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Innovating China: governance and mobility in China's new economy

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Chapter Four

Governing Innovation in Shenzhen - Talent Absorption and Social Training in the Building of Innovation Infrastructure

This chapter focuses on a process through which local government and its operational sectors are involved in the innovation economy: the marketization of infrastructural power to create a new subjectivity that encourages them to fit into the new innovation-oriented territory—the social training system.

I argue that the rise of urban entrepreneurialism in Shenzhen is not only a symptom of the social transition from a so-called industrial society to a post-industrial society, but also the local government's answer to the call of the national “mass entrepreneurship and innovation” project, which aims to extend techno-economic governance and fuel development. In addition, local governmental organizations, such as the Science and Technological Bureau⁷⁴, have changed their roles in encouraging tech-innovation in Shenzhen. They now have more incentives to fund potential money-makers in the new economy by launching attractive policies to, for instance, compensate talent or directly invest in social training infrastructure for local tech-entrepreneurial practices.

In this chapter, I focus on “the state,” as most scholars studying innovation have not dealt with this and instead have contextualized their research in stateless neoliberalism. The first section seeks to problematize the production of an innovation ecosystem, a new mode of mobility/space making, to rethink the current governance of China's market society. By linking the two salient practices in the local state-led agenda—managing mobility and reterritorializing power in the space of innovation—I attempt to argue that the organization of social training systems is a strategy for the local state to organize “infrastructural power,” to use Michael Mann's term (2008). The second section will explore the development of the relation between the state and the governed target group in the innovation economy—talent—through normative policy arrangement in the state's Leninist political agenda. Specifically, through analyzing cases from fieldwork data, I describe the mechanisms through which local state targets, trains, and regulates innovative talents (创新人才 *chuangxin rencai*), leading these talents to start up their business in promotion of the “mass entrepreneurship and innovation” policy. The third section will characterize how social training platforms established by local government and social associations channel new orders and

⁷⁴ In 2018, the Science and Technological Bureau changed its name to the Technological Innovation Bureau. This signifies that the bureau is gradually expanding its working scope and functions in the local government.

mentalities to mobilize young people's entrepreneurial fever, and how young entrepreneurs-to-be respond to this social management. This section will also depict how the Chinese state infrastructuralizes its power by collaborating with other organizations, such as non-governmental social associations and those in private sectors.

4.1 The Marketization of Infrastructural Power in the Innovation Economy

In scholarship on industrial transition in Shenzhen, the “entrepreneurship and innovation fever” driven by the innovation economy is conceived as a “new normal” that should be sponsored by the government.⁷⁵ In the mindset of many of these scholars, China has more or less “missed” taking the initiative to participate in the first and second industrial revolutions, and has been reduced to a low-end production site for a “world system,” or to the production site of “copycat products.” From this perspective, the current internet-based entrepreneurial fever seems like Chinese developers catching up with the climax of a global IT-driven industrial revolution. As shown in chapter one, in entrepreneurial circles and the official discourse, this tide of entrepreneurial fever is also interpreted as a “maker movement” by the central government. In its discourse, the grass-root economic forces should be introduced in the production of national economic development and industrial restructuring.⁷⁶ These two main interpretations, coming from academic economists and local government officials, highlight the role of the government in the new economy.

Before I interned at the Nanshan Technology and Innovation Bureau, I assumed the innovation movements driven by young entrepreneurs-to-be would encounter some difficulties from local authorities and IT giants. Instead, I witnessed how the local government actively reorganized local power patterns into new institutions, like innovation platforms (创新平台 *chuangxin pingtai*) and entrepreneurship ecosystem (创业生态圈 *chuangye shengtaiquan*), providing a networked infrastructure that offers financial service and spatial support to young entrepreneurs-to-be. It seems that the local government can channel the mobilizing effect of the movement launched by the central government into the local production of an innovation economy. This balance, conceived as a local institutional innovation, is actually grounded in the long-term

⁷⁵ On November 13th of 2015, I was invited by a professor of contemporary Chinese politics from Shenzhen University to participate in a national conference, the Dameisha China Innovation Forum at the Sheraton Dameisha Hotel of Shenzhen. Fan Gang, the current chief member of the monetary policy committee of the People's Bank of China, opened the forum with a speech about legitimating the function of government in this five-year modest developmental agenda. The panels organized in this forum were to open the debate on the idea of maintaining the common sense of Deng's opening-up policy, but reinterpreting it into Xi's innovation campaign, reforming the industrial-economic structure.

⁷⁶ After an open lecture in a Shenzhen art space in December 2015, the keynote scholar, a 61 year-old professor majoring in cultural studies, discussed the research topic of my thesis with me and criticized current urban entrepreneurialism in a harsh words. He said the social fever of “mass entrepreneurship and innovation” reminded him of the state-led social campaigns in the 1960s.

conflict between the central government and local governments in contemporary China. Since the tax reform in 1994, the central government has dominated in terms of the distribution of national revenue. In order to gain more distributed revenue, which always underpins developmental projects from the central government, local governments have to compete for both political credit *and* economic credit through answering the demands of central government projects (Zhou 2010; Qu 2012). Beyond this, the territorialization and infrastructuralization of these “projects” made land-sales a sustainable source of income for local governments after the central government launched new land policies and property laws in the 1990s. In this sense, local governments are easily mobilized and actively competing for “projects.” Unlike Maoist mass movements, which were seen as extreme campaigns that contributed to the disorganization of bureaucratic systems in the 1960s, the current local production of mass entrepreneurship and innovation combines the mobilization and reorganization of individuals and societies together in establishing “space” (in a physical and institutional sense) for them. On one hand, in order to earn political credit, local governments mobilize young people by offering policies, training courses, and places to transform them into entrepreneurs. Yet, on the other hand, driven by the economic incentives of the territorialization of “mass entrepreneurship and innovation,” local governments, collaborating with local real estate companies and high-tech enterprises, have upgraded and refashioned previous industrial land into innovation workspaces for the new work force.

4.1.1 The Territorialization and Infrastructuralization of Mass Entrepreneurship and Innovation

On October 19th 2015, the first “mass entrepreneurship and innovation week” was organized at Nanshan Science Park in the Qianhai Bay Area. Being a model festival and fair, national officials, including Premier Li Keqiang, came to Shenzhen to announce the importance of “mass entrepreneurship and innovation” for further national economic development. At 10am, I arrived at the fair zone, an open space surrounded by buildings belonging to the local information technology tycoons, such as Tencent, and close to the 3W cafe, a famous entrepreneurial cafe and incubator center in China. When I entered the fair zone, participants were arranging the fair booths. I roughly calculated that there were about 200 startups and 20 local governments participating in this week-long fair. Like Expo, the fair was divided into several zones according to theme. Each participant had to design their booths under specific themes pertaining to the national policy and slogan: “building mass entrepreneurship and innovation in our city.”



Figure 4.1.

2015 Shenzhen Mass Innovation and Entrepreneurship Week in Nanshan. (©Author.)

A “fair” is a space where producers and buyers of specific products physically meet together. This fair, like Expo, is not established only for economic goals. It is highly symbolic because it is not building an exclusive market space for “producers” and “buyers,” but a space for “producers” and “audiences” from all over the world, bringing their exotic gazes to bear on “new inventions” in the high-tech industry. In addition, the exhibitions act as a rite of economy. The introduction booklets, scattered on the front table of every booth, iterate the story of the talented founders, list the reasons why their products are successfully conquering the “niche markets,” and explain their innovative ideas with vivid discourse, with these ideas exemplified by eye-catching products set in the booths. A startup runner at HardEgg cordially introduced his product, an electronic device to help calculate personal data about when people sleep. He said, “It is designed by my business partner, an excellent industrial designer who was working in Huawei company. The product earned \$10,000USD of crowd funding on Kickstarter.com, and we started to manufacture it in Dongguan. It sells well in the US, especially on Kickstarter.com.”⁷⁷ The exhibiting startups are classified into three categories: digitalized hardware “smart device” producers, software “internet platform” producers, and online-offline “networking tool” producers. Generally, these new consumer electronic products are called “fashion technology” and are conquering the retail and wholesale domestic electronics market. More or less, these startups are dependent on the information technology industry in Shenzhen.

⁷⁷ The emerging domestic and international crowd-funding websites like Kickstarter.com and Jingdong-crowdfunding.com play important roles in regulating flexible capital into “venture” capital through donations to small-scale tech-innovations such as the product made by HardEgg.

Regardless of whether these are hardware producers or software producers, their products are highly digitalized. It is not surprising that the posters for every startup display their biggest sponsors and collaborators as Tencent Open Platform (also an internalized startup in Tencent), Ali-Cloud (a company belonging to Alibaba Group), or other enterprises belonging to these two largest internet tycoons. About 70 percent of the booths at the fair were conquered by hi-tech startups. The well-established IT companies such as Tencent, the producer of widely used Chinese social media platforms WeChat and OICQ, and Huawei seem invisible in the lines of booths. The aim of the fair is to market decentralized startups, a newly emerging type of economic organization conceived as an advanced organization in the current developmental model to sustain the “economic miracle” in Shenzhen. However, these IT tycoons are sponsors of the fair. Entrepreneurial activity in the science and technology sector is also highly promoted by the local authorities. The remainder of the booths were used by local governments geographically close to Shenzhen—especially those very near, such as Shantou, Dongguan, and Huizhou. They set up their booths in the fair zone to show how they were also practicing “mass innovation and entrepreneurship” to upgrade their export-oriented industries, and to show that they were learning how to undertake this “industrial upgrading” from Shenzhen, the big brother city in South China.

This state-sponsored “mass entrepreneurship and innovation fair” manifests players from an “entrepreneurial ecosystem” that was recently established by local authorities in China: namely the local government, big IT companies, financial investors, and, importantly, the startups themselves. For the local government, the direct goal of launching the innovation campaign is to constitute an “entrepreneurial ecosystem.” The “entrepreneurial ecosystem” model, embedded in Schumpeterian economics, was created by contemporary financial analysts from Anglo-Saxon business schools (Isenberg 2010; Mason and Brown 2014) to try to revive a stagnant domestic economy with entrepreneur “creative destruction.” In their words, building an entrepreneurial ecosystem refers to establishing a physical (e.g. incubation spaces and university sectors for tech-innovation) and financial (e.g. strategies of tiny-scale investment) infrastructure as a platform for stimulating economic development driven by startup entrepreneurs and state institutional support. As powerfully described by James Scott (1998), this infrastructure is a vector for the state to organize non-state organizations and a site for the state to converge with the global economy.

The following section of this chapter explores how the local state targets and recruits young professionals to flow into the grid of the entrepreneurial ecosystem and how young professionals respond to it via their own network building. The third section will articulate how and why the local state mobilizes and collaborates with national and international social associations—quasi-civil society in China—to construct the entrepreneurial ecosystem.

For the local state, setting up an infrastructural grid to target young professionals is a way to establish comprehensive social order in the transformation of urban entrepreneurial space. The local state also oriented the mobility of population-capitals

via creating a developmental agenda to fit into the grid (Rabinow 2003). For the local state building an “entrepreneurial ecosystem,” a physical and financial infrastructure of urban entrepreneurialism, is seen as a way to cultivate common sense and create shared patterns among involved institutions, to “unify and mobilize social resources to develop the new economy which is represented by internet technology driven industries.”⁷⁸ No wonder entrepreneurs-to-be feel excited about the establishment of “entrepreneurial ecosystem” “producing more chance to earn as you deserve” in Shenzhen,⁷⁹ or that those developers working for promoting young tech-entrepreneurship from social associations and NGOs are about to “find economic opportunities in the New Economy.”⁸⁰ In the current Chinese urban de-industrializing developmental agenda, as Julie Y. Chu argues, infrastructure-building in China “cultivate[s] a certain tacit ‘common sense’ of the world and that world’s built-in or proper distribution of life chances and life energies” (Chu 2014: p353).

4.2 “We Let the Right Person Go to the Right Space”: Manipulating Mobility Through Individualized Life Passage

4.2.1 Talent Attraction as Social Engineering

On my first day at the Technology and Entrepreneurship Service Center (TESC), I was given a desk in the Office of Chinese Overseas Returnee Students and assisted with the preparation for the Nanshan Entrepreneurship Star Competition, a locally based international competition to reward those with good entrepreneurial ideas with opportunities to start up and officially register their businesses in the Nanshan District of Shenzhen. “Our center and the competition offered a great platform to career-builders in China and from other countries, we try our best to offer services to let the right man go to the right space! ...And most importantly, our job turns out to be a success! The number of international startups is increasing in the competition 2015!” Vice-director Huang hosted a mobilization meeting to emphasize the significance of the Nanshan Entrepreneurship Star Competition in recruiting young professionals and startups in Shenzhen and allowing them to compete in the New Economy.

At the end of this meeting, Huang asked if anyone had questions. I raised my hand and asked a question that seemed to surprise Vice-director Huang: “Why did they *actively* register in our competition?” Huang answered in a peaceful mood: “Because they need us. Think about it. First, I emphasized a lot that we offered a great deal of

⁷⁸ As is shown in the Implementation Plan of National Independent Innovation Demonstration Zone in Pearl River Delta (2016-2020), Shenzhen’s government bears the national plan to “jizhong shehui ziyuan, fazhan yi hulianwang, shengwukeji, xinnengyuan, yiji xincailiao wei daibiao de xinjingji”. See: http://www.sz.gov.cn/kjcxw/zcfqfxwj/jsgz/201606/t20160616_3706732.htm

⁷⁹ Interview Yang, 23-01-2016.

⁸⁰ Interview Wu, 25-07-2016.

social resources to help them market their ideas in Shenzhen where a lot of investors clustered. Second, if they cannot compete and gain the reward in the *state's* platform, how could they become successful in the *market's* platform?" Acting as the local state's hand in revitalizing the New Economy in Shenzhen, TESC is a key agency for local governments and Chinese Communist Party organizations aiming to realize national policies regarding elite-talent recruitment and entrepreneurial ecosystem building.

In the history of Chinese state-building, elite-talent recruitment is key for the state to sustain political stability. The state-building process involves a complex relationship between the state and the individuals that it intends to recruit. Historically, the instruments of elite recruitment, like China's 14th century civil exam system, opened a tunnel for the privileged or unprivileged masses to compete for political positions (Elman 2000). Elite recruitment was also an important bio-political agenda for the Leninist party-state in post-socialist and neo-socialist conditions, when marketization and globalization began to influence the domestic political economy of these regimes. It is widely argued by scholars in socialist-regime studies that these states enlarged the tunnel of elite recruitment after marketization, especially for the entrepreneurial class, which was seen as a "reactionary class" (Rona-Tas 1994; Szelenyi and Szelenyi 1995; Wank 2002; Easter 2007). This research focuses more on conceptualizing elite recruitment (精英吸纳 *jingying xina*) as a "path way to power" (Zang 2001), and less on the diversified and de-centralized process of talent attraction (人才吸引 *rencai xiyin*). Positioning their studies in diverse research paradigms—such as globalization, urbanization, and identity-body politics under late-socialist conditions—many scholars concentrate more on the new quasi-vested interest groups that are cultivated by incentives in educational organizations (Hoffman 2010; Kipnis 2011). Different from the after-reform entrepreneurial groups in merchant regions such as Wenzhou or Teochew, the newly emerging tech-entrepreneurs-to-be are targeted as "talents" and are integrated into the political agenda of "talent attraction" by the local state.

"Elite recruitment" and "talent attraction" in the Leninist party-state are different but not unrelated to social engineering. The 40 year marketization period (after 1978) witnessed a transformation in the rationale behind the elite-talent recruitment system, especially after the state-led job assignment system was abolished and *kuozhao* (扩招 mass-enrollment in higher education institute) was implemented in mainland China. The rationale of the transformation from retail "recruitment" to wholesale "attraction" foreshadowed the state's anxiety and expectations regarding its stable supervision of domestic population mobility.

Before the economic reform in 1978, when command economy dominated in the rural-urban binary resource redistribution system, the state's anxiety about excessive rural-to-urban migration resulted in it laying out a strict *hukou* (户口 Chinese household registration) system to control population mobility. Rural people were not allowed to migrate into cities without the support of their state-owned work units. Under the strict *hukou* system, young professionals and young graduates with rural or urban "*hukou*"

backgrounds were also involved in an exclusive system: state-led *biye fenpei* (毕业分配 job assignment to state-owned sectors) based on crediting elite talents and their loyalty to the state. These two policies on population mobility restricted not only rural-to-urban migration, but also the individual migration⁸¹ of young elite talents until the late 1990s.

In the late 1990s, the rationale of controlling domestic population mobility changed. Accepting that the under-controlled emergent floating population (流动人口 *liudong renkou*) — the rural migrant workers in private manufacturing enterprises, small entrepreneurs, and laid-off public sector workers— were conquering the rising urban informal economies, the Chinese state loosened its control over rural-to-urban migration after the year 2003.⁸² Based on the rise of professionalism—professional rather than political capital being the key factor accelerating the development of the market economy—and the reduced positions in state-owned sectors after the late 1990s economic reforms under Jiang’s regime (1993-2003), the Chinese state abolished the *biye fenpei* policy for young graduates and professionals. In the 1990s, out of a fear of brain drain, the central state issued more talent incentive policies to target and compensate (补助 *buzhu*) domestic professional talents and reward/attract overseas Chinese professionals (OCPs) to come back (Zweig, 2006; Zweig and Wang, 2013). Since 2000, the way the central state targets and mobilizes talents has become more sophisticated and instrumental: the local state and receiving work units/enterprises can determine the detailed requirements of talent registration⁸³ based on local socio-economic realities; the Organization Department of the Chinese Communist Party at each level has the authority to design and arrange the mobility of professional talents within and beyond the state’s system;⁸⁴ newly released talent policies intend to target professionals with not only scientific-technological professions/high degrees, but also tech-entrepreneurial ambition; and the local state tries to attract foreign professionals (外国专家 *waiguo zhuanjia*) to internationalize the innovative programs. No matter how the rationale of Chinese talent policy changes, the target-oriented policy making focuses on defining, valuing, and targeting national and international professionals to fit into national technology and development projects.

In the current situation, domestic population mobility is highly diversified and

⁸¹ Taking the “*shangshan xiexiang*” (上山下乡 Down to the Countryside Movement) as an example: a large numbers of the urban youth and young professionals were dispatched to socialist villages farms without considering their individual will.

⁸² On June 20, 2003, Premier Wen Jiabao officially signed Decree No. 381 of the State Council, repealing the “Measures for the Reception and Removal of Urban Floating People”. This means that the majority of rural hukou holders could be free and safe to walk on any street in any city without permission. Please see: http://www.gov.cn/zwqk/2005-05/23/content_156.htm (Accessed July 3, 2018).

⁸³ A local official and informant told me at a talent policy promotion held in the Netherlands that the specific practice of talent policy is decided by the local state.

⁸⁴ A *guazhi ganbu* (attached cadre), my intern colleague, who is a director of a local CCP Organization Department, told me with anxiety about how he works to designate and attract talents to go to his small city. He said his small city cherishes the “Zizhu Xuanzhe” (self-decision) of young talents, but he needs to improve the welfare system to attract talent to cluster in his city.

individualized. Based on increased social polarization, precarity, and mass-unemployment resulting from de-manufacturing developmental plans, anxiety around social mobility rather than geographical mobility drives the Chinese government to implement differentiated policies on domestic population mobility: separately establishing “entrepreneurial ecosystem” in rural and urban areas to attract former migrant workers back to their hometowns to start up their businesses and accelerate “*chengzhenhua*” (城镇化 literally “townization”), while at the same time attracting young graduates/professionals to urban entrepreneurial activities by assisting the IT industry.⁸⁵ We cannot overestimate the intensity and effect of the state’s management of human mobility in contemporary China, especially given the variance of the talent attraction policy⁸⁶ between national implementation and local practice. Yet, we also cannot ignore the fact that in the uncertain development of the new-tech innovation economy under the transformation of global supply chain, the state has to “let the right person go to the right place.”⁸⁷

The current academic inquiry into the mechanisms and consequences of talent policy making is dominated by migration studies, which focus on dealing with talent management (Cheese 2007; Lewin, Massini and Peeters 2009), global inequality (Leng 2002; Biao 2007), and the identity anxieties new modes of global capitalism engender (Koh 2003). Existing academic studies focus too much on how the flows of transnational capital and human resources are influenced by de-regulated global capitalism and unequal talent policies in developed countries. They focus too little on how routinized and regulative talent policy, as symbolic and institutional power, shapes the relationship between professional-managerial people (laborers) and the state, too little on the power patterns in de-industrialized tech-based economies.

In the case of Shenzhen, the local government persists investing in attracting a large number of professionals, a kind of reserved intelligent labor power, into a specific space to incubate until they can successfully commercialize their tech-innovations. By using policy tools and economic-driven urban spatial planning, the local government establishes a drainage system that absorbs young professional-managerial people to compete for spatial positions in metropolitan cities like Shenzhen. For the local state, the clustering of professionals is not purely based on political concerns. “We believe in the market force! If one professional groups with others to become a strong company, we will also benefit from their success,” claimed an official discussing his opinion about the state’s persistent and huge donation to reward young professionals with entrepreneurial ambition.

⁸⁵ The PhD student Linliang Qian from Australian National University is writing his thesis on “e-commerce villages” in the rural area of Zhejiang Province.

⁸⁶ Making talent policy and increasing the stock of “valuable” human resources is not a strategic social engineering policy practiced only in China. Many developed countries receiving global migration, like the UK and Australia (Holland, Sheehan and De Cieri 2007), conduct instrumental talent policies to attract highly skilled foreign laborers to compensate for the declining domestic labor markets.

⁸⁷ During a meeting in my interned sector, Mr. Huang reinforced this target with staff members.

4.2.2 Inventing the Talented Subject in the New Economy: The Use of Male Youth

There are four implications embedded in this economy of targeting and recruiting young professionals. Firstly, the local state's talent-targeting and recruitment system always underpins the local government performance assessment and industrial policies. The local state is also more sophisticated, regulating the mobility of professional-managerial people via a newly invented talent rewarding system. At the same time, the talent defining/targeting system that always underpins national development policies is regulated to reproduce new subjects of local economic concern. The rewarding system is designed by analyzing current socio-economic realities, such as the situation in industry and the local labor structure, and is not purely based on political concern. "We cannot make promises to all professional young graduates. Initially, we do have to meet the quota to pick up talents (人才 *rencai*) with high degrees as is pushed by our state. But at the local level, we do want to attract real talents (真的人才 *zhende rencai*), not merely PhD nerds, who can really benefit our local economic development. We make the right man for the right space!" a cadre responsible for talent recruitment and working in the local Human Resources and Social Security Bureau told me in Shenzhen. "The local talent policy making is changing based on the national policy inclining to empower professionals with entrepreneurial ambition. During the past, talent policies always targeted the people with high professional degrees, especially overseas degrees. But right now, at least in these ten years, the local talent policy makers loosen the standard of talent-targeting." The cadre also relayed his anxiety about the increasing unemployment in real economy (实体经济 *shiti jingji*).⁸⁸ Because of the decline of real economy in China, there is not enough promising jobs for the increasing number of young professionals working in real economy, normally dominated by state enterprises. The national development policies tended to empower professional-managerial people with IT entrepreneurial ambition aiming to pressure them into creating jobs as career builders (创业者 *chuangyezhe*) for themselves.

Secondly, the local government designed the talent rewarding system by learning from similar existing policies in other countries. Wang, a retired director of the local Technology and Innovation Bureau, initiated reform of the reward system by empowering young tech-entrepreneurs. As a state-funded overseas Chinese professional, he studied engineering and management in France in the 1980s. After he returned to Shenzhen at the beginning of 2000, he started introducing French governmental ideas into China's local governance of tech-innovation. "In France, the burgeoning talent reward policy is to empower young people to develop their entrepreneurial ambition in the general economic recession. I think we should learn this idea from them." He smiled, "at the same time, I introduced 'innovation and

⁸⁸ Real economy (实体经济 *shiti jingji*) is highly cited by Chinese economic analysts to compare with "virtual economy," in which virtual goods are exchangeable, especially in the context of internet games, the stock market, etc.

entrepreneurship coupon' in order to distribute them to those startups and individuals, letting them buy services from service organizations which are certified by the local government." This "learning from France" is appropriated by the local state to reshape its tech-innovation governance: empowering young professionals with entrepreneurial ambition by distributing authority and money to service organizations to promote urban entrepreneurship.

Thirdly, the making of talent policy and the production of space are key tools regulating the mobility of young professionals with entrepreneurial ambition. Producing space for supporting tech-entrepreneurship is about producing space and about donating and guiding social-economic resources into established space to add value to it. Resource-intensive space production makes the clustering of "talents" possible. At a national scale, the production of Shenzhen SEZ is a spatial production arising from experiments with marketization and modernization in 1980s. The state empowered it with privileging policies, resources, tax-cuts and so on. On a more minor scale, the recently proposed urban renewal projects in Shenzhen push more and more factories to move out of the urban area in order to revalue the obsolete space into a tech-professional-intensive working space. Take Nanshan Science and Technology Park as an example. In order to group together growing numbers of technology companies, the local government even promoted the construction of skyscrapers on the reclaimed land. Although the quick construction was thought to be very dangerous by some local urban planners,⁸⁹ people felt satisfied that the city had temporarily become modern, clean, and clear. The gentrified urban areas are full of commercial zones and working spaces for technology companies. "Working in this creative zone represents that my startup is young and has good taste (有品味 *you pinwei*) for our creative clients. Even though the renting expense is skyrocketing, we do not want to move," Hou, in an expensive café located in Overseas China Town⁹⁰ (OCT) Creative Industrial Park, told me. He established his industrial design start-up in OCT in 2013. Although holding a master's degree from a British university, he was uncertain whether he would be able to work at a British 4A advertising company in Shanghai, so came to Shenzhen instead and started his career as individual designer. His choice was in line with the local state's production and donation of innovative and creative space, such as Maker-spaces and innovation centers, to attract young professionals, albeit the boom in real estate prices. "Shenzhen is China's Silicon Valley! The opportunity to run a successful startup in Shenzhen is higher for its fancy but relatively cheap working space, than many other cities. Shenzhen is a heaven of tech-entrepreneurship for its mature production networking chain with Dongguan. There are lots of social and financial resources clustering in

⁸⁹ Interviews with urban planners from a local urban planning association that planned landfill engineering informed me about the fast speed of futuristic skyscrapers construction. A female urban planner expressed her anxiety noting that from her measurements two of the buildings were sinking.

⁹⁰ Overseas China Town in Shenzhen was established in 1982 as a hub for recruiting overseas Chinese from East South Asia to rebuild their commercial farms in Shenzhen and thus to increase local economy. It was a state-owned enterprise. The OCT enterprise was transformed from a state-owned enterprise to Shenzhen Overseas Town Holding Company when Shenzhen began its urbanization planning in 2004.

Shenzhen. And Shenzhen is a clean big city for living,” a startup runner named Chen told me, explaining why he chose Shenzhen to build his career after he quit his job working as a senior engineer in a declining state-owned enterprise in Beijing.

The fourth implication is that the economy of collecting professional-managerial workers drives the enthusiasm of other local governments to learn from Shenzhen and increase their ambition to compete in talent attraction. They lowered the requirements and raised the standard of investments in the talent-rewarding system. Cai, a director of Organization Department of CCP in Jinhe, a small but important city for textile manufacturing in Fujian Province, expressed his apprehensions to me: “We always emphasize ‘communist party should manage talent’ (党管人才 *dang guanrencai*), but we cannot really circle them (圈住他们 *quanzhu tamen*) if we cannot offer more. Why did my *lingdao* (领导 *cadre leader*) arrange for me to attach myself in Nanshan District of Shenzhen? Of course, he wanted me to learn from Shenzhen how to collect intelligent human resources!” After five months of *guazhi gongzuo* (挂职工作 *the work of attachment for cadres to intern in higher level cities*), he is still unable to figure out a good plan. He told me that he would become anxious if he could not make an efficient plan to attract professional-managerial talents to build their high-tech careers in his city. He started to ask *xiehui*, the new aegis of former native association and local chamber of commerce in Shenzhen to assist him by promoting his talent attraction policy announcement in Jinhe native circles. He collects information about unsuccessful applicants for entrepreneurial talent rewards in Shenzhen: “then I can attract them to our city!” he explained to me.

Last but not least, the local state’s talent attraction practices produce a certain kind of entrepreneurial subject and generate the heat and noise of urban tech-entrepreneurship. The local talent attraction system is a highly classified and hierarchical reward system that selects and invests state resources (money, low rent or free government talent-dormitories, tax-refunds, etc.) in those seen to have the potential to rejuvenate the local economy. By judging the levels of professionalism, education, and family backgrounds of applicants, the local government can decide who gets what and why. If applicants meet more of the requirements in the policies, they can apply for more resources from the government. “The funding and resources offered by the local government help us to save on a lot of expenses at the beginning stage,” stated a female employee at a start-up who dealt with “policy application” (政策申请 *zhengce shenqing*) and covered tasks such as applying for refunds and free dormitories for her colleagues. Moreover, the talent policy rewards at each level (national, provincial, and civic) are compatible but complex: again, the more requirements you meet, the more you can apply for. However, speaking as someone who has tried, I can attest that it is difficult to figure out who can apply for what rewards policy for his or her startup. There is a huge quantity of entrepreneurial talent-rewarding items affiliated with developmental policies. The complex application procedure impedes some individual applicants. That is why most young people ask professional social associations or

private service companies to solve their application dilemmas. The rising number of social associations and private service companies dealing with entrepreneurial services pertains to the way the Chinese state has gradually outsourced its public services to civil society and the private sector. By taking the outsourced talent-attraction projects from local governments, some Chinese public societies categorized as *xiehui*, state-sponsored social sectors, and industrial NGOs play important roles in training and orienting young professionals to follow the state's talent development agenda in the innovation economy.

4.3 The Social-Training of the Entrepreneurial Subject: Producing the New Mentality and Order in the Innovation Economy

As was fully researched by classic anthropological studies on social status, rites of passage always happen when people go beyond their original organization, such as family, to another organization, such as industry (Turner 1987; Davis-Floyd 1987). This idea as subject-making through passage-in-between informed significant sociological and anthropological studies on the shop floor during high-industrial Fordism (Burawoy 1979; Boyle 1986; Davis-Floyd 1987). However, there is little research dealing with how creative workers (Florida 2006) go through their "rite of passage" in post-Ford organizations with "flat management" or "liberal management." In fact, in my fieldwork, I discovered that functionalist management instruments can also be appropriated by organizers to discipline laborers in the startup economy, especially in the state-led de-industrial conditions in which the Communist Party of China conducts new governmentalities through social management (Pieke 2012).

Questions emerge when I reshuffle the "neutral" and narrative fieldwork notes about how startup organizations, as an emerging kind of business institution in the internet-based technology industry, cultivate a new working style and regulate professional workers in the work space. Specifically, what kind of human resources strategies, as tools to regulate labor/workers in (de-)industrial society, are invented in startups to manage young people's entrepreneurial ambition? What kind of institutionalized "startup culture" and "feeling" are cultivated by startup runners to form cohesiveness in de-centered startup management? These intriguing puzzles about the status of work, working conditions, and forms of management may shed light on what Manuel Castells and Alejandro Portes have already argued: such elements of the work process may evade state regulation and produce new norms to regulate workers/labor in the information economy. I intend to develop an academic understanding of "flexible workers" in contemporary de-industrialized China.

Researching issues such as "the kind of qualities needed in entrepreneurship building" and "if highly-educated people are more suitable for current entrepreneurship building" are less useful for us to answer the real questions behind the tech-

entrepreneurial subject-making in contemporary China. I will explicate ethnographic data to show the creation of entrepreneurial subjects through a series of “social training” programs offered to empower youth with entrepreneurship in the incubation centers in China by state supported quasi-third sectors such as the CCYL (Chinese Communist Youth League), United Front (the Communist Party department responsible for liaison with non-Communist forces), venture capital investors, domestic social associations, local universities, and transnational NGOs such as Shenzhen Foundation For International Exchange and Cooperation (SFIEC) and Shenzhen Startup Salad (SSS). It seems that there is no central state organization responsible for drawing a specific top-down training plan for youth entrepreneurship. However, “mass entrepreneurship and innovation” has been reframed in public service projects for youth employment. These projects were conducted in the system (目标责任制 *mubiao zerenzhi*) within the Chinese state vertical sectors. This system sets the institutional constraints that drive the local sectors who want to “go up” to become actively and innovatively involved in the competitive project of “mass entrepreneurship and innovation” in the new economy.⁹¹ For this reason, these state, quasi-state, and non-state organizations actively conduct similar social training projects of tech-entrepreneurship building.

The local state-supported organizations involved in conducting “social training” for entrepreneurs-to-be actually share a similar agenda, which is a training agenda largely derived from Silicon Valley models. On the first day of my unpaid internship in the Technology and Entrepreneurship Service Center (TESC), the social sector (事业单位 *shiyeh danwei*) of Science and Technology Bureau in district-level government, introduced me to the social training of entrepreneurial subjects conducted in three ideal-type educational schemes for young professionals to “pass the rite” in innovation entrepreneurship building: organizing teams, exploring market, and linking venture investment).

The social training system operated in the mode of social volunteerism. In the name of “empowering young people with tech-innovation and entrepreneurial spirit,” social associations recruit people to serve the social training agenda. Moreover, considering how the local government prioritized the enterprises for social public goods (社会公益事业 *shehui gongyi shiye*) as their future developmental target, the Shenzhen government supported this social training, which is defined as social enterprise for youth empowerment, with direct investment in pertinent training institutes like “incubation centers,” service sectors of United Front, and company-sponsored social associations.

The training courses are conducted with a well-organized disciplinary schedule. On the last Saturday of October 2015, I wore an orange volunteer T-shirt and went to the office building of Tencent Company in the Science Park of Nanshan District to volunteer in a social training project. People wearing red, green, or orange T-shirts

⁹¹ The State Council on Further Improving the New Situation: Opinions on Employment and Entrepreneurship. 1 May 2015, please see: http://www.gov.cn/zhengce/content/2015-05/01/content_9688.htm

headed toward the Tencent building with joyfulness at 7:30am. The industrial NGO Startup Salad, donated by Tencent Open Platform (an operational department of Tencent company), organized this social training project in the meeting hall of the Tencent building. The intensive courses lasted two months. Participants who registered for the training and were selected to participate were required to take full-time courses on weekends. The participants were allowed just one day off for personal reasons. The participants were required to organize into small groups based on their roles: the people in red T-shirts were defined as “product managers,” and those in green were defined as “IT professionals.” Each group had at least four people and one member had to be an “IT professional.” A supervisor, also one of the teachers in the training courses, guided the organization of the startup team. The training course supervisors were called mentors (导师 *daoshi*).

Considering participants were all full-time professional workers in the tech-industry or full-time undergraduate students in nearby universities, this social training was extremely intensive for them. “It makes me feel anxious!” a participant concluded with a bitterly happy mood, “but what I get from the courses is more than what I obtained from the university.” As a volunteer and fieldwork researcher, I also joined in this intensive and tough experience.

The intensive courses were distributed over eight weeks and themed in eight aspects of “qualified entrepreneurial-subject” training. Each aspect is seen as important *suzhi* (素质 human quality) of entrepreneurial-subjects in the new economy. “The *suzhi* turn” in understanding the transformation of the Chinese market economy into a neo-liberal one was highly criticized by China expert Andrew Kipnis (Kipnis 2007). Discontent with Reagan or Thatcher era inspired theoretical frameworks identifying modern ideal citizen/subject as “both entrepreneurial in the economic sense and reasonable, law-abiding, tolerant, and autonomous in the political sense,” Kipnis argued that rather than explaining the *suzhi* subject-making in terms of understanding neo-liberalism in the Chinese market economy, the rise of *suzhi* discourse and tactics of *suzhi* training should be understood as an evolution of China’s governance of mobility in its market economy (Kipnis 2007: pp386). The appropriation of *suzhi* training in current entrepreneurial subject-making fits well with the teleology of self-governance in the Chinese innovation economy because, as is often mentioned in several central/local state official documents, the qualified subject in the new economy should be one with potential for tech-innovation and ambition toward entrepreneurship building.

The direct, local operation of this teleology can be seen in the highly typological and circulated social training schedule:

	Week 1: Knowing Yourself	Week 2: Organizing	Week 3: Forming Common Sense	Week 4: Macro Economics in Our Nation
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		Team		
Sat.	8:30-11:30 Philosophy of “Knowing yourself” Mentor: Prof. Cai (Vice-professor of Social Psychology in Shenzhen University)	8:30-11:30 Startup Organization and Management Mentor: Prof. Chen (Vice-professor of Public Management in Shenzhen University)	8:30-11:30 What is Good Product? Mentor: Mr. Xve (Product Manager from a local successful startup)	8:30-11:30 New Economy, New China Mentor: Prof. Chen (Professor of Economics from Sun Yat-sen University)
	14:00-17:30 The Art of Introducing yourself Mentor: Mrs. Li (a Vice-Manager of Human Resource from Tencent.com)	14:00-17:30 Startup Management in America Mentor: Prof. Chen	14:00-17:30 The Good Characteristics of Entrepreneurs Today Mentor: Mrs. Huang (Vice-secretary of district-level Communist Youth League)	14:00-17:30 Tech-innovation and Global Future Mentor: Luke (An Australian startup runner from HK)
	19:00-21:00 Idea Presentation Requirement: Each participant should find an idea	19:00-21:00 Organizing Teams: Each participant must find their “partners” to organize a team.		
Sun.	Visiting ten famous local startups in High-tech Park.	Visiting four new “incubation centers”, as the future working space of startups.	Visiting City Museum, and watching documentary about the local practice of Reform and Opening Policy in Shenzhen Special Economic Zone.	Visiting Qianhai Free Trade Zone, and Learning Registration Policies in Free Trade Zone.

	Week 5: Finding Your Market	Week 6: Innovation and Creative Economy	Week 7: Writing the Good Story	Week 8: Performance Guidance
Sat.	<p>8:30-11:30 Mass Marketing and Niche Marketing Mentor: Prof. Liu (Vice-professor of Marketing from Guangzhou University)</p> <p>14:00-17:30 Commercializing the Scarcity of Market Mentor: Prof. Liu</p>	<p>8:30-11:30 Innovation and Development of Information Technology Mentor: Mr. Qu (Boss of an IT company.)</p> <p>14:00-17:30 Creative Industry and Cultural Economy Mentor: Prof. Huang (Vice-professor of Cultural Industry from Shenzhen University)</p>	<p>8:30-11:30 The Art of Telling Good Story Mentor: James (A Taiwanese American Investor from Silicon Valley)</p> <p>14:00-17:30 Selling Your Product From Your Writing Mentor: James</p>	<p>8:30-11:30 How to Train Your Body Mentor: Mr. Zhou (Gym instructor)</p> <p>14:00-17:30 Find Your Style and Clothing Mentor: Mrs. Xie (Fashion designer)</p>
Sun.	<p>Team Activity: Doing market research: Methodology and Practice Mentor: Prof. Xu (Vice-Professor of Marketing and Industrial Studies from Shenzhen University)</p>	<p>Team Activity: Doing market research and writing the draft of project proposal. Mentor: James.</p>	<p>Team Activity: Revising the draft of commercial proposal, and preparing an English version.</p>	<p>Team Activity: Buying the suit, and doing haircut.</p>

Moving forward, I argue that social training structured in this way is a form of governance, aligned with the Chinese state's broader aims of strengthening its role and taming the rising domestic niche market.

First, the training of small groups to cultivate a corporatist mentality fits into the state's target of "organizing" the new social networks in the increasingly flexible startup economy. The party-state supported training program organizers not only group participants into startup teams, but also giving training courses to transform participants' psychological and physical sensibilities to gain more *shichang suzhi* (市

场素质 market qualities), to become potentially successful “market victors.” The training programs naturalize the idea that entrepreneurship building is a personal choice and the realization of a personal dream. A series of body language and performance trainings are conducted in order to improve the integral characteristics (气质 *qizhi*) and taste (品味 *pinwei*) of participants and to help them attract the attention of investors with vivid presentations.

Second, the agenda of “exploring the market” is not merely appropriating or copying marketing strategies from business and management schools. The target and outcome of “exploring market” is to create “a niche market,” which is highlighted by the state’s proposal of supply-side reforms in order to increase domestic consumption within the next several years. From what I observed by participating in the training programs, young trainees try their best to invent the niche market through profound marketing stimulating urban consumers’ sophisticated notions on consumption in the name of “buying for the better life”. Ever increasing numbers of young Chinese professionals search for imagined less expensive middle-class lifestyle in a city that grows continually more expensive. In this sense, it is no wonder that the rise of Chinese domestic consumption aligns with the rising numbers of startups whose goal is marketizing and commercializing a new lifestyle through IT technology.

It appears that the agenda of “linking venture investment” is a competition and presentation, called “road show,” for trainees to obtain “the first bucket of gold” before they actually register and start their businesses. Through this theme, participants learn how to present their ideas in front of venture investors. However, as analyzed in chapter two, “linking venture investment” is also a strategy for the local state to attract domestic and international capitalist networks into the construction of the Chinese entrepreneurial ecosystem and, by extension, the new infrastructuralization of Chinese state power.

Generally speaking, the social training agendas are both step-by-step performative and substantive projects outsourced by the local state to social organizers keen on the new policy of “mass entrepreneurship and innovation.” However, describing social training as social discipline does not necessarily mean that participants are sincere and passive agencies. As an approach to creating new social relations in the new economy, joining social training programs is seen as a direct way to start up a business and, in this sense, social training is regarded as a necessary rite of passage.

The remainder of this section will depict cases and stories on how the social training process operates through social associations, the rituals and the physical spaces of the “incubation system” in Shenzhen. I will explore how and why young participants join, resist, and eventually apply the lessons of this training. Their strategies, practices, and the vicissitudes of the social training form the core of a rite of passage by which young professionals become “real” startup runners.

4.3.1 *Jianshe tuandui* (建设团队 organizing teams): Manufacturing Consent through Anxiety-based “Solidarity”

The participants were required to organize their teams as soon as possible after they took Professor Chen’s course on basic theory and operation of startup management. Based on the course tips, before participants organized their team they needed to decide upon percentages of responsibility: that is, the proportion of equity they will receive in the future. In this sense, whoever gets to act as the CEO will depend on the level of responsibility he or she wants to take on. “The invention of ‘partnership institution’ is the greatest invention in management studies! You learn how to be responsible for your team. In this competitive market, your team members are your brothers and your life-saving straws! Go and find the guy that you trust!” Professor Chen concluded. The male-dominated participant groups were highly motivated by Professor Chen’s reiteration of solidarity.

The rise of startups, a form of community-based enterprise driven by the supply-chain of the new economy, witnessed the popularization of new management tactics from new-economy management schools. Fifteen years ago, Professor Chen started his research on startup management. However, his research plan was implicitly mocked by his colleagues in the local university. The Chinese management school assumed that the trend of *guojin mintui* (国进民退 the state enterprises advance while the private retreat) at the turn of the millennium would sustain the classic management tactics employed in the rising industry. “However, I am right. The rise of the information technology industry in China welcomes a highly flexible production process which is totally different from what was analyzed in old school ‘western’ management studies. From the perspective of management reformation, Chinese enterprises in new economy are catching up to the western ones.” Professor Chen proudly explained his foresight and attributed his early unfavorable career to the general narrow-mindedness of management schools in China.

The newly invented tactics in management studies could also be appropriated as tactics of social governance in state-guided industrial reforms conducted by local government. In 2010, Chen’s pragmatic research in Chinese startup organizations was sponsored by local government in order to propose the local practice of IT-based industrial planning. He was also invited to be a consultant in the local state’s think tank, offering special courses for party cadres from other cities and social training for startup entrepreneurs. He declared that the current trend of flexibility in company organizations requires new management tactics. The important part of practicing local “mass entrepreneurship and innovation” is to organize flexible professionals together. The organization of startups is seen as a stabilizer in the growing competitive professional labor market of the new economy. For the local government, turning the surplus of professional laborers into self-employed entrepreneurial-subjects is strategically harmonious with reforming mass-manufacturing oriented production.

Chen’s suggestion to make “organization and management” a required course in policy practice was accepted by the local government. Seen as the guru of startup management in Shenzhen, his course was given in a charismatic way. He attracted the attention of trainees by telling vivid stories. To explain the importance of solidarity in the community-based startup economy, he utilized the Chinese anecdote of “three monks”⁹² emphasizing that personal failures are always contributed to by “grouping-without-solidarity.”

However, the construction of small teams with a collective sense of social training should also be understood in relation to the widespread anxieties young participant have concerning economic uncertainty in the current industrial transformation.



Figure 4.2

Startup Salad activity in Tencent, Oct 2015, Shenzhen, Nanshan District. (©Author.)

Organization in solidarity is regarded as a strategy to deal with the anxieties of uncertainty and risks among the entrepreneurs who group together. They come for training because they want to increase their chances of becoming successful, and to decrease their risk of losing everything. The prolonged anxieties of economic uncertainty contribute to the content of the first class, “knowing yourself.” The four entrepreneurs-to-be pictured above have grouped together due to their own personal and structural dilemmas. For Xiao, earning a comparatively decent salary (7000RMB/1000Euros) at a local TV station in the state-owned-enterprise system, is inadequate to relieve the financial pressure of the costs of a small apartment and getting married in Shenzhen. Xiao wants to start a business and receive funding from investment companies: “The decline of traditional media makes me change my plan of work. At least in these two years, I feel tech startups can easily receive seed fund. So, I want to try and this gives me chance. And the training is an informative guide on how to make it!” Li, who is a trained skilled worker in a local communication company, finds that the institutionalized salary system does not value his job because he is not an

⁹² The word is based on the ancient Chinese proverb: One monk will shoulder two buckets of water, two monks will share the load, but add a third and no one will want to fetch water.

engineer with master's degree. He wants to find an opportunity where his labor will be valued in a new area. Zhou, even though as an IT engineer he has a higher salary,⁹³ wants to find a more interesting job: "IT engineers are afraid of growing old. That is why I should challenge myself and find more interesting things to do." Fan, a young graduate hunting for a job in Shenzhen, said "For graduated students from non-elite universities, it is getting harder to find a decent job. I saw some friends find jobs in tech startups, conducting novel programs. I also want to try. Maybe I can become one of the founders of an interesting startup." The diverse personal answers from these professional-managerial individuals indicate their similar anxieties and organizational incentives to join in the social training, to transform their mentalities and improve their performance. Social-economic considerations result in their attempts to become startup runners who are seen as, or expected to become, business subjects earning money and having novel lives at the same time. In this sense, the rise of startup organizations is actually created by the anxiety young people, mostly male, have about their careers and futures. Hence, it is clear why these courses highlight timing and instill a sense of urgency to do entrepreneurship.

Furthermore, the course I attended emphasized expressions of anxiety and bitterness to incite ambition in the trainees. By utilizing exaggerated gestures and words, Mentor Chen questioned preoccupied trainees: "Ask yourself who you are? What makes you lose your dream? How is your future shadowed by your stable low-salary work? Ask yourself, are you capable now of taking care of your parents when they are old, and your kids when they are still young?" It seemed that trainees were excited by these "insightful" questions. Mentor Chen also asked the trainees, who had declared their vulnerabilities and anxieties to one another, to shape a mutual trust. Several startup teams were organized through this *suku* (诉苦 bitterness expressing) sharing meeting. As argued by social anthropologists and Chinese sociologists, Revolutionary China witnessed the rise of "bitterness expressing" at public meetings as part of the communist party-state's ideological effort to evoke a common sense of suffering in relation to the "Three Big Mountains"—imperialism, feudalism, and bureaucratic-capitalism—in order to legitimize the communist revolution in everyday life (Erwin 2000; Guo and Sun 2004; Li 2007). In this sense, the expression of anxiety and bitterness is a tactic conducted as part of a public pedagogical approach to organize and motivate people in the flexibility-oriented new economy. It is by mutually sharing personal anxieties, expectations and tough stories, that participants can easily make business partnerships or friendships in a trusting atmosphere.

In social training courses, bitterness expressing is both the local state's tactic to group people and the collective production of new mentalities about work, self and the future in an era of individualistic entrepreneurship. The free sharing of anxiety and bitterness legitimizes the state-led "mass entrepreneurship and innovation". As

⁹³ As I was told by an HR person working at Tencent, the after-tax salary of formal IT engineers in the internet industry ranges from 9000RMB (1220Euros) to 20000RMB (2700 Euros) per month (data in 2015-2016)

depicted earlier in this chapter, the uncertain market and market regulations are naturalized into a mentality, originating in a disruptive entrepreneurial spirit and marketized by the state's development agenda, shared by young interviewees: the unchangeable thing in our generation is changeability. The social production of personal desire for success is combined with the state-supported "disruptive" entrepreneurial activity in organizing business groups.

Besides mental and psychological disciplinary training, social training introduces courses which can discipline participants' bodies. The course organizers invited a star gym instructor to train the mostly male participants. Various training in gestures, facial expressions, dress codes of masculinity and elite-professionalism, taste in wine, and public presentations are given to form the outward image of startup groups.

4.3.2 Exploring the Market: Creating Consciously Desirous Consumers-Producers to Invent the Niche Market

"Exploring the market" is an important agenda item in the social training program, considering that most participants have little knowledge about marketing strategies. As the organizers of this social training course, local social associations and NGOs continue to grow the number of professional and recognized scholars from Shenzhen and Hong Kong to teach the course and empower young people with commercial skills. Being both the target clients of contemporary niche consumerism and the future producers of goods in this increasingly sophisticated consumer market, the participants are deeply interested in the master class on "exploring the market."

The social training on "exploring the market" echoes the central state's "supply-side reform." Xi Jinping, the President of the People's Republic of China, proclaimed a series of economic reforms to increase domestic consumption, especially in the consumer market, for the purpose of reviving China's stagnant economy and by appropriating the macroeconomic theory that economic growth can be effectively created by capital investment and by lowering barriers to the production of consumer goods and services. The course mentor taught the trainees how to target (imagined) middle-class customers as the marketing strategy to design the products, how to utilize advanced marketing tools to "create the sophisticate desire for 'specialty' and 'novelty.'"

China studies developed the consumption-oriented analytical lens in the 2000s to offer new perspectives on how the Reform and Opening-up (1978) changed Chinese society. Such studies constructed their research on a scenario where the liberation of the market economy and the participation of the World Trade Organization sees China becoming a worldwide economic entity. Presuming positive correlations between economic liberalization and political change, and through analyzing the rising luxury-consumption, food-consumption, and housing-consumption in late-socialism, many of

these scholars introduced arguments along the following lines: even though there is no significant political change in economic liberalization, the rise of middle-class urban consumers challenges the former consumption patterns created by the state monopolies, reforms cultural/moral codes, transforms austere domestic consumption patterns, and increases the trans-regional mobility of commodities in late-socialist China. They argued that the rise of consumer power “enlarged the social space for urban residents to invest in non-official initiatives” (Davis 2004: pp3) and gave rise to consumer revolution in urban China (Davis 2004; Watson 2006).

However, these insightful studies did not develop the counter question concerning possible market reforms correlating with the governmentalities of the Chinese state in the consumption-oriented market economy. Shouldn't this correlation be notable in the current period when the Chinese generation that grew up in a three-decade consumption-oriented milieu has started to become not only the largest population of urban buying power, but also the producers, designers, and inventors of the goods that they “desire” to buy? That is, consumption and marketing are outside economic activities practiced in a global capitalist economy and, in addition, interior social-political activities and strategies practiced *through* the state's invention of social governance to tame the rise of niche markets. Through increasing domestic consumption, the Chinese state releases the desire of young generations to attain an urban and modern life. In this sense, analyzing how the rise of consumption power challenges the Leninist party-state rule in the market economy is less important in understanding the growth of Chinese “market socialism” than either explaining the mechanisms that “sustain the parallel rise in Chinese urban consumerism and the new social governance agenda, or exploring the formation of market subjects, namely the consumers, producers and intermediaries.” (Hsu 2007).

I zoom in the lens by analyzing social marketing training. This training is not merely cultivating knowledge of marketing in entrepreneurs-to-be, but forming the common sense that the exchange value of goods should be separated from the added values of “tech-innovation, novelty and specialty,”⁹⁴ within which the marketing, fashioning and branding of these “added values” are important strategies. This common sense in marketing education fits into the local state's plans to empower “tech-innovation,” reform the export-oriented manufacturing industry, and re-brand Shenzhen from “city of *shanzhai* (山寨 copycat)” to “city of innovation.” In the present production of the consumer market in China, “tech-innovation, novelty, and specialty” are vague but functional terms for local marketers and the state to add value to goods.

Moreover, by appropriating methodology of marketing in the case of Anglo-Saxon niche consumerism, the participants draft their commercial proposal and construe their ideas based on strategies to arouse common desire for consuming the scarce niche. The niche consumerism emphasizes the creation of cultural code, social significance for

⁹⁴ From my interview with Wang, ex-director of the Technology and Entrepreneurship Center of Nanshan Government in Shenzhen and also the person who recruited professors to join the social training program.

“scarce” products is an efficient way to arouse the desire of consumption in an affluent society. “Make sure that your product, your idea is ‘new’, is niche! Make those who buy your things feel that they are part of the innovative things! Look at Apple and its boss Jobs!” Professor Liu utilized Apple’s marketing strategy to teach participants how to do market research and how to draft a commercial idea. This “methodological fetishism” of marketing, according to Arjun Appadurai (1994), re-creates commodities through the social marketing of the outlook: desire for “niche.”

The strategy of niche consumerism is taught and constructed to promote consuming social values such as “feminism” and “health-friendly” lifestyles. In fact, the innovators’ empowerment of ignoring demand based on social merit is a strategy to add value to their innovative products and guide consumption trends in the domestic market. Through targeting and empowering consumer groups, seen not as standardized groups but as potential buying power, the marketers can attract a younger generation of consumers who favor values distinct from those produced through Fordist mass-production. The current startups are focusing on making and marketing innovative commodities, such as consumer-based hardware products combined with IT technology, intelligent bracelets, and 3D printers.



Figure 4.3

A Korean maker introduced his Chinese team member and the product, intelligent hardware—a mug with a computer-controlled sensor that can detect body data when a person drinks too much beer. (©Author.)



Figure 4.4

A startup runner introduced an e-commerce platform to help female consumers select and buy suitable clothes and cosmetics to empower themselves in the male-dominant working place. (©Author.)

Furthermore, online platforms offered by Chinese IT tycoons play important roles in startup marketing strategies. By linking online and offline business platforms, startup

runners are not only producing goods, but also producing their customers. “You can find enough consumers through the social media. When you group a lot of friends on WeChat, then you are halfway to success. The number of WeChaters is the primary productive force!” Xiao told me. In the minds of startup runners, online social media platforms are good instruments to increase their consumers, transferring “*wangluo shequn*” (e-community 网络社群) into “*wanggouzhe shequ*” (e-consumer community 网购者社群). Most of the proposed business plans I observed were based on this business model.

In addition, the marketing, inventing, and characterizing of material goods are strongly related to the production of entrepreneurial subjects. The process of niche-marketing turned the differentiation of niche goods and mass goods into identification politics. Training in neo-marketing tactics empowers “creators of things” as *chuangke* (创客 Maker) with a moral mission to challenge the mediocre mass market and mass production. Startup runners then fashion themselves as niche creators working for social enterprises to fill the niche demand ignored by mass manufacturing production. Those who design and consume more expensive novelty and innovation products are seen as new maker-citizens with good taste. The course mentor, Professor Liu, reshuffled the history of marketing and highlighted the importance of “niche taste” in branding and marketing products to the rising middle-class customer base in China.

These innovative companies constantly hold themselves to the values of a social enterprise: the products they market are created, more or less, to solve social problems. The mentality behind the tactics of niche marketing—empowering the niche goods with social merit—is reminiscent of the outsourcing of the government’s social services department: the marketization of the state’s former social services left a void that startup businesses could fill. Emerging “internet-based technology industry” is situated in new national industrial policy, such as “Internet Plus” (互联网+ *hulianwang jia*) and “Industry 4.0 (工业 4.0 *gongye 4.0*),” to revive traditional industry with the assistance of the Internet and other information technologies. That is, in following the logic of outsourcing production in the global economy, most of the startups I observed in the internet technology industry identify themselves as the “social service takers” of the new industry for better life.

4.3.3 Linking Venture Investment): “Pitch” as a Rite of Passage

Few would deny that the social training of entrepreneurship is a thoroughly social construction of entrepreneurial-subjects in the new economy. The substantive question is: how is the subject-making sustained? If we accept that economic process through the veil of values and beliefs as communicated and constituted through ritual practice, then I argue that the seemingly singular subject-making is sustained in “the pitch,” a ritual economy in which “worldview, economy, power, and human agency interlink in

society and social change” (McAnany and Wells 2008: pp2). Specifically, tech-entrepreneurial subjecthood is achieved by participant performative competition for capital and embodied in national and global networking with diverse capital. Moreover, the local government’s “financial platforms,” such as state-owned investment companies and the state Investment and Commercial Promotion Bureau (ICPB), play important roles.

This competition is called a “pitch” in the circle of tech-entrepreneurs. Startup Weekend, a U.S. non-commercial social association organized in 2009, “exported” the model of the “pitch” to China in 2011. Many social associations imitated their model and tried to organize “pitches” as a service in the “social training” market. I registered to volunteer at one such entrepreneurial competition. The Chinese version of Startup Weekend—a registered NGO called Startup Salad—organizes the pitch in Shenzhen. The Startup Salad Pitch operation board consists of six young employees and over 20 volunteers. They actively attract greater numbers of young professional-managerial people to join in the pitch activity and to run tech startups. “Dear volunteers, could you please market our activity in your ‘friend circle’ (朋友圈 *pengyouquan*) of WeChat?” I received this request as a pre-pitch announcement in our WeChat group. The organizers wanted volunteers to broaden the influence of Startup Salad by using their online networks. “It is fast and cheap to make influence in our own network. And, of course, it is the way to directly market the activity to our target participants,” a lead organizer explained to me. All the volunteers they selected were seen as people with a network of professional-managerial friends with strong interests in tech-innovation and market incentives.

The organization board also conducts encouraging activities for startup teams through group play. During the pitch activity, the organizers ask volunteers to play games with startup team members to cheer them up when they are feeling down. On the pitch-stage, a female organizer invited up a well-known startup runner who is the founder of a famous local startup, as a key speaker to encourage participants by talking about the experience of winning the golden prize in a past Startup Salad Pitch and the adventurous process of starting his tech-entrepreneurial career making entertainment applications for Appstore.

The archetype of the pitch system was created by Silicon Valley investment incubation companies, like Y-combinator and 500 startups, as a way for ambitious startup runners to verbally present business plans, in several minutes, in front of venture investors. The pitch to earn “the first bucket of gold” is a competition with rules. First, the participants choose a role or character from “designer,” “product manager,” or “IT supporter.” Next, people present their ideas in front of investors and the best 20 ideas are voted on by all participants. Third, each “character” organizes a team and actualizes one of the top-voted ideas into a product or mature business plan within 48 hours. Last, the top three entrepreneurial projects are collectively chosen by participants and venture investors. The award is a bonus and the chance to sign a contract for “seed funding” from venture investors. Each participant pays 200 RMB

(28 Euros) to compensate for the operational fees of Startup Salad.

After the presentation, the venture investors at the pitch decide on at least one team to give seed funding to. For the startup runners who received the seed funding, this was a “rite of passage” proving their market capability. “I was encouraged after I won the seed. I feel I am a real entrepreneur!” claimed a 26-year-old tech-entrepreneur, who is running an e-commerce platform. For venture investors, a “pitch” is a platform to effectively figure out and choose the program which has the potential to earn money. “I do not need to find and pick up the project in huge tech-entrepreneurial circles. I join the pitch and wait for them,” a venture investor said, explaining how convenient it was for him to invest in programs through a pitch. At the same time, these investors can act as “mentors” of entrepreneurs by advising which things are best to invest in.

Venture investors play important roles in regulating how entrepreneurs-to-be gain greater ambition and financial incentives. By interviewing investors and joining the entrepreneurial pitch, I gained considerable “tacit knowledge of finance” in the rising financial market of Shenzhen. The investors I met in Shenzhen are focusing much more time on meeting and hunting tech-entrepreneurs-to-be than investing money. They act as, in their own words, “the servants of tech career-builders.” The logic of financial investment creates an expectation for the future, which is the dynamism that sustains the steady supply of “disruptive entrepreneurial spirits” in the game of entrepreneurship. On the second day, as we designed our business plan in a mall meeting room, mentor Shan, a former senior engineer at Huawei, came in and talked to us. He talked about why he quit his job and started running his startup: “As young people, you should find what you really want to do, what is your desire and innovation. When I was in your age, I did not have the same chance as you have. Running a private company was difficult. And there were not so many Angel investors like me.” He cordially asked what difficulties we had. The team leader, Yang, presented his idea of running a housing rental system for young people. “But I don’t know if we can fill this gap in the market!” Yang sighed. “Do not worry my kid! You are finding a niche market! That is wonderful! We investors would not invest in people who follow the existing rule of doing business. You should only make a difference in the niche field!” Shan replied. All team members, including me, were encouraged by his remarks about the startup project.

After Yang’s team won second prize for this “pitch,” Yang said to me in surprise: “I think it is our turn to create the new rule of this market.” “But what if people lose the pitch?” I asked him. He smiled and answered: “This is not my first time joining a pitch. It is not a big deal! We are makers! We should try!” As shown, ironically, “the creative disruption,” in Schumpeterian terms, of niche markets by private tech-startups is not driven by the Schumpeterian hypothesis of man’s “creativity for newness,” but by a periodic calculative ambition for financial gains.

Behind the pitch stage, local state financial sectors act as investors in “the mass entrepreneurship” in Shenzhen. Considering the tension between the central

government and the local government, local government bureaus, such as the Technology and Entrepreneurial Service Center and Investment and Commercial Promotion Bureau, and state-owned enterprises work hard to channel human and capital resources through “nationalization” and “internationalization” (as discussed in chapter two). They also sponsor social associations to organize pitches. In order to cluster investors and guide the direction of investments, these local state financial platforms established Government Guidance Fund to initially invest in the programs that they want social investors to try. In addition, the Chinese internet tycoons, like Baidu, Alibaba, and Tencent (BAT), are supporting their employees in launching their technology start-ups within a BAT-guided fundraising system. This helps, in part, to explain why there are increasing numbers of Chinese small companies registering their branches overseas. Financial investment in startups is not only a direct and controllable approach for the local state to re-weave their interest in the new economy, but also an approach to join financial globalization: backed up with state investment, startups are always the initial agents to “go out.”

4.4 Conclusion

Based on a contemporary political rationale of social management (Pieke 2012) in the market economy, the Chinese central and local state lays the foundation and infrastructure targeting young professionals and stimulating mass enthusiasm about tech-entrepreneurship building. The abstract state anxieties around “mobility” and “economic development” are being resolved in concrete and practical policy implementations. In the local promotion of “entrepreneur fever” in the emerging e-technology economy, diverse local state sectors such as the Bureau of Science and Technology, Bureau of Civil Affairs, Bureau of Commerce and Industry, and Bureau of Urban Planning propose and enact pragmatic policies to support the growing numbers of startup enterprises by establishing institutional and physical infrastructures for entrepreneurship building,⁹⁵ constructing modern Silicon Valley style industrial parks, and setting up social training systems *through* non-governmental sectors to attract young professionals. Even the National People’s Congress of the People’s Republic of China amended the Company Law to relax the capital registration conditions and simplify the required documents and registration process in 2014. The character of contemporary entrepreneurship and tech-entrepreneur building is created by state policies. By witnessing the social fact that the creation of the market did not weaken the role of the socialist party-state, we should note that it is the local state’s active involvement in entrepreneurship and its resilient definitions in national developmental policies that obscures the boundary between market socialism and market capitalism.

⁹⁵ In 2015, the state council of China published “The General Office of the State Council and issues the Guiding Opinions on Developing Crowd Space and Promoting Mass Innovation and Entrepreneurship” in order to promote space upgrading for entrepreneurship, see: http://www.most.gov.cn/kjbgz/201503/t20150310_118485.htm

Furthermore, it is worth noting here that young professionals do not counter, but struggle with and adapt to, the new codes that are circulated through the state-led social training agenda. Chapter six will depict how they explore their agency in an innovation-, technology-, and market-driven modernity.