



Research article

Service innovation models in cultural districts: A case of Taiwan Yingge Historical Street

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Abstract: This study explores the service innovation model of Taiwan's Yingge Historical Street of Ceramics and analyzes how political capital and public-private partnerships (PPPs) influence service innovation development in the district. By adopting a case-study approach, data was collected from literature and secondary sources. Findings reveal three aspects of the service innovation model: (1) innovation based on cultural heritage, utilizing ceramic culture and technology to offer diverse cultural experiences; (2) community participation as the core, enhancing cohesion, identity, and promoting cultural heritage development; and (3) service innovation mechanism through PPPs, integrating public and private resources/capabilities to enhance efficiency and quality. The study highlights the significant impact of political capital (government support, funding, regulatory frameworks, and local groups' political influence) and PPPs (collective public-private actions including resource integration, cooperation norms, trust-building, and value co-creation) on service innovation. This contributes theoretically and practically to understanding service innovation mechanisms in cultural districts and promoting their development.

Keywords: service innovation; value co-creation; public-private partnerships; political capital; collective action

1. Introduction

In the globalized economic landscape, the development and rejuvenation of local cultural districts have garnered significant attention. Particularly, the focus has shifted toward leveraging service

innovation to inject new vitality into these areas, a concern shared by both academia and industry [1]. Cultural districts, serving as repositories of local heritage and culture, have emerged as pivotal hubs for fostering service innovation and growth [2,3]. Consequently, addressing how these districts can effectively adapt to contemporary changes and challenges through service innovation has become paramount for industry stakeholders.

Developing service innovation within cultural districts necessitates a thorough evaluation of their inherent resources. Past studies have emphasized the role of community capital as a foundational element for such assessments (e.g., [4]). This capital, encompassing various dimensions within the community, profoundly influences regional development by providing insights into the region's resource landscape. However, the pursuit of service innovation models demands a robust innovation framework. Notably, Della Corte et al. [5] proposed a framework comprising technological, experiential, and systemic dimensions for service innovation in cultural heritage sites, underscoring the need for further exploration of stakeholder involvement.

Enterprises' "political relations" exert a significant influence on their service innovation endeavors [6]. These relations denote interactions between enterprises and governmental or affiliated entities, facilitating resource acquisition and providing flexibility amidst competitive landscapes. Political capital not only shapes policy formulation and execution but also dictates collaboration dynamics and resource allocation between the public and private sectors [7]. However, cultural districts often encounter challenges associated with political capital during service innovation efforts, stemming from policy uncertainties or hurdles in governmental interactions. Despite these challenges, comprehensive research addressing the mitigation of such challenges and the precise mechanisms through which political capital impacts service innovation remains scarce.

Public-private partnerships (PPPs) emerge as prevalent strategies in contemporary local development endeavors. These partnerships amalgamate resources and capabilities from both sectors to enhance service efficiency and quality while mitigating risks [8]. Notably, government support is indispensable for cultural district development [9], with PPPs serving as mechanisms to bolster policy efficacy [10]. Political support stands as a cornerstone for successful PPPs, as evidenced by numerous studies highlighting their instrumental role in fostering service innovation (e.g., [11,12]). However, the promotion of cultural district development often incites controversy, driven by diverse stakeholder perspectives and geopolitical complexities [13–16]. Consequently, this study aims to not only elucidate the developmental pathways of cultural district service innovation but also analyze the impacts of political capital and PPP collective actions on such innovation.

Building upon the aforementioned research background and motivations, this paper aims to address the following research inquiries:

- (1) How do cultural districts develop service innovation?
- (2) How does political capital influence service innovation in cultural districts?
- (3) How do the collective actions of PPPs influence service innovation in cultural districts?

1.1. Literature review

1.1.1. Service innovation in cultural districts

In the knowledge economy era, the economic landscape has undergone a transformative shift from product orientation to services and experiences [17], accentuating the pivotal role of local

development catalyzed by service innovation rooted in cultural heritage. This interdisciplinary model synergistically integrates culture, arts, technology, and economics, establishing cross-domain connections (e.g., [18]). Its interdisciplinary nature serves as an economic development catalyst while concurrently providing new opportunities for communities, contributing to economic value enhancement and preserving local cultural heritage [19], thereby fostering societal diversity and sustainability. Cultural heritage-based service innovation generates employment avenues for artists, cultural workers, and industry professionals, effectively reducing unemployment rates and elevating community quality of life. It invigorates local economies by facilitating cultural events, handicraft production, and sales, as well as promoting cultural tourism, stimulating local consumption and catalyzing the growth of the tourism sector. Regions or industries endowed with well-established service innovation frameworks evolve into vibrant hubs nurturing creativity and innovation, further enhancing economic diversity and sustainability. Moreover, service innovation in cultural heritage plays a pivotal role in preserving and intergenerationally transmitting local cultural elements, encompassing traditional crafts, heritage sites, and artistic performances. It promotes societal diversity and sustainability by facilitating cross-cultural dialogue and exchange [20].

Cultural heritage encompasses humanity's tangible and intangible artifacts created throughout history, including architecture, arts, crafts, and local cultures. As a commonwealth of humanity, it reflects cultural diversity and serves as a catalyst for social harmony and economic growth. Cultural heritage exhibits dynamic, multi-layered, and organic characteristics, continuously evolving and embodying values from different periods and cultures [21]. Cultural districts centered on these heritages blend local history, arts, architecture, and humanities, forming regions with unique characteristics crucial for regional economic and sustainable development [22].

Managing cultural districts is complex, involving diverse stakeholder interests, values, knowledge, and cultures. Beyond remnants of the past, cultural districts are contemporary cultural resources and identity symbols. Management aims to preserve heritage while promoting social participation and utilization, focusing on sustainable development through community involvement and enhancing heritage's social/economic value. However, heritage's inherent diversity breeds controversies as stakeholders vie for discourse power, rendering it a political resource often entangled in geopolitical and social struggles [14,16].

Developed by Della Corte et al. [5], the TES framework (technological, experiential, systemic) deconstructs cultural heritage management and service innovation value-add, integrating culture, arts, technology, and economics—suiting heritage-centered cultural districts. Community and government participation is vital. Community involvement facilitates resource integration, service exchange, learning motivation, and innovation [23]. Public participation stimulates provider creativity and innovation development [24,25]. Institutions connecting participants are inherently political, coordinating value co-creation through participant-generated institutions and arrangements [26,27].

1.1.2. Community capital and political capital

Traditional models of local development have predominantly focused on infrastructure as the cornerstone of economic growth. However, ongoing socio-economic disruptions, exemplified by the profound impact of the COVID-19 pandemic on global economies, underscore the limitations of solely physical infrastructures. Consequently, regional development strategies increasingly emphasize the mobilization of internal resources to foster change and innovation [28,29]. Effective resource

integration, however, necessitates a comprehensive understanding of a region's resource endowments. The Community Capitals Framework (CCF), as outlined by Emery and Flora [4], systematically categorizes local resources into seven types: natural, cultural, human, social, political, financial, and built capitals, with extensive research validating their essential roles in community development (e.g., [30]).

Within this framework, political capital is critical as it pertains to the access and influence over power, organizations, and resources, facilitating individuals' ability to articulate concerns and participate in collective actions that bolster community welfare [4,31]. It manifests in forms such as citizen participation, collaborations with government, and influence on policy-making processes, serving as a pivotal resource that empowers communities to articulate shared interests and affect governance [32,33]. Research by McDonald et al. [34] suggests that political capital is instrumental in securing government subsidies, protection, and policy influence for regional benefits. Moreover, Bernal Núñez et al. [35] observed significant impacts of political capital on local development when integrated with community assets, while Chen et al. [6] documented its role in facilitating enterprise innovation. This is corroborated by findings from Elsahn and Benson-Rea [36] and Xia and Liu [37], who argued that active engagement and network maintenance with public sectors by local groups or enterprises not only enhance enterprise development but also stimulate local service innovation, thereby conferring substantial competitive advantages and shaping innovative service models in enterprises or cultural districts [6,38].

Moreover, political capital interrelates with other capitals, reciprocally interacting in a mutually beneficial manner rather than operating independently [39–41]. Effective local development hinges on synergizing these interdependent capitals.

1.1.3. Public-private partnerships and collective action

Service innovation in cultural districts involves a complex interplay among multiple stakeholders, including government entities, private enterprises, and community organizations. Effective coordination among these parties is crucial [11,12]. This type of cultural-driven service innovation, when lacking support from the local community, can lead to failures in the entire endeavor, resulting in further complications. Thus, the importance of stakeholder engagement is underscored. Public-private partnerships (PPPs) are recognized for their significant impact on the effectiveness of service innovation in such environments [42,43]. These partnerships facilitate collaboration between public institutions and private entities [44]. Forming sustainable alliances, they merge resources, capabilities, and expertise from both sectors, enhancing service efficiency and quality while distributing risks [45,46]. Recognizing and prioritizing local perspectives and values is essential for nurturing innovation within cultural districts [13,47].

Zhao [47] pointed out that PPPs have become an effective heritage management method in Western cities, facilitating the harmonious coexistence of cultural and commercial activities within the region. The purpose of PPPs is to enable various participants to benefit through collaboration. The stakeholders of PPPs include public institutions, businesses, cultural preservation organizations, and communities, among others. Despite their potential, PPPs face various challenges that can hinder their effectiveness. The challenges associated with PPPs include managing conflicting interests, building trust, navigating regulatory complexities, and mitigating contract risks [46,48]. In terms of regulatory complexity, navigating bureaucratic policies is often a significant barrier to creating an innovation-friendly environment [46,49]. Additionally, conflicting objectives frequently arise, as private entities

tend to prioritize economic returns, whereas public institutions and communities focus on cultural preservation and social benefits [45,47]. These divergent priorities can lead to misalignment and tension among stakeholders. From the government's perspective, there is a strong reliance on the private sector to provide expertise, capital, and business experience. PPPs reduce the burden on the government in terms of capital expenditure and service improvement while achieving higher efficiency and results, particularly in the context of economic development and local governance. Consequently, many governments have adopted PPPs for cultural heritage management.

In addition, the success of PPPs depends on effective collective actions, which entail coordinated efforts to achieve mutual objectives [10]. These actions address conflicts and cooperation through institutional arrangements, establishing cooperative norms and trust, which are vital for achieving shared goals. In the context of cultural district service innovation, collective action is indispensable. It supports collaboration, enhances resource integration, and fosters innovation, thereby improving service quality and ensuring sustainable development. Public sector support through policy and financial incentives is critical for promoting innovative activities [50]. Furthermore, collective action facilitates the development of cultural capital by incorporating local cultural elements into innovation processes, thereby enriching community cultural identity and providing social and economic benefits [51,52].

Enterprises and communities leverage political capital within PPPs to gain access to resources and advantages. Political capital, derived from influence and relationships, is crucial for garnering support and securing benefits [6,7,34]. Effective regulation and oversight by governments ensure the legitimacy and sustainability of PPPs, reinforcing the importance of policy frameworks and financial backing. Moreover, local political capital profoundly influences policy decisions and resource distribution, thereby affecting service innovation in cultural districts [6]. Government policies and financial mechanisms play pivotal roles in stimulating service innovation through economic incentives, tax benefits, and subsidies, while local influential groups amplify support and resources for cultural districts through active government engagement [46].

2. Methodology

2.1. Case study method

This study employs a single case study approach within qualitative research, focusing on the Yingge Historical Street of Ceramics in New Taipei City, Taiwan, to investigate its current status and factors influencing service innovation models. A case study is a qualitative research method that involves a detailed analysis of specific contexts or phenomena, particularly suitable for exploratory research [53]. Its aim is to gain a comprehensive understanding of a particular phenomenon, organization, or social situation by collecting and analyzing data from various perspectives and sources to provide a rich and detailed description and explanation [53].

The research questions in this study are exploratory and explanatory, examining the formation and development of the service innovation model of Yingge Historical Street of Ceramics as well as the influence of political capital and public-private cooperation on its service innovation. Rather than focusing solely on causal relationships or correlations between variables, these questions necessitate a thorough analysis of the case's background, process, and outcomes [53]. Moreover, the case study method allows for a comprehensive exploration of the case's complexity and diversity while respecting

its inherent logic and context [54]. It facilitates the understanding of unique local characteristics, historical culture, and development environment of the cultural district under study. In summary, the case study method is well-suited for this research.

2.2. Case selection

The case selection for this study adheres to the principle of typical case sampling, which entails selecting a case that exemplifies and can be generalized to reflect the broader characteristics and trends of a larger group or phenomenon [55]. The choice of Yingge as the subject of this case study is informed by three primary considerations:

(1) Historical significance: Yingge, one of Taiwan's most emblematic cultural districts, is a pivotal birthplace of Taiwan's ceramics tradition.

(2) Service innovation initiatives: In recent years, Yingge has proactively pursued service innovation, collaborating with both public and private sectors to cultivate a rich array of cultural services and experiences, including the establishment of a ceramics museum, pottery workshops, and ceramic art festivals, attracting a significant influx of tourists and consumers.

(3) Stakeholder involvement: Service innovation in Yingge involves a diverse group of stakeholders, including government agencies, private enterprises, and community groups, whose synergy and collaboration are essential for success and warrant in-depth exploration.

2.3. Data collection and analysis

The data collection process of this study was divided into two stages. In the first stage, we gathered web pages and video records of related activities, official websites, journals, news reports, special reports, and relevant literature such as government statistics, annual reports, and parliamentary inquiry materials to understand the historical context, development process, and current situation of Yingge Historical Street of Ceramics. This information was compiled to form a preliminary basis for analysis. In the second stage, based on the literature analysis, we systematically identified and clarified the relationships among the people, events, and objects involved and cross-verified these with other data sources. Moreover, we also conducted a thematic analysis to identify the key themes and concepts from the data analysis. Thematic analysis includes technological, experiential, systemic, and policy aspects. After the classification was completed, the results of the data analysis were reviewed by the research team. The classified inconsistencies were also communicated by the research team to determine the accuracy of the data. To bolster the robustness of our methodology, we employed triangulation, comparing and corroborating the collected data across multiple sources and perspectives to enhance the credibility and validity of our findings [56].

2.4. Development overview of Yingge Historical Street of Ceramics

The Yingge Ceramic Historical Street, located in Yingge, one of Taiwan's renowned ceramic production centers, stands as a distinguished cultural district known for its deep historical roots and rich ceramic heritage. Thanks to Taiwan's proactive cultural policies, the area has evolved into a vibrant cultural tourism destination, blending craftsmanship, artistry, and cultural heritage [57]. Adjacent to the Yingge Ceramics Museum and in close proximity to the New Taipei City Art Museum,

the street enjoys a strategic location, forming an integral part of the region's tourism network.

Renowned for its unique cultural heritage and locally characteristic ceramic arts, the Yingge Ceramic Historical Street serves as a significant industry and cultural symbol. Lined with numerous renowned ceramic brands, artisan workshops, and artist studios, it reflects the region's historical evolution and the flourishing trajectory of ceramic artistry.

3. Findings and discussion

3.1. Innovation in Yingge Historical Street of Ceramics

3.1.1. Technological

3.1.1.1. Induced level

During the initial phase of tourists' consideration to visit Yingge Historical Street of Ceramics, effective marketing strategies are pivotal. Digital technology, especially in the form of virtual tours, online promotional videos, and social media campaigns, plays a crucial role in capturing tourists' interest and attention. These innovative marketing activities not only provide diverse interactive experiences but also cater to the modern tourists' demand for digital engagement. This strategy involves leveraging digital technology and various social media platforms to disseminate information about Yingge's services, local characteristics, and cultural craftsmanship.

In this phase, the Yingge Historical Street of Ceramics and the Yingge Ceramic Museum are leveraging digital technology to enhance marketing strategies and attract tourists. The museum has introduced a Digital Ceramic Museum, which offers 3D virtual tours, e-books, audiovisual recordings, and online courses tailored to modern digital preferences. In addition, both the museum and major businesses on Ceramic Street have expanded their digital presence by establishing brand accounts on platforms like Facebook, Instagram, and other social media. These platforms serve as crucial tools for disseminating information and engaging the public, featuring content related to the area's history, craftsmanship, festival events, experiential courses, and product introductions. Through big data analysis of public preferences, these entities are able to refine their operational strategies. Notably, the museum's effective use of Facebook has consistently generated over two million views, specifically from 2021 to 2022, attracting not only a broad audience but also a significant number of international users. This underscores the vital role of digital platforms in promoting the dissemination of ceramic culture and enhancing interactive engagement.

3.1.1.2. Organic level

(1) Yingge Ceramics Museum: The museum offers diverse interactive experiences, including exclusive audio guides, interactive games, and ceramics craft workshops, enabling visitors to explore the history and culture of Yingge in an engaging manner. The Ceramic Art Park also provides opportunities for family activities, allowing visitors to interact with public artworks.

(2) Yingge Historical Street of Ceramics: Through workshops, experiential classes, and local cuisine, Yingge Historical Street of Ceramics provides an artistic environment for visitors to engage in hands-on ceramic crafting and sample local delicacies. This fulfills visitors' desire for cultural

immersion, offering them a chance to actively participate in Yingge's ceramic craftsmanship.

(3) Festival experiences: Regular festival events such as the Ceramic Carnival and Yingge Open House organized by Yingge Historical Street of Ceramics and Yingge Ceramics Museum showcase the craftsmanship and culture of Yingge ceramics. These events allow visitors to participate and experience the charm of Yingge ceramics firsthand, contributing to the service innovation of Yingge Historical Street of Ceramics and enhancing its visibility and appeal.

3.1.2. Experiential

(1) Events: The Yingge Ceramics Museum and Yingge Historical Street of Ceramics organize diverse events and local festivals to attract tourists. These include ceramic competitions, art exhibitions, street tours, and large-scale festival activities, providing tourists with unique experiences.

(2) Animation: Utilizing technology such as virtual reality and interactive devices as well as artistic performances like role-playing, the Yingge Ceramics Museum and Yingge Historical Street of Ceramics bring Yingge's past to life, allowing tourists to immerse themselves in the local culture and history.

(3) Community involvement: Involving local communities and industries in the planning and implementation of cultural tourism enhances social cohesion and enriches tourists' experiences. Organizations such as the Taochiwa Generation Cooperation Association, Yingge Old Street Commercial District, and Yingge Ceramic Art Development Association actively participate in this process.

3.1.3. Systemic

The systemic service innovation of Yingge Historical Street of Ceramics involves integrating various industries, institutions, and communities to offer a diverse and comprehensive service experience. This study examines this integration from four perspectives:

(1) Integration with commercial activities and craftsmanship (connected industries): Yingge Historical Street of Ceramics collaborates with ceramic-related industries and other sectors to enhance local cultural appeal and economic benefits. This includes partnerships with handicraft industries for peripheral products, collaborations with cultural and creative industries for innovative products, and hosting large-scale festival events like the Yingge International Ceramics Festival, promoting art-commerce fusion with galleries and art malls.

(2) Tourist chains: Integration with industries such as tourism, digital media, and catering allows Yingge Historical Street of Ceramics to offer diverse promotions. Collaborations with the tourism industry offer customized handicraft experiences, street tours, factory visits, and culinary feasts.

(3) Integration with institutional authorities: The collaboration between Yingge Ceramic Old Street and government or relevant institutions has garnered policy support, financial subsidies, infrastructure, and other resources to ensure the protection and sustainable development of cultural heritage; for instance, participation in projects such as the Sanying Cultural and Creative Integration Project and the T22 Design Revitalization of Local Industries Project.

(4) Integration with the local community: Engaging with the local community enhances resident participation and provides visitors with deeper cultural experiences. This includes offering ceramic craftsmanship courses, guided tours, and culinary feasts featuring local ceramics.

Based on Della Corte et al.'s service innovation framework [5], the service innovation model at Yingge Historical Street of Ceramics is evident in three key aspects. First, in the technological realm, they leverage digital technology and creative design to enhance ceramic craftsmanship, offering diverse products and services like ceramic DIY, exhibitions, and educational activities. Second, they prioritize experiential aspects by providing visitors with immersive cultural experiences encompassing ceramic culture, local history, and artistic performances, fostering interaction and participation. Lastly, in a systemic approach, they establish a comprehensive ecosystem spanning the industry, value, and interest chains, integrating ceramic production, sales, education, and tourism to create a competitive and sustainable cultural district, echoing the concept of a service ecosystem proposed by Aal et al. [24]. Therefore, this study puts forward the following proposition.

Proposition 1: The formation of a service innovation system is conducive to the sustainable development of the cultural district.

3.2. *The impact of political capital on service innovation in cultural districts*

Political capital refers to the community's influence and level of participation in politics, which can manifest as civic engagement, government collaboration, or influence on policy-making [4]. This study found that political capital has a fundamental impact on community development, particularly evident in infrastructure facilities, festival activities, policies, and arts and cultural exhibitions.

3.2.1. Infrastructure development

Infrastructure is pivotal for service innovation in Yingge, encompassing the Ceramics Museum, Yingge Historical Street of Ceramics, and parking facilities. The selection and establishment of these facilities are often influenced by political capital:

(1) Ceramics Museum: Political capital played a pivotal role in the site selection process for the Yingge Ceramics Museum. During the 1986 council inquiries of Taipei County (prior to its upgrade to New Taipei City), local councilor Yu-Jen Su, hailing from Yingge, actively advocated for the museum's establishment in the region, ultimately facilitating the founding of the Yingge Ceramics Museum.

(2) Historical Street of Ceramics: In May 2018, Councilor Hung-Chin Su, during a New Taipei City Council session, advocated for the establishment of a visitor center on the Historical Street of Ceramics due to its absence, addressing a significant infrastructural gap. The municipal government actualized this proposal by constructing the visitor center by August of the same year. This instance underscores how political capital can significantly enhance tourism infrastructure in Yingge, thereby elevating the quality of tourism experiences.

(3) Parking facilities: In May 2023, during a session of the New Taipei City Council, Councilor Chia-Kai Lu highlighted the insufficient parking capacity during events in Yingge, urging the municipal government to address the parking shortages exacerbated by festival activities. This move prompted the government to acknowledge and actively address the parking constraints in tourism-heavy areas.

3.2.2. Festival events

Festival events play a vital role in service innovation in Yingge, notably the Yingge International

Ceramics Festival and Yingge Open House. Political capital significantly influences their organization and leadership due to involvement in cultural resource utilization and stakeholder collaboration. Here's an example to illustrate:

(1) Yingge International Ceramics Festival: The oldest and most pivotal cultural event in Yingge's history exemplifies the dynamic role of political capital. The interplay between local groups and the Yingge Ceramics Museum, involving both competition and collaboration for leadership, illustrates how political capital shapes the orchestration of local festivals. Official records from the New Taipei City Council substantiate this utilization of political capital. In 2017, Councilor Yu-Jen Su successfully petitioned municipal authorities to reinstate the carnival, leading to its restoration by the city government in 2018. In a further development in 2022, Councilor Yi-Kun Liao highlighted the carnival's importance to Yingge and the Yingge Historical Street of Ceramics during council inquiries. He reported concerns from local businesses about the event's superficial nature, arising from limited genuine interaction and unilateral decision-making by government departments, which curtailed community benefits. In reaction, stakeholders advocated for a more inclusive decision-making framework that integrates local enterprises, community groups, and neighborhood leaders to deepen the event's community engagement and impact. The municipal government acknowledged these issues and agreed to broaden stakeholder involvement in organizing the festival.

(2) Yingge Open House: Co-organized by local entities and the government, the Yingge Open House event serves as a platform to deepen public understanding of ceramic craftsmanship and its cultural significance. Through various activities, the event strengthens community support for local ceramic arts and cultural tourism, enhancing appreciation for Yingge's local history and culture. In 2022, Councilor Yi-Kun Liao's role as a co-organizer underscored the impact of political capital on the organization and allocation of resources for such events. Post-event, during a council inquiry, Councilor Liao advocated for continued governmental support for the event, prioritizing local needs and enhancing the involvement of local enterprises and organizations. The municipal government expressed its endorsement of these proposals, reflecting a commitment to integrate local socio-economic interests in cultural event planning. This approach not only promotes cultural engagement but also aligns with strategic economic development goals by leveraging cultural assets to boost local tourism and enterprise.

3.2.3. Policy

Government policies play a critical role in local development and service innovation by allocating public resources and addressing the interests of stakeholders. Political capital enables communities to influence policymaking, thus accessing additional resources and support. Here's an illustrative example:

(1) Promoting Night Tourism: In 2023, Councilor Chia-Kai Lu repeatedly called for initiatives to enhance the nighttime economy of Yingge Historical Street of Ceramics. During council inquiries on May 6 and October 30, he urged the government to develop subsidy programs that encourage businesses to extend their operating hours, thereby boosting the local economy during nighttime hours.

(2) Expanding Yingge Historical Street of Ceramics Commercial District: On October 30, 2023, Councilor Chia-Kai Lu proposed incorporating the nearby night market into the existing business district during a council inquiry. He advocated for systematic government promotion to integrate and enhance the commercial appeal of the area.

(3) Expanding accommodation capacity: During a council inquiry on October 30, 2023, Councilor Chia-Kai Lu proposed the utilization of public land for build-operate-transfer (BOT) projects to encourage hoteliers to establish a presence in Yingge. He also advocated for the evaluation of incentive mechanisms to facilitate the operation of guest houses in specific areas, aimed at boosting local tourism infrastructure.

3.2.4. Art and cultural exhibitions

Art and cultural exhibitions are vital components of service innovation in Yingge, including exhibitions and collections at the Yingge Ceramics Museum and the New Taipei City Art Museum. The organization and leadership of these activities are often influenced by political capital, as they involve the utilization of cultural resources and collaboration among stakeholders. Here's an example:

(1) Yingge Ceramics Museum: In 2020, during a council inquiry, Councilor Hung-Chin Su requested the museum to pay attention to local ceramic artists in Yingge and hoped they would have a place in the Taiwan International Ceramics Biennale.

(2) New Taipei City Art Museum: On October 30, 2023, Councilor Chia-Kai Lu demanded during a council inquiry that the New Taipei City Art Museum allocate a specific proportion of its art collection to artists from New Taipei City, ensuring local artists are adequately represented.

In summary, political capital impacts service innovation in Yingge's Ceramics Street in several ways:

(1) It provides policy support and resource subsidies for service innovation, such as government development plans, grants, and tax incentives for the ceramics industry, encouraging innovation input and output.

(2) It offers institutional arrangements and norm-setting, such as government subsidy policies and industry innovation plans, ensuring the quality and benefits of innovation.

(3) It provides infrastructure and service environment improvements, such as traffic, environment, and facilities enhancements in the ceramics street, elevating innovation conditions and attractiveness.

(4) It facilitates dialogue and participation in "service provision" and "service remediation" between local groups and government units.

These findings align with the political capital perspective on community development proposed by Flora [31]. Although cultural heritage in cultural districts is a form of cultural capital, it can be transformed into political capital, enabling power brokers to secure resources and government support for the community [15]. This aligns with Sørensen and Svendsen's [40] description of political capital as an amalgamation of various forms of capital. However, this study also finds that while political capital can aid service innovation, over-reliance on political capital to secure government subsidies may hinder innovation dynamism [37]. Additionally, while a region's political capital can facilitate dialogue and policy participation between local groups and government units, it may also lead to erroneous policies. For example, in 2016, Councilor You-Jen Su proposed constructing a temple within the ceramics museum park where the burning of incense and candles is strictly prohibited, showcasing a clear policy misstep. Therefore, the following propositions are proposed in this study:

Proposition 2a: *In cultural districts, political capital contributes to local stakeholder dialogue on their service delivery.*

Proposition 2b: *In cultural districts, political capital contributes to the participation of local government in service recovery.*

3.3. Impact of collective actions on street service innovation

Collective action serves as a pivotal collaborative mechanism in the innovation processes of cultural district services, aiding in resource integration, enhancing innovative activities, and promoting service quality and sustainable development. Its impacts are delineated as follows:

(1) Resource integration and innovation: It facilitates the integration of resources between the public and private sectors, including finances, technology, manpower, and knowledge, to support innovative activities in cultural districts. This collaboration nurtures innovation entities and promotes diversification and innovation in cultural content [12].

(2) Cultural capital enhancement: It contributes to the development of cultural capital by integrating local cultural elements into service innovation, such as promoting local culture through regional festivals. This preservation and promotion of local culture enhance cultural experiences and identities for the local community [51,52].

(3) Service quality and sustainable development: It contributes to enhancing service quality and sustainable development by integrating resources, capabilities, and expertise from both public and private sectors to deliver better services. Improved service quality ensures consumer satisfaction and contributes to the long-term operation of cultural projects and services, aligning with the concept of sustainable development [58,59].

Collective action contributes significantly to enhancing service efficiency and quality while also ensuring positive impacts on the environment, society, and economy [47]. This includes promoting resource integration and sharing, facilitating coordinated innovation and cooperation, and fostering co-creation and value distribution between the public and private sectors. These findings resonate with the perspectives of Ostrom [10] and Kim et al. [11,12]. Thus, effectively managing PPPs and collective action is crucial for promoting service innovation in cultural districts. Therefore, the following propositions are proposed in this study:

Proposition 3a: *Collective action contributes to the integration of resources and innovation in cultural districts.*

Proposition 3b: *Collective action contributes to the development of cultural capital in cultural districts.*

Furthermore, political capital influences service innovation and collective action, leading to promotional effects. Building upon Della Corte et al.'s [5] framework for TES service innovation (see Figure 1), the extended model illustrates how political capital influences collective action in the development of service innovation in Yingge Historical Street of Ceramics. The community's influence enhances government support and fosters positive attitudes, facilitating communication and coordinated actions among stakeholders. Subsequently, this impacts technological innovation by promoting technology utilization and upgrades within the industry, thereby strengthening experiential spaces and enriching content. Finally, it influences systemic innovation by fostering collaboration among industry, community, and government, thereby constructing a more robust service system and network. From the perspective of political capital and the impact of collective action on service innovation, this study found that political capital and actors' participatory levels of inclusion and representation shape community development through power devolution. In other words, local

communities can leverage their political capital from the bottom up to influence collective action, increase government support for community activities, and foster collaboration and innovation among participants.

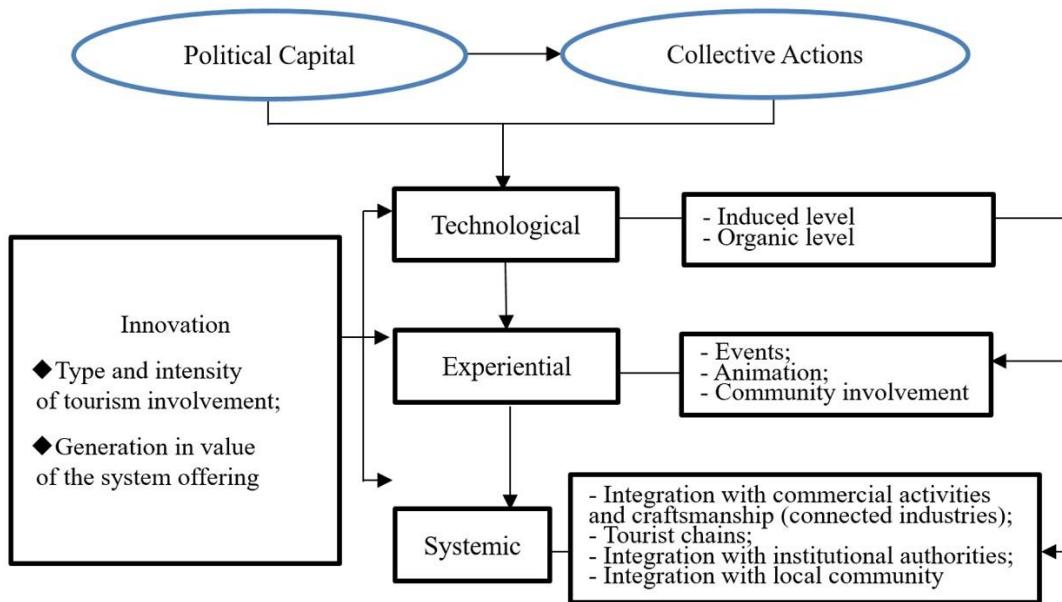


Figure 1. Service innovation framework with political capital and collective action (expanding the TES framework of [5]).

It is worth mentioning that Robaczewska et al. [50] proposed a conceptual framework to explain regional innovation ecosystems by integrating literature on open innovation, innovation ecosystems, and regional economics. The various findings of this study echo the diverse perspectives of these scholars, whether in the realm of open innovation through “Public-Private collaboration and collective action”, within the innovation system domain through “service innovation”, or within regional economics through “political capital”. Moreover, it suggests that “political capital” and “public-private collaboration and collective action” permeate various sub-dimensions of technological, experiential, and systemic aspects of service innovation in cultural districts.

4. Conclusion and suggestions

4.1. Conclusion

This study explores service innovation at Taiwan’s Yingge Historical Street of Ceramics and examines the impact of political capital and private-public partnerships. The findings reveal three main types of service innovation: technological (enhancing quality and efficiency through 3D printing, VR, and smart guidance), experiential (creating unique experiences like DIY activities, story museums, and festivals), and systemic (establishing an integrated ceramic service system including museums, industry alliances, and creative parks).

Political capital exerts both positive and negative impacts on service innovation at Yingge Historical Street of Ceramics. Positively, it provides policy support, legal protection, subsidy programs,

and other resources fostering service innovation. Conversely, negative implications include potential policy fluctuations, uncertainty in government support, and challenges in government agency interactions, impeding service innovation progression.

Collective actions via public-private partnerships play a pivotal role in advancing service innovation at Yingge Historical Street of Ceramics. These partnerships entail coordination and collaboration among government bodies, private enterprises, and local organizations to achieve shared service innovation objectives. Such collective endeavors integrate resources, capabilities, and expertise from both sectors, elevating the efficiency and quality of service innovation while distributing risks and responsibilities. Moreover, public-private partnerships engender social participation and support for service innovation, augmenting its social and economic value.

4.2. Contributions and managerial implications

This study offers a novel theoretical framework for understanding service innovation in cultural districts, emphasizing the importance of technological, experiential, and systemic dimensions. It also highlights the roles of political capital and collective actions. These theoretical insights have significant implications for both academia and practice in the development of cultural districts. The empirical evidence presented provides valuable insights into how innovative service models can rejuvenate and transform localities, serving as a blueprint for other districts undergoing similar transitions. However, it is essential to acknowledge the unique historical, cultural, and social contexts of each locality, necessitating flexible adaptation of the service innovation models.

This study adopts the framework proposed by Della Corte et al. [5], which encompasses the dimensions of technological, experiential, and systemic aspects of service innovation for case analysis. Integrated with perspectives on “political capital” and “collective actions”, it constructs a service innovation model applicable to cultural districts. This model not only aids cultural districts in understanding their own service innovation content but also facilitates the analysis of influencing factors and mechanisms of service innovation. Additionally, it offers practical recommendations and strategies for cultural districts. Furthermore, this model can serve as a reference and inspiration for other types of service innovation. The theoretical contributions of this study can be summarized as follows:

(1) The study highlights the significant impact of political capital on service innovation in cultural districts, delineating both its positive and negative effects. While political capital can bring government support and resources to cultural districts, influencing policy formulation and implementation, it may also introduce uncertainties and challenges, hindering service innovation progress. Thus, cultural districts should seek government support while being mindful of the risks associated with political capital, and governments should formulate stable and supportive policies conducive to service innovation.

(2) The study underscores the facilitating role of private-public partnerships in collective actions for service innovation in cultural districts, exploring success factors and challenges associated with such partnerships. These partnerships integrate resources, capabilities, and expertise from both sectors, enhancing service efficiency and quality while distributing risks and promoting community engagement. However, addressing conflicts of interest, trust issues, and regulatory complexities among stakeholders is crucial for effective partnerships. Hence, cultural districts should foster coordination and cooperation among public agencies, private enterprises, and local organizations to establish

efficient partnership mechanisms, leveraging community capital advantages to build trust and address conflicts effectively.

Additionally, the study proposes the following industry recommendations and managerial implications:

(1) Cultural districts are advised to utilize their technological capital by introducing innovative technologies and equipment. This can enhance service quality and efficiency and facilitate the creation of new service offerings to meet diverse customer needs and expectations.

(2) Cultural districts should leverage their cultural capital to showcase the unique features and charm of their cultural heritage, creating diverse cultural services and experiential spaces to enhance the overall experience. This approach aims to attract a wide range of target audiences, thereby enhancing brand recognition and loyalty.

(3) Cultural districts should develop service systems and networks, integrating internal and external resources and capabilities to establish a comprehensive systemic service network. Collaboration and learning with other cultural districts or relevant industries should be pursued to enhance their service competitiveness and innovation capabilities.

(4) Cultural districts should enhance their political capital by establishing good communication and cooperation with the government, seeking government support and resources, and participating in policy formulation and implementation to create a favorable environment and conditions for their service innovation.

(5) Cultural districts should deepen collective actions through public-private partnerships by establishing effective partnerships with government agencies, private enterprises, and local organizations. They should actively participate in and take responsibility for planning and implementing service innovation, as well as share the outcomes and benefits of service innovation.

4.3. Contributions and managerial implications

This study was limited to examining only the Yingge Historical Street of Ceramics as a single case, relying solely on secondary data sources, which may restrict the generalizability of the findings. Future research could broaden the scope by selecting various types of cultural districts as case studies to enhance the study's universality and comparability. Additionally, this study employed qualitative research methods, potentially lacking sufficient quantitative data and statistical analysis. Future research could consider employing quantitative or mixed-method approaches to enhance the study's universality and validity.

Use of AI tools declaration

The authors declare they have not used Artificial Intelligence (AI) tools in the creation of this article.

Conflict of interest

Chun-Liang Chen is an Editor of the special issue for URS and was not involved in the editorial review or the decision to publish this article. All authors declare that there are no competing interests.

Author contributions

Conceptualization, Y.-F.H. and C.-L.C.; data curation, Y.-F.H.; methodology, Y.-F.H. and C.-L.C.; investigation, Y.-F.H.; formal analysis, Y.-F.H.; writing—original draft, Y.-F.H. and C.-L.C.; writing—review and editing, Y.-F.H. and C.-L.C.; supervision, C.-L.C.

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