

Government-led Mobilization of Non-state Capital in Cultural Heritage Megaprojects: Evidence from the Yangzhou Grand Canal National Cultural Park

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ABSTRACT

This study investigates the role of government-led social capital in mobilizing non-state capital for cultural heritage megaprojects, specifically focusing on the Grand Canal National Cultural Park in Yangzhou, China. Given the nascent status of research in this area, the study seeks to understand the investment mechanisms of Chinese non-state capital, particularly involving state-owned enterprises SOEs and WCCO(NGO). Through 22 interviews with social capital participants and analysis of internal documents, the study reveals that Yangzhou predominantly relies on SOEs and WCCO(NGO) to mobilize social capital for the park's projects. SOEs are crucial during the initial phases of construction and employing 'Hybrid delivery coalitions' and 'Platformization' for funding. This approach emphasizes the benefits of public investments through 'Value capture & phased activation,' which successfully attracts private investors, as seen in the Sanwan area. Additionally, the WCCO(NGO) has played a key role in mobilizing soft capital, such as human capital, and enhancing the global influence of the Grand Canal heritage, despite the limitations of foundations in legitimacy. Ultimately, a mechanism-based model for government-led mobilization of non-state capital in heritage megaprojects is proposed, grounded in thematic analysis.

Keywords: social capital, major cultural heritage, Grand Canal National Cultural Park, state-owned enterprises, government-led mobilization

1. INTRODUCTION:

The Grand Canal of China, including the Beijing-Hangzhou, Sui-Tang and Eastern Zhejiang Canals, is about 3,200 km long and is the world's largest and longest canal. Spanning eight provinces, it runs through eastern China, connecting five major rivers. It was the main North-South communication artery in ancient China and remains important today (Xu & Zhou, 2021). Regarding the Grand Canal National Cultural Park, it takes the Beijing-Hangzhou and Eastern Zhejiang Canals as the backbone and the Sui-Tang Canal as an important branch (Zhao et al., 2022). In recent years, China has emphasized traditional culture and historical heritage more, and the Grand Canal has gained more attention. With strong policy support, since the Outline of the National Cultural Development Plan for the 13th Five-Year Period was issued in May 2017, the Grand Canal's importance has been highlighted. As the director of the National Cultural Park Construction Work Leading Group Office (2021) pointed out, the construction of the Grand Canal National Cultural Park is a major cultural heritage project by the State, a symbol of Chinese civilization, a spiritual home

of China's strength, and a cultural experience space to improve life quality (Zou et al.,2022).

However, The global economic downturn has pressured China's fiscal system, particularly impacting major cultural heritage projects like the National Cultural Parks, which require significant capital and span multiple provinces. Challenges include misaligned protection, investment mismatches, and an incomplete evaluation system, leading to fragmented management and funding shortages(An&Zhou,2023). Insufficient funds hinder project sustainability, especially in financially difficult areas. Cultural heritage protection is criticized for being inflexible and profit-driven, with the government's guidance not aligning with local responsibilities. The Grand Canal National Cultural Park, primarily funded by government investments due to private capital's reluctance, faces financial pressures and uncertain project progress (Zhou&Wang,2022). Therefore, it is crucial to explore dominant capital modes to mobilize non-state social capital, promoting sustainable development for cultural heritage projects. The study defines social capital broadly to encompass all non-governmental funding sources, including SOEs, NGOs, and private investors.

Recent years, there are increasing studies on national culture parks relating to management mechanisms (Hu,2024), funding issues, tourism development (Wang et al,2023), cultural inheritance, space production (Qiu et al,2022), project institutions (Zhou&Wang, 2022). And numerous academic papers were published on the Yangzhou Grand Canal National Cultural Park's construction, focusing on various fields such as cultural integration, tourism integration, museum construction, cultural communication, and cultural belt construction (Institute of Canal Studies, Liaocheng University et al., 2023). However, few scholars have analyzed dominant government-led social capital modes for major cultural heritage. It's unclear how government-led non-state capital mobilize cultural heritage megaprojects. As Jiang (2023) noted a lack of empirical studies of government-led mobilization of non-state capital in cultural heritage megaprojects, this paper fills the gap by presenting case studies on the role of government-led mobilization of non-state capital in the Yangzhou Grand Canal National Cultural Park. To understand the government-led mobilization of the non-state capital participation model, this paper borrows from the Network Governance & Collaborative Governance, Public-Private Partnerships (PPPs)&Infrastructure finance literature, Public Value&Cultural Governance, and Institutional theory, and analyzes two government-led mobilizations of non-state capital (state-owned enterprises&WCCO) to find their dominant modes and mechanisms. Specifically, through interviews with 22 social capital participants in Yangzhou, the study gets detailed insights into government-led mobilization of non-state capital modes and mechanisms. Hence, this study aims to explore how government-led social capital mobilizes cultural heritage megaprojects and identify the government-led mobilization of non-state capital mechanisms through multiple case studies of the Grand Canal National Cultural Park in Yangzhou. The specific objectives are as follows:

1. To understand the mobilization of government-led social capital practices in the Yangzhou Grand Canal National Cultural Park
2. To develop a mechanism-based model for government-led mobilization of non-state capital in Cultural Heritage Megaprojects

Research gap and contributions of this study:

Propose a mechanism-based model of government-led mobilization of non-state capital in heritage megaprojects to fill the gap in the lack of government-led mobilization research

Identify a typology of participation modes (SOE-led platform: consortium, bankability, EPC; NGO-led platform: foundation, international cooperation) to fill the government-led mode research gap

Present the process explanation of how policy tools and government-led governance arrangements reduce risk in financing and delivery, and attract multiple non-state capitals to fill the research gap in this field

2. LITERATURE REVIEW

2.1 Network Governance & Collaborative Governance

In governance literature, network governance (NG) and collaborative governance (CG) are core theories with existing conceptual overlaps that guide this research. Governance denotes a set of coordinating activities between the public, private, and civic sectors that influences policy-making and public service delivery in solving public problems. In the context of public service delivery, network governance is usually equated as governance since governance takes place within networks of complex interactions between public and non-public actors (Sørensen J & Torfing 2018). Therefore, Network governance can be defined as a framework for understanding how public and private actors collaborate in interconnected networks to solve complex problems that no single organization can address alone. It posits that governance occurs within these networks through a horizontal coordination of interdependent but autonomous actors, using negotiation and social mechanisms rather than strict hierarchical control (Ran & Qi, 2019). When the public sector applied this concept to the implementation of their projects, it actually could assist in changing a project's scope based on project oversight (Hassim, Kajewski & Trigunarsyah, 2017).

Conceptually, governance could be semanticized as collaboration in its essence. The nature of governance signifies 'that the role of governmental and nongovernmental institutions is critical, and that the future of public service delivery will be characterized by collaborative relationships between both types of institutions'. consequently, Collaborative governance has been defined as a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision-making process that is formal, consensus-oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets (Ran & Qi, 2019).

Based on thematic analysis by Huanming & Bing(2023), the most common themes between Network governance and collaborative governance are resource dependence, leadership, trust, power, and network/collaborative performance. Researchers agree that interorganizational cooperation results from resource interdependence, to achieve common goals (Fadda&Rotondo,2020). Research has shown that leadership can construct networks, empower members, facilitate communication and interaction, align the interests of members, build trust, model new roles, promote systematic thinking, and ultimately improve collaborative/ network performance. NG and CG researchers focus on aspects of trust building, such as agency's reputation, successful past cooperation, frequency of interactions, and network embeddedness, and exploring how trust improves the quality of network/collaboration. Power in interorganizational collaborations originates from authority, resources, and legitimacy, and power is unequally distributed across partners (Ran& Qi, 2019). Network/collaborative performance has been explained by various structural and contextual factors, eg, network integration, external control, system stability, network coordination approaches, and resource munificence, and how the factors combined to affect the different levels of performance (Fadda & Rotondo, 2020).

2.2 Public-private partnerships (PPPs) & infrastructure finance literature

Public-Private Partnerships (PPPs) are defined as long-term contracts between private entities and government bodies, designed to deliver public assets or services. These partnerships allow private firms to assume considerable risks and management roles, with their compensation linked to performance metrics. Key traits of PPPs include risk sharing, extended contracts (typically 20-30 years), private investment, performance-based remuneration, and innovation promotion. They are implemented across various domains such as transportation, healthcare, education, and utilities to enhance public service delivery (Beh, 2019). Various contract structures exist within PPPs, including Build-Operate-Transfer (BOT) and Design-Build-Finance-Operate (DBFO), among others, allowing private sector involvement in public project management. Stakeholders involved are diverse, encompassing governments, multilateral organizations, private investors, local communities, civil society organizations (CSOs), and specialized advisors (Brinkerhoff & Brinkerhoff, 2018).

Scholars underscore the importance of roles, resource sharing, risk management, and responsibilities in PPPs, promoting a collaborative framework where governments provide capital and businesses offer technology and investment (M. Chen, 2021). Effective risk sharing aligns stakeholder interests but varies in practice, exposing inconsistencies that require further investigation. Participation levels in partnerships range from active to passive, impacting engagement quality. The role of NGOs and national bodies is pivotal in fostering conducive environments for PPPs, despite limited corporate influence on regulatory frameworks. Successful partnerships hinge on shared objectives and commitment, with potential mischaracterization of partnerships threatening developmental outcomes, underscoring the necessity for precise contractual arrangements (Oecd, 2023).

Innovative Financing (IF) instruments, including PPPs, infrastructure bonds, green finance, crowdfunding, and blended finance, are explored as alternatives to traditional funding avenues (Oecd, 2023). In urban transport, Value Capture Finance (VCF) applies increased property valuations for funding, with methods like Tax Increment Financing (TIF) and Transportation Reinvestment Zones (TRZ) for improvement financing. Crowdfunding promotes public investment in socially significant projects, and blockchain technology enhances liquidity and transparency in funding mechanisms (M. Chen, 2021). Additionally, infrastructure project bonds appeal to capital markets due to their reliable long-term cash flows, while climate-focused initiatives such as green bonds support sustainable development. Equity-based financing and government co-financing broaden access to capital for projects with lower commercial viability, particularly in regulated sectors like energy and transportation, highlighting the significance of innovative instruments in financing green infrastructure (Oecd, 2023).

2.3 Public value & cultural governance

1)Public Value:

Public value is defined as the collective benefit an organization, particularly in the public sector, provides to society, extending beyond financial metrics to include equity, liberty, responsiveness, and transparency. This concept, introduced by Mark Moore in 2021, serves as the public sector's equivalent to private shareholder value, emphasizing the societal contributions of government services. Coghill (2021) links public value to stewardship, underlining the significance of fiduciary duties and public trust in reshaping public value creation and application. Warner et al. (2021) address the limitations of conventional public value frameworks across three policy domains, advocating for a broader interpretation that includes multiple stakeholder perspectives. Moreover, value co-creation is crucial for understanding the role of public services in modern societies. Research by Dudau et al. (2019) highlights the emergence of a 'co-paradigm' that encompasses co-design, co-production, and co-creation, reflecting a shift in public service logic (PSL). Additionally, Osborne and colleagues (Trischler et al., 2023; Gao & Mohamad, 2024) investigate value creation within public service ecosystems, asserting that value is generated at various levels: institutional (public value), through collaborative governance in service delivery, and via personal interactions between service providers and users, which leads to value-in-use (Huang, et al., 2024; Mohamad, et al., 2025). Further inquiry shows that past studies have addressed aspects of service usage and public value creation through diverse methods, including interaction dynamics, intentional transparency (Osborne et al., 2020), collaborative challenges, problem-solving strategies (Kitchener et al., 2023), collaborative leadership (Parker et al., 2023), and the management of conflicts and tensions (Rossi & Tuurnas, 2021).

2)Cultural Governance:

Conceptually, Governance of culture entails formulating policies that connect cultural dynamics with administrative roles, emphasizing the governance of cultural institutions while recognizing government interference's effects on their autonomy. As culture is a public good, effective cultural policy promotes cross-sector collaboration, resulting in a co-production of culture shaped by various social agents and frameworks, particularly cultural geography (Oakes, 2021). Cultural governance integrates formal government policies with informal non-state influences, focusing on cultural policy creation, resource management, and culturally legitimate decision-making, as well as political negotiations regarding cultural institutions and heritage, demonstrating the interplay between market factors, cultural economy, and cultural production (Oakes, 2021). Consequently, urban planners and policymakers are increasingly compelled to prioritize urban ecosystems' holistic integrity and long-term sustainability when formulating and implementing urban development strategies. Current research trends in cultural governance, as proposed by Mak (2020), suggest a shift towards value-based governance that melds public economics with management and policy-making. This approach categorizes values into use values (market-related), non-use values (associated with public support for the arts, such as existence and educational values), and cultural

values (including symbolic and historical significance), emphasizing their non-monetary aspects. Other significant trends include decentralization, discussed by Zan et al. (2017) regarding heritage policies in Italy, highlighting the rising importance of regions as multifaceted entities, and inter-territoriality, which addresses collaboration among jurisdictions across borders or within states.

2.4 Institutional theory

Institutional theory provides a framework for analyzing how organizations and societies are influenced by social, cultural, and political structures rather than solely by economic factors. It posits that organizations strive for legitimacy, leading them to adopt certain practices and structures to be perceived as appropriate by stakeholders. This often results in isomorphism, where organizations in similar fields exhibit high degrees of similarity due to the pressures they face (Eitrem et al., 2024). Key concepts in this theory include coercive pressure, where external regulations mandate compliance; normative pressure, influenced by shared professional standards; and mimetic pressure, where organizations replicate the successful strategies of competitors, particularly in uncertain environments. As a result, organizations may embrace structures or practices that prioritize legitimacy over economic efficiency, aligning their operations with established norms and expectations (Kostova Amis et al., 2017).

Legitimacy and the Rational Myth in Institutionalization, as defined by Meyer & Rowan in 1977, refers to the process by which social processes acquire rule-like status in society, shaped by external forces and internal organizational rationality. Organizations seek legitimacy by adopting policies that conform to external symbols, which serve as explanations for their existence. Bruton et al. (2019) further developed the notion of rational myths utilized by organizations. In the realm of Fields and Isomorphism, Eitrem et al. (2024) describe how organizations in a field exhibit structural and symbolic similarities driven by legitimacy motivations. They define "structuration" with four components: enhanced interactions, clear interorganizational structures, increased information volume, and mutual goal awareness. Isomorphism occurs when organizations become alike due to coercive, mimetic, and normative pressures, significantly influencing organizational studies.

3. RESEARCH METHODOLOGY

face-to-face interviews:

This research used qualitative methodology with multiple case studies via face-to-face interviews in Yangzhou, Jiangsu province. The case studies in government-led social capital, say SOEs and WCCO (NGO), were conducted in Yangzhou. The interview and document research methods were used to collect data from the social capital of the Yangzhou Grand Canal National Cultural Park. In particular, this study used semi-structured and face-to-face interviews, including in-depth interviews and a focus group. First, the researcher prepared the interview outline based on literature or document research and the

interviewees' characteristics. Then, it communicated with the interviewees around the research topic to understand the truth and mechanisms of government-led mobilization of non-state capital practices in the Yangzhou Grand Canal National Cultural Park. The interviews invited 22 interviewees, namely chairman and other high management positions of state-owned corporations who are responsible and participated the projects, like Yangzhou Sanwan Investment Development Co., Ltd.; Yangzhou City Construction State-owned Assets Holding Group; Yangzhou Canal Cultural Investment Group; key NGO, like WCCO, including its foundation, etc, to summarize and explore the capital participation models (Zou et al., 2022). Questions did not follow exactly the interview questions shown in the interview guide, but almost all questions were asked.

3.1 Sampling, Data collection, and Data analysis

3.1.1 Sampling:

Case selection in Yangzhou:

Yangzhou, recognized as the "First City of the Canal," plays a pivotal role in the development of the Grand Canal Cultural Belt and the Yangzhou section of the Grand Canal National Cultural Park. In 2014, it was instrumental in having China's Grand Canal inscribed on the World Cultural Heritage List, with the city leading 34 others in the initiative (Chen & Yang, 2022). Unique in being the only prefecture-level city within the Grand Canal's cultural core, Yangzhou boasts significant cultural heritage resources, including 10 heritage sites and 6 canal sections that contribute notably to Jiangsu's diverse heritage landscape. Situated on China's economically vibrant southeast coast, Yangzhou has become a leader in Grand Canal initiatives, launching critical projects like the Yangzhou China Grand Canal Museum (Zhou et al., 2023). This framework facilitates the exploration of the construction of the national cultural park, aiming to showcase a distinctive Yangzhou model to the public (Institute of Canal Studies, Liaocheng University et al., 2023). Thus, this study focuses on the Grand Canal National Cultural Park (Yangzhou section) to find a social capital participation mode for cultural heritage projects, which is a typical case.

Sampling Design:

In this research, purposive or judgmental sampling was used. The sample size involved 22 respondents, including 17 for in-depth personal interviews followed by 5 for a focus group interview (see Table1-sample profile). And due to achieving data saturation, which means a sample is "good" or sufficient. The unit of analysis in this study is the individual expert stakeholder who deeply participated in the Grand Canal National Cultural Park (Yangzhou Section). The term "Individual Level" looks for the perceptions, attitudes, or opinions, and actions of the individual (Hildebrandt&Hsu,2020). The reason for selecting an individual expert stakeholder as a unit of analysis because those individuals are knowledgeable about this study topic, and show their experiences and opinions about how government-led mobilization of non-state capital participated in the Yangzhou Grand Canal

projects and the role of social capital in support of these cultural heritage megaprojects.

Table 1 (sample profile)

Respondent codes	role/ Position	organization type	Years' experience	interview duration
(R1)	Chairman	State-owned company	30 years of urban infrastructure construction and investment	60mins
(R2)	Deputy General Manager		20 years of Industrial investment, engineering construction, and capital operation	40mins
(R3)	Director of Planning		16 years of Urban planning and construction, park management, and real estate development	30mins
(R4)	Chief Financial Officer (CFO)	State-owned company	18 years of investment and financing	50mins
(R5)	Associate Dean and Chief Planner	State-owned company	30 years of city planning	38mins
(R6)	Deputy General Manager	State-owned company	25 years of infrastructure investment, Urban construction, and real estate development	25mins
(R7)	General Manager		20 years of Urban and engineering construction	33mins
(R8)	Vice president	State-owned company	15 years of engineering construction, real estate development	50mins
(R9)	Chairman	Private company	14 years of cultural and sports, education	24mins
(R10)	Honorary Secretary General/Director International Exchange Committee	NGO(WCCO)	Over 30 years of the government's foreign affairs and the Yangzhou Grand Canal Organization	45mins
(R11)	Office Manager		20 years of work for the Publicity Department of the Yangzhou Municipal Government and WCCO	40mins
(R12)	Director of Membership		16 years working as a geography tutor at the Yangzhou University and WCCO	32mins

Respondent codes	role/ Position	organization type	Years' experience	interview duration
(R13)	Vice Secretary /Editor in Senior Journalist of Grand Canal Media		27 years of main media experience	22mins
(R14)	General Manager	Fund	24 years of financing and investment	23mins
(R15)	president	Bank	25 years of financing and investment;	30mins
(R16)	president	Bank	20 years of financing and investment;	25mins
(R17)	Director of Institutional Business	Bank	12 years experiences of financing	20mins
(R18)	Director, Chief Engineer, Jiangsu Construction Association, construction drawing examination expert	An expert in the company	15 years of Planning and Design, engineering	30mins
(R19)	Executive Dean/WCCO Advisory Expert/National Art Fund evaluation expert Committee	An expert at the university	32 years of study in the Grand Canal,	47mins
(R20)	Subdecanal/ Vice Chairman of Yangzhou Planning Society		33 years of study in urban planning, preservation, and utilization of historical culture	50mins
(R21)	vice-president/senior accountant, doctoral supervisor		30 years of study in Finance	28mins
(R22)	Professor, doctoral supervisor	An expert at the university	29 years of study in Urban development theory and policy	22mins

Sample Organization Information:

1. YANGZHOU State-owned Enterprise: Government-led social capital

1)Yangzhou Sanwan Investment and Development Co., Ltd. primarily focuses on industrial investment and urban infrastructure, particularly managing the Sanwan area of the Yangzhou Grand Canal Cultural Belt. Key achievements include the opening of the 3,800-mu Sanwan Ecological and Cultural Park in 2017, recognized with the National AAAA-level Scenic Spot award for ecological restoration. In June 2021, it launched the Grand

Canal Museum of China, enhancing the cultural offerings of the Grand Canal Cultural Park and the adjacent Grand Canal Intangible Cultural Heritage Park, which highlights intangible cultural heritage and canal culture.

Yangzhou City Construction State-owned Assets Holding Group, operating 39 subsidiaries in sectors like construction and education, has invested around 30 billion yuan in nearly 50 municipal projects and over 60 ancient city protection initiatives. This group focuses on infrastructure, renovation, and real estate development, with notable projects including Sanwan Park and several sewage treatment facilities. It has successfully restored cultural heritage sites and developed attractions, such as

Dongguan Street, which draws approximately 12 million visitors annually. The key project currently managed by the group is 'Shili WaiSand,' valued at 8.2 billion yuan.

3)The Yangzhou Canal Cultural Investment Group Co., Ltd. is a major state-owned cultural enterprise established by consolidating municipal cultural assets, rooted in the Yangzhou Arts and Crafts Group Co., Ltd. Its business scope includes cultural arts, financial services, and investment in cultural and sports facilities. The group oversees various subsidiaries, including the Yangzhou Jade Factory Company, and is tasked with urban renewal initiatives in the North Moat area and the enhancement of the Grand Canal's infrastructure.

2. WCCO(NGO): Government-led social capital : The World Historic and Cultural Canal Cities Cooperation Organization WCCO is a non-profit international organization founded in September 2009, headquartered in Yangzhou, China, dedicated to fostering economic and cultural exchanges among canal cities worldwide. It seeks to enhance cooperation, share development experiences, and serve as a model for international social organizations. WCCO has organized the World Canal Cities Forum, established cooperation mechanisms, and worked on canal culture preservation. The organization includes 212 members, consisting of 66 domestic and 47 international canal cities(WCCO Canal City, n.d.).

3.1.2 Data collection:

The data collection instruments were interviews of 22 participants (in-depth personal interviews and a Focus Group) in Yangzhou, along with document investigation. The interviewees sent the researcher vital internal documents such as company and government documents, meeting minutes, project plans, and feasibility reports. For primary research, data were collected from 17 participants in personal interviews. The later interviewees and focus group members were selected based on the previous interviewees' answers and recommendations. The interview participants were those deeply involved in or managing the capital issues of the Yangzhou Grand Canal National Cultural Parks, including key social capitals like Yangzhou state-owned corporations, WCCO, and key experts. In a group survey, the researcher invited 5 participants, including an expert, a state-owned company, a staff member of WCCO, a bank, and a fund.

A consent form was given to the participants before surveys, and all interviews were conducted in Chinese, with the duration of individual sessions varying between 20 to 60 minutes. The content of the interview was recorded by notes and audio recordings, which were transcribed into text and translated into English for coding afterward. The primary data collection period was from 10 May 2024 to 23 July 2024. Two main types of data were collected: written documents and viewpoints from the interviews of the Yangzhou projects' government-led social capital. The data were later refined by using a qualitative analysis approach.

3.1.3 Data analysis:

Researchers performed thematic analysis with the documents and interview scripts. Before analysis, all data from these materials were entered into NVivo for convenient coding to extract and group common features or meanings of examples or events. The coding work was manually undertaken mainly in NVivo, and the process is as below.

Familiarization: Initially, the researcher read and reread the data (transcripts, notes, documents) attentively to get immersed in the general idea of the documentary data.

Generate Initial Codes: The investigator engaged deeply with interview transcripts and documents, utilizing NVivo to aid analysis. This involved importing files, highlighting keywords, and conducting a line-by-line examination to identify emerging themes and generate numerous codes. Notable keywords derived from the Sanwan interview transcripts and documents, for instance, included terms such as 'Equity investment-project company SPV', 'EPC', 'bank loans', 'bond issuance', 'cultural leadership stage', 'land transfer', and 'ecological restoration'. Similarly, in analyzing the interviews from the Yangzhou Grand Canal Cultural Investment Group and the Yangzhou City Construction State-owned Assets Holding Group, keywords like 'Bank loans replace some fiscal fund', 'development loans', 'Special Bonds', and 'culture and tourism industry' surfaced. The researcher adeptly created new codes by dragging selected text into designated areas or modifying existing ones, allowing for a dynamic coding process that reflected the evolving understanding as the codes expanded. This meticulous coding practice facilitated the categorization of rich data, highlighting both commonalities and distinctions in the terminology used across different interviews.

Search for Themes: the researcher utilizes NVivo to compile a list of codes, identifying and grouping related patterns into potential themes. Multiple levels of subcodes can be created, with numerical indicators indicating the volume of data segments associated with each code. For instance, similar codes like 'return', 'land sale revenues', 'land transfer', and 'increasing land price' are merged into a single code, 'land appreciation'. The goal is to generate themes that illustrate the government-driven mobilization of non-state capital in Yangzhou's cultural heritage. Examples of subcodes under the theme 'SOE-platform debt financing' include 'land assets leverage financing', 'policy-driven project asset', and 'multiple channels for low-cost financing'. Additionally, certain codes are designated as independent themes, such as 'equity investments + EPC', which integrates other codes into its framework.

Review Themes: To make sure that themes are accurate representations of the data, the researcher checks if themes work in relation to coded extracts, returns to the data set, and compares themes against it, then refines or combines them. For example, the theme 'public investment creates place-value' was identified as not representing the Sanwan mode entirely, and was changed into 'public investment value attracts market-led capital'. Another theme, 'government-led NGO network', was changed into 'government-led NGO mobilization'.

Define & Name Themes: Given that themes are more abstract than categories and involve a level of interpretation and conceptualization, the researcher develops a clear definition and compelling name for each theme. Then, Theme 1 ‘SOE-platform debt financing’ was renamed as “Platformization”, and defined as ‘SOE/SPV as the anchor for bankable finance’. Theme 2 ‘equity investments + EPC’ was renamed as “Hybrid delivery coalitions”, and defined as ‘consortium/EPC and proxy construction as participation devices. Theme 3 ‘public investment value attracts market-led capital’ was renamed as “Value capture & phased activation”, with the definition of ‘from construction to cultural attraction to industrial operation.’ Theme 4 ‘government-led NGO mobilization’ was renamed as “Soft-capital mobilization under strong steering”, with the definition of ‘WCCO platforms, brands, and constrained philanthropy.’

In this coding and thematic analysis process, the researcher engaged in an iterative cycle of data collection and analysis, recruiting social capital participants in batches as findings emerged. Instead of completing each step at once, the researcher alternated back and forth between each stage iteratively. That means the researcher analyzes iteratively by identifying codes and themes. Then, the researcher checks for newness, namely, seeing if new interviews add new codes or themes. Data was gathered through interviews in Yangzhou and documents, analyzed, and further data was collected until data saturation was achieved, indicating that new data ceases to yield additional insights. In this way, data and theme saturation were achieved, reaching a point where new data doesn't reveal new codes or themes. After that, the researcher conducted a truthfulness strategy to enhance credibility and reduce the bias of the study.

Trustworthiness: Investigator Triangulation & member checking

Investigator Triangulation: Firstly, the researcher employed 'investigator triangulation' to mitigate individual biases and enhance objectivity in data interpretation. This involved inviting three researchers from diverse fields—a tourism scholar, a sociologist, and a city planner—to independently analyze the same dataset from the Yangzhou investigation, which included interview transcripts, field notes, and documents. Each researcher reviewed and coded the data to identify themes, patterns, and key findings. Subsequently, they convened to collaboratively compare their findings, discuss discrepancies, and strive for a shared understanding to achieve consensus. Ultimately, the researcher synthesized the team's perspectives, reached an agreement with the colleagues' findings, and composed the results section. This collaborative consensus reinforces interpretation, reduces biases, and improves the reliability of the thematic analysis.

Member checking(Participant Validation): Before the paper was finalized, the researcher utilized the member checking strategy to ensure credibility by checking the resonance and accuracy of the researcher's understanding, reducing researcher bias. Firstly, the researcher provided 8 participants in the prior 22 interviewees with interview transcripts, summaries, themes, and findings in draft

reports for reviewing. Then, the researcher gathered feedback from participants and confirmed if the findings aligned with their perspectives, clarified misunderstandings, and offered additional insights to ensure the findings accurately reflected their experiences and perspectives.

Both strategies enhance the trustworthiness of findings and reduce researcher bias. Investigator triangulation involves three investigators analyzing data, while member checking allows researchers to validate synthesized findings with participants, ensuring accuracy and interpretation. Member checking confirms the participants' reality, while investigator triangulation verifies the researcher's interpretation of that reality.

Findings

Theme 1: “Platformization” — SOE/SPV as the anchor for bankable finance

This study reveals that state-owned enterprises (SOEs) or their joint venture project company (SPV) often play a vital role in bankable finance for huge cultural heritage projects. By and large, in China, SOEs have various financing channels and can utilize assets, normally as land as collateral to secure substantial funds. This approach boasts low capital costs and lengthy loan durations. For projects balancing public welfare and marketization, like the Yangzhou Grand Canal National Cultural Park, SOEs invest to form assets for more financing, to maintain and increase asset value through the government evaluation as well. In this investigation, SOEs support Cultural Heritage Megaprojects through urban renovation, which financing primarily financed through the Yangzhou municipal government platforms. Notably, a joint venture project company (SPV) was established by equity investment to manage the investment and construction. For example, in the CASE of Sanwan Area Development Model, the first and second development phases were financed by the Yangzhou municipal government's platform companies. First, the two companies (The Yangzhou City Control Group & Sanwan Investment Company) did an Equity investment and established a joint venture project company (SPV). After the 2.2-billion-yuan shareholder loan from a central enterprise, the SPV was financed using land allocated by the Yangzhou government through bank loans and bond issuance.

We financed through bank loans and bond issuance, as the underlying asset was land allocated by the Yangzhou municipal government to us, which used the land assets to finance 2 billion yuan, with a cost of funds at 7% (R1-SOE)

Similarly, the municipal land reserve center issued 1.2 billion yuan in special land reserve bonds to acquire land. It allocated attractive residential land parcels to SPV to fund the remaining construction of Sanwan Park, with net proceeds from land sales directed to the company (Slender West Lake Scenic Area Management Committee, 2023).

For Local government platform company, they are government investment tools, who is responsible for city project construction.

The government granted them low-cost land, that initially unattractive to market firms due to non-public trading or suburban locations. Yet, with urban infrastructure development, land values soared a decade later. Despite early limitations, banks valued the government-owned plots, enabling loans. This stems from China's system, where local taxes support central finance, making local construction reliant on bank funding(R3-SOE).

In addition to the land asset financing, SOEs also utilized the cultural or other policy-driven project assets for low-cost debt financing. For instance, because of the cultural focus projects of phase II. In the Sanwan case, funding primarily came from Sanwan Platform Company through low-cost bank loans and special bonds, such as a development loan of 1.2 billion from China Agricultural Development Bank (ADBC) at an annual interest rate of 3-4% with a 15-year term.

The financial support at this stage mainly comes from the funds of our Sanwan Company, without cooperation with other central enterprises, because our financing costs have decreased, due to this cultural project, which responded to the strategy of cultural power proposed by President Xi (R2-SOE).

As for the issuance of 600 million yuan in project special bonds, it was signed by the central government and issued by the Yangzhou Land Reserve Center to Sanwan Company, supporting significant public welfare construction projects like the Sanwan (Grand Canal Cultural Tourism Project). The cost is 2.3%, with interest paid first and the principal repaid in one lump sum after 12 years, offering favorable terms. (R1-SOE).

Besides, in the case of the construction of the Yangzhou Grand Canal Theatre, the SOEs owner (Yangzhou Grand Canal Cultural Investment Group) used bank loans replace some of the fiscal funds due to the government financial shortages.

The municipal government requested that we use the grand theater construction as a basis for development loans. We approached one of the three major policy banks, the Agricultural Development Bank, and obtained an 800 million loan at a 4.3% interest rate (which was low at the time, as market interest rates were generally high in 2019), with a term of 18 years(R6-SOE).

Moreover, to using any reasonable assets to financing, it is important to package the projects to meet bank lending criteria, with projects structured around anticipated cash flow and revenue.

In bank financing, we usually package the project based on cash flow needs or the expected future earnings of the enterprise or project. Firstly, we can package based on the project itself. In the 486-renovation project, we first need to accurate revenue calculations and build a cash flow model accordingly. we need to predict the annual operating income, benefits, and repayment ability after the renovation, ensuring that these indicators meet bank lending requirements. Cooperation with the bank is two-way, they need business, so the banks help us package the project. They offer us low interest rates and favorable terms. Alternatively, projects can be packaged with other

enterprises by integrating their cash flows, enhancing resource integration and project appeal(R6-SOE).

Theme 2: “Hybrid delivery coalitions” — consortium/EPC and proxy construction as participation devices

The findings suggest that the Cultural Heritage Megaprojects, such as the Grand Canal cultural park in Yangzhou, were supported by a ‘Hybrid delivery coalitions’ that consist of consortium from government-led SOEs, contractors and investors. Take the case of the "Ten-mile Bund" comprehensive improvement project (equity investment + EPC) for example, it is a state-owned initiative focused on urban renewal, integrating cultural heritage construction with urban economic development. It follows an investment, construction, and operation service model, emphasizing the Yangzhou Grand Canal's ecological and historical enhancement. This huge project, entrusted to Yangzhou City Control Company, involves a consortium of three state-owned enterprises, which established a joint venture project company (SPV) for equity investment of 2-billion-yuan self-owned capital. Future financing is expected to reach 6.2 billion yuan through loans and bonds, while revenue will come from commercial property sales and rental income (Yangzhou City Construction State-owned Assets Holding Group, 2023).

In particular, in project investment and construction management, the project investment, financing, and construction tasks are entrusted to the owner, Yangzhou City Control Company, by Yangzhou government. Then, Yangzhou City Control introduces partners (consortium) with financial strength and practical experience. The income from the project's development products is used as the means to recover the project investment. The winning bidder is a social capital consortium (consortium as below) formed by 3 state-owned enterprises. After that, the implementer of the winning bid established the project company (SPV) for the project in accordance with the relevant provisions of the project legal person system. The project company shall, as the construction unit of the project, be responsible for all the investment, financing, construction and operation services.

Our Yangzhou City Construction State-owned Assets Holding Group (the owner) and the winning bidder Consortium joint venture established the project company (SPV), of which our group accounts for 49% of the shares, and the remaining consortium accounts for 51% of the shares. The capital sources mainly included the company's equity capital (R4-SOE).

Importantly, this study indicates that the ‘consortium’ invested to gain EPC, by paying a heed to the expectation of future cash flow.

Most central enterprises base investment decisions on future income expectations, aiming to balance investments and achieve economic benefits through project construction. They anticipate late returns from EPC projects. For businesses, we highly value future cash flow. This project focuses on the future cash flow expectations of the cultural and tourism industry. In

internal discussions, we think cultural creative catering and cruise services will be the main future revenue sources. Additionally, the rental of commercial properties will also be part of the proceeds(R5-SOE).

As for collaborating with the SOEs 'consortium for construction via the EPC method, the members perform their duties.

In introducing third-party shareholders, the project adopts an investment, construction, and operation model (F+EPC+O). The China Construction Third Bureau (a SOE in 'consortium') manages some projects, while others are entrusted to a landscaping enterprise in Yangzhou, renowned for its performance. This collaboration enables task allocation based on expertise, ensuring effective teamwork and project advancement(R8-SOE).

Another participation coalition refers to proxy construction. In the Yangzhou Grand Canal Cultural Investment Group (SOEs)'s projects, the Yangzhou Intangible Cultural Heritage Treasure Museum used its own funds through project construction by proxy mode.

This project model is a conditional Build-To-Transfer (BT) construction. It mandates that the land's new owner must construct an exhibition hall for intangible cultural heritage. This condition represents an investment of our own funds, effectively serving as social capital to act on our behalf in constructing the intangible cultural heritage museum project(R7-SOE).

Theme 3: "Value capture & phased activation" — from construction to cultural attraction to industrial operation

The outcome of this research showed a classic three-phase "Value capture & phased activation" mechanism in the Sanwan area mode case, which implies the value creation process from state-owned enterprises (SOEs) to private operators.

I Ecological phase (2014~2018.12)-State-owned company: ecological restoration → urban parks → residential development

The initial phase of the Sanwan Park project has yielded primarily social and environmental benefits, with the surrounding land value increasing substantially beyond the costs of demolition, governance, and construction. Approximately 7,000 acres of land have appreciated. Additionally, the happiness of residents has notably improved, and the Sanwan area has been elevated to a national 4A tourist destination(R2-SOE).

This phase was financed through government platform companies, addressing land acquisition and demolition, successfully driving land value, due to generating social and environmental value.

II. Cultural Phase(2019~June2021)-State-Owned Company: Cultural Sanwan → Fame Sanwan

This phase focused on cultural attraction; based on "ecological Sanwan", it shifted into "cultural Sanwan," leading to economic growth due to the cultural symbols like the Grand Canal Museum. This influx of visitors bolstered social capital, tourism, and the urban economy.

The cultural phase has boosted cultural symbols and significantly improved social and environmental benefits, leading to economic gains. The Grand Canal Museum of China has gained fame. It attracted over 6 million visitors annually. Originally, the 4A scenic spot was unknown, just a local park(R1-SOE).

Sanwan Park's phase I construction raised local land values. The opening of the Grand Canal Museum of China transformed the park from an "ecological park" to a "cultural park." Supported by national cultural strategies, land value increased further. This transformation attracted visitors, social capital, and tourism, boosting the urban economy. (R3-SOE).

This phase was financed through government platform companies, by bank loans and bond issuing, successfully driving further land value surge and economic growth due to cultural value led by national cultural strategies.

III Industrial Phase (July 2021~present) - Private capital: Investment + Operation

After the ecological and cultural attraction construction in the last phases, the Sanwan area and Yangzhou city became famous and attractive. Therefore, the third industrial phase further economic effects by attracting private investment, fostering the cultural and tourism industry. It ignited market vitality and fostered a healthy, sustainable capital operation model for the city.

This industrial phase led to economic benefits, by developing the cultural tourism industry. It attracts private capital for investment and operation, addresses local employment and taxation issues, and stimulates market vitality(R1-SOE).

The three-phase "value capture & phased activation" mechanism provides a logical model from government-led public investment that creates place value of the city to attract private investors and operators, owing to the city's growth driven by the enhanced area value.

Theme 4: "Soft-capital mobilization under strong steering" — WCCO platforms, brands, and constrained philanthropy

Based on the findings of the current study, the case study of WCCO indicates a "Soft-capital mobilization under strong steering" by the government behind this NGO, which acts as a functional platform that integrated multiple social capitals, both domestically and internationally, into the Yangzhou Grand Canal Cultural Park.

Organizational mechanism: government background + social organization identity

WCCO, a non-profit social organization, collaborates with two government institutions in Yangzhou, China, operating with unified government personnel, covering 35 cities in eight provinces nationwide. WCCO prioritizes international exchanges among canal cities and works with the Yangzhou Government. This mechanism allows for effective government control and facilitates successful social group work.

Chaired by the mayor, the WCCO ensures overall oversight and prevents deviation through two management policies: strictly regulated government-led institutions like the Yangzhou City Protection Office and the more flexible WCCO, which is composed of social groups. The first policy meets government requirements, while the second caters to WCCO's needs, both adhering to government guidance. The unique advantages include political support and control from the government and the operational flexibility of civil organizations. Overall, Yangzhou integrates government-affiliated organizations with WCCO to optimize resource deployment for various initiatives(R10-WCCO).

Thus, WCCO, as a government-led NGO, has mobilized Yangzhou Grand Canal culture heritage projects through various social networks in forums, alliances, and human capital globally. It mainly utilized 3 international platforms plus 3 domestic brands and foundations.

3 international platforms + 3 domestic brands

The six international and domestic cooperation mechanisms gather various human capital through various activities to promote the participation of Chinese and global social capital in the Yangzhou Canal cultural.

Three international cooperation mechanisms: Forum economy

These Forum economic mechanisms integrate global social capital to gather in Yangzhou and improve the influence of the Canal Culture heritage.

CASE1. World Canal Cities Forum

It was born in the process of applying for the World Heritage List, and has become a platform for international cultural exchanges with the canal. The forum has been held for 16 sessions and was upgraded to a national forum in 2022. It gathers experts, entrepreneurs, mayors, and other politicians from international canal cities, who provide valuable intellectual support for the forum(R11-WCCO).

They came to Yangzhou to have an in-depth discussion on the protection, inheritance, and utilization of the world canal. The annual forum is led by the Yangzhou government and organized by WCCO.

The forum is organized by the Grand Canal Protection Office and the WCCO, because the forum is hosted and led by the government, and the government funds account for a large proportion, with corporate sponsorship support sometimes(R12-WCCO).

CASE2. The scenic spot cooperation mechanism targets key scenic spots nationally and globally, centered on Yangzhou's scenic spots. The organization communicates with the global canal city scenic areas through forums, jointly promoting the prosperity and development of canal tourism.

In the planning and implementation of specific projects and activities, some funds are available. Not only will we contribute funds, but other organizations will also contribute together to achieve mutual assistance and sharing of resources(R11-WCCO).

CASE3. World Canal Ancient Towns Cooperation Mechanism

We have established an alliance with these ancient towns, aiming to carry out extensive exchanges and cooperation and cultural mutual learning activities, and jointly promote the protection and inheritance of cultural heritage. Similarly, the financial support is also carried out by the joint efforts of all parties in the ancient towns(R10-WCCO)

Three domestic Chinese cultural brand activities

CASE1. The brand of 'Canal Forum' uses intellectual capital to protect and inherit cultural heritage. It invites experts nationwide to popularize canal culture, loved by all.

Since the organization belongs to the government system, its activity funds mainly come from the Yangzhou municipal government's financial appropriation(R11-WCCO).

CASE2. "Canal Pioneer" brand launched to strengthen the canal protection team talent by enhancing human capital capacity. It targets college students, volunteers, and the public by holding regular training and learning events with bookstores and universities.

It trains the Yangzhou Grand Canal heritage team to improve their canal protection and utilization work skills. In terms of funding sources, part may be borne by WCCO and the other part by relevant ownership organizations to realize effective resource integration and sharing. (R12-WCCO).

CASE3. "Canal Volunteers" support Grand Canal conservation by granting honorary status to organizations and promoting their personnel to participate in volunteer activities.

The event covers a wide age range from octogenarians to children. In Yangzhou, enterprises, government institutions, schools, and other volunteer service organizations are awarded plaques to encourage their participation in our daily project activities. This strengthens human capital for canal protection and inheritance (R10-WCCO).

2)Foundation Mode:

Despite the successful six international and domestic cooperation mechanisms, WCCO experienced constrained foundations due to personal changes and rigid regulations. As a NGO, the foundation has definitely been the key social capital to support WCCO in serving the construction of the Grand Canal National Cultural Park. WCCO has established three funds, but only the third one-WCCO Canal Culture Foundation, is successfully sustainable and still in operation.

Case1.China Insurance Investment Grand Canal Ecological Fund(stopped): The 1st private equity fund established in 2017, China Insurance Investment Grand Canal Ecological Fund, the first phase of the capital, was successfully invested in Yangzhou, 2 billion yuan, and invested in the Slender West Lake Management

Committee (management institution of Sanwan area) (WCCO,2023).

However, unfortunately, due to the unexpected personnel changes in the later stage of the vice president in charge of the business in the east China region, due to the personal friendship with the WCCO chairman, the original planned investment of 8 billion yuan could not be implemented(R12-WCCO).

Case2. Canal Sailing Fund(stopped): The 2nd fund, Canal Sail Investment Fund, is funded by nearly 20 caring private entrepreneurs, with an initial scale of 210 million yuan (WCCO,2023).

In order to jointly promote the development of canal cultural and related industries, we successfully recruited the first batch of entrepreneurial members in 2017, mainly to set up a private equity fund-Canal Sail Investment Fund(R10-WCCO).

This fund pioneered the operation and management mode of "public welfare private fund" in China. The fund invests in public welfare projects related to cities along the canal.

But in fact, the poor investment effect of the fund mainly stems from a series of personnel changes. The president and a key fund trader suffered some accidents, and these personnel changes adversely affected the fund's operations. So, we stopped the fund in 2022(R11-WCCO).

Case3. WCCO Canal Culture Foundation: The third and the successful existing fund, WCCO Canal Culture Foundation, founded in 2018, is a charitable and non-profit social organization initiated by the Yangzhou Municipal Bureau of Culture and Tourism. It has worked to advance the international canal cause and protect, inherit, and utilize canal culture. It has raised social funds, supported public welfare projects, and provided support for the WCCO cause. Business scope includes cultural heritage, international exchange, project cooperation, and publication of results. This Foundation's initial fund was 2 million yuan from WCCO. Nowadays, the fund has a scale of exceeding 20 million, primarily invested by corporate members of WCCO and various mission-driven institutions, parks, and individuals. The donation was a total of 30 million yuan before, but due to the return of a private capital of 20 million by the government (WCCO,2022).

However, the criteria for raising and spending funds are quite strict, and the Civil Affairs Ministry's rules for social organizations must be strictly followed the rules. For the use of funds, the Foundation is required to invest in cultural development projects, especially those related to the canal. Besides, these funds can only be used for charity, but not for daily operations. Since the Foundation was established in 2018, we have been working on related projects since 2022(R11-WCCO).

In reality, the foundation has supported many pro bono projects, such as cultural Research (like the 2020 World Canal Town Green Development Report), Information Platform, WCCO Exhibition Park, Canal Exchange, and Training Program of Suez Canal University in Egypt,

international students' canal research activities (WCCO Cultural Development Foundation,2023).

5. Discussion

This paper analyzes major projects in the Yangzhou Grand Canal National Cultural Park, focusing on the role of government-led mobilization of non-state capital in cultural heritage megaprojects. It identifies four core themes: Theme 1 ("Platformization"), Theme 2 ("Hybrid delivery coalitions"), Theme 3 ("Value capture & phased activation"), and Theme 4 ("Soft-capital mobilization under strong steering"). The findings suggest that state-owned enterprises (SOEs) are pivotal in mobilizing social capital and coordinating resources through a consortium model, leveraging their assets and policy-driven initiatives, particularly in financing through land allocation. The study draws on Network Governance (NG) and Collaborative Governance (CG) theories to highlight the interplay of resource dependence, leadership, trust, and collaborative performance.

Specifically, Theme 1 illustrates how SOEs utilize land and policy incentives for financing, while Theme 2 elucidates government-led cooperation among SOEs, investors, and contractors to share project delivery responsibilities via special project vehicles (SPVs). Trust is identified as a crucial element in various contexts, from bank loans based on state asset confidence to the formation of consortiums guided by the trust in SOEs' identities and the attractiveness of investment in culturally rich projects.

Theme 4 discusses the mobilization of "soft capital," emphasizing collaboration between public and non-state actors within networks to attract intellectual and social resources through events and NGOs. The paper equates the SOE-led mechanisms to public-private partnership theories, illustrating how risks are efficiently distributed among consortium members based on their competencies. Ultimately, the research posits that the public investments result in ecological and cultural benefits that foster additional private capital investment, serving to underline the non-monetary heritage value of the Grand Canal. WCCO's involvement, as presented in Theme 4, integrates cultural governance theory, indicating a significant focus on the non-financial aspects of cultural value, while emphasizing the political underpinnings of legitimacy and policy influence shaping organizational behavior in these projects.

Conclusion, implications, and limitations

Conclusion: This study explores how government-led non-state capital mobilizes the Grand Canal National Cultural Park in Yangzhou, a megaproject with ambiguous public welfare and market boundaries, as a case to observe Chinese social management. According to the inquiry results in Yangzhou, the national cultural park megaprojects are mostly led by government-led social capital, namely state-owned enterprises (SOEs) and NGO(WCCO), due to the Chinese political economy, namely the integrated mechanism of business characteristics and government support behind. As a result, the researcher proposed a mechanism-based model of government-led mobilization of non-state capital in heritage megaprojects (see Figure 1).

Based on the Themes identified in the findings; Figure 1 presents this model that explains how government-led social capital mobilizes the participation of cultural heritage megaprojects in a sustainable way (as below).

Firstly, government-led social capital (SOEs and International NGOs) invests in and support cultural heritage megaprojects. In SOEs-led mobilization, ① “Hybrid delivery coalitions,” a consortium with EPC/proxy construction, and nearly followed by ② “Platformization”, using SOE/SPV as an anchor for bankable finance, invest in heritage megaprojects. Simultaneously, ①② “Soft-capital mobilization” by International NGOs, like WCCO, utilizing international platforms, brands, and foundations, also supports the cultural heritage megaprojects. Besides, the SOE-led mobilization presents the ③ “Value capture & phased activation” 3-phase area mode, which is mobilized by SOE-led construction and cultural attraction in the 1st and 2nd phases. Given the cultural heritage megaprojects often integrated with urban renewal, the heritage megaprojects supported by SOE-led and international NGOs promote the city's development in social, environmental, and economic benefits. Then, these enhanced values in both cultural heritage and city attract the ④ “private capital to invest in the area” and form ④ “industrial operation phase”.

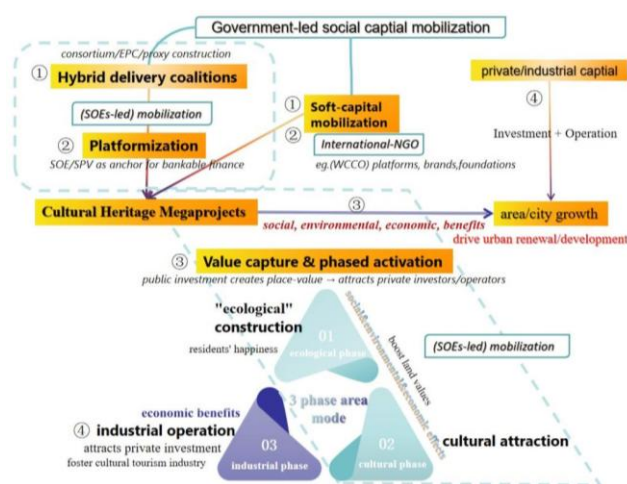


Figure1: government-led mobilization of non-state capital in heritage mega projects (source: drawn by author,2025)

The investigation shows that Yangzhou has mainly used government-led state-owned enterprises (SOEs) and WCCO(NGO) to mobilize social capital supporting Grand Canal National Cultural Park projects. Particularly, SOE-led mobilization plays a significant role in the Yangzhou Grand Canal culture heritage megaproject's construction, especially in the early and middle stages. This is achieved by ‘Hybrid delivery coalitions’ and ‘Platformization’ for bankability in scale and delivery. Additionally, this consortium and bankable finance demonstrate the place-value created by this public investment in “Value capture & phased activation” that attracts private operators and investors through the case of the Sanwan area. Besides, ‘Soft-capital mobilization’ by WCCO, a government-led

NGO, plays a constant influential role in mobilization the human capital and Grand Canal culture heritage branding global influence, by forums, alliances, foundations, as a functional platform. Despite the success of WCCO in global networks and heritage branding, it suffered from some failures in its foundations due to some limitations of legitimacy. Moreover, the Network Governance & Collaborative Governance, Public-Private Partnerships (PPPs) & Infrastructure finance literature, Public Value & Cultural Governance, and Institutional theory were applied in the government-led social capital in the Yangzhou investigation.

Implications: The main contribution of this paper is to construct a mechanism-based model for government-led mobilization of non-state capital in heritage megaprojects, derived from an empirical study of Yangzhou's Grand Canal National Cultural Park. Amidst a global economic downturn impacting China's fiscal system, there is considerable financial strain on national cultural park constructions, resulting in inadequate funding for heritage projects. The study identifies two government-led social capital mobilization modes—SOE-led and NGO-led platforms—integrating them into a new model aimed at addressing funding shortages. This model is intended to expand academic understanding of social capital in the cultural and tourism sectors, focusing on government influence in mobilization and urban development. Results from the research serve to inform cultural and tourism stakeholders and policymakers in effectively planning and executing heritage megaprojects. The findings also assist policymakers in crafting appropriate policies that leverage non-state capital while maintaining government oversight. The concept of "Value capture & phased activation" enhances marketing strategies for social capital stakeholders, optimizing capital distribution across project phases to improve involvement efficiency. Ultimately, the proposed government-led mobilization model provides a strategic framework for local governments and heritage practitioners to secure non-state funding for significant cultural heritage initiatives, aiming to foster sustainable urban and cultural heritage development.

Limitations and future research: Despite achieving its research goal, the study acknowledges several limitations that necessitate further investigation. It notes that some findings may be affected by recent macroeconomic changes in China and globally, which impact the study's logical framework and model. Significant factors include the decline in the real estate industry and policy shifts that have transformed the local capital balance model, rendering previous success models less applicable for future projects. The Sanwan Park's initial construction was successful, with the Grand Canal Museum drawing large crowds and high residential land transfer fees that offset significant investments. However, the deteriorating housing market has made the model of relying on residential land appreciation impractical. New initiatives are attempting to integrate cash-flow expectations and commercial real estate considerations, yet a definitive

investment-balance strategy remains elusive. The government-driven mechanisms are propagating limitations on foundational development in WCCO due to legitimacy issues, a common challenge in China for megaprojects that balance public welfare and marketability. Additionally, the mobilization of non-state capital for cultural heritage megaprojects, directed by the government, is a broader worldwide issue that requires more empirical study. The study concludes that future research should encompass more cross-border empirical investigations to enhance understanding and provide theoretical insights into these global challenges in cultural heritage megaprojects.:

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