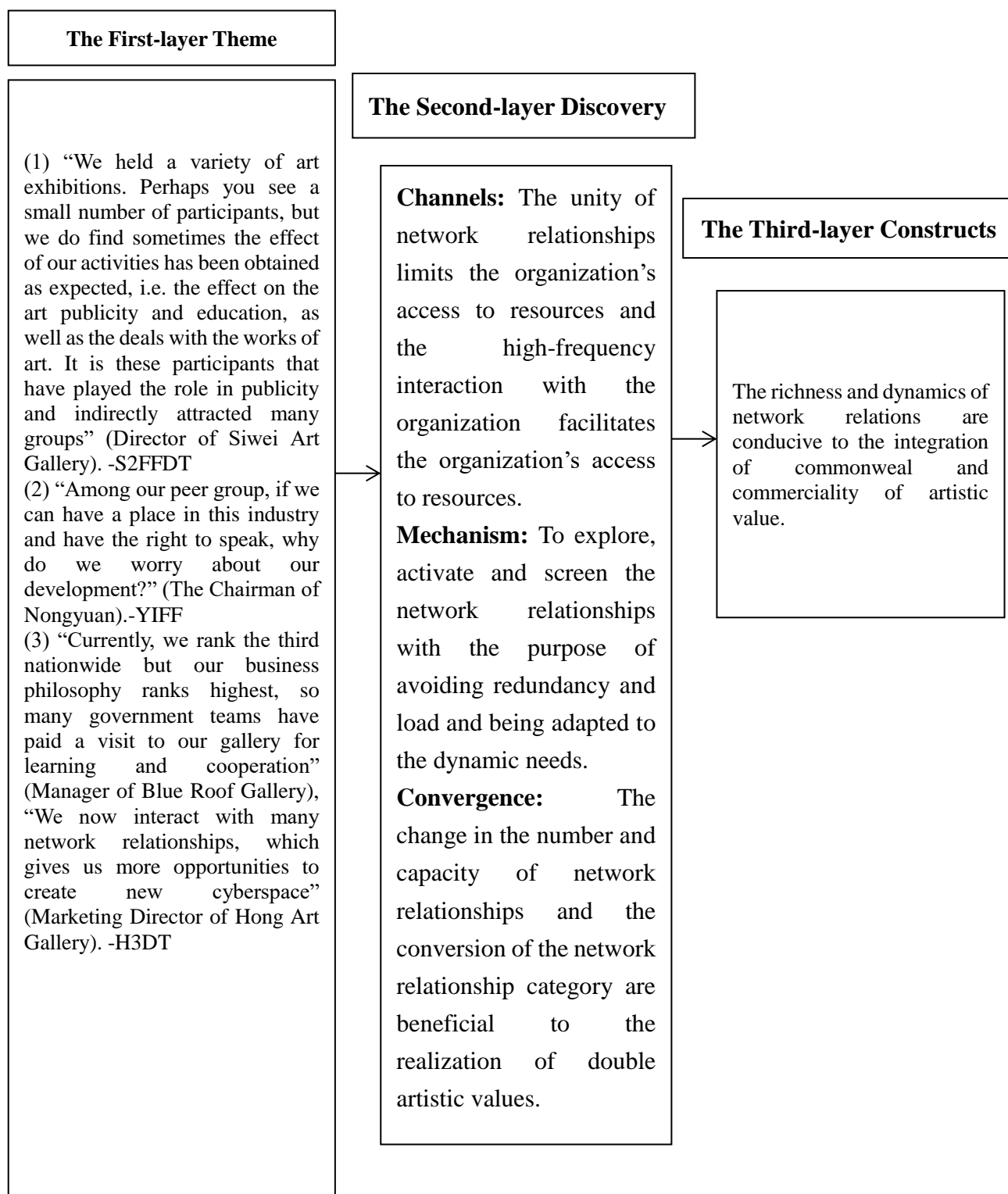


Figure 3-2 Some Coding Structures

3.5 Reliability and Validity

In order to ensure the reliability and validity of this study, a small group of researchers were invited to evaluate the research process and discuss the coding results. First, a two-month discussion was conducted on the research methods to ensure the mastery of the qualitative research and case analysis followed by a two-year data collection. From the sources of data collection, a wide range of information included (1) news reports, video materials and related news over the years on the private art galleries in Chengdu, Sichuan Province, as well as the first-hand data of interviews with the senior executives of Siwei, Nongyuan, Hong Art Gallery, A4 Art Gallery and Blue Roof; (2) the first-hand data of interviews with nearly 60 artists; (3) other second-hand art-related information. A group discussion was conducted on issues that were unclear or inconsistent, so as to achieve a final consensus, thus ensuring the reliability and validity of all data in the process of sorting out and analysis. For example, in the analysis of artistic value as to the initial explicitly to implicitly, balance and contradiction as well as commonweal and commerciality, each of the relevant key codes was discussed and verified. We have adopted a two-tier mechanism to ensure the accuracy of the coding results: First, codings were discussed and inconsistencies were repeatedly deliberated until a consensus was reached; second, if the results were inconsistent, a discussion was conducted in the form of multi-analysis to ensure the correctness and heterogeneity of coding, and ultimately form the coding results.

In this thesis, the data mentioned in this section include the first-hand interview data, field visits, second-hand data and data coding process. Starting from the question on whether and how the commonweal and commerciality of artistic value of private art galleries can be integrated at the explicit level, this thesis aims at revealing how this can be done from three research perspectives such as value theory, network relationship theory and business model, and demonstrates in each chapter how to use data and coding methods to get the results.

Chapter 4: Cycle Process of the Artistic Value

4.1 The Characteristics of Artistic Value

The works of art as special commodities have a richer connotation compared with ordinary goods. First, the artistic value is *potential*. Makiguchi (1989) has a similar view by stating that value is the emotional relationship between the object and the person. In his eyes, value evaluates and weighs the relationship between the object and the subject. Commonly speaking, value is a judgment based on the impact of certain goods on the users and their interests. Meng (1998) argues that when human beings are free from the plight of material existence and begin to demand quality of life, their concern for value is no longer confined to the material sphere and extended to the field of spiritual culture, forming the pursuit for the artistic value. People's pursuit of artistic value goes beyond the material and economic value, and more emphasizes the metaphysical value, that digs into the essence of human beings, looks for the true meaning of human life and explores the ultimate concern of human groups. Artistic value continues the exploration of the mystery of human life that can be traced back to hundreds of thousands of years ago, and gets leveraged by the spiritual bewilderment, confusion and loss resulting from modern material civilization. The spiritual and emotional pursuit embodies the implicitly of the works of art from the other side of commodities.

Second, the artistic value is *dynamic*. Art, as an important part of the spiritual life of human beings, even represents the spiritual structure of human beings in an ontological sense. Art emphasizes the value of extensive participation, and the potential artistic value and vitality of the works of art can be slowly revealed only during the actual participation of a wide range of audiences (Li, 2013). In a participatory sense, works of art are jointly done by creators and audiences. They are unfinished and open, manifested by the weakening of the artist's control over the artworks and the enhancement of the audiences' participation in the artworks. The value of ordinary goods will be fully realized upon the completion of transactions and will no longer release any value after disposal. This is a one-time value release process without the emergence of new value. However, Meng (1998) argues that the existence of artistic value is a dynamic process and that it will be ultimately realized upon appreciation and acceptance by the recipients in an entire process of production, consumption and sharing participated by the creators, works and recipients. Fischer (2013) argues that emotion is the source of value, and

when we cannot explain something in the limits of reason, i.e. reason can no longer help us solve the problem, then emotions can help. Emotions can be released through our consciousness and perception, which allows us to perceive the existence of the world and identify the value. The value mentioned here is difficult to be measured rationally, and can be only experienced through a consciousness or a perception, such as the aesthetic value.

Third, the artistic value has the property of *emergence*, which is accompanied by the dynamic nature of the artistic value. The potential release of artistic value takes place in this process, and the formation and realization of the potential artistic value are also manifested by an emerging process. In this process, consumers, artists, art institutions and other participants are involved to be weaved together into a value network and form a huge network of relationship in a dynamic form. Each person in the generation process of the artistic value is active, and the big network of this artistic value also carries value itself. Potential value and value can be converted into each other. The value of the network connection is embodied in the form of potential value and will continuously emerge in the future and turn into explicit value after cooling and curing.

To sum up, in comparison with ordinary goods, works of art have a very active potential value capable of being transformed into explicit value, and can attract everyone's extensive participation with its dynamic nature. The value realized during the transaction is superficial artistic value, and there are more potential values waiting to be discovered like a sleeping "volcano". The sharing value, emotional value and dissemination value brought about to us subsequently seem like a larger "volcano", and will be continuously released, which demonstrates the property of its emergence, i.e. the further development of its dynamics.

4.2 Cycle Process of the Artistic Value

Based on the primary data of the interviews of more than 300,000 words, we have continuously refined the cycle process of the artistic value and put forward 6 specific constructs in the cycle process (See Table 4-1) by pursuing the value of artworks on the existing art market on the different levels. These six constructs can be divided into two paths. One is the explicit value path, which includes four processes of value creation, value dissemination, value release and value sharing from the perspective of the value cycle of the existing art institutions. The other is the value tendency path, which includes commonweal and commerciality depending on the different tendencies of the artistic value. Table 4-1 shows our specific coding process. In this table, the "value creation" construct has 33 compiling entries as for example "Art creation

of many artists is spontaneous”. The “value dissemination” construct has 41 compiling entries, typically “How does the value spread? Value can be disseminated through the art institutions or the artists themselves, and depends on the individual”. The “value release” construct has 24 compiling entries, typically “Some collectors who get a favorite work will repeatedly play with, appreciate and even exhibit it, so its value will be further released”. The “value sharing” construct has 37 compiling entries, typically “Many art institutions will take out their own collections for exhibition to share their artistic value with others”. The “commerciality” construct has 38 compiling entries, typically “Our art institutions will run for profit to the end. We don’t have much government subsidies like foreign art institutions and need to earn profits on our own”. The “commonweal” construct has 38 compiling entries, typically “Sometimes, to attract everyone’s participation, we will offer free services to let participants experience the aesthetic value of art”.

Table 4-1 Construct of Artistic Value Cycle Process

Dimension	Construct	Compiled item	Typical example
Value cycle path	Value creation	33	Many artists’ art creation processes have the property of spontaneity.
	Value dissemination	42	How to disseminate value? It can be disseminated through art institutions or artists, depending on the individual.
	Value release	24	Some collectors will constantly appreciate a favorite piece of works they get it and even exhibit it so that its artistic value gains a new release.
	Value sharing	37	Many art institutions will take out their collections and share the artistic value with others via exhibition.
Value tendency path	Commerciality	38	Our art institutions are ultimately in pursuit of business and profit. We do not have much government subsidies as in foreign counties and have to rely on ourselves to earn money.
	Commonweal	25	Sometimes in order to attract people’s participation, we will offer them free participate to feel the beauty of art.

Data source: collation by the author

4.2.1 Creation of Artistic Value

Artistic value creation is the starting stage of the artistic value cycle. Artists will cooperate with galleries, art galleries, brokers and other art institutions in the process of creating artistic value (as shown in Figure 4-1); influential people in the industry and society play an incentive role in artistic creation; friends, family, teachers and classmates. may be the source of artists’

creation and inspiration.

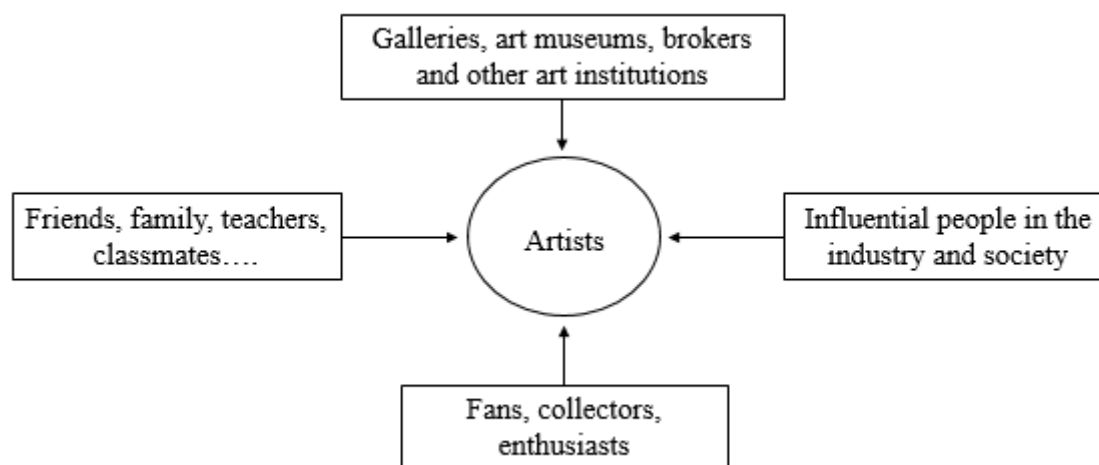


Figure 4-1 Model of Artistic Value Creation Process

Data source: presented by the author

With respect to the purpose of artistic creation, some artists engage in artistic creation in a group of three or five and their purpose of creation is purely the process of artistic enjoyment. They do not want to be influenced by any business interests and they cannot correctly grasp art business. If these artists can be recognized by the market they can obtain appropriate qualifications and relevant people like venture capital investors will find them and make investments.

With respect to the art creation process, in the interview, Liao Xinsong (Professor in the School of Arts and Sciences, Sichuan Normal University, see Tables 3-1 & 3-2) said: “an artist must always have sharp awareness of capturing source material and be naturally sensitive once he/she encounters or discovers such a person or thing that catches his attention or it just flashes by. In fact, once he/she sees such a tea factory next door, he/she will unfold the imagination and the highest-grade natural tea has temporarily lost its charm in his/her mouth. Thus he/she is extremely anxious to run to it, and the scene coincides with his/her imagination, inspiring the spark of the soul!” Artists need to maintain a certain artistic perception. At appropriate times, this artistic perception can be transformed into the source and power of art creation. Artists will also chose cooperation with institutions in the creation process. Liao Xinsong mentioned that “there are basically two ways of artists’ cooperation: one is based on common understanding and mutual appreciation when artists really paint very excellently, the other is purely for business, and at this time, perhaps the artists may not understand what they are creating”.

The creation environment of artists will be affected by the four aspects shown in Table 4-1, including colleagues, family, teachers and students who provide the source power, the cooperation of galleries, art institutions and brokers, the promotion of influential groups in the industry and society and the incentive of fans and collectors. In the creation environment of artistic value, many creations are formed in cultural and creative industrial parks. These cultural and creative industries are supported by the state and the policy. However, artists are more inclined to culture in the process of creation, while the state and the government are more inclined to business, so there is a certain paradox in such an artistic value creation environment. Li Wenbin (Associate Research Fellow, Institute of Fine Arts, China Central Academy of Fine Arts, see Tables 3-1 & 3-2) said: “I am against the statement that the creation of a good environment is conducive to the growth of an artist. I do not think that once there is a kind of so-called good environment, a good artist can be cultivated. The environment can truly influence people and it has possible positive effects, but the key factor of deciding whether the artist can grow up is the artist himself/herself. The so-called good environment is precisely the “art greenhouse” which hinders the artist experiencing hardships”. Different environments do have an impact on artists’ creation process, but as mentioned by Li Wenbin, a good "art greenhouse" does not necessarily provide a completely good environment. Artists may need some experience and toughening for growth in the process of artistic creation.

4.2.2 Dissemination of Artistic Value

Artistic value dissemination means the publicity and promotion of art by art galleries and other art institutions so that art can be diffused. Art institutions cover art galleries, art and brokers. They play a role in promoting art dissemination. We regard art institutions as the organizations.

The dissemination relationship of artistic value is shown in Figure 4-2:

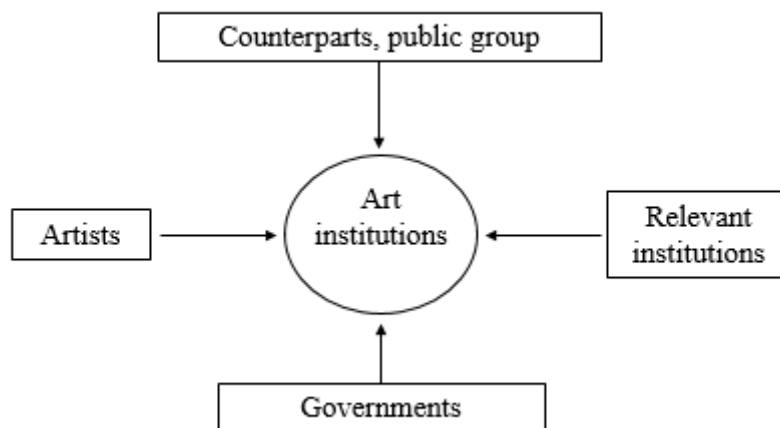


Figure 4-2 Schematic Diagram of Artistic Value Dissemination Process

Data source: presented by the author

In the dissemination process of art, from the interviews we have learned that some artists want to act as a medium for the spread of artistic value. In this case, when the work scale of an artist or art institution is not very large, the spread of artistic value is basically realized by interpersonal relationships. This method cannot be relied upon when the works have reached a certain scale, instead, the dissemination mode of current businesses is used to spread a wider range of value, that is, the value of the existing artworks cannot be widely spread if only the interpersonal relationship of the artist is used. This dissemination path can be represented by Figure 4-3.

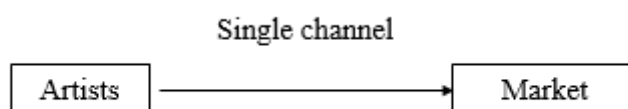


Figure 4-3 Dissemination Path 1 of Art

Data source: presented by the author

In the interviews it was revealed that some artists just want to devote themselves to painting, and let galleries conduct the commercial operations. In this way, the gallery acts as the medium for the spread of artistic value. For example, many artists hope to hold their own exhibitions, and even hope to enter the Central Gallery of Fine Arts and other influential exhibition halls. This is mainly because themselves and their works can be publicized so that not only more people can understand and be familiar with them, but also this is helpful for their works to enter the market. This dissemination path can be represented by Figure 4-4.

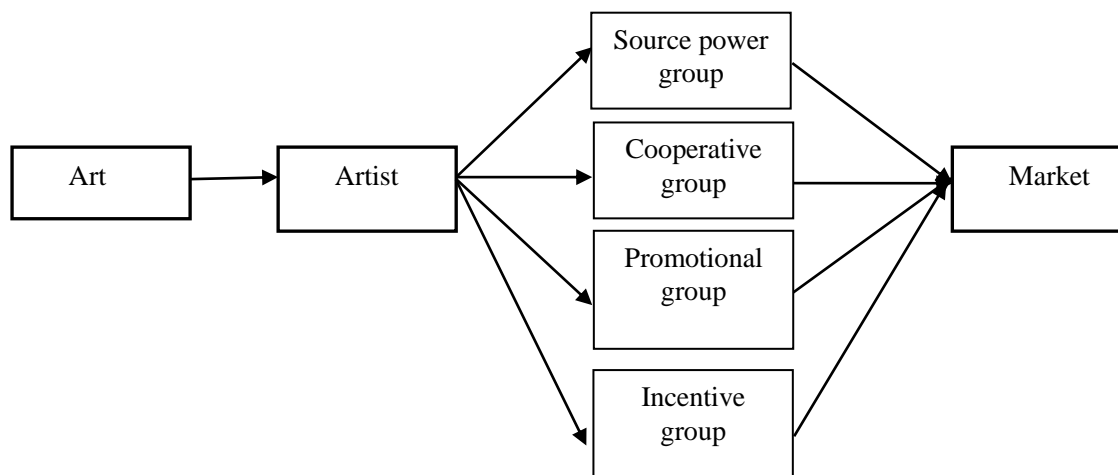


Figure 4-4 Dissemination Path 2 of Art

Data source: presented by the author

Because of the connection between the artist and the four groups, it is easy to enter the market, but there is an obstacle to entering the market when the intensity of the relationship is not at the ideal state (when it does not reach a certain equilibrium point).

4.2.3 Release of Artistic Value

The release of artistic value is the third stage of the artistic value cycle process. Artistic value release means that artwork is known and understood and applied by more public groups through comments, evaluation and interpretation of works by groups with industrial and social influence and in this process, artistic value recreation is realized.

The value of ordinary goods is very short-lived. After consumers finish consumption, their value is completely released and at most an after-sales service is left, but the value of artworks is different. Artworks can continue to spread and its new value will continue to be found. Therefore, the value of artworks will not disappear with the passage of time as goods do. Goods will be obsolete, while the value release process of artworks is an ongoing process. Only when this value release process is given to the entire social network will it carry the potential artistic value, and, as works continue to participate in the appreciation in social network relationships, the potential value of art is released to its largest extent.

Two aspects are contained in the artistic value release process: one is commonweal and the other is commerciality. According to the interview data, Jiang Lin (Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2) thinks that, artworks and finance are a perfect matching. The

essence of finance is to enable idle funds in the community to get the most appropriate allocation and release their greatest potential value. The potential value of art is more often at an idle and inactivated state. It needs a platform for effective allocation and integration and a network to release and carry it. In terms of artworks, it is just a point, the artist is also just a point, and the gallery is a line.

4.2.4 Sharing of Artistic Value

Artistic value sharing is the fourth stage of the artistic value cycle. Art sharing means that the artistic value is finally shared by the public group. We regard the constituent members of the public group as individuals.

Art sharing process is a major feature of artworks compared with ordinary goods. However, due to historical reasons, the current art is already independent, and its social integration is not like in the Song and Yuan Dynasties when officials were chosen from cultural backgrounds and belonged to artist groups; then, integration of art was everywhere. As Chinese art is now influenced by western art and culture, it is easy to contact and integrate with the market, which is a favorable factor for the development of China's current art market.

Second, in comparison with the good art sharing processes abroad, the art market in Europe has developed for hundreds of years and art is inherited mostly from people's contact with it since a very young age. So it is more natural for people in Europe to engage in art collection and investment compared with the Chinese community. Xie Hongbo (Associate Professor, School of Fine Arts, Hunan Normal University, see Tables 3-1 & 3-2) deems that: "hundreds of large and small galleries in Europe are built exquisitely and people can realize what art is. They are edified by art since very young. Such edification is indeed a kind of nurturing, a cultivation and an investment, so their ideas of investment in art are a cultural inheritance and this inheritance is also a natural process. However, this natural sharing and inheritance process is relatively lacking in China".

In China, many groups only have limited channels of contact with art since their young age. In most cases the contact is only from art classes, and even at some schools no art class is offered. So art admirers in China are currently mainly concentrated in a small number of people. These individuals include collectors, enthusiasts and business people, occupying a relatively small proportion of the population. Artistic value is shared by these individuals within their circle and the entire sharing process is still at a much closed state.

According to the interview data, Ren Guangrong (Deputy Director of the Academic

Committee of Chengdu Traditional Chinese Painting Institute, see Tables 3-1 & 3-2) thinks that, from the perspective of the existing artworks areas, art still belongs to a minority and artworks have no relationship with ordinary people. Art is not a thing of ordinary people, but an issue to be thought about by some elites with economic strength. This is the essence of art, that is, you must be wealthy if you want to appreciate art and art must be built on the basis of economy. This phenomenon is based on a fact of the current art market. “Our art market is still at a tender development stage and the current art market in Europe, the United States and other countries is our development goal and direction”, he said. Artwork contains potential value, and this potential value will release great vitality in a richer relationship connection.

4.2.5 Analysis of the Cycle Path of Artistic Value

After the construct of the cycle process of the artistic value at the dominant level is presented, we have made a schematic diagram of the artistic value cycle path (as shown in Figure 4-5. Art creation mainly corresponds to artists, art dissemination mainly to the art institutions, art release mainly to the groups with industrial and social influence and art sharing mainly to the public.

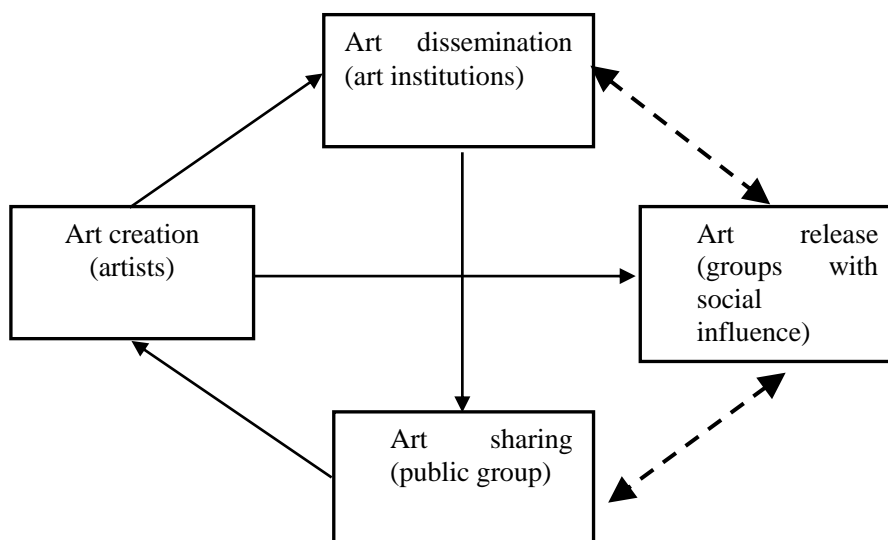


Figure 4-5 Schematic Diagram of the Artistic Value Cycle Path

Data source: presented by the author

Note: the meaning represented by arrows: the artistic value cycle process and the value increasing process

The four key nodes of the artistic value cycle are defined as follows:

(1) Art creation: the artist creates art and produces works. The theme of art creation is the artist and we consider him/her as an individual.

(2) Art dissemination: art galleries and other art institutions promote and publicize the art so that art can have more divergence. Art institutions cover art galleries and art brokers. They play a role in promoting the spreading of art. Here, we regard art institutions as organizations.

(3) Art release: Artworks are known and understood and applied by more public groups through comments, evaluation and interpretation of groups with industrial and social influence and in this process, artistic value recreation is realized. The groups with industrial and social influence refer to influential people recognized by the industry and to those in politics, economy, culture and other areas. We regard these influential people as unit individuals.

(4) Art sharing: the artistic value is finally shared by the public at large. We regard the constituent members of the public group as individuals.

The artistic value cycle path is a multiform process, which is a common cycle path in the existing art institutions. Specifically, the following four paths can be included:

Path 1: (1) Art creation → (2) Art dissemination → (4) Art sharing. In this path, after being created, artworks are disseminated by art institutions and reach the hands of consumers. This path shows the commercial aspect of art.

Path 2: (1) Art creation → (3) Art release → (4) Art sharing. In this path, after the artwork is created by artists, its value is released directly through groups with social influence without the node of art institutions so that the consumers and non-consumers can share the artistic value. This path reflects the commonweal aspect of art.

Path 3: (1) Art creation → (2) Art dissemination → (3) Art release → (4) Art sharing.

Path 4: (1) Art creation → (2) Art release → (3) Art dissemination → (4) Art sharing.

The art cycle path (1) Art creation → (4) Art sharing (sharing formed by the direct gift and purchase of artists) is not within the scope of our discussion.

Among the four paths, paths 1, 3 and 4 involve the process of art dissemination in the middle link. The realization body of this process is the organization, and that of the other three processes is the individual. In the meanwhile, in the third and fourth paths, the position of the art dissemination and art release is changed (the two have dynamic changes in the process of real artistic value).

We can see that among the artistic value cycle paths, path 1 contains more commerciality of art, while path 2 contains more commonweal. The first path does not include art release process and the second does not include art dissemination process. The red arrows in the schematic diagram of artistic value cycle path (shown in Figure 4-5) represent the fusion of the

processes of "art release" and "art dissemination", that is, the integration of commerciality and commonweal of artistic value. In the existing art institutions, path 3 and path 4 belong to the fusion path. Both need to go through "art release" and "art dissemination" processes to integrate commerciality and commonweal. The commonweal and commerciality of artistic value are not entirely antagonistic. Our existing art institutions can also integrate the two aspects.

Artwork is a special commodity. It can be transacted many times in the market. Its value cycle can be a single cycle and multi-cycle.

(1) Single-cycle path: Artists are its main body and the artworks they created are the source of artistic value cycle. The main body is called "the original value creator" and the single cycle path of artistic value is realized through the main body. This cycle is based on the theory of value creation.

(2) The multi-cycle path is a cycle built on the basis of single-cycle path. Their cycle paths are the same ((1), (2), (3), (4) may occur to both of them). When a change occurs in the artistic value creation body of the multi-cycle path, it is mainly the transformation of artistic value sharer to the artistic value creation body. The main body is called "the regenerated value creator", resulting in a new round of artistic value cycle. Artworks circulate continuously in the artistic value cycle to make the art perpetual and open a wider social space for the art so as to achieve the maximization of artistic value. The entire process is collectively referred to as "artistic value regeneration cycle".

4.3 Relationship between Commerciality and Commonweal of Art

4.3.1 Conflict between Commerciality and Commonweal

From the analysis of the artistic value cycle in the previous section, we find that in this process, some paths show strong commerciality, such as path 1: Artworks are created by artists, then reach the hands of consumers through the dissemination of art institutions, thus realizing a business cycle; some paths show strong commonweal, such as path 2. In this path, after the artwork is created by artists, it does not reach the hands of consumers directly through art institutions. Instead, it reaches consumers and non-consumers through influential groups, thus not only making consumers obtain the sharing of artistic value, but also allowing more people to participate in, showing strong commonweal.

However, it is not a simple thing to combine the commonweal and commerciality of artistic value. Li Wenbin (Associate Research Fellow, Institute of Fine Arts, China Central Academy

of Fine Arts, see Tables 3-1 & 3-2) on Liao Xinsong, a celebrated Sichuan born contemporary painter, mentioned: “we can consider him (Liao Xinsong) as a case for study, as a process of struggle with the social reality. Mr. Liao’s paintings impact on human destiny and real society. In this age of intense art research sensitivity, with this meticulous combination, it is like a castle. And Mr. Liao has built another castle under the castle ... He really has built his own castle in this large castle of expressionism and melt it into China and his own cultural elements and cultural temperament ... As an artist, he has achieved a higher level”. There are still many conflicts, especially the conflict between commonweal and commerciality of art. In the following pages, based on the results of our research, we will elaborate on the conflict between commerciality and commonweal in the four processes of artistic value cycle.

Firstly, in the art creation link, this is the starting point of the artistic value cycle. Different properties can be exhibited through different paths, depending on what kind of mentality the creator initially has when facing the art creation process. But in general, the starting point of art creation can be divided into two directions, one is commonweal, and the other is commerciality. Luo Kai (Deputy Dean of Zhang Daqian Fine Arts Academy, Neijing Normal University, see Tables 3-1 & 3-2) said: “the basic situation of the existing artists in the creation process is often jumping between commerciality and commonweal of art. They do not want to regard art creation as a purely commercial thing, but have to make a living through their art creation, so they find it difficult to grasp and balance commerciality and commonweal of art”. In the initial link of art creation, artists will often fall into such a "paradox", hoping to do business creation earnestly, but inevitably "looking up at the starry sky", showing the commonweal aspect.

Another example is Zhang Biwei (Chairman of the Artists Association, see Tables 3-1 and 3-2) who said, "I personally feel that in the current system, a balance can only be relative and it is absolutely impossible to find the absolute balance. This can be explained in two aspects. From the perspective of the cultivation of artists, the current institutions of higher learning, their systems and the educational ideas cannot do so. We do not talk about grassroots artists. Our educated artists learn how to conduct themselves, learn what is art creation, what is art operation, what are artworks and then what are art products since they enter the school". This shows that modern art education lays too much emphasis on commerciality or on commonweal in the process of educating artists, resulting in difficulty in balancing between the two for artists, and further in the creation of artistic value. Therefore, when art institutions face this kind of artists, it is difficult for them to combine commerciality and commonweal of art.

Secondly, in the process of art dissemination, the research shows that, currently the best

way to spread artistic value in China is still mainly by way of art galleries, exhibition halls and brokers, and the market brand effect of these carriers will affect the spread effect, such as the carrier scale and the scope of the exhibition area. The more these groups exist in the social network, the broader the embedded areas will be. It will be more conducive to the sharing and to the embedding of artistic value in the social network. The dissemination methods of artistic value are varied. Each way and channel is woven into an extensive spread network, including the market relationship among counterparts, mass market and art, the reference relationship between relevant institutions and art, the promotion of government to the art, and the cooperation between artists and art institutions. Every point and person in this network can carry out dissemination independently and enjoy the release of artistic value. What art institutions should do is try to weave this big net, carry greater potential value with this giant net and release the potential value.

Zhang Biwei also mentioned that: “two-thirds of artworks are speculation, their own speculation. This phenomenon is very prominent, especially in Chengdu. There are innumerable private art galleries in Chengdu, thus only a relative balance can be achieved. This is a point of view”. This shows that the current artistic value bears large moisture and the art market is chaotic, lacking a unified mechanism. Therefore, the current art market needs a unified network to envelop these chaotic pricing mechanisms, so that the artistic value can be spread in a reasonable manner. In this network, commonweal emphasizes the connection of all groups, while commerciality puts more emphasis on the connection of buyers. This will produce imbalance between commerciality and commonweal.

Then, in the process of art release, in the current art market, Zhang Biwei said, "the artworks sold seem to have nothing to do with them (the artists) and there will be no connection with their works, which makes the uniqueness of works disappear compared with ordinary goods, because the value of artworks can continue to be released. So the current art business model is still a model from the industrial economy age, that is: after the work is sold, it has no connection with me, but in fact the release process of the potential value of art is far from over. An artist should treat his/her works as marrying a "daughter" rather than a one-time transaction. After being sold, the "daughter" will return to her family to see you, and she will have a continuous contact with you throughout her life. Artworks can even be considered as the external continuation of the artist's own personality, thoughts, emotions and so on”.

Zhen and Wang (2015) argue that the value is largely derived from our human permission, existing in our evaluation of the world, in our hope for human nature (reasonable and

unreasonable). These things are fundamentally a derivative of human feelings and a desire that is difficult to achieve in human culture. The value is not a real material at all, nor is built on necessity. Instead, it is based on desire. The artistic value in the current release mechanism should pay more attention to the stimulation of continuous release of people's emotions so that artworks can continue to release the value after the completion of sale. However, the current artistic value release system considers commerciality more and ignores commonweal.

Finally, in the process of art sharing, the trait of artworks determines that the value sharing process cannot be confined to a niche market; on the contrary, more people should be involved. According to our research, Jiang Lin (Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2) has spent huge sums of money to open an art village for free sharing. All artists can participate as long as they are willing to. Every artist can exhibit there a piece of work, basically their most satisfactory one of the year and the entire exhibition is free of charge. This is a purely commonweal project where all artists can go for exchange and appreciation, thus their artistic value is released and shared to the full, and these artists may have private transaction and communication, independently from Mr. Jiang. The entire sharing process lacks connections beyond artists and thus the operation model conflicts with the common connections of networks, rendering it difficult to release the potential value of art.

During our interview, Ren Guangrong (Deputy Director of the Academic Committee of Chengdu Traditional Chinese painting Institute, see Tables 3-1 and 3-2) mentioned that from the perspective of the artworks field, art belongs to a minority and artworks have no relationship with ordinary people, typically indicating that some artists limit their works to a niche range and position art as high-end and ordinary people are not art audience, somewhat like "beholding a high mountain with admiration". Some artists are not fully aware of the potential value of artworks and the great power released to the artistic value by rich connections.

Artworks themselves cannot be confined to a niche market, and should allow more people to participate in. Some of our interviewed artists define art as an "elite game", which is in conflict with the concept of "pan art". We also understand that in fact the government is trying to get through the channel of art and also wishes more people could be involved in. The sharing process of artistic value should not be limited to an elite group, but needs to allow more people to participate in, to share, and to connect so as to fully integrate the commonweal into commerciality.

4.3.2 Double Helix Model of Artistic Value

In the artistic value cycle, path 1 and path 2 only partially emphasize the commerciality or commonweal of artistic value. At present, they are the main value cycle forms of art institutions. Path 3 and the path 4 combine “art dissemination” and "art release", which also let us see that the commerciality and commonweal of artistic value can be integrated, as long as the "art dissemination" and "art release" are connected. However, due to the huge conflict between commerciality and commonweal of art, it is difficult for art institutions to combine commonweal and commerciality.

Commonweal and commerciality of art is a natural contradiction and a paradox. For the research of paradox, Smith and Lewis (2011) give a definition of paradox on the basis of past studies: paradox is a contradictory but interrelated element and persists with the passage of time. Paradox is prevalent in management, and it is seen as a double-edged sword, so there is an increasing demand for paradox management. Managing the paradox means using its positive potential and preventing its negative dynamics. It also means that organizations need to keep the conflict rather than eliminate it (Smith and Lewis, 2011). From the paradox point of view, it concerns two conclusions implied in the same proposition or reasoning, and these two conclusions can be justified. The commonweal and commerciality of art are such a paradox that sounds plausible. Artworks are a very special commodity and their value form is very different from traditional goods. On the one hand, in the existing value cycle paths of art institutions, as shown in path 1 and path 2, most of the time only commonweal or commerciality is emphasized partially and it is difficult to integrate them; on the other hand, art institutions are trying to integrate commonweal and commerciality of art, as shown in path 3 and path 4.

Artistic value also has its paradoxical aspect. Liao Xinsong (Professor in the School of Arts and Sciences of Sichuan Normal University, see Tables 3-1 & 3-2) mentioned that for the artist villages, in the presently so-called good environment, some will indeed form a convergence effect and some artists will be driven benignly. However, he worries about the occurrence of another situation, that is, because of the lack of independent thinking, some potential artists may also be affected, with their thinking and style wavering, like this master in this period and like another one after a period of time, always unable to find themselves. To become an artist, the most important thing is to find oneself. This shows that artistic value is influenced by the artist, and its potential value will be wavering because of the artist's thinking and style. As per Liao Xinsong's view of art, the value of artworks contains two starting points, which represent two dimensions of artistic value: commerciality and commonweal. The release of artistic value is not a one-off, but an ongoing process. More potential value waits to be

excavated and released.

The cycle path of artistic value has two starting points. The first one is transaction and its value is released once and for all. It is a dominant value that is, a commercial value, which is the idea of path 1. The second starting point is sharing and it is an implied value, namely, potential value, which is the idea of path 2. As Marx and Engels (1843) said: people who appreciate and create art are created by the art object. This is a lasting release process. As people continue to participate and connect, the potential value of art will continue to emerge, which requires a broad network relationship to create a "pan art", thereby activating the potential value.

On the surface, the commonweal and commerciality of art are almost completely contradictory, but through our carding of the four artistic value cycle paths, we find that the commonweal and commerciality can be integrated by the connection between "art dissemination" and "art release". So we construct a double helix model of artistic value (as shown in Figure 4-6) to illustrate the integration relationship between commerciality and commonweal of art.

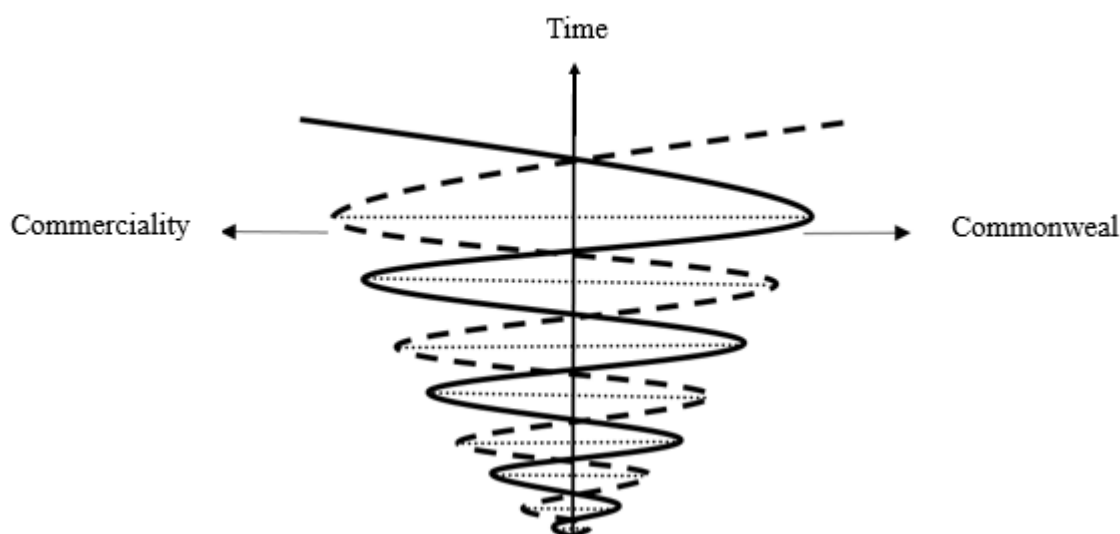


Figure 4-6 Double Helix Model of Artistic Value

Data source: presented by the author

It should be noted that the spiral model of artistic value is a three-dimensional model. The black solid line represents the commonweal of artistic value, while the black dotted line represents its commerciality. The relationship between the two curves is very similar to the double helix structure of DNA. In the three-dimensional space, they are independent. The distance between them represents the release scale of artistic value. The larger the distance is, the bigger the scale will be. The upward black arrow in the middle is the time axis. It can be seen that as time increases, commonweal and commerciality of art are getting higher and higher. From the perspective of the double helix model of artistic value, there is a three-tiered relationship between commerciality and commonweal of art:

First, mutual separation: The commonweal of art means that art needs to be more widely shared by the public, so that the public can feel the influence, produce interest in art and be benefited. In this process, on the one hand, art is often carried out by way of free visits, free appreciation or even through free lectures, and this free-of-charge nature constitutes a big restriction for or even completely a conflict with the commerciality of art; on the other hand, in the creation process of artistic value, to emphasize commonweal, artists must pay more energy and spirit and cannot produce artworks as a product line. This also means that it is difficult to reproduce artworks on a large scale as traditional industrial products and to use economies of scale to create commercial value. For these reasons, the commerciality and commonweal of art tend to be separated naturally, which is reflected in the two lines of a parallel relationship. From a three-dimensional perspective, it is difficult for the two spiral curves to fully integrate into a whole.

Second, interdependence: The commonweal of art is often carried out in a "free-of charge" way. Although it cannot bring commercial value directly, from the network point of view, there will be different discoveries. First of all, the nature of art itself will make the whole art market limited to the existing audience. However, the commercial value of art is largely determined by the audience size. The commonweal of art is similar to the "subsidy" strategy in the Internet, that is, to attract the audience, a product will "subsidize" product users initially with a very low price or even by way of subsidy, which will change most of the potential audience into customers, rapidly expand the audience size as well as the product's network relationship. One of the biggest features of Internet products is that the network relationship in itself can carry the most value. With the expansion of the network relationship, its commercial value is also

increasing. This "subsidy" changes many potential users into existing users and allows potential value to emerge and transform into commercial value.

Using the "subsidy" (freemium) perspective of the Internet to understand the commonweal of art has the same purpose. The "free-of-charge" or "low price" model commonly used in the commonweal of art is a kind of "subsidy". For many art laymen, this allows them to pay attention to artworks, which is of little significance for them, at very low cost. But as their network relationship with art continues to strengthen, they may transform from potential customers into existing customers, expanding the connection scale of the art market, and ultimately making artworks carry greater commercial value. This is the regurgitation feeding of commonweal for commerciality of art. In turn, the commerciality of art can bring substantial cash income, part of which is brought by its commonweal. Commerciality and commonweal are not isolated. In the network relationship, every person and every point can carry and release value. If the commerciality of art wants to get greater value, it is necessary to make the network relationship of art and public to be more intimate and extensive, so that the public can participate in, continue to be active and create value. From this point of view, the commerciality of art nourishes commonweal. Therefore, based on the above two connections, the commonweal and commerciality of art are interdependent and inseparable, just like the tie represented by the dotted line between the two curves in the double helix structure. The two are separated from each other superficially, but an interest community essentially transports nutrients to each other.

Third, mutual promotion: The expansion of the scale of commonweal of art benefits from constant capital investment and commerciality is required to nourish the commonweal; but conversely, if the commerciality of art wants to get a greater range of connection and bear and capture greater value, it needs to constantly be put into commonweal, use network to explore more potential customers in order to tap more potential value. Their scales are subject to the size of each other. If too much attention is paid to the commonweal of art, too much investment will be caused, which is unsustainable in the absence of other subsidies. Similarly, if too much attention is paid to the commerciality of art and the commercial value of art is excessively mined without cultivating a more extensive network relationship through commonweal, then the final commercial value will be confined to the existing scale of network relationship and it is difficult to release more potential value. Therefore, in the double helix structure, although the commerciality and commonweal are on the rise, their growth rates always maintain at the same level, rising spirally at a unified height. They grow bigger and bigger geometrically. If one side

grows too quickly, it will aggravate the imbalance of the entire double helix structure, resulting in its collapse.

The double helix model of artistic value allows us to understand that there are in fact many possibilities in its release process, which reside in the integration of commonweal and commerciality of art. The sharing process of artistic value is not only the end of its overall realization, but also its starting point. The sharing of art is a process of recurrence and repetition and the main bodies involved in this process are very extensive. For example, Li Wenbin (Associate Research Fellow, Institute of Fine Arts, China Central Academy of Fine Arts, see Tables 3-1 & 3-2) mentioned "sometimes, when we are not clear about it, the explanation of others makes it clear. Art is not entirely rational in the end. Complete rationality cannot create good works, especially calligraphy. The artist's rationality is reflected in normal times.; we must seriously understand him, and allow him to be earnest and bold towards creation. If you are very rational, clear about a situation, and have formed a shape in your head, your creation will be stiff and lack vitality". Though art creation requires an artist's profound artistic skills, it is uncertain and you cannot treat a piece of art work rationally. The artist's own emotional factors have been melted into his works. Sometimes it may be a "momentary" art or a "burst" of art.

This repetitive process reoccurs in the integration of commonweal and commerciality of art, jointly building the double helix model of artistic value. The artistic value participates in the sharing of the main body through each process. The value of artworks has established an extensive and potential connection with the audience at each stage. In Granovetter (1973) terminology this connection is called "weak connection", because in this process the connection is not close and intensive enough to release the potential value of artworks. It is also difficult to carry a business model that integrates the commonweal and commerciality of art, but it is important to attempt to design such a business model so as to stimulate further vitality and enable a more perfect integration of commonweal and commerciality.

4.4 Potential Release of Artistic Value

We can see from the cycle process of artistic value that, in the existing cycle process of artistic value, such as path 3 and path 4, there is a huge challenge in the actual operation of art institutions. It is difficult for art institutions to connect "art dissemination" and "art release" nodes, but in the double helix model of artistic value, we have proved the relationship between commonweal and commerciality of art. They are separated from each other but interdependent and, most important, they go together. If the two aspects are connected and combined, the huge

potential value existing in them will be continuously released.

Regarding the potential value, from a macro point of view, the potential value is the value hidden in goods. Here goods include all social goods. From the micro point of view, the potential value refers to that implied in a particular commodity or a kind of commodity. Artworks are quite different from ordinary goods because of their special nature. Their value release process is a continuous one and the value realized upon the transaction is only the dominant level of artistic value at the time. It is a “volcano” sleeping underground. After that, the sharing value, emotional value, dissemination value and so on are potential value that is to be continued to tap. It is a greater "volcano" that will continue to be released.

On the one hand, the potential value of art is a virtual property that can be released under the action of multiple interrelations. The virtual property of value means that the value is virtual and potential, not real and dominant (Fronzizi, 1984). To change the potential value from virtual to real requires the interaction and mutual transformation between the subject and the object. In the distinction between value and value object, Fronzizi (1984) once said that value is only potential and contains an unrealistic nature. This shows that the potential vitality of artistic value is enormous. On the other hand, the potential value and the dominant value of artistic value are holistic. The value units or the value sets form a value system in which all values cannot exist independently from the whole and are hard to be self-sufficient. Any value separate from the value system will disappear. Therefore, the artistic value has virtual potential value, which can be transformed into dominant value, and the dominant value and potential value of art cannot be separated from each other.

As for how to release the potential value of art, the most frequent word that emerged from our research data is "network". For example, in the interview, Liu Zhengcheng, partner of an art institution, mentioned "if from the point of view of a purely individual artist, he can do it [release the potential value of art] to a certain extent if he wants, but it's impossible to do it more deeply and extensively". This shows that from the individual's perspective, there is still a great potential to be released for the current artistic value and we need to break through individual restrictions, rise to the community level and up to the network level so as to grab a greater potential value.

In the above double helix structure of artistic value (Fig. 4-6), we find that, in fact, the conflict between commerciality and commonweal is not completely antagonistic. From the perspective of paradox, this contradiction is complementary, persistent and symmetrical. They can be compatible through a very good form and release a great potential value. Li Wenbin, a

Chinese brush painter, ceramic artist and professor, mentioned in the interview that the current art caters to the needs of the public. “Good works should have its own characteristics, then they can be accepted by the public, and have their own market. It seems that there is no influential master calligrapher nowadays. The original aesthetic standards are easier to be unified and now they are more diversified”. This shows that contemporary aesthetic standards are more diversified, no longer confined to a small circle and more people can participate in them, which makes rich network connections possible.

Another example comes from Meng (1998) who thinks that art, as an important content of human spiritual life, even represents the human spirit structure in the sense of noumenon. An art work is jointly completed by the creator and the audience. It is unfinished and open, embodied in the creator’s weakening of control over the artwork and the enhancement of the audience’s participation in it. These views emphasize the dynamics and participation of art and require more extensive connections. The potential value of art can be carried through the network connection and gain the most perfect release in a continual diversified and dynamic manner.

Any kind of cultural form and value form are closely related to the existence of the group, with no exception of artistic value. Although art creation and art consumption belong to individual behavior in its external form, value orientation with only individuality is not the real artistic value. Real artistic value must meet the aesthetic needs of both single subjects and group subjects in a wider scope and at a higher level and obtain the recognition of extensive group consumers. This group nature of artistic value is an important premise of its eternity. Only this evidence seems to be unable to explain the topic. In fact, the clues of group can be discovered most easily in the individualized value evaluation. Value evaluation is individualized, but its standards often involve the universal factors of social groups. In addition to the large-scale inheritance of predecessors’ history, it is often influenced and guided by group factors such as contemporary prevailing social values and social aesthetic ideals. These factors are deposited in individual psychology in a conscious or unconsciousness form and play their roles potentially, which makes the individual effect of artistic value have the universality of the group. It is worth noting that the unity of individual and group in artistic value and its evaluation is not an equilibrium state caused by mutual equity and growth and decline of the two poles, but an inclined unity with individuality at the dominant position and group at the subordinate position. On this basis, the artistic value can be described as: individual-oriented unity of group and it can evolve to the group level from the individual as the starting point. Therefore, the value of

breaking through the potential level from individual aims to form a network from a node to numerous nodes and to promote the release of potential value through the collaboration of networks.

From the literature review on networks in the second chapter, we have learned that network relationship is rich and dynamic. The value of artworks in the network not only exists in the transaction, but also is widely present in each node of an art network. The art relationship covers a huge network of artists, art institutions, customers, galleries, brokers and even the government. We usually do not see how great the huge potential value this network contains. It has numerous nodes, which cannot be completely listed, but in fact carry the great potential value of art. With this pan-network connection of art, the network will be able to desirably carry the potential value of art, which is like the hottest part of the magma beneath the volcano, which will spew out from its bottom and evolve from an invisible and latent state to a dominant and new value. This is exactly the potential value of art that we want to excavate. We should build this network and let it continue to be as active as the magma so as to allow the potential value it carries to spew out as a volcano eruption.

Therefore, we can further enrich and make dynamic the “weak connection” of the existing double helix structure by building a more active and continuous network relationship, to create a huge structure of the art network relationship. Only in this way can the commonweal and commerciality be better integrated and more potential value of art be released.

4.5 Summary of this Chapter

This chapter first analyzes the difference between artworks and ordinary goods and summed up the three characteristics of artistic value: (1) potential; (2) dynamic; (3) emergent.

Then it presented and analyzed the results of the content analysis of the interviews that produced four constructs: the creation of artistic value, the dissemination of artistic value, the release of artistic value and the sharing of artistic value. These four constructs are not isolated, but a circulation process.

The analysis enables to conclude that these four processes can be combined with one another and four major cycle paths of artistic value have been obtained. Among these paths, path 1 contains more commerciality of art, and path 2 contains more commonweal of art. Path 1 does not include the process of "art release", while path 2 does not include the process of "art dissemination". Path 3 and path 4 go through "art release" and "art dissemination" processes,

integrate commerciality and commonweal. The commonweal and commerciality of artistic value are not entirely antagonistic. Existing art institutions need to combine them.

For the integration of commonweal and commerciality of art, we have also constructed a double helix model of artistic value (as shown in Figure 4-6) to describe its double helix structure. There is a three-tiered relationship between them: (1) mutual separation; (2) interdependence; (3) common growth. The sharing process of artistic value is not only the end of the overall realization of artistic value, but also its starting point. The sharing of art is a process of recurrence and repetition and the main bodies involved in this process are very extensive.

The double helix structure of artistic value shows that, in fact, the conflict between commerciality and commonweal is not completely antagonistic. From the perspective of paradox, this contradiction is complementary, persistent and symmetrical. They can be compatible through a very good form and release a great potential value. The literature review in the second chapter mentioned that the network relationship is rich and dynamic. We can further enrich and make dynamic the “weak connection” (Granovetter, 1973) of the existing double helix structure by building a more active and continuous network relationship, to create a huge structure of the art network relationship, integrating the commonweal and commerciality and releasing more potential value for art.

Chapter 5: Network Relations Carrying the Artistic Value

Chapter 4 covered the research data on artistic value to conclude that, in order for it to spread and develop its potential, it requires active network relations. Network relations could carry on the space and capability of artistic value realization since, as Granovetter (1992) states network relations influence organizations profit and output. Based on what has been discussed in the third chapter, the diversity and dynamics of relations, especially those allowed by Internet platforms are significant elements to this thesis. In this chapter, based on the data collected and summarized in Table 5-1 below, we will analyze how network relations influence artistic value integration.

The main concept is proposed by analyzing the materials about the multiplicity and dynamics of network relations to the artistic value integration, as well as the influence of artistic value integration on network relations. For instance, to build the channel to research the multiplicity of network relations in respect to artistic value integration, we interviewed different participants as per Tables 3-2, and analyzed diverse second-hand materials. During the interviews, we listed words and concepts related to “channel” as a key point. For example, we interviewed Mr. Song Xiaosong, the Director of Siwei, (Table 3-3) who also helped in figuring out different ways to gain information for this research from different groups and to find new channels so that more people could be involved.. Similarly, we use the same method to refine other main concepts. This will be further analyzed in the next part of the chapter.

Table 5-1 Second-hand Data of Private Art Gallery

Characteristic	Main concept	Code	Selected Evidence (Quoted by interviewees)
Diversity	Channel distribution	35	Channels are needed for wider networks
	Effective recognition	36	What channels are useful? Which are useless? They are hard to distinguish.
	Potential motivation	28	We may have some invisible relations; we need to turn them visible.
	Effective choice	27	Facing more relations, we need to make a choice, which could benefit us the most while getting good cooperation and privacy.
	Quantity change	40	When we are doing a series of activities, we may feel clearly that more relations are present.
	Capacitance change	22	With more relations to cover, we can operate more in a limited space.
Dynamics	Channel distribution	35	How to interact with these relations: from what we do not care to what we care and from no intersection to intersection.
	Cooperation establishment	26	Once we have the network, we need to establish cooperation regardless of short term economic interest
	Interaction and communication	34	Our relation with clients is based on interaction and communication. This link enables us to sustain our network.
	Feedback	27	During activities and operations, we need to give feedback to those who give us suggestions, whether they are our clients or not. It shows our respect to others.
	Intensity change	32	We always make friends with our clients. This increases their trust in us.
	Role Change	27	There are two painters with whom we did not have cooperation initially, but then became our partners.
Feedback	Increased attachment	22	Our organization is better if the commonweal integrates commerciality. People in the field will have different views on us. It is easier for us to organize people and operate.
	Improve capacity of selection	25	If we realize artistic value better, good artists will join us. We will adjust some standards.
	Stimulate development	22	Artistic value integration influences our development and affects our ability to attract others.

Data source: presented by the author

This chapter will try to clarify how the artistic value embodiment of network relations works. Firstly, for organizations, network relations are a key factor for the network. Borgatti and Halgin (2011) point out that network relations have two significant characteristics: the network structure and the unit location, which are twinships and take basic roles. The information flow and partition are two basic concepts that stem from the first characteristic. Secondly, the network relations are dynamic and diverse. Using network relations to organize activities can activate the relations and realize the artistic value. Lastly, this chapter points out a theoretical model of the influence of network relations on artistic value.

5.1 The Characteristics of Network Relations and its Integration with Artistic Value

As mentioned above (Borgatti and Halgin, 2011), network relations have two key factors – network structure and unit location – which influence the basic function of network relations. Network relations, composed by relations complexity and the number of network nodes, have a decisive effect on the speed of information separation, propagation and information distinction.

In 2012, Soda and Zaheer stated that there are three factors affecting the structure of network relations. They are self-network, overall network and content. Self-network is mainly about the centrality of network relations; the overall network focuses on the attachment and the content relates to the flow of relations. Our research shows that the centrality of the structure of network relations has direct effects on artistic value. The position of artist organizations in the artistic value chain takes a significant role and influences the final value it could gain. The Chairman of Chengdu Nongyuan International Art Village said that, as an organization, if it could have a pace and right of speech, then it does not need to worry about its future development. Compared with marginalized groups, organizations take a central role in network relations and are better to art in terms of its resource gaining and opportunity chasing because centralized organizations have more direct and indirect connections with groups and individuals. To further explain, centralized organizations have more possibilities to involve in different groups and people and it can also interact with other groups in society. As a result, centralized organizations are more easily to form the network that brings benefits to organizations.

Jin Yan (manager of Chengdu Blue Roof Gallery, see Tables 3-2 & 3-3) said that they are currently ranked number three nation wide, and that their management strategy is in the lead. Therefore many government departments have visited them to learn from their experience. At

the same time, these different groups, people and organizations interact with each other and the interaction is the basis of network structural change. The change is good to the art spread and art trade. In turn, Luo Wei (the Hong Gallery Sales and Marketing director, see Tables 3-2 & 3-3) said “we are currently cooperating and interacting with many networks, which gives us more opportunities to create new networks.”

Current research indicates that network relations have an important impact on the differentiation and dissemination of information (Borgatti and Halgin, 2011; Granovetter, 1973). For the realization of artistic value, involved groups are diversified. The direct and indirect relations among these groups, especially the weak and potential relations, can assist to spread the artistic value quickly. "We have a variety of art exhibitions, maybe you find that there are only few people, but we find that in most occasions, the results of our activities, such as the art commonweal and education and the art trade reached our expectations, because we participated in these activities and advertise them to other people and this indirectly attracted many other groups" (Song Xiaosong, Director of Sichuan Siwei Art Gallery, Table 3-2 and 3-3). Generally speaking, the network relations themselves have a function to change the structure. In the process of changing, organizations can make the new network relations that are beneficial to the realization of the artistic value through effective relations management. In fact, the basic characteristics of network relations promote the changes on the network structure of artistic value and the changes on placement. It can also form new networks that are more conducive to the integration of commerciality and public welfare of the artistic value.

5.2 The Integration of Network Enrichment and the Artistic Value, Commonweal and Commerciality

Ahuja et al. (2012) suggest that there are four types of organizational network relations: emotional ties, market ties, referential ties and hierarchical ties. Each relation has different objects. The art organizations involve varieties of relation groups in the process of artistic value chain realization, so network relations of art organizations are diversified. What kind of impact does the network relations multiplicity have on organizations? How does it affect the integration of artistic value commerciality and commonweal? (1) Organizations need to held activities and establish rich network channels; (2) Organizations need to create exploration and selection mechanisms through their activities; (3) Organizations need to promote the change in the multiplicity of external networks, stimulate the quality and capacity of network relations and establish a space that is conducive to the realization of artistic value.

5.2.1 Channel to Release Network Diversity

Simsek (2009) proposed that the network relations diversity is beneficial to the acquisition of organizations' dualities capacity, but the author does not discuss the method through which organizations can gain network diversity. This is also the problem that organizations are eager to solve. Liu Gang (Art Gallery Chairmen, see Tables 3-2) said "an art organization is a mid-link and plays an important role as a bridge. Then how to link and attach every network is an issue. We are on our way to explore the most effective method".

After analyzing the rich materials of Siwei Art Gallery, Hong Gallery, Nongyuan International Art Village and Blue Roof Gallery of Chengdu, it comes out that these art organizations are holding activities, such as academic exhibitions, commercial exhibitions, business events and art lectures. As an example, Table 5-2 summarizes the activity times of the four organizations in 2015. These activities attract a great number of groups to participate in, build relations with organizations and interact with other groups. Therefore, they establish connections among organizations. "Our activities have attracted a great amount of people, who spread the information about our activities. It makes more people know us; some even purchase our artwork directly" (Song Xiaosong, Director of Sichuan Siwei Art Gallery, Table 3-2 and 3-3).

Table 5-2 Numbers of Activities of Four Art Institutions in 2015

	Sichuan Siwei Art Gallery	Hong Gallery	Chengdu Nongyuan International Art Village	Chengdu Blue Roof Gallery
Number	25	29	32	30

Data source: collation by the author

Organizing multiple network relations is the foundation for building a vast network. Taking Nongyuan as an example we will next analyze the way it gains diverse network relations through activities. It was initially founded by establishing an art village. Its chairman was an artist and later became a businessman. He has art sentiments, understands deeply about art and the hardness of artist development. Therefore, he decided to invest in an art village, providing work and creation space for artists. Since the establishment of the art village, it has attracted many artists. As a result, it has set up a strong link with them. Moreover, the artists themselves have their circles, fans, collectors and amateurs, who indirectly participated in the network.

During that initial period, Nongyuan's external network relations were mainly with artists

(see Figure 5-1). The external networks are mostly based on the artists and their related groups. Jiang Lin (Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2) said “We interact with artists in most occasions. They also bring their groups and circles to us. Therefore, we have the opportunity to keep in touch with their groups”. However, Nongyuan has a weak tie with other kinds of groups or even no tie exists. Jiang Lin admitted that “we have few networks with other groups though we have numerous artists networks”. This kind of simple bilateral external network could limit the potential development of art organizations.

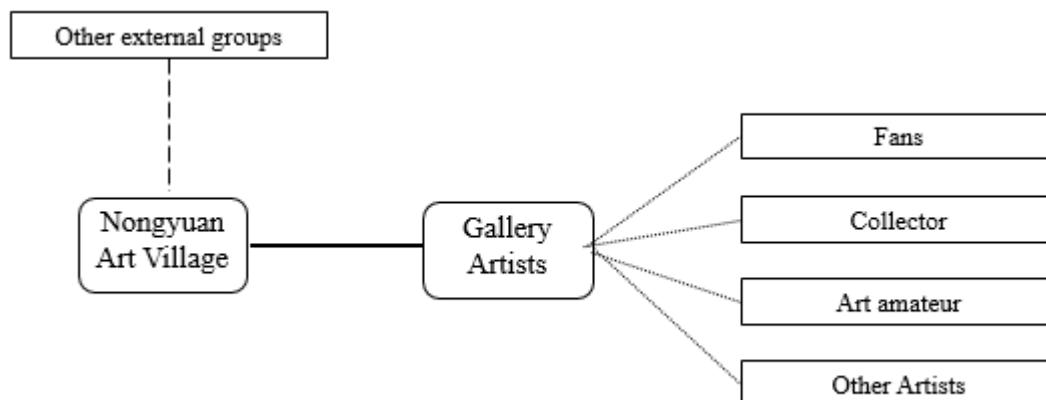


Figure 5-1 Early Stage Network Relation of Chengdu Nongyuan International Art Village

Data source: presented by the author

The network relation unicity limits the organization's access to resources and hinders its growth. Nongyuan International Art Village needs more network relations as Liu Chao (Sales and Marketing Director of Nongyuan, see Tables 3-2 & 3-3) mentioned: "An Art Village attracts numerous art professionals but the interaction and communication include little trade; business development always requires balance of income and outlay, the village is a large investment but with only few trade”.

The Nongyuan Art Village launched a series of activities with the advantage of artist resources, as the management team found that both artists and activities brought many different kinds of groups that otherwise would not be able to contact. Therefore, the village began to organize various activities such as public art lectures, art activities for children, or community art activities, and its network relations began to become diverse. It also established a direct link with these groups and people so the current network of the village has changed dramatically (see Figure 5-2). We compared and found that current network relations are no longer single but bear direct and strong links with other sectors. Furthermore, there are many groups that could bring commercial value to them. "Many groups are involved in the activities, a variety of groups. As long as some people are involved, it is easier to handle the later-coming issues;

nothing can be done if no one is interested in it" (Jiang Lin, Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2).

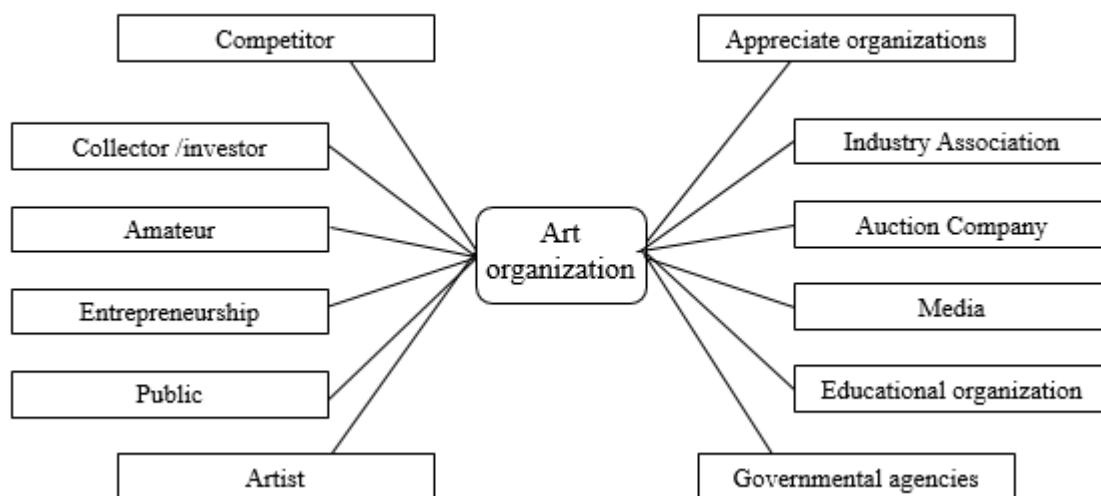


Figure 5-2 network relations of Nongyuan International Art Village

Data source: this figure is derived from the analysis of materials.

In general, organizations change their single network through holding diverse activities, as a way to enable the diversity of enterprise network relations. So, the form of activities becomes an important method for art organizations to enrich their network relations and establish multiple channels.

5.2.2 Enrichment Process of Organization Network Relations

Mariotti and Delbridge (2012) point out that an organization's resources can be costly when they are faced with network redundancy or overload. Therefore, in the process of changing for rich network relations, organizations need to respond accordingly to avoid such redundancy and overload. Activities become then an important means of enriching the network within art organizations..Through them organizations can analyze explore, activate and select their networks to find the best ones. This enables organizations to enrich their network portfolio more effectively.

Firstly, organizations need to identify network relations effectively. Enterprises will face a wide range of social relations in their development process, but what relations are conducive to the development and what relations are useless to enterprises? For dominant relations, companies can make relatively accurate judgments, but considering the current Internet-based thinking, there are many hidden relations that enterprises are unable to judge. Therefore,

enterprises need to explore their network in the development process "we do not know which relations can be controlled and which ones have an impact on our development" (Liu Chao, Nongyuan Marketing Director, see Tables 3-2 and 3-3). Through the exploration of network relations, we can target groups and plan activities for specific groups to promote the achievement of business goals. "We think that enterprises or entrepreneurs have direct connection to art trade, so we can gain more deals if we contact with them more often" (Liu Gang, Art Institution Partner, see Tables 3-2 and 3-3). Therefore, enterprises can explore during the process of holding activities and recognize target groups.

Secondly, organizations stimulate potential network relations. According to the analysis of the materials collected for this research, the activities held by enterprises will directly attract interested groups. For example, an academic art exhibition will attract a large number of artists, and a commercial art exhibition will attract many collectors, art investors and other groups. This can form connections and increase the frequency of interactions between art organizations and groups, thus enabling the establishment of good relations. The network flow has functions on the information communication with related groups, which leads to direct and indirect connection among art organizations and other groups. Therefore, there is an establishment of a certain type of relations between enterprises and other activities through the activation of other affiliated groups. "We are in very good relations with the artists in the village, and their fans and collectors often come to us to communicate, some even became my good friends" (Jiang Lin, Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2).

Finally, this part will discuss the organization's choice of effective network relations. Based on the exploration process of organizations' relations and activation, the network relations that organizations establish are diverse. However, in terms of the development of organizations, different network relations have various effects on them, which requires selection. "We have a lot of groups now, but we need to think and act on our key target, the groups that require following up and the ones that we need to give up (Shi Yaning, Hong Gallery Marketing Director, see Tables 3-2 and 3-3). According to the collection of case material analysis, Siwei Art Gallery, Hong Gallery, Nongyuan and Blue Roof held different kinds of activities in different stages of their development. Taking Siwei Art Gallery as an example, the materials consulted show that in 2014, the Gallery organized more than 20 large business activities and more than 10 academic exhibitions. Its director explained that "2014 was a significant year for us; our main aim was to survive. According to the analysis of previous activities, we found that business activities can influence many businessmen who can help our business." To sum up,

organizations need to select their network relations to avoid redundancy, overload and unbearable costs.

In general, organizations recognize effective groups, stimulate potential groups and choose the best through the process of identification, activation and screening, which not only keeps the organization network relations rich, but also makes the organizations realize the artist's dual value (commerciality and commonweal).

5.2.3 The Integration of Network Enrichment and the Artistic Value Duality

This part discusses the means and processes that organizations use to realize their enrichment of network relations. They are organizing and exploring various activities, activating and selecting. This research aims at showing that the multiplicity of network relations increases quality and capacity, which is beneficial to the duality of artistic value.

Firstly, the multiplicity of network relations increases quality and capacity. Mariotti and Delbridge (2012) propose that the abundance of network relations, especially weak and potential relations is not neglectable. Art organizations build diverse network relations through activities; they do not just build strong relations with groups, but also base themselves on these strong relations, where potential and weak relations are activated. Granovetter (1973) states that weak relations can also be powerful, so the activation of weak relations based on strong ties makes the network not only more extensive, but also more active. "We now have abundant relations, many of them are those we do not really pay attention to, and do not expect to gain from, but they have a strong ability to spread, for example, my calligraphy students, whose parents know me. They bring the information about my teaching outcomes to their friends and relatives. As a result, many students introduce new students to me and parents purchase my artwork" (Li Wenbin, Technical Director of Siwei, see Tables 3-2 and 3-3).

The richness of network relations allows organizations to reach out to broader groups and build relations with them. Therefore, these ties exist for the organizations to establish multiple channels; these channels can make organizations gain more resources and opportunities. For example, wide ranges of relations can enhance the transaction of artworks; they can also enhance organizations' commonweal, as well as the spread of art. These actions are conducive to the realization of artistic value. "The richer the relation is, the greater our networks are, and more people could be involved. This leads to benefits for our commonweal" (Jin Yan, manager of Chengdu Blue Roof Gallery, see Tables 3-2 & 3-3). Therefore, rich network relations are conducive to obtain more resources and opportunities.

Secondly, the abundance of network relations leads to the enhancement of organizational network capacity. The network relations cause changes on network relation types, for example when related groups change. The commonweal ability of the groups gets resources and opportunities. At the same time, based on quality changes, organizations face the changes on relation capacity and artistic value realization by the network group (that is what Burt, 1992, meant when he proposed the concept of structural hole). "The more we engage in, the more groups are influenced. This enables us to find more related networks. We can also have different types of art since we are in the circle" (Jiang Lin, Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2).

In summary, the establishment of a rich network of relations is conducive to the realization of the duality of artistic value (commonweal and commerciality). Organizations establish channels to achieve artistic value and enhance their capacity to influence it. The abundance of network relations is beneficial to the realization of artistic dual value.

5.3 The Integration of Network Dynamics and the duality of Artistic Value: Commonweal and Commerciality

Based on Granovetter's (1973) idea, which distinguishes strong and weak relations within the scope of the intensity of network relations, Mariotti and Delbridge (2012) proposed that there are also potential relations and dormant relations. These four types relations are in a dynamic state (see Figure 5-3). How does the dynamism of the network relationship affect organizations? How does it affect the integration of commonweal and commerciality of the artistic value? Based on the multiplicity of organizational network relationships, we analyze the relation to the network through the exchange of support and feedback analysis and the changes to activate the network relationships in intensity to achieve the establishment of the field and space of artistic value..

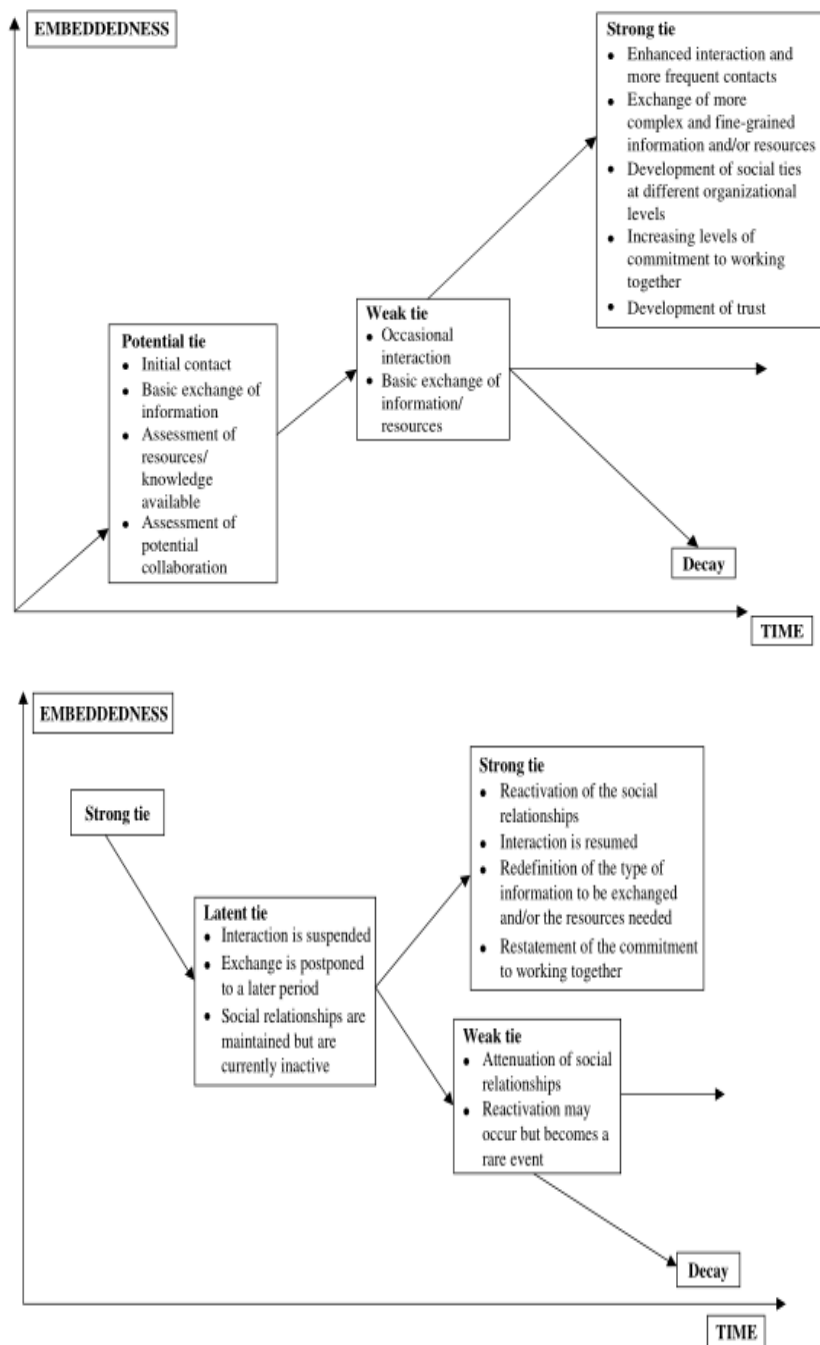


Figure 5-3 Dynamic Change of Network Ties

Data source: Mariotti & Delbridge (2012)

5.3.1 Release the Channel of Network Dynamics to Achieve Art Value

The abundance of network relations is beneficial for organizations to obtain more resources and opportunities. In turn, network relations need to interact with organizations in order to bring benefits to them during the realization of artistic value. So the multiplicity of network relations is the basis of dynamic change of network relations.

The multiplicity of network relations can be changed by activities. Based on the analysis

of the material collected for this research, the dynamics of the network relations are affected by the frequency of interactions between organizations and the network relation groups. Mariotti and Delbridge (2012) define relations by the frequency of activities. "We get a lot of relations through the activities, but after the event is finished, we will keep in touch with each other by WeChat, QQ, telephone and other ways. Many relations become closer and people begin to trust each other after we contact with them" (Li Wenbin, Technical Director of Siwei, see Tables 3-2 and 3-3). In terms of this case, the analysis of organizations through interactions enables to understand the dynamics of network relations.

In order to obtain the multiplicity of network relations through activities, Siwei keeps in touch with relevant groups. This kind of interaction not only facilitates close relations, but also attracts other groups. Table 5-3 presents the summary of Siwei's interaction connections from 2015 January to March. We found that the higher the frequency of the activities with the network, the more interactions between the subject and the agent. The effect on the art transaction is obvious. The chairman argued that "we record our visitors' basic information when they join in our activities and we contact them immediately after the activities have finished. The higher the frequency of contact, the better understanding and trust we can get. This leads to more possibilities to make art trade come true. "If we do not care about them, it is very difficult to do business only by holding activities. It is very difficult to make face-to-face transactions, so we need to contact them" (Song Xiaosong, Director of Sichuan Siwei Art Gallery, Table 3-2 and 3-3). Nowadays, with the development of Internet information, enterprises should make effective use of it, strengthen the connection with all actors, and change the relation between the network and themselves to realize their goal through the increase of contact frequency.

Table 5-3 Siwei's Network Interaction Frequency Chart

Participator	Interaction Form	Number of Interaction	Interaction Result
Liu Bin	Telephone WeCh at QQ mail, party, Siwei activities	More than 30 times	<ol style="list-style-type: none"> 1. Bought five artworks 2. Introduced by relatives and friends to buy two pieces of work 3. Attracted 20 people to participate in activities for Sri Lanka 4. Shared Siwei related information to WeChat moment
Cai Cheng	Telephone WeCh at QQ mail, party, Siwei activities	More than 25 times	<ol style="list-style-type: none"> 5. Bought two artworks; 6. Introduced relatives and friends to buy 3 works 7. Attracted 10 people to participate in Siwei activities 8. Shared Siwei related information to WeChat moment
Zhang Yonggui	Telephone WeCh at QQ mail, party, Siwei activities	More than 13 times	<ol style="list-style-type: none"> 1. Bought one artwork 2. Attracted five people to participate in Siwei activities 3. Shared Siwei related information to WeChat moment
Chen Xiang	Telephone WeCh at QQ mail, party, Siwei activities	More than 10 times	<ol style="list-style-type: none"> 1. Bought one artwork
Yang Liwen	Telephone WeCh at QQ mail, party, Siwei activities	More than 5 times	<ol style="list-style-type: none"> 1. Introduced one people to join in Siwei activities

Data source: collation of interview data

5.3.2 The Process Mechanism of Change of Network Relation Dynamics

The abundance of network relations provides the foundation for dynamic network relations, but the characteristics of multiplicity may lead to redundancy and overload of organizations. Therefore, in the process of dynamic change of network relations, organizations will adopt a series of behaviors to the sticking groups. According to the data collected for this research, organizations build cooperation, exchange support and feedback analysis on the network relations, and make the network relations of the organizations change dynamically based on their needs, which can promote the duality of artistic value.

Firstly, organizations set up cooperation with network relations. Cooperation is not only referring to the realization of each part's economic interests, but also including other needs to meet. The identification of effective network relations happens in the process of network

enrichment. From the perspective of interaction frequency, relations are very close when network relations start to cooperate. "Once we establish some partnership with these groups, our relations naturally deepens, and as we fulfill their needs, they will then contact with us more" (Song Xiaosong, Director of Sichuan Siwei Art Gallery, Table 3-2 and 3-3).

We found that, when art organizations set up active relations with the main network sector to establish cooperative relations, this is more conducive to the dynamic changes in network relations. For example, an artist can display his work in the initial stage of his career, and art organizations help the artist to achieve his goal. The relation between the artist and art organizations is naturally linked. For example, Chengdu Nongyuan International Art Village director got to know the painter Yang by chance and then invited him to move to the Village. With the help of Nongyuan, Yang became a well-known artist in South West China. The success of this artist also benefited the development of the Art Village. This consequence is because of the initial cooperation between them, which became a vital way to change the intensity of network relations through organizations proactively contacting with other objectives.

Secondly, organizations need to interact and continue communicating with the network. The network relations are diverse; some groups are relatively lacking in their awareness of art. They exist solely because of to their connections to art organizations. If these contribute to change their art awareness and continue communicating with them, the network can enhance their interest in art. "At present, the basis of art education in China is weak. Many people think that art is far from them. Investing in art industry is even harder to imagine for them, so what we need to do is educate them into the commonsense of art..." (Song Xiaosong, Director of Sichuan Siwei Art Gallery, Table 3-2 and 3-3). The Head of Chengdu Nongyuan International Art Village also argues that "We are not saying that we can achieve our goals effectively by only once or twice communication. We need to keep communicating and tracking. People will feel touched by continued communication" (Jiang Lin, Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2). As a result, the establishment of interactive and continuous communication is conducive to changing the dynamic state of network relations.

Finally, organizations need to respond to the feedback from the subjects of network relations effectively. After the establishment of network relations, some groups give feedback to organizations to which they need to respond quickly and address problems properly, because the feedback is good for their optimization and working process. It can also contribute to maintain a good relation between network relations and art organizations. Shi Yaning (Hong Gallery Marketing Director, see Tables 3-2 and 3-3) states that "Many customers give us their

feedback, such as the form of exhibitions or forms of commonweal, because they care about us; for many times our clients pointed out the parts we ignored. We can improve after the feedback; on the contrary there are many disadvantages if we neglect their feedback. The first is the decreasing of their interest; secondly, many mistakes that cause unnecessary loss could be avoided”. In the interview, Ren Guangrong (Deputy Director of the Academic Committee of Chengdu Traditional Chinese Painting Institute, see Tables 3-1 & 3-2) stated: “when I participated in a painting exhibition held by a gallery and real estate company, I suggested them that the architectural style and decoration was not appropriate to hold an oil painting exhibition. They did not understand and I felt it was so hard to communicate with them”. Therefore, active feedback could maintain network relations.

Generally speaking, organizations benefit from the establishment of network relations, continued communication and active reaction to partners’ feedback to maintain their dynamics.

5.3.3 Integration of Network Dynamics and Dual Art Value

This study argued about the method and process to change network relations in the above parts of this chapter. The research points out the changes on both network intensity and network types. The changes may help organizations to establish positive networks and promote the realization of artistic dual value.

Firstly, the strength of organizations and of their networks affect the realization of artistic value. Effectively controlling network strength can avoid network overload and redundancy. For instance, Nongyuan can reach numerous diverse groups through their activities. Thus, many enterprises want to organize business activities with their help, but Jiang Lin (Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2) did not accept this kind of cooperation. He refused the companies directly, pushing relations to weak links. He explained: “I do not think that this kind of relations is meaningful for us because we are just foil in these activities”. Although this strategy puts obstacles to the relations with companies, it also avoids unnecessary redundancy.

In turn, changes on intensity affect network relations. For instance, the relation between the government and Nongyuan Art Village changed: at the very beginning, the village was not willing to involve government sectors; however, with its development and policy changes, the government began to be able to provide resources to Nongyuan. On the other hand, the art village can fulfill government needs for cultural construction and thus the relation changed from a weak link to a strong link and the government provided Nongyuan with land and capital support, which greatly helped the village. Furthermore, the government advocates the village

and raises its reputation, which enhances its the commonweal. This change accelerates art promotion and increases economic profits. To conclude, the effective control of the intensity of relations between the network and organizations is good for the integration of commerciality and commonweal of artistic value.

Moreover, the transformation of network relations also affects the realization of artistic value. Mariotti and Delbridge (2012) classified network relations in four types: emotional relations, market relations, supervisory relations, and interrelated relations. The four types may transform into each other throughout their development. According to our data, it is in the rich network relations established by art organizations that artistic value is realized and spread. For example, the relations between Nongyuan and the government are interrelated relations, but through their continued cooperation the government gradually became a partner (market relation). Jiang Lin (Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2) claims that “Actually, the relationship often changes from one to another.” Apart from the exchange of types, the objects will change as well. For instance, Nongyuan attracted a large amount of people to their activities, and some purchased art and became art collectors, others gradually became interested in art and became amateurs. They are all based on art dynamics. The exchange of network relations is beneficial to the commerciality and commonweal of artistic value.

In conclusion, based on the multiplicity of network relations, the exchange of network relations is good to the realization of the duality of artistic value. The organization transformation of rich network optimization through a dynamic network is beneficial to the realization of the dual artistic value.

5.4 Feedback on Network Relations to the Duality of Artistic Value

In the process of realizing artistic value, the multiplicity and dynamism of network relations are beneficial to the realization of two kinds of value based on the value of art. At the same time, according to our study, during the process of artistic value realization, the survival and the development of art organizations are more sustainable if artistic value is realized smoothly, which also affects the management of network relations. Therefore, artistic value realization has a feedback function to the multiplicity of network relations. Jiang Lin (Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2) argued that “our organization develops links closely for the realization of artistic value, which also affects the relation between us and external sectors”. When the dual value of artists becomes unbalanced, it stimulates the

development of network relations. Li Wenbin (Technical Director of Siwei, see Tables 3-2 and 3-3) argues that: "If we only focus on a certain value realization but ignore the other one, then our organization will adjust the network relations to the later to promote artistic value realization".

First of all, the realization of artistic value is conducive to enhance the network capacity of the organizations' adhesion. The full realization of the value of art enables a more stable development of enterprises to enhance their influence and position in and outside the industry. At the same time they can strengthen the trust of external groups on enterprises. When they develop, they need external contacts and interact with them. "Our current status in the industry has been recognized by the government, they have been communicating with us. We used to be hesitant but I believe that it is the time now. The two parts have built partnership relations" (Jiang Lin, Chairman of Nongyuan Art Village, see Tables 3-1 & 3-2). As a result, the realization of the duality of artistic value is conducive to enhance the ability of adhesion to more effective network relations, especially for the potential and weak relations.

The realization of artistic value is conducive to enhance the organization's ability to select network relations. Based on the realization of artistic value, the organization's ability to identify network relations can be improved. "We continue to grow and develop, we know what capacities should be developed, and what to give up. These are based on the artistic value realization assistance to enterprise development (Shi Yaning, Hong Gallery Marketing Director, see Tables 3-2 and 3-3). Therefore, the realization of the duality of artistic value is conducive to enhancing the organization's ability, select the network relations and identify more effective network relations.

Finally, the realization of artistic value stimulates the development of network relations. When the value realization becomes unbalanced, organizations stimulate its potential ability for surviving and potential development and explore their network relations to form a new network that is good for the realization of artistic value. "The duality of artistic value seem contradictory, but the two types will influence each other. Enterprises find problems and address them so as to stay away from threats". Therefore, when artistic value is imbalanced, organizations are driven to stimulate themselves to explore and use networks so as to find the balance.

5.5 Realization Model of Network Relations and Artistic Dual Value

Based on the multiplicity and dynamism of the network relations on artistic dual value and

its influence on network relations, a model of network relations and artistic dual value realization is proposed (Figure 5-4, which also refers to related concepts and evidence in sections 5.2, 5.3 and 5.4). Under the context of network relations, organizations utilize the dynamism and multiplicity of network relations to realize the change of their structure and space, which can promote the realization of the dual artistic value and the very change of network relations. This is the process of forming a dynamic circulation.

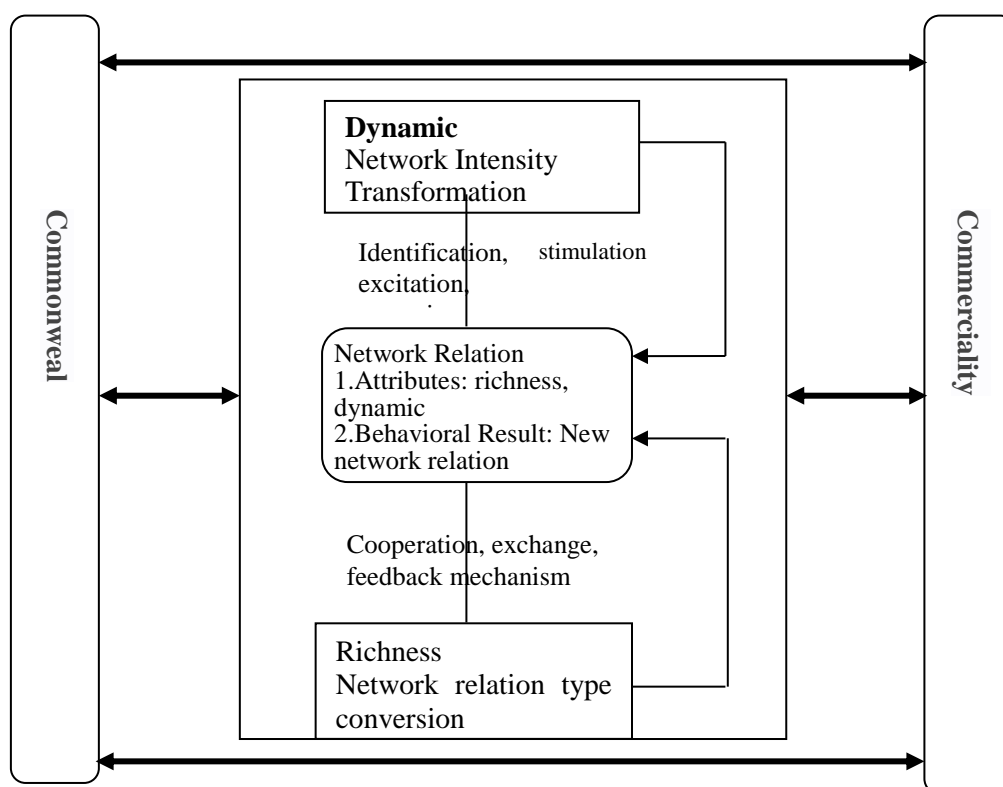


Figure 5-4 Network Relations and Artistic Value Realization Model

Data source: presented by the author

First of all, organizations achieve network structure and space change based on the multiplicity and dynamism of their relations. In the aspect of multiplicity, organizations construct diverse channels by holding various activities. They identify, stimulate and select effective network relations. In terms of multiplicity, organizations establish cooperation, communication and feedback analysis to target groups and change network intensity. Ultimately, a space conducive to the realization of artistic value can be established.

Secondly, this chapter analyzes the dynamic change of network relations, which refers to the multiplicity and intensity management by organizations to promote the realization of the dual value of art. Organizations change the quality of network relations and attach different types of groups to form abundant network relations, especially stimulating weak and potential

relations in order to establish strong links and increase opportunities for artistic value. Additionally, based on the data collected, it explains the change on various intensity relations by organizations and their various demands.

Organizations change the intensity of network relations to form networks with different intensity and build effective relations to strongly increase the possibility of achieving artistic value through potential relations.

The final part of this Chapter dealt with the feedback of artistic value realization. Different types of relations have various functions and organizations place particular emphasis on selecting networks in the process of artistic value realization. When the duality of the artistic value can be realized smoothly, the development of the organization will enter into a new step in its development. In order to adapt to it, organizations take the initiative to adjust the network relations and change their multiplicity and intensity to fulfill the demand of business development. Similarly, during the process of the artistic dual value realization, when the two values become unbalanced, organizations adjust the multiplicity and intensity of their network relations to promote a balanced development.

To sum up, in the process of realizing dual artistic value, multiplicity network relations establish channels to realize it and strengthen their effects on it. The dynamism of network relations optimizes its multiplicity and forms a network that is much easier to utilize. For this reason, the dynamics and multiplicity of network relations establish a dynamic network circle for art organizations, which can be effectively utilized by them and become an important means to realize business model innovation of artistic value.

Chapter 6: Innovation on Business Models of Private Galleries

In Chapter 4 we proposed the potentiality, dynamism and emergence of artistic value through analyzing it, making a breakthrough on the study of artistic value at the explicit level, and reaching out to potential value spaces integrating commonweal and commerciality. Chapter 5 presented the concepts of richness and dynamism of network relationships to carry value space. This chapter will study the business models of private art galleries by integrating commonweal and commerciality based on the characteristics of artistic value and network relationships.

6.1 Traditional Business Models Based on Linear Structure

A business model interprets the logic of value creation, value delivery, and value realization. The traditional business model canvas (Osterwaleder, 2005) is a conceptual tool for customers to create the value based on the formation of an internal structure, network relationships among partners and other business logic including a large number of elements and many relationships among these elements. It includes nine major business elements: Value proposition, key activities, key resources, customer relationships, channels, cost structure, revenue streams, key partnerships and customer segments. These fully summarize the basic contents of the business model, with details provided in Figure 6-1. Such logic should be quite effective in a relatively stable operating environment in the traditional industrial age.

Key Partnerships	Key Activities	Value proposition	Customer Relationships	Customer segments
	Key Resources		Channels	
Cost structure			Revenue streams	

Figure 6-1 Traditional Business Model Canvas

Data source: drawn according to Osterwaleder (2005)

However, in the current complex and changeable business environment, along with the changes of the market and new technology, prices of products and services have been increasingly non-identical to their value. In the society, there are more customers who may even acquire for free a service or product incompatible with higher quality. Value realization and

value creation are separating from each other, while the value creation of customers and the value realization of an enterprise are no longer a simultaneous, natural linear relationship. The linearity-based analysis method of the traditional business model canvas has failed to solve the conflict between commonweal and commerciality, for it fails to include the huge potential space of value through the sole inclusion of explicit aspects of artistic value in the circulation process.

It can be known from the conclusions of Chapter 4 and Chapter 5 that the conflict between commonweal and commerciality is not irreconcilable though it persists. As the double helix model points out (Figure 4-6), commonweal and commerciality are separated and interdependent, yet they grow simultaneously. A business model is not designed to eliminate any conflict between two value propositions, but to consider the integration between them, and the development of potential spaces is the key to such integration of commonweal and commerciality. Chapter 5 concludes: the changes on the network structure by which the artistic value is realized, as well as the changes on the space and field by which artistic value is carried, and the formation of new network relationships, all are due to the attributes of the multiplicity of the network relationships, which further contribute to the integration of the commonweal and commerciality of artistic value. According to this conclusion, the network relationship plays a significant role in the innovation of the business model, which requires us to take the network relationships as an important factor in this innovation.

Given the new characteristics of the times and the space of artistic value, this thesis will reconstruct the business model of private art galleries and design a new one based on the elements of the traditional business model canvas albeit from the perspective of network relationship.

6.2 Business Models Based on Network Relationship

As artistic value expands to the potential level from the explicit level, due to the dynamism and emergence of the value on the explicit level, the process of value release is full of uncertainty, while the whole value space changes to an entire new field based on value ecology rather than on the traditional one based on value chain. The design of business model shall fully engage all types of value. According to the conclusions of Chapter 5 cited above, we propose a business model integrating commonweal and commerciality as shown in Figure 6-2. This model shows a ring-like network relationship structure shaped by bending the traditional business model canvas, including such four parts as value proposition, internal undertaking, explicit utilization and potential development. The ring-like network relationship structure represents

an integration of internal and external relationships from the inside to the outside, and such internal and external relationships embody the richness of the network relationships. The field developed by the ring-like network relationship structure also guarantees the all-around undertaking of both explicit and implicit artistic values. The following sections will analyze the components of the business model based on network relationships.

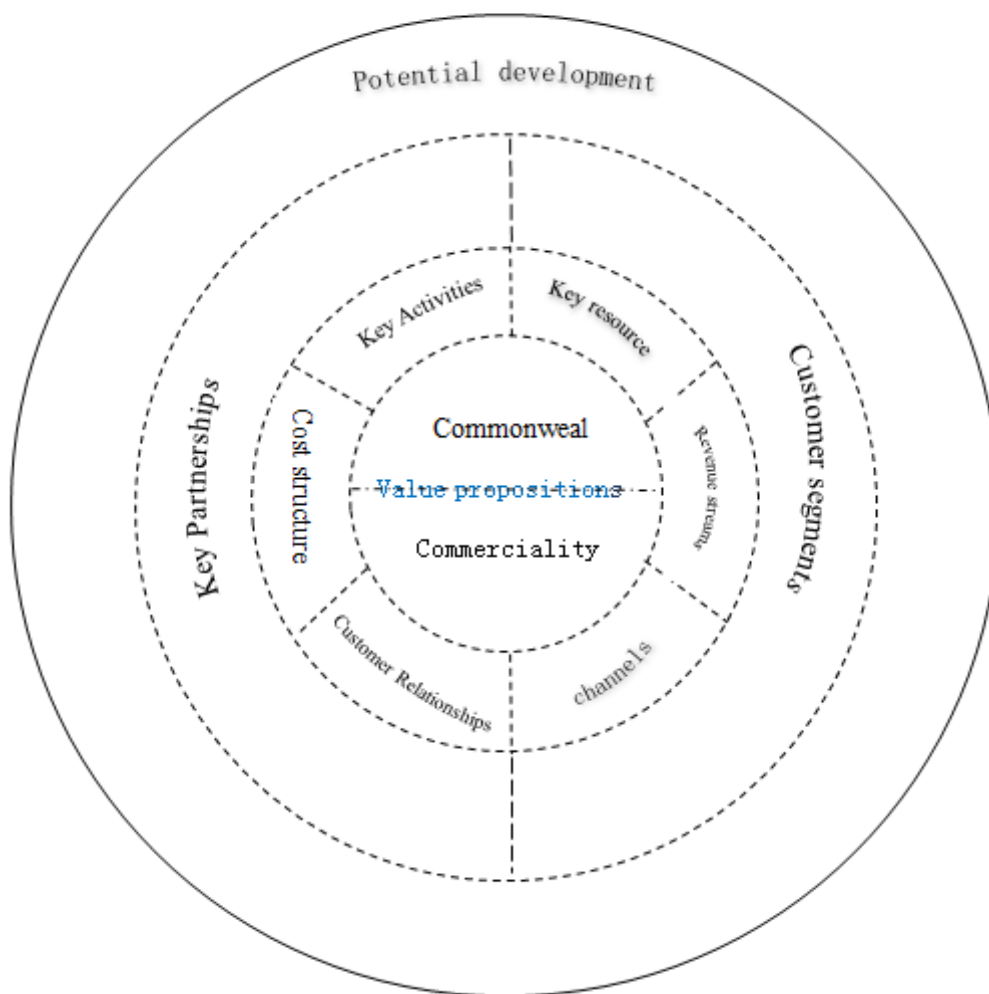


Figure 6-2 The Business Model Integrating Commonweal and Commerciality

Data source: presented by the author

6.2.1 Value Proposition

Value proposition thoroughly describes the real demand of an enterprise, that is, what is significant for the enterprise, which is the starting value of the whole business model. It is derived from the analysis of the double helix structure in Chapter 4 that the business model of an art gallery, albeit private, includes the double value proposition of commonweal and commerciality. The commonweal refers to that the private gallery is expected to spread artistic

value more widely, allowing more groups to participate, transmit, share and enjoy the artistic value; the commerciality refers to that the private galleries can indeed achieve the purpose of business income with a balanced budget in order to ensure the continuous release of artistic value. We can see from the double helix structure in Chapter 4 (Figure 4-6) that the double value propositions of commonweal and commerciality conflict to some extent yet develop in a spiral way, and maintain a dynamic balance between them in the process. This means that for the value propositions of commonweal and commerciality of the private galleries, either of the propositions will play a dominant role at a certain node of time. For instance, a free exhibition emphatically embodies the proposition of commonweal; selling of the art gallery's derivatives reflects the proposition of business income generation. In the entire development process of the art gallery, the value propositions of commonweal and commerciality make a dynamic balance and expand in a spiral way. In other words, commonweal and commerciality do not share a certain piece of cake, but only contradict the zero-sum game as "more for you and less for me".

As Chapter 4 has argued, art differs from a common product. It is a special product. Its value exists not only in the transaction but also widely in each node of the network relationship of art, which relationship covers a huge network of artists, art institutions, customers, galleries, agents and even governments, just like the hot liquid rock at the bottom of a volcano. It is difficult to find how much potential value is contained in this far-reaching network within the usual time. As a matter of fact, however, the network carries tremendous potential artistic value. Commonweal and commerciality make a situation of mutual benefit in which they are interdependent and grow together. Such two value propositions will be integrated at the level of potential value. Hence, the value proposition of a private gallery shall consider both commerciality and commonweal. Since practice tends to be ahead of theoretical research, the following part will cover different operation conditions of existing private art organizations based on different value propositions obtained through collection of primary and secondary sources for this thesis, and verify their correctness considering the dual purposes of commerciality and commonweal.

6.2.1.1 Examples of Value Proposition Considering Commerciality and Commonweal

Hong Gallery, a typical private gallery in China, is an example of a well-integrated dual value proposition. It uses commonweal to serve the public, and then relies on the advantage of the masses to achieve its own unique survival and profit model. By relying on cooperation with the government, Hong Gallery as per our interview, is launching public exhibition activities and allowing a large number of artists to paint on site in close contact with the public. At present,

art is not a general need for the Chinese public. In Western countries, artistic consumption accounts for a certain percentage of the budget of annual spending of a family; in contrast, however, the Chinese public invest very little in artistic consumption. In order to accelerate artistic penetration into the public, the first thing is to lower the threshold of artistic appreciation and reduce the cost of artistic participation. Only in this way may the consumers be more enthusiastic. This also indicates how important the commonweal art institutions and activities are to the public participation in arts.

Hong Gallery has taken advantage of commonweal activities and attracted the public to take part, making an increasingly larger and dynamic artistic community. As the community scale expands and gallery influence spreads with the commonweal impacts, Hong Gallery works with education institutions such as Golden Apple Kindergarten, to jointly promote artistic education for the public. This act can be deemed as an integration of commonweal and commerciality. The gallery has not only finished the commonweal mission of artistic education, but it has also allied with other organizations to offer artistic services while obtaining a certain economic income. More importantly, the increased networking connections and expanded community scale has laid a desirable foundation for the follow-up development of the gallery. Having gathered a large amount of attention and scale with commonweal, Hong Gallery has introduced capital investment, aiming to assess quality artistic projects, which embodies the proposition of commerciality and provides accessibility to more resources and imaginary spaces of iteration of more business models for the continuous development and expansion of the gallery.

Hong Gallery exploits potential business markets by use of commonweal activities and place commonweals on an important, non-ignorable position at all times. In the process of commerciality back-feeding commonweal, Hong Gallery has never forgotten its own positioning or ignored its commonweal. The integration of commerciality and commonweal propositions has contributed to the desirable operation performance of Hong Gallery.

We learned in an interview with the head of A4 Art Gallery that, as a nonprofit organization, the gallery thinks highly of commonweal assurance. A4 Art Gallery was constructed for the purpose of bringing art to the city, making art not only for small groups, and turning it into a place where the public can participate and enjoy art, instead of an aloof and indifferent building. This is about their own value proposition of commonweal, hoping that more people will be influenced by the gallery. Meanwhile, A4 Art Gallery carries out annual activities of strong commonweal, including National Theme Exhibition of Contemporary Art, Case Studies of

Young Artists, cultural salons, and educational workshops, all of which aim to develop the education and establish an important platform for art.

“We are positioned as a nonprofit organization. However, we do not operate for money. We will still forge a business model of our own to guarantee the normal operation of the gallery.” First of all, the design of their gallery has considered some business services combined with culture. For example, artistic spaces, stores and other business elements have been added to the exhibition hall in order to ensure the full utilization of the gallery’s resources to provide necessary fund supply for the follow-up development.

There are many other cases of such integration of value propositions of commonweal and commerciality. From the secondary data and interview information collected for this thesis, we can see that, if private galleries only emphasize one single value proposition of either commonweal or commerciality, they will not achieve the objective of continuous release of artistic value.

6.2.1.2 An example of Emphasizing Commonweal in the Value Proposition

United Art Gallery emphasizes the value proposition of commonweal unilaterally and ignores the value proposition of commerciality. Backed by Huang Liping, boss of a well-known real estate group, the gallery was established with capital outlay of several hundred million RMB. Annually, an investment of RMB 15 million^⑤ (about Euro 2.04 million) is expected to be made for the day-to-day operation. One part of the investment is from the policy support of the government and the other is made by the enterprise. For one year after the opening of the gallery, many contemporary art exhibitions have been held, and many public educational activities have been carried out. However, United Art Gallery has failed to conduct any commercial activity. Having a general look at their development history, the Gallery has not been involved in other methods other than commonweal to support its operation, but only relied on capital investment of individuals or organizations. However, individual or organization-relied capital investment tended to make the Gallery weak, and single fund source cannot guarantee the sustainability and stability as the unilateral emphasis on commonweal makes it unable to achieve the independent blood-making function.

6.2.1.3 An Example of Emphasizing Commerciality in the Value Proposition

The case of United Art Gallery shows that the sole pursuit of commonweal does obviously help to maintain the enormous day-to-day expenditures. As the double helix exists by

^⑤ Data source: <http://www.cnki.com.cn/Article/CJFDTotat-GKFC201510029.htm>

supplementing and promoting both commonweal and commerciality, only by finding the balance point of the double helix can the gallery promote their mutual development effectively. Likewise, the sole pursuit of commerciality also leads to many problems. In China, a number of galleries seeking commerciality have ended in a deadlock of “gaining money through financing deals”. Recently, a hot argument online is the shut down incident of Shenzhen Longsheng Gallery, which claimed to be the largest private gallery in China. A responsible person of the Gallery said that this incident arose from its default of some rental payments and the owner’s demand of emptying out the house. However, the Gallery is suspicious of financing deals and being connected with many peer to peer lending platforms.

Longsheng Gallery is not alone. Similar cases are too numerous to count. Many counterparts, such as, Meilidao Gallery, the largest chain gallery in China, Yayingtang, Henan Zehua Treasure Chamber, the largest art investment company in central China, and so on, have done too much work on commerciality, and shut down in recent years. “The entry of follow-up industry leads to higher rental. It has become a place of fashion when such follow-up industry and many other things entered, and the art itself exited. The original was hard to exist when the place of fashion came into existence” (Jin Yan, manager of Chengdu Blue Roof Gallery, see Tables 3-2 & 3-3). Too much emphasis on commerciality impairs the development of the whole artistic value space, and is certainly not beneficial to the long-term operation of private galleries and other organizations.

Therefore, in the current Chinese market, the private gallery must adhere to the method combining commerciality and commonweal, and only in this way can it achieve the purpose of make blood by itself, maintaining the continuous operation, creating and transmitting artistic value constantly.

6.2.2 Internal Undertaking

Chapter 5 concludes that an organization changes the unicity of network relationship through diversified forms of activities, to make the network relationship of the enterprise diversified. Therefore, the forms of activities become an important means of the art organization to open the network relationship and establish a channel for the organization to obtain multiple relationships. According to this conclusion, diversified forms of activity are the foundation of realizing the network value of the private gallery, while they shall be based on its internal resources. The second part of the business model, the internal undertaking refers to internal network relationships including key activities, key resources, customer relationships, channel

relationships, cost structure and revenue streams as the core. The full connection and interaction among various elements guarantee the integration of the value proposition with external relationships, and undertake the outward expansion of the value proposition of the private gallery. The key business, core resource, user relationship, channel relationship, cost relationship and source of income describe what resources and what products and services the enterprise can offer inside, to form a full interface connecting external relationships, and serve as the foundation of internal resources for network relationships.

6.2.2.1 Key Business in Internal Undertakings

The key activities of private galleries in internal undertakings can provide diversified forms of activities, and become an interface forging and connecting external relationships and carrying release of artistic value. Hong Gallery aims to create an art-based ecological platform and use it to connect with capital and the public. Specifically, at present, its main business is to provide protective tariff services for import and export of artwork, concentrating resources and energy and taking single specific actions to make the business grow and develop rapidly. Meanwhile, in carrying out protective tariff based services, exhibition events, galleries, art fairs and other art organizations will be involved, and so will such major figures at the node of network relationships in artwork market as extensive art investors, auction houses and collectors. By operating such key activities, Hong Gallery has increased the number of interfaces with external network relationships, extended the network relationship with artwork as the bond, which is more favorable for the release, transmission and sharing of artistic value.

6.2.2.2 Key Resources in Internal Undertakings

The key resources of a private gallery in internal undertakings can provide interfaces for external network relationships, and forge a network relationship to carry the release of artistic value.

For example, Guanfu Gallery (Table 3-5) is an independent legal person of commonweal, accepting donations from all sectors of the community. In 2004, it practiced a council system. Guanfu is one of few galleries that can achieve independent operation without the help from the government or enterprises. Mr. Ma Weidu, Curator of Guanfu Gallery has his personal brand as an important resource of the Gallery as he brings many benefits with his own brand image, including income for the Gallery through lectures, identification of collections and other ways. Such key resources like personal brand, because they are valuable, rare and difficult to imitate, can help establish a network relationship with other organizations or individuals and provide

the foundation for more commercialized operations and artistic communication.

6.2.2.3 Customer Relationships in Internal Undertaking

Customer relationships in internal undertakings can provide interfaces connecting external relationships, change the unicity of the network, and forge a network relationship to carry the release of artistic value.

Guanfu Gallery (Table 3-5) has introduced a management system in form of a council, which is different from its former management model. Under such system, a majority of the working capital for the gallery has been contributed by shareholders. Additionally, the gallery has also launched a membership system among others, according to which members may enjoy relevant rights only if they pay a certain fee annually. Becoming a member of the council to sponsor the gallery on an irregular basis is one major source of income; meanwhile, becoming a member of the council also brings a high reputation. Council system-based management has helped to attract more people to take part in the construction and development of the gallery, and by establishing more network relationships and broadening the network relationship centered on the gallery, more resources can be collected to provide foundation for a more extensive business model and further expand the influence of the gallery.

Another example is Today's Art Gallery. As a private art gallery with a good operating performance in China, it has been constructed and operated in accordance with international standards, and has become a formal private and nonprofit organization after the separation of the cultural industry from the group and formal registration with the Civil Affairs Department at the end of 2006. Relevant departments have granted it great preference on many aspects, and such successful transformation has played a vital role in the healthy follow-up development of the gallery.

Afterwards, the gallery conducted restructuring again and began to attract private capital through the share system. Private enterprises undertook a certain capital and, in turn, will offer long-term sponsorship for the gallery. Now, many property rights of the gallery have been transferred to the community with the view of seeking a more suitable management model. As a consequence it has drawn more management experience to explore a management model suitable for Today's Art Gallery. The changes operated by both Guanfu and Today's galleries on customer relationships have allowed more people to join the construction of artistic value network, which is ultimately beneficial to the release of artistic value.

6.2.2.4 Channels in Internal Undertakings

Channels of private galleries in internal undertakings can provide interfaces connecting external network relationships, change their unicity and forging rich networks capable of carrying the release of artistic value.

For example Han Feng (Tabel 3-6) has been able to maintain its collections circulating efficiently, because it has gradually kept exchanging and connecting on its business network extensively with Collection Associations across China and people renowned for artistic creation, and has created different marketing approaches with comprehensive coverage. Meanwhile, Han Feng not only maintains quite good relationships with many towns famous for art, but also occupies plenty of resources and has good cooperation relationship with numerous art masters. Gradually, it has developed its own different, effective selling style. Over the recent years, Han Feng has grown rapidly, and more importantly, its presence has provided more facilities and possibilities for the construction of the marketing channels of artworks in Shanghai and even throughout the whole nation, becoming a broader platform for artists. In their internal undertakings, channel relationships of private galleries can provide interfaces with external network relationships, forge new network relationships and carry the release of artistic value.

Art galleries play a mediating role to a large extent, connecting artists, buyers, collectors and auction houses together, which is especially important for a mediating channel. “An artist seldom goes out to find a buyer and basically stays at home painting. As a piece of artwork is not like other products requiring promotion outside, the artist will usually find a trusted art institution” (Zeng Jun, an artist, see Table 3-2). The channel construction is an important step in exploring and establishing network relationships. Only through establishing cooperation with different subjects can the entire artistic network be extended and the artistic value released.

The foregoing four aspects can be deemed as the way in which the richness of network relationship is forged that is, network connections are established constantly through: (i) core business; (ii) core resources; (iii) user management; and (iv) channel management, and undertakes the release of more artistic value by making the single network diversified.

6.2.2.5 Income and Cost in Internal Undertakings

Income and cost sources can be deemed as integrated internal resources and guarantee the effectiveness of internal undertakings. The source of income and cost structure in the internal undertakings are the forms of internal liquidity of an organization, and also represent the directions of the flow of its internal resources. As a commercial operation subject, the enterprise shall first achieve balance between income and expenditure and then maintain the organization’s operation. Cost structure includes costs paid for provision of sites, activity

services, and other resources, with main costs covering the gallery's site expenses, early investment in construction of, for example, an artistic village, and personnel costs for holding an activity. Income is generated from sales of works, derivatives, and entrance tickets via activities, and is used for the gallery's reinvestment, providing resources guarantee the integration of commerciality and commonweal, just like the case of Guanfu Gallery mentioned above, which has developed successfully as a private gallery in China. The Gallery has achieved balance between income and cost, and made the best of Ma Weidu's personal brand to strengthen its own brand, and realize desirable operating revenues through venue lease and other activities. Additionally, the establishment of Guanfu Treasure – an insurance pool of Guanfu's cultural relics, but also an insurance pool of the community – has served as another guarantee for the Gallery to keep balance and development. As the sole insurance pool that has passed U.S. UL Certification, it naturally finds favor in the eyes of many financial institutions and collection lovers. As per the information collected through the interviews, Guanfu Treasure has a total of 24 storerooms, each sold at the price of RMB 10 million to RMB 15 million (ca. 1.33 to 2 million €), and it also offers safe deposit box rental services. The addition of these new profit points integrated with artistic and cultural elements makes Guanfu's development model more creative and sustainable.

Making a success out of the balance between income and cost of an organization is an important reason for its long-term development, which also explains that it has also achieved balance between commonweal and commerciality as a double helix. From this we can also see that the concept of the balance between commonweal and commerciality as a double helix may be achieved out of the effective expansion of network relationships.

6.2.3 Explicit Utilization

After proposing to release the richness of channels in a network, in order to solve redundancy and load of network relationships, Chapter 5 suggests that it is necessary to explore, stimulate and screen the network relationships to identify effective population, stimulate potential population and select optimal population, so as to make the richness of the network relationships most effective. Hence, in addition to the consideration of how to establish rich network relationships, a business model needs to regard how to utilize the value of the network relationships. This just involves explicit utilization, the third part of the design of a business model. Explicit utilization refers to major cooperation with target users achieved by an organization through delivery of internal resources in order to achieve the double value

propositions of commerciality and commonweal. It describes external network relationships of the organization. The enterprise may fully release and share artistic value by using the network relationships established with target users and major partners. Explicitness is mainly emphasized at this level.

Many subjects exist in the entire network of artistic value. It is necessary for a private art gallery to identify the role each subject plays in the network relationship, and to stimulate and utilize relevant subjects. For example, Hong Gallery, Siwei Art Gallery and Guanfu Gallery. have accumulated a large number of visitors, who can bring forward great traffic and lay a good foundation for other commercial iterations. Although they may not bring direct sales, in their individual networks there are target users and potential cooperation that can bring dominant commercial utilization to the enterprise. This is an important form through which private galleries achieve the proposition of commerciality.

Private galleries have established long-term cooperation relationships with a large number of artists, while such artists are also those among their target users. In the operating process, the private gallery will tend to explore the possibility of cooperating with each of the artists and identify their demand. During our research, Artist Zeng stated that he hoped to hold an art exhibition by which he would gain more popularity and interact with the community more desirably, with the results to be feedbacked for future artistic creations. Siwei Art Gallery found the value of Zeng's work as well as his value and appeal, and took initiatives to contact the artist to consult him over matters of a cooperation-based exhibition. By agreement, the gallery draws a certain commission from the prize at which a painting was sold, and expected that more network relationships could be developed and strengthened through such exhibition. Holding exhibitions based on cooperation with artists and charging a certain commission represents the explicit utilization of target users and major cooperation by the private gallery.

By holding a variety of academic and touring activities, Guanfu Gallery has attracted intensive attention, while the Gallery has deep artistic accumulation. By exploring, screening and identifying some of the enterprises that prefer its good artistic and academic atmosphere, the Gallery has discovered its appeal of conducting some corporate activities at their site. Guanfu Gallery has identified users of this type, and established significant cooperation relationships with them. When the enterprises carry out relevant activities at the site of the Gallery, the perceptive value of such activities can be promoted by its atmosphere, while the Gallery conducts explicit utilization of the relationship and cooperation by collecting site rental, which achieves the commerciality value of the appeal. Another similar enterprise is Hong

Gallery as mentioned above. Based on the establishment of good network connections, Hong Gallery has identified the possibility that it may cooperate with educational institutions such as Golden Apple Kindergarten. Such cooperation can promote education for the public through commonweal on the one hand, and generate direct economic benefits on the other hand.

The explicit utilization of target users and major cooperation with them can keep the network relationship of an organization rich, while this is beneficial to the realization of the dual value of art.

6.2.4 Potential Development

The explicit utilization mentioned above serves as an important form in which an enterprise realizes its value proposition of commerciality. From the cases mentioned above, we see that the precondition of the explicit utilization is the fact that the private gallery has gained intensive attention. Only in this way can it explore and screen the rich network connections, and then realize the explicit utilization. Accordingly, it is especially important to continue to gain more attention and expand the network relationship. Chapter 4 emphasized the potentiality of artistic value, and the business model not only includes the utilization and development of explicit relations and value, but also requires that attention is given to the potential level. Potential development includes the development of potential relationships and the development of potential value, and provides an unstoppable force for explicit utilization. In addition to the utilization of explicit network relationships, the enterprise can also activate the potential relationship, establish new networks and develop more potential value spaces.

The Young Artist Village of Blue Roof Art Gallery (Table 3-3) is a potential value space, and the operation of the village by Blue Roof equals the development of value and relationships. The Young Artist Village is a community built by Blue Roof and located in a farmer's new village. Blue Roof leases the houses to young artists at a low rental, and in the village there live about fifty to sixty young artists. All of them live in it and are very active. Though Blue Roof has not achieved explicit value utilization from leasing the houses and other businesses, it has developed potential connections with the young artists and communities in which young artists exist. Meanwhile, as an increasing number of people gather there, it has also attracted connection subjects related to the artists. For example, art dealers started to go to Blue Roof. Along with the constant industrial extension, other supporting services, such as processing, transportation, materials, transaction and so on, have started to derive. As the pedestrian volume increased, coffee bars, restaurants, accommodation and other industrial forms have come into

being in the transaction and service process. As it gained more and more popularity, the connections have become increasingly extensive and the potential value space of Blue Roof has become increasingly large. In the whole process of forging the value space, Blue Roof has built a platform to offer artists and the public artistic services focusing on promoting the release and sharing of art, and manifesting the value proposition of commonweal. However, based on such potential value space, Blue Roof may superpose the explicit utilization of cultural real estate development and experience cultural tourism zone, and then achieve the commerciality proposition. This shows that potential development is important for explicit utilization and integration of commonweal and commerciality.

Nongyuan is another similar example. Nongyuan is also a voluntary organization of such kind. In 1980s to 1990s, places like art associations were usually too high to reach in Chengdu. However, young artists needed a place for free exchange. Therefore, a community has gradually taken shape, where people with similar interests and goals can work together. Cheng Chonglin (an artist) said: “I had no idea of what it would be like in the future then. The adjective ‘Nong’ represents an open concept. You can extend your boundless imagination: it will mean that the natural environment is harmonious and strong if the ecological environment is constructed desirably, and that the cultural educational atmosphere is strong if good exchange and communication is achieved through art”. The idea of “letting it take its course” is the original assumption of Nongyuan. Inside Nongyuan there is also an art community, where several hundred artists of different schools gather and have conversations to express the artistic ideas they hold. Nongyuan’s Tianyi Village, similar to Blue Roof’s Young Artist Village, aims to build an art community with artists as the core. Via some activities, Nongyuan has made the Tianyi Village constantly active and established rich network relationships based on it. Then, it has exploited and developed an industrial cluster centered on the creation, appreciation, exchange, and cultivation of art, and on the auction of artworks, providing a value foundation for its later explicit utilization.

These two examples show that the potential space of artistic value has a great potential for mining, although some non-determinacy and uncertainty exist. The network relationships, rich at the potential level, cannot generate timely revenues, but can release great potential, and thus provide wide value space and access for the combination of commerciality and commonweal of artistic value, and on this base, multiple forms of industry can be iterated and developed.

6.3 The Evolutionary Model of the Integration of Commerciality and

Commonweal

It is known from the dynamism and emergence of artistic value in Chapter 4 and the dynamism of network structure in Chapter 5 that dynamism is an important factor that needs to be considered in the design of a business model. As the external operating environment changes rapidly, the corresponding business model shall present dynamism to timely capture the artistic value released. We can see from the dynamism of network relationships in Chapter 5 that they are not static. Dynamic changes are achieved on the internal and external network relationships of an organization by exploring, triggering and activating the mechanisms that promote changes on the quantity and capacity of the network relationships. Such changes are beneficial to the formation of new network spaces and fields to carry artistic value. Meanwhile, from the emergence of artistic value and the potentiality conveyed by the value “volcano”, we can also know that the network of artistic value has very rich potential.

Directions for designing a business model involve thinking about how to establish connections and activate the potential value more than about how to capture the emergent value. Based on the foregoing considerations, and by adding dynamic factors to the richness of network relationship, we propose an evolving, dynamic business model as shown in Figure 6-3. This model is the same as shown in Figure 6-2 in terms of horizontal network structure, and both of them have four network levels from internal value proposition, internal undertaking, explicit utilization, to potential development. However, it develops as follows from the perspective of vertical dynamic analysis.

At the first stage, according to the analysis of the potentiality of the “volcano” type value, we can see that at the bottom of the model is potential development, including development of potential relationships and development of potential value, making up the foundation of the whole model. At the second stage, the original user relationship is known as a community user, and the channel relationship as a network connection. On a large network relationship, it is known that the dynamism mentioned in Chapter 5 changes into interaction frequency that can change the strength of relationships. By establishing a cooperation relationship, continuous interaction and relevant feedback, an organization makes a positive impact on the dynamic changes on the network. Community users and network connections are active parts activated by the grass-root potential. They fully share and interact with each other, in ways activating the whole network relationship space. They also release irregular values constantly. Art galleries become an active platform, embodying the proposition of the organization’s commonweal.

Meanwhile, the utilization of the proposition of commonweal will also attract more communities. At the third stage, the organization uses its resources and a variety of activities, screens, selects and classifies the irregular values released by the community, to form specific business forms. At the fourth stage, explicit utilization is about the business forms that have been shaped at the third stage to realize the value proposition of commerciality.

The whole dynamic evolutionary process shows that traditional income and cost cannot be displayed in a certain business, and they may be united in the era of sharing economy. For instance, at dianping.com, a user spends time and energy at his cost to post a piece of food information, while the sharing act has provided him with pleasure. He obtains income at the same time when he pays the cost. In the Internet era, a common saying goes like this “Wool comes from a pig, but a dog pays for it”. Precisely because of the potentiality and dynamism of artistic value, the whole artistic space can obtain more spaces based on network relationship, making the conflicts between commerciality and commonweal under a single dimension mismatched and thus achieving effective integration of both. Accordingly, new definitions are generated for source of income and cost structure. The cost structure under this model is the investment paid by the organization to promote the connection of the bottom relationship and keep the field active, and income comes from new methods of fee-charging that emerging constantly in the process of explicit utilization. Due to unmatched transaction, income forms become increasingly obscure. Just like a gallery holding an exhibition free of charge, it will not charge the consumers by entry tickets as the direct income, but raise the real estate price via the commercial community developed by the exhibition attendance at the gallery, and thus obtains the income. Under such model, the modes of income become diversified in the way that the organization achieves continuous investment to keep the bottom active, thus forming a benign cycle.

The circulation of the entire model can be explained by reference to the case of Blue Roof mentioned above. As Blue Roof engaged itself in building a Young Artists Village, it has purchased a plot of land, and built an Artists Village on this piece of land. Then it leases the houses to young artists at low rental, providing them with a stable environment for creation. In this way it has helped to attract young artists to settle there. These artists make up the potential value and potential network connection at the first stage of the model. The artists’ village holds some reading and sharing sessions irregularly to provide more opportunities for the artists to meet and exchange views with each other. For example, “I carve and sculpture, while you make materials. The communication between us may inspire each other’s artistic creation specifically”

an interviewee said.

These general relationships and continuous user activation may bring forward constant triggering and release of artistic creation, which constitute the second stage of the model. Through the independent development of this group of artists, the community has expanded in scale, and art supporting industries have emerged. For instance, transportation, artwork processing and other industries have come into being in the artists' village. This is the third stage of the model, when the value released by the entire art network is being screened and gradually transformed into artwork services, production and other forms of industries.

The development of these forms of industries has brought about more people, as relevant artists, media and magazine operators, while food, artistic hotels and other forms of industries gradually appear at the place originally considered as a mere shelter for artists. These forms of industries just represent the fourth stage of the model, namely, the part of explicit utilization generating income from an enterprise. Exactly due to the potential value and dynamism of the network relationships shown by the "volcano" type value model, a greater value space has been built, and the commerciality and commonweal may be integrated more favorably.

We have redesigned the business model of private galleries considering its development from the traditional business model canvas to a business model based on the richness of network relationships and then to the business model based on the dynamism of network relationships. We can deem it as a development process of the model featured by one-dimensional line, two-dimensional plane, and three-dimensional space successively. The potentiality, dynamism, and emergence of the value space, and the dynamism and richness of the network space allow the business value space built by us to be based on richer three-dimensional field instead of on single one-dimensional line or two-dimensional plane. This provides more value spaces, and enables the conflicts between commerciality and commonweal to be mismatched in a wider value space before they are integrated.

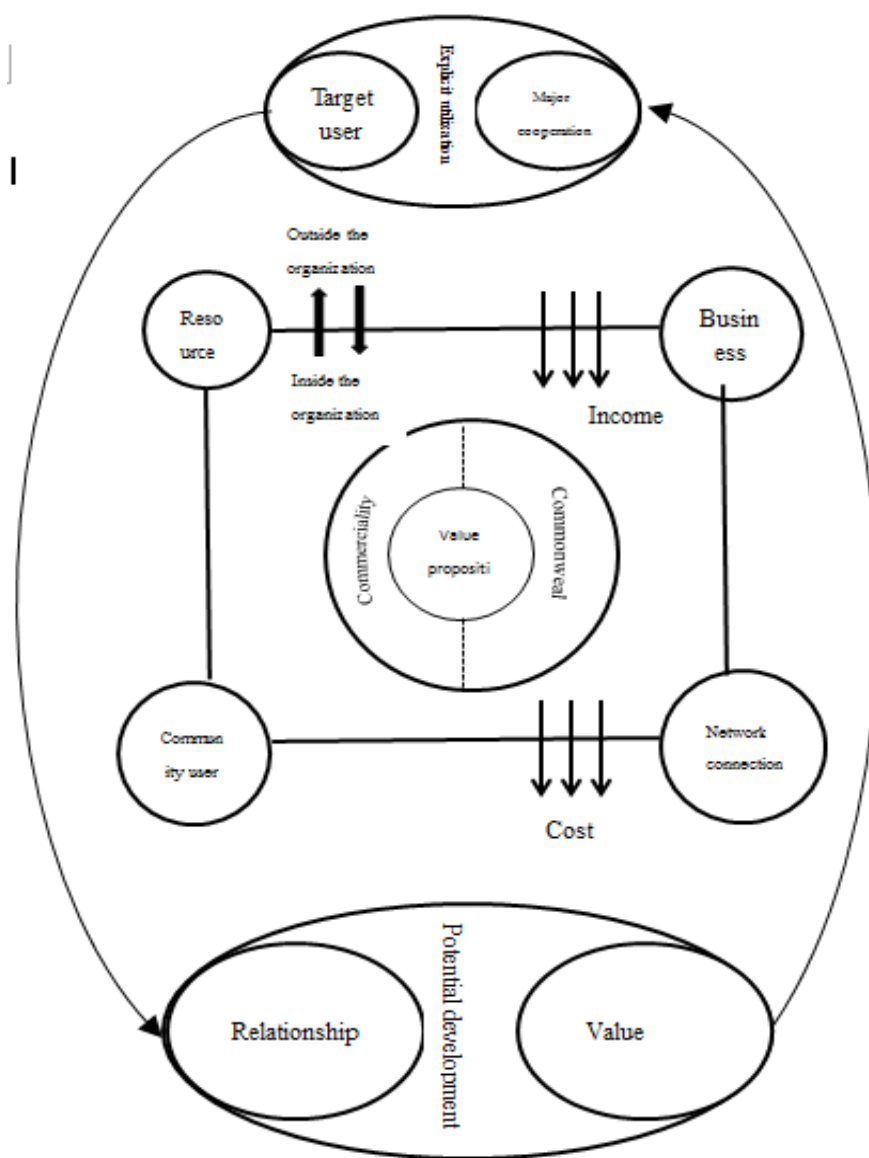


Figure 6-3 Evolutionary Business Model

Data source: presented by the author

6.4 Application of the Business Model in Practice

As this study finds, to achieve sustainable development in the current situation of China, a private gallery must consider both commerciality and commonweal, while the integration of commerciality and commonweal must be done by building network relationships of artistic value to develop and carry the explicit and potential value space of art.

6.4.1 Construction of Network Relationship Based on Existing Business

The current private galleries take artwork as common goods from the perspective of the

traditional business model, and ignore the sentimental and interactive value of artwork, which make it different from traditional goods and lead to the necessity of emphasizing the interaction with evaluators. This makes transaction of artwork a once-for-all deal, ignoring the part with great potential value it subsequently acquires. This thesis proposes a business model highlighting the importance of potential value, so as to build a new network relationship to allow for the realization of this potential value.

Above all, private galleries should attach great importance to the construction of network relationships, explore and extend the relationships in the current existing business. As holding exhibitions is a general business for galleries, they should incorporate the idea of constructing network relationships into their exhibition planning. First, they should turn some of the charged exhibition model into a free model. In the current situation of China, as cultural consumption accounts for a low percentage of the public's consumption budget, it is necessary to reduce the entry threshold in order to attract more people to take part in sharing artistic value. Second, they should establish customer records and conduct multiple forms of follow-up and continuous exchange with customers, turning the once-for-all deal made to sell artworks in a traditional exhibition into one centered on relationships. The frequency of interactions with customers directly affects the relationship between the customer and the gallery, and thus affects the customer's personal consumption and his intention to propagate the art. Third, they should promote the direct exchange and interaction between artists and target audience to strengthen and enrich the network relationships. Currently private galleries tend to prevent such direct interaction in order to refrain artists and consumers from concluding a deal agreement directly. However, in terms of the findings of this study, the direct interaction between artists and consumers not only strengthens the relationships between them, but it also gives the former more feedback and creates more popular works. As a resource gathering platform, the gallery should promote such benign interaction constantly, and only by this way can it build a greater network structure and fully fulfill its platform role.

The galleries have many other forms of business rather than holding exhibitions. Only by incorporating the idea of building a network relationship into their current businesses and facilitating the construction and activation of the relationship with all efforts in practice, can they achieve the first step of transforming their business models from a traditional linear model to a network-based one as per proposed in Figure 6-3.

6.4.2 Pilot Project of New Business Formats Based on Core Resources

In the case of those galleries that have extended their network relationships into their current businesses, in order to cultivate their richness, they still need to make new business attempts to realize connections with more network relationships, thus building a value space from plane to curve so as to include more potential value. This is the second step to achieve the transformation from a traditional linear model into a network model.

It should be noted that the new business format needs to rely on the current core resources of the gallery, so as to achieve value extension at the same time. First, with the value proposition of commonweal undertaking the mission of cultural education, the gallery may, for example, cooperate with the government for local cultural construction and establish a sustainable connection with the government. Second, as a place and platform with strong artistic and cultural atmosphere, the gallery gathers excellent artists in the fine arts, artwork and other resources, and bears an academic nature for artistic study. Based on academic characteristics, the gallery can cooperate with art colleges and universities to carry out diversified activities. Meanwhile, it can also rely on its expertise in artwork appreciation and develop a professional evaluation system for artwork, laying a foundation for integrating artwork and finance. Third, since the gallery is a place with a strong cultural atmosphere, it can adopt the “introduction” mode to introduce some featured workshops, in ways that extend the process of the consumers only enjoying the works to the process of creating works, strengthen the consumers’ sense of participation and interaction with artists. Meanwhile, a coffee shop or/and a specialty restaurant could be introduced to the gallery, to create differentiated catering services by using the gallery’s cultural atmosphere. At the same time, consumers might be allowed to stay for a longer period of time at the gallery, strengthening their connection with it.

The foregoing practice modes might be used on a trial basis for new business formats based on the current core resources of private galleries (i.e. academic nature, artistic atmosphere, and art exhibition space). A variety of activities may in fact be carried out to increase new connections and achieve the transformation from the traditional linear model to network model.

6.4.3 Emergence of New Formats Based on Network Relationships

As private galleries complete the first and second steps mentioned above, they develop an artistic value space centered on network relationships. It is necessary to conduct dynamic screening and new business formats based on rich network relationship and explicit, potential value spaces. This is the third step of the transformation from traditional linear model to network model.

The new business format will adopt a “go out” strategy to combine with more industries and release the value of the entire network value space. First, it will use the developed network relationship to combine with leisure industry, for example, restaurant, homestay hotel, or tourism related activities. The rich network relationship and the artistic atmosphere of art galleries provide natural advantages for forging leisure industries with local characteristics. Second, they could combine with gaming software and animation industries, which have demand for featured art in order to achieve a certain degree of integration and develop new business formats. Thirdly, combine with entities, for examples, cooperate with entities in the automobile, architecture and other industries.

The foregoing practice modes should consider not only the existing resources of galleries, but also the integration with other industries. Only by combining these two factors effectively can the potential energy of artistic value be released, and can the artistic network relationship be constantly expanded and enriched.

6.5 Summary of this Chapter

This chapter first analyzed the limitations of traditional business models for the current operation situation of private galleries, and proposed a business model based on network relationships in combination with the potentiality of artistic value and the richness of networks. By combining the emergence of artistic value and the dynamism of network relationships based on model I, it proposes the evolutionary business model II. Through the analysis of multiple cases, this chapter argues on the feasibility of the new business model in integrating the conflicts between commerciality and commonweal in practice. In the end, it brings forward guiding opinions on practical application of this model by private galleries and answers the questions on integration of commerciality and commonweal of private galleries raised at the beginning.

Chapter 7: Conclusion and Prospects

7.1 Conclusion

Innovating the business model in business operations has become the fourth approach for value creation of enterprise, in addition to the development of new products, identification of consumer demand and presence in new markets. The establishment and development of Chinese private galleries help promote human development, benefit the public, and release greater artistic value. Private galleries cannot achieve effective continuous operation with the current single operation model, and only through innovation of their business model can they activate the function of “blood-making in a virtuous circle”.

By using literature review, qualitative research, case analysis, field research in private galleries, and collection of secondary data, the thesis conducted data processing of rich materials and concludes as follows:

The value proposition of private galleries needs to serve the commonweal proposition for the development of art on the one hand and to maintain the commerciality proposition for their continuous operation on the other hand. Natural conflicts exist between commerciality and commonweal. To innovate the business model of private galleries, these conflicts between the two value propositions must be integrated effectively.

Compared with common goods, artistic value is released in the process of constant interaction with appreciators. The explicit artistic value circulation process only releases the artistic value at the explicit level, while the potential value based on connections with appreciators is not effectively developed. The double helix structured model (Figure 4-6) based on artistic value provides space for integrating commerciality and commonweal.

Network relationships carry space and capability to realize artistic value. Its basic functional attributes promote changes to the network structure of artistic value and changes to the spatial fields that carry it, and to the formation of new network relationships, making it more favorable to the integration of commerciality and commonweal of artistic value. The richness of network relationships establishes a channel for an art organization to realize artistic value and improves the organization’s capability to carry it. The dynamism of the network relationship optimizes its richness and allows to develop network space, which is more

beneficial to releasing artistic value. The construction and maintenance of the network relationship is therefore an important approach for the organization to realize innovation on their business models aiming at the increase of artistic value.

The traditional linear business model cannot carry the potential value constantly released, while the innovation on business model based on network relationships effectively fuses the conflicts between commerciality and commonweal. This thesis presented an innovation in the business model by combining elements of the traditional business model canvas with the richness and dynamism of network relationships.

7.2 Deficiency and Prospects for Future Research

From the perspective of case analysis, this thesis has discussed business model innovation for Chinese private galleries integrating commerciality and commonweal, and has developed a business model with practical significance based on the characteristics of artistic value and network relationships. Due to the limitations of case analysis itself, there is a certain deficiency in this research and substantial work needs to be done further. The limitations of this thesis and aspects to be further studied are as follows:

1. The galleries interviewed in depth in this research are located in Sichuan, West China, leading to limitations on the selection of cases. It remains necessary to further observe and study galleries in other areas but also other galleries in Sichuan as to whether the conclusion applies nationwide.

2. This thesis proposes a business model integrating commerciality and commonweal. Further quantitative analysis is yet to be done as to whether such model can function solving the conflicts in practice and whether it can help private galleries achieve the independent blood-making function, which is also contents that should be discussed in future studies.

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