

UTILIZING AND CREATING CULTURAL ASSETS IN THE PROCESS OF EMBEDDEDNESS OF LOCAL CREATORS

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ABSTRACT

Based on the examination of local creators in South Korea and China, this study explores the embedding process and the utilization of cultural assets within specific local contexts.

In the initial stages of embeddedness, both countries emphasize understanding local structures and forming informal networks, with China highlighting the importance of network formation involving public institutions. Utilization of cultural assets, such as idle spaces and human resources, leads to the creation of new physical and non-physical assets. In the stage of intensified closeness, cognitive embeddedness through close communication with residents and network formation among stakeholders contributes to sustainability. In the embeddedness stage, South Korea focuses on maintaining self-sustaining circulation structures and expanding external networks, while China faces challenges of social network entrenchment and regulatory issues due to an acquaintance society formed through 'Guanxi'. The comparison highlights the differing embeddedness processes between the two countries and implications for local development.

Keywords: Embeddedness, Cultural assets, Local Creators, Korea, China

Introduction

As the era of proactive localization emerges, there are various movements among local creators worldwide seeking to enhance regional competitiveness and achieve urban development through the establishment of local brands that leverage cultural assets.

A local creator can be understood as an entity engaging in creative activities within a specific locale, combining the concepts of 'local' and 'creator' (Mo, 2021). The rise of local creators can be attributed to the increasing importance of regions in economic, social, cultural, and governance contexts as globalization progresses. Particularly noteworthy is how the socio-cultural environment, institutions, and networks of each region have become critical variables influencing development (Cabus, 2001). To acquire new knowledge and technology, which are sources of competitiveness, it is essential to have physical proximity and shared values such as social customs, interests, and culture (Bathelt et al., 2004; Gertler, 1995).

Local creators are often understood as entrepreneurs who integrate local cultural assets into their ideas and lifestyles while creating business value (Song and Lee, 2022). It is important to note that, considering regional factors that affect entrepreneurship, such as socio-cultural, political, financial, and industrial environments, the distinctive characteristics of different regions are closely related to innovation (Wagner and Sternberg, 2004).

Local creator businesses share common aspects with community businesses in that they emphasize regional characteristics and actively utilize local resources to pursue community development (Na, 2012). However, while the subjects of community businesses are often local community groups, the support targets for local creator businesses are more inclusive, encompassing individuals, corporations, and aspiring entrepreneurs. Furthermore, the objectives of these businesses include both tangible and intangible products and services related to the region, making their scope more comprehensive (Ministry of SMEs and Startups, 2020).

In practice, local creators in various regions around the world, including China and South Korea, are producing diverse content based on creativity. Recent trends show their involvement in a wide range of fields such as restaurants, cafes, co-working and co-living spaces, architectural and design offices, multi-cultural spaces, workshops, independent bookstores, and artist studios (Lee et al., 2022).

The practice of these proactive regional actors can be observed not only in Asian countries like China and Japan but also in continents like North America and Europe. According to prior studies, ‘local creators’ can be categorized by characteristics into Korean local creators, makers in Portland, USA, community designers in Japan, and community builders in China (Chung and Lee, 2023; Jin and Lee, 2023). Although the background, definition, characteristics, and goals of ‘local creators’ in these countries differ (Table 1), they share a ‘post-materialistic’ inclination to integrate their vision into local businesses (Mo, 2021; Jin and Lee, 2023). In other words, they go beyond merely operating a business by forming flexible relationships with their communities, ultimately rooting themselves in and growing alongside the local society.

Table 1. Different concepts and characteristics of ‘Local Creator’

Category	Concepts	Characteristics
Local Creator in Korea	An entrepreneur who combines the natural and cultural characteristics of a region to generate business value through innovative ideas (Ministry of SMEs and Startups, 2020)	<ul style="list-style-type: none"> - Government-Led Local Enterprise Development - Sustainable Development Integrating Natural and Cultural Assets - Lifestyle-Centric Innovation Creating new value
Makers in Portland	Makers typically produce niche, handmade anything from food to home goods to electronics – that emphasize local roots, small-scale operations, and collaborative work (Marotta, S., 2021; Heying, 2010)	<ul style="list-style-type: none"> - The hipster-like local culture that resists the trend of globalization and mainstream culture - The Existence of ‘warm networks’ among innovative individuals - Collaborative culture that shares community resources and the benefits created
Community designer in Japan	A person who publishes a local magazine targeting the community, edits and engages with local information, and simultaneously develops or designs local products (Chung and Lee, 2023)	<ul style="list-style-type: none"> - Addressing community issues - Designing communities that connect people - Transitioning from traditional values to creating new values - Focusing on collaboration with residents rather than taking a leading role

Community builder in China	The government provides direction, and the private sector voluntarily engages, with collaboration from social organizations, to enhance community residents' capacity for self-organization. Through this, the community addresses public issues it faces and achieves self-development (Luo and Liang, 2017)	<ul style="list-style-type: none"> - Government-led collaboration with private organizations - An approach focusing on 'small-scale regeneration' or 'small-scale innovation' rather than policy-driven or large-scale interventions - Community design tailored to local conditions - Addressing public issues within the community
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Source: Chung and Lee (2023); Jin and Lee (2023); Luo (2017)

This study aims to examine the roles that local creators play in their local and the patterns of cultural asset utilization and creation that emerge as they take root, by focusing on cases of local creators in Korea and China. To achieve a thorough understanding and detailed analysis, the concepts of 'embeddedness' and 'cultural assets' are first examined. Based on this, this study selected the cases of 'Haenyeo Kitchen' in Jeju City, Korea, and 'Chengzhan' in Chengdu City, China. This study also conducted field surveys and in-depth interviews with local creators active in the research sites.

Conceptual framework

The process by which local creators become integrated into their regions aligns with the concept of 'embeddedness'. This study particularly focuses on the embedding mechanisms of local creators, as it not only allows for an understanding of the dynamic relationships between the overall structure and the agents involved (Jack and Anderson, 2002), but also enables an assessment of the qualitative impact that the cultural assets generated during the embedding process have on the development of both the region and the agent.

The concept of embeddedness originated as Granovetter's counterargument to the neoclassical economic assumption that economic actions are based solely on rationality and utility. According to Granovetter(1985), economic actions are embedded not in 'independent entities' but within human relationships or social networks, asserting that trust formed through human interactions is the foundation of economic actions. Therefore, embeddedness is seen as the formation of specific human relationships and the structure of those relationships (networks) which simultaneously build trust and monitor misconduct (Granovetter, 1985). Especially in the economic context, decision-making by actors involves processes of social, cultural, and cognitive structuring, as actors maintain an inseparable relationship with their social environment (Beckert, 2003). Consequently, in relational structures characterized by frequent contact and trustworthiness, opportunistic betrayal is minimized, and efficient cooperation is facilitated.

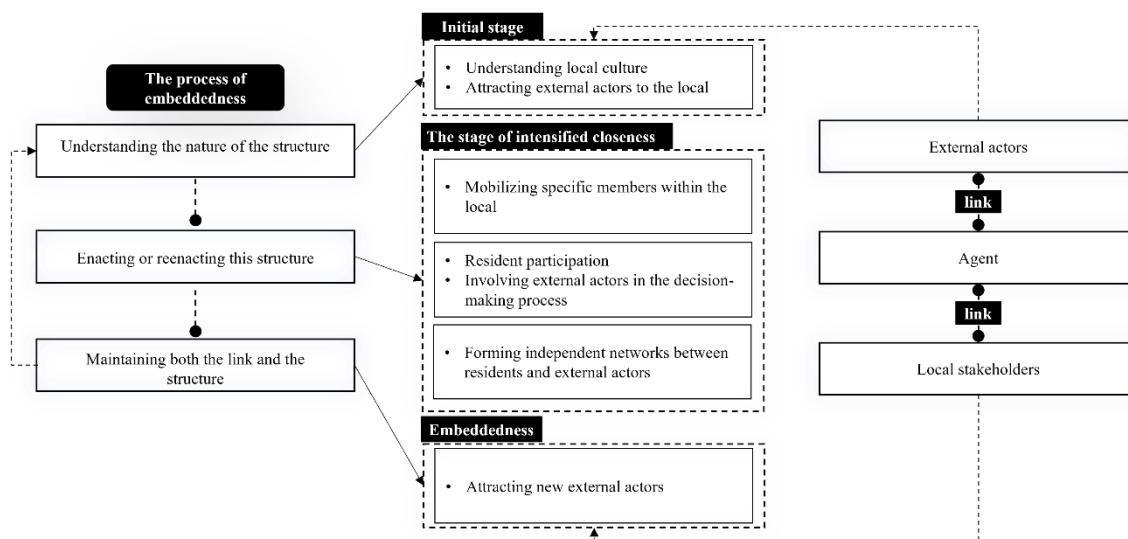
While embeddedness typically emphasizes structural embeddedness and relational embeddedness, Zukin and Dimaggio (1990) have expanded this concept to include various types such as cognitive, cultural, and political embeddedness. Specifically, structural embeddedness indicates the presence of relational patterns among actors, including the degree of relational closure, density, connectivity, and class relations. On the other hand, relational embeddedness refers to the quality of dyadic exchanges among actors, including trust, reciprocity, and shared norms (Simsek, Lubatkin, and Floyd, 2003). Zukin and Dimaggio (1990) point out that the degrees of cognitive, cultural, and political embeddedness vary due to differences in individual perceptions and external cultural and political contexts. Cognitive embeddedness suggests that actors' decision-making in economic activities is influenced by their perceptions of the environment and internalized beliefs. Cultural embeddedness implies constraints imposed by traditional values, beliefs, faith, religion, and regional traditions. Political embeddedness

describes how actors' actions are influenced by the political environment, regime, and power structures they are subjected to.

In Jack and Anderson's (2002) study related to the process of embeddedness, they emphasize that actors become not just developers of new social networks in a region but integral parts of its social structure. They suggest that the process of embeddedness, as a key role in creating and sustaining businesses in a region, involves three sequential stages: 1) understanding the essence of the structure, 2) enacting and reenacting structures to form new connections, and 3) maintaining connections with the structure. They argue that during this process, social trust and acceptance emerge. Building on this, Vestrum (2014) subdivides the local embeddedness process of community ventures into three stages: the initial stage of embeddedness, the stage of intensified closeness, and the embeddedness stage, each executed through five mechanisms. One notable aspect is that within the cyclical process of embeddedness, actors consistently serve as intermediaries between external actors and local stakeholders. This indicates that to prevent constraints on the local community due to excessive embeddedness by the actors, the cyclical process of embeddedness continuously demands the influx of new external actors.

Based on the discussions (Figure 1), this study classifies the local embeddedness process into three stages: 1) the initial stage, 2) the stage of intensified closeness, and 3) the embeddedness stage. It aims to examine in detail the characteristics emerging during the embeddedness process and the patterns of utilization and creation of cultural assets, considering contextual differences such as those between South Korea and China. Through case studies from both countries, this research seeks to explore the nuanced variations in the embeddedness process and how cultural assets are utilized and generated.

Figure 1. Theoretical framework of the process of embeddedness



Source: Jack and Anderson, 2002; Vestrum, 2014; Jin and Lee, 2023

Meanwhile, the focus of this study on examining the utilization and creation patterns of cultural assets in the local creator embeddedness process is also a proven aspect of previous research. The idea that cultural assets facilitate the development of local collective actions through the utilization of existing resources in the region has been evidenced in prior studies (Lindgren and Packendorff, 2006; Peredo and Chrisman, 2006; Vestrum, 2014).

The concept of correlated cultural assets is related to the current trend where urban development is shifting from a hardware-centric approach to a software-centric one. The importance of cultural assets, which are 'the natural forms of life and their outcomes accumulated through human actions in each

region’ (Chung and Lee, 2014), is increasingly emphasized. Cultural assets, acting as the foundation for regional revitalization, circulation, and identity confirmation processes (Lee, 2014), are considered grounds for value creation from the perspectives of regional connectivity, uniqueness, distinctiveness, and contemporaneity (Park, 2021). In a collaborative dimension, cultural assets encompass both physical assets such as facilities with cultural value and places with regional identity, and non-physical elements such as regional lifestyles and local stories, which constitute humanities assets (Lee, 2014).

The case study of ‘Haenyeo Kitchen’ in Jeju, Korea

‘Haenyeo Kitchen’, located in Jongdal-ri, Gujwa-eup, Jeju Special Self-Governing Province, South Korea, is a theater-style restaurant that was converted from an abandoned fish market into a performance hall and dining establishment. Opened in 2019 and still in operation, Haenyeo Kitchen expanded its space to Jeju Bukchon-ri as a media art restaurant in the latter half of 2021.

Comprising a total of four programs (Figure 2) with a runtime of about two hours, Haenyeo Kitchen offers a unique dining experience. The first program features a theatrical portrayal of the lives of Haenyeo (female divers) recreated by young artists, while the second program presents stories of seafood introduced by Haenyeo and young artists. The third program showcases the cuisine of Haenyeo, and the fourth program consists of interviews with Haenyeo. Based on Haenyeo culture, Haenyeo Kitchen has gained attention domestically in South Korea and has established itself as a prominent local brand in the fields of youth entrepreneurship and cultural tourism.

Figure 2. Main Programs of the Haenyeo Kitchen in Jongdal-ri



Haenyeo Kitchen in Jongdal-ri



Haenyeo Theater



The Story of Seafood



The cuisine of Haenyeo



The Interview with Haenyeo

Source: photography by the author (14.04.2024)

Analysis

Based on the empirical data collected through interviews and grounded in existing theoretical frameworks, the following analysis results are derived.

The most crucial mechanism operating during the initial stages of local creator embeddedness can be termed the formation of ‘rapport’ with the local community. Specifically, upon closer examination, local creators, to establish their presence in the community, undertook the task of refurbishing and remodeling the abandoned fish market in Gujwa-eup, Jeju, over six months to transform it into a new space. However, the outset of this endeavor relied heavily on building trust through informal networks with the residents. Kim Hawon, the representative of Haenyeo Kitchen, describes this process as follows.

[...]It took quite a long time just to rent the warehouse for one day[...] At first, we wrote a business plan and made PowerPoint presentations, but none of that worked. When we were about to give up, we went out early in the morning to make coffee and begged, and that’s how we managed to rent the warehouse for just one day[...] (YouTube Channel EO, https://www.youtube.com/@eo_studio)

On the other hand, to ensure the continuous operation of the local business, Haenyeo Kitchen attempted to establish a symbiotic model with the local community, a process that required direct participation from residents and stakeholders. Particularly, the involvement of residents with a strong attachment and sense of place played a crucial role not only in showcasing the charm of the area to external stakeholders but also in fostering sustainable local business creation (Peighambari et al., 2016; Casais and Monteiro, 2019). However, in the case area of this study, residents were not keen on significant life changes, and their direct participation required prolonged persuasion and close communication. To persuade participation, the local creators, the driving force behind Haenyeo Kitchen conducted beta testing of business ideas targeted at Haenyeo(residents) with performance contents during the initial stages of embeddedness. Through this, they gained acceptance and trust, establishing cognitive embeddedness among residents. This cognitive embeddedness explains the establishment of a common language between Haenyeo Kitchen and the residents, where the common language refers to shared interests between actors and residents based on the resources or activities of the area (Vestrum, 2014).

The concept of a common language can be viewed in Haenyeo Kitchen as the local creators unearth and collect the real-life stories of local Haenyeo through extensive interviews over an extended period. These stories are then woven into theatrical performances, incorporating storytelling and reenactments by young artists to evoke the lives of Haenyeo (Lee et al., 2022). On the other hand, it is also intertwined with a deep understanding of the local issues faced by the creators.

In the majority of these local, women are engaged in Haenyeo diving, but they often face challenges where most of the seafood they painstakingly harvest is exported to Japan, leaving them without fair compensation and vulnerable to external influences on their livelihoods. Additionally, the aging Haenyeo community struggles with preserving and passing down Haenyeo culture due to the challenges posed by aging.

Initiated from this awareness of the issues, Haenyeo Kitchen not only presents theatrical performances but also plans programs such as ‘Seafood Stories’ and Haenyeo Interview in a talk show format, directly involving Haenyeo in the programs to facilitate communication with the audience. By embodying local identity and involving Haenyeo, who represent both residents and local identity, Haenyeo Kitchen contributes to building the brand and shaping the identity of Haenyeo Kitchen by delivering associations related to the region to the audience.

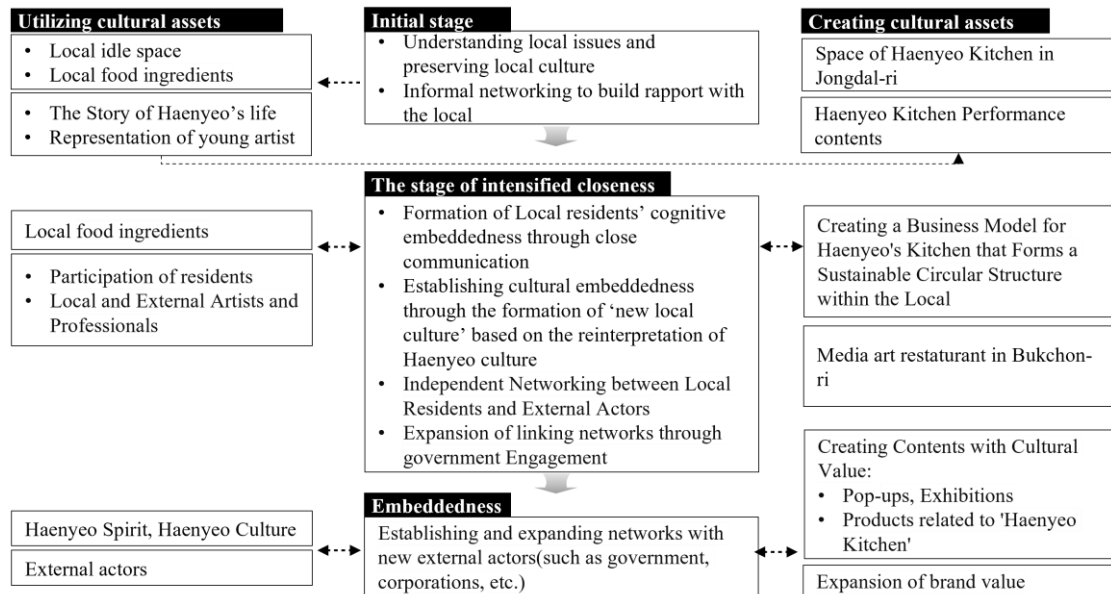
In the phase of enhanced embeddedness, the crucial mechanism for Haenyeo Kitchen was the involvement of both local and external actors, such as artists and professionals, leading to an elevation of the brand’s local embeddedness and the formation of a self-sustaining circular structure within the region. To expand the business spatially, Haenyeo Kitchen actively utilized collaborative networks, collaborating with local public institutions like the Jeju Rural Specialized Support Center and participating in government-supported projects related to local creators, thereby promoting Haenyeo Kitchen widely and growing beyond mere business into a local brand with significance in the realm of regional governance. In the latter half of 2021, collaborating with 12 artists, Haenyeo Kitchen contributed to the creation of physical cultural assets in the region by opening a second branch in Bukchon-ri, conceptualized as a media art restaurant.

As of 2024, entering its sixth year of operation, Haenyeo Kitchen has been engaging in various collaborations with diverse companies and entities, preparing to leap into the phase of rooting. For instance, in 2023, Haenyeo Kitchen collaborated with a Korean fashion company-Musinsa Earth, on a pop-up exhibition performance under the theme ‘New Trends for the Sea’. Notably, this pop-up incorporated various sea-related contents conveying messages about the environment and encapsulating the spirit of Haenyeo, thereby imbuing the brand with added value. Attempts have been made to prevent excessive embeddedness by bringing in new external actors into the internal structure, as demonstrated in previous studies (Vestrum, 2014). However, it is observed that while Haenyeo Kitchen establishes a

self-sustaining circular structure within the region, there is a tendency to focus on the continuous expansion of external networks rather than preventing excessive embeddedness.

Based on the discussions, preliminary results can be derived as illustrated in the Figure 3 below.

Figure 3. Utilizing and creating cultural assets in the process of embeddedness of local creators in Korea



The case study of 'Chengzhan' in Chengdu, China

In China, local creators are referred to as community builders(社區營造師), a role that is conceptually similar to Japan's community designers. The team 'Chengzhan', settled in the Yulin subdistrict of Chengdu City, is a group of community builders engaged in community design activities targeting the BEILEI community, including Caihong Street.

The Yulin(玉林) subdistrict, where they are settled, is characterized more by its cultural significance than administrative boundaries within Chengdu City. Yulin serves as a community gathering area with a rich history, unique atmosphere, and local lifestyle, making it one of the most symbolic 'local' representations of Chengdu City. Particularly famous as a cultural tourist destination, Yulin was once home to studios of renowned Chinese painters, poets, and rock bands in the 1990s, and outdoor theaters and various cultural and artistic activities attracted artists, shaping its image as a street where artists gather. Consequently, the street became adorned with various local shops, restaurants, and bars, creating a vibrant local image. However, with the rapid urbanization from the 2010s, artists gradually left, and franchises and new bars began to take their place.

The resurgence of Yulin as seen today began in 2017 when the Chinese singer Zhao Lei's song 'Chengdu' began to gain popularity among the public. The Little Bar at the end of Yulin Street mentioned in the lyrics of 'Chengdu' became a landmark on the street, attracting a continuous stream of tourists (Lan et al. 2023). As a result, Yulin transformed into a 'Wanghong Street' (網紅街) that tourists must visit when coming to Chengdu.

Analysis

Based on the analysis of empirical data, it was observed that most members of Team Chengzhan are from the 90s and 00s generations in China. All team members are community builders who migrated

from other areas. They have remodeled an old massage parlor on the street into a cultural and artistic space, currently utilized as an office and exhibition space (Figure 4).

Figure 4. Remodeled interior and exterior spaces of an old massage parlor



Source: photography by the author (04.08.2023)

The area where Team Chengzhan settled has lower rent compared to neighboring areas, approximately three times lower, and offers a local atmosphere conducive to feeling rooted. Moreover, as more young people engage in entrepreneurship and artistic activities, a natural network has formed due to the homogeneity of their industry. Team Chengzhan also confirmed the presence of this network beforehand and voluntarily settled in this area, feeling a sense of psychological stability.



In the initial stages of their grassroots efforts, Team Chengzhan employed the most critical mechanism of forming a rapport with the local community. In other words, understanding the nature of local through informal networking such as local surveys, casual conversations with residents, and gathering opinions was established to build trust and a common language with the residents. Additionally, to ascertain the specific demands of the residents, they collected issues the community is facing and the opinions of residents in the form of public exhibitions.

Previous studies have pointed out that during the initial stages of embeddedness, conflicts, and dialectical tensions often arise due to differing perceptions, governance, and responsibilities between the actors and residents (Di Domenico, Tracey and Haugh, 2009). However, in the case area of this study, strong inclusivity due to high population mobility allows community builders to establish cognitive embeddedness more easily with residents and stakeholders when developing local businesses. Nevertheless, the network with local public institutions was formed early in the initial stages of embeddedness. The reason for this is that in the context of China, if there is a lack of a linking network, independent business operations in the area may be restricted.

In the initial stages of embeddedness, the primary focus is on utilizing intangible assets such as community stories and lifestyles, and the participation of local youth as human assets, which led to the creation of visible local observation programs, local magazines, etc. These contents, strengthened by connections with the local community, enable the enhancement of grassroots efforts (Table 2).

In the initial stages of embeddedness, the predominant focus is on utilizing non-physical assets such as community stories and lifestyles. Additionally, the involvement of local youth as human assets played a crucial role. This led to the creation of local observation programs and tangible local magazines. Such contents enhance the strengthening of connections with the locals, thereby facilitating the improvement of embeddedness levels.

Table 2. Cultural assets created at the early stage of embeddedness

Category	Contents	Image
<p>Local Observation Program BEILEI Community Story Academy</p>	<ul style="list-style-type: none"> - Recruiting 15 young individuals - Proceeding with the method of "learning + interviews + practice + rehearsal" - Exploring community visits - Discovering and crafting community stories - Sharing the outcomes through 16 stories 	
<p>Local magazine Street-side Daily</p>	<ul style="list-style-type: none"> - Edit core stories from the local observation program and produce them in a local magazine - Distribute to local cafes, restaurants, vintage shops, etc. 	 <p style="text-align: right;">Source: photography by the author(04.08.2023)</p>

Source: <Cheng zhan> WeChat official channel,
https://mp.weixin.qq.com/s/0hV7n578U_GgG8oYHzKsEA(Search date: 21.11.2023)

Meanwhile, in the stage of intensified closeness, a mechanism that played a significant role was the coordination of internal and external stakeholders in the locality. Team Chengzhan acts as both participants and observers in the local, facilitating the intermediary role between residents and external actors. Based on the strong inclusivity of the locality, linking internal and external actors led to the creation of new local network assets.

In particular, the annual <BEILEI Community Life Festival>, regularly conducted each year, involved collaboration among local public institutions, public enterprises, civic organizations, local businesses, and artists from both within and outside the locality. Through various programs, this fostered organic harmony between the public and private sectors, contributing to the improvement of local governance and the creation of a creative community, thereby enhancing embeddedness. Additionally, as part of regeneration projects, the community ancestor conducted redevelopment projects for public spaces in the area. In this process, the involvement of local artists occurred, as they infused the locality's physical assets and local culture into the design of public spaces, leading to the creation of new cultural facilities within the community. However, the effectiveness of public space redevelopment projects was limited due to safety concerns in the area. Nevertheless, active feedback on various issues raised through the projects enabled a deeper understanding of the daily routines of residents and contributed significantly to building trust with the community.

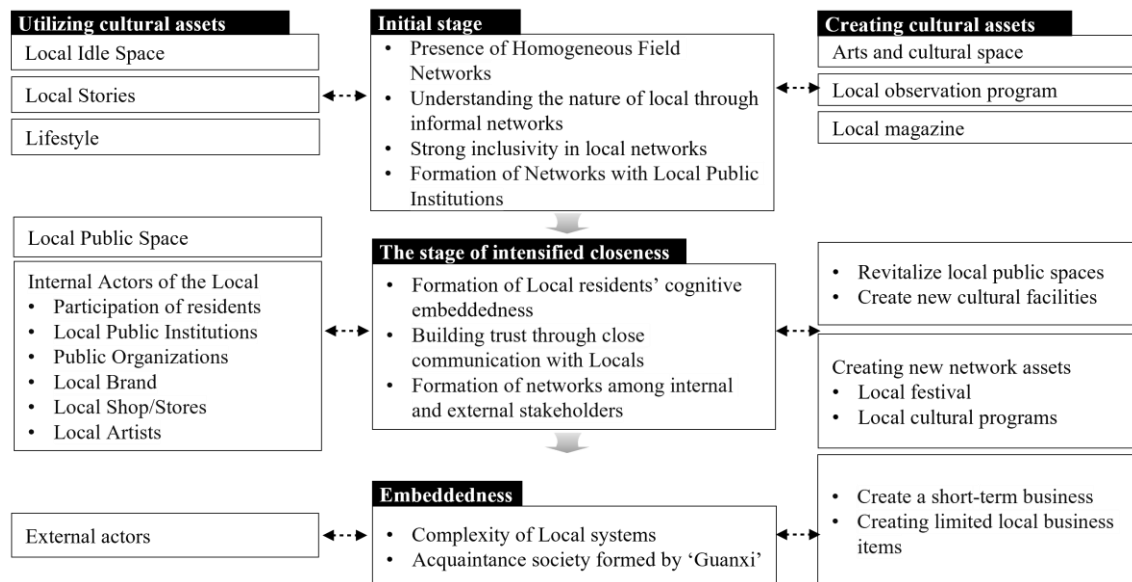
As Team Chengzhan approaches its fifth year in local business in 2024, they are preparing for a leap in the embeddedness phase, yet they exhibit a passive stance in sustaining their operations. The reason lies in encountering difficulties when translating the requirements presented by external brands into specific programs or content that align with the realities of the local community. Furthermore, if the effectiveness of the business proves insignificant after implementation, there is a possibility of abandoning the efforts invested in the business. Additionally, some proposed projects from authorities may be constrained by regulatory complexities and cumbersome systems, limiting their implementation.

Furthermore, based on prior research, excessive embeddedness limits the creation of new business

ideas and requires dis-embedding from the locals (Uzzi, 1997; Zaheer and Venkatraman, 1995; Vestrum, 2014). In the case of this study, a similar trend emerged, where Team Chengzhan experiences psychological stability within a stable network of the local community. However, excessive reliance on relationships formed through ‘Guanxi(关系)’, characteristic of an ‘acquaintance society’ poses challenges to the creation of innovative local business ideas. This challenge leads to a strong tendency to focus on short-term business goals rather than long-term development. Therefore, the transformation of the business model and the introduction of new stimulating factors remain critical tasks that need to be addressed.

Based on the discussion, the results can be summarized as illustrated in the Figure 5 below.

Figure 5. Utilizing and creating cultural assets in the process of embeddedness of Community builders in China



Conclusion

This study focuses on the activities of the local creators, considered creative agents in various regions of each country. Therefore, through qualitative case studies centered on Jeju City in South Korea and Chengdu City in China, we examined the process and characteristics of the local creator embedding process, as well as the utilization and creation patterns of cultural assets within specific regional contexts.

In summary, during the initial stages of embeddedness for local creators in both South Korea and China, characteristics included an overall understanding of local structures for settlement and the formation of informal networking. However, in China, the formation of a network involving public institutions is essential before local business operations can commence. In the initial stage, both countries utilized cultural assets such as physical assets such as idle spaces in the region, and human ware elements including cultural assets such as human resources, leading to the creation of non-physical assets in the form of new physical assets and contents.

In the stage of intensified closeness, the continued progress of local businesses in both South Korea and China required the formation of cognitive embeddedness through close communication with residents and the establishment of trust. The formation of networks among internal and external stakeholders within the region contributed to the sustainability of cultural asset creation. Therefore, in South Korea, the utilization of cultural assets mainly involves the participation of internal and external

artists, professionals, and residents. In China, however, the participation of various stakeholders such as residents, local public institutions, brands, shops, and artists indicated a broader range of human assets. The assets utilized in this manner led to the creation of clear business models through spatial expansion in South Korea, while in China, they led to the creation of new network assets through regular festivals and programs.

During the embeddedness stage, the characteristics of the two countries show significant differences. Firstly, in South Korea, for business expansion, there is an emphasis on maintaining the region's self-sustaining circulation structure and expanding networks externally to highlight the cultural value of the brand. Meanwhile, in China, although there is continuous expansion of networks with external actors, the acquaintance society formed due to 'Guanxi' sometimes resulted in social network entrenchment and regulatory issues, limiting the expansion and establishment of the business model. What is important is how cultural assets are customized according to the local cultural context in the process of local embeddedness of local creators, and through this, the connection and circulation of internal and external networks and close social capital is important for local development.

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