

**Social Capital Generators? A Case Study of
Industry Associations within the Vancouver New
Media Cluster.**

by

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BA (Hon), Simon Fraser University 2002

THESIS SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

In the School of Communication

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SIMON FRASER UNIVERSITY

Spring 2005

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ABSTRACT

This thesis uses a case study approach to explore the question: “How do civic associations affect social capital formation in an industrial cluster?” The Vancouver new media industry is the site of this research, which is based on over seventy interviews, statistical information from published sources, qualitative and quantitative surveys, and participant observation. The study concludes that civic associations play a crucial role in influencing the production, quality, and amount of social capital in an industry. Although associations encounter a number of challenges, most notably related to inter-organizational politics and lack of resources, their influence on the stock of social capital is positive for several reasons: most associations engage in activities that create desirable social capital for their members, they serve as a “safety net” for the industry helping make connections for firms and individuals, they help define the cluster, and they facilitate internal and external communication in the industry.

DEDICATION

This thesis is dedicated to my husband Ed, my dear friend and mentor Roman, and my mom. Roman and Ed, thank you for your support and patience and for holding my hand along the way. Мамик, эта работа посвящена тебе – за долгие годы любви, понимания и поддержки, спасибо.

ACKNOWLEDGEMENTS

I would like to acknowledge the people who, in one way or another, contributed to this work and helped me to stay focused and complete this thesis. One of the things I have learned while writing my thesis is that graduate school is a journey that gives one an opportunity to not only explore the subject of inquiry, but also to gain insight into who they are and to learn about patience, tenacity and motivation. This journey is a process and the people that I would like to acknowledge were an important part of this process.

First I would like to thank my committee, Dr. Richard Smith, Adam Holbrook and Dr. Andrew Feenberg, who provided tremendous support for me during this journey and who guided me along the way. I am very grateful for your patience, wisdom and mentorship. Also I want to thank Dr. Cooper Langford who kindly agreed to be my external examiner and took the time to read my thesis.

Second, I would like to thank my husband Ed Junussov for his patience, love and support. Also, I would like to acknowledge the people who contributed to the research and volunteered their time for interviews, surveys, information sessions, feedback and so on. They are: Dr. Jane McCarthy, Dr. Roman Onufrijchuk, Dr. David Wolfe, Penny Simpson, the ISRN Network of Researchers, Lucy Arellano, Angie Hsieh, Anja Haman, Heather Liao, Monica Salazar, Aaron Cruikshank, Dick Hardt, Lynda Brown, David Fushtey, Deborah Kirby, George Hunter, Soren Harbel, Erin Robinson, Shanna Hilferink, Rita Arhipova, Laryssa Petrusyevych, Lindsay Smith, Rachel Sung, Rebecca Clapperton, Neena Shahani, Jessica Schaap, Glenda Shaw-Garlock, Katie Warfield, Mikhail Petrusyevych, Jerome Kashetsky, Eric Charest, Kirstin Simmons, Rachana Raizada, and many others. Thank you for your help and time, and for being there for me. Finally, I would like to thank CPROST for providing the facility and the physical space to write this work.

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GLOSSARY

Cluster	Geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition.
Co-opetition	Refers to combination of competition and cooperation strategies in business.
Industry Associations	Non-profit organizations whose activities are designed to support and promote their industry.
New Media	The use of new and emerging interactive digital media for the purposes of entertaining, educating and informing.
	Private Goods The “goods” (i.e. those services and activities) produced that are accessible to only who participate (usually members) in the association.
Public Goods	The “goods” (i.e. services and activities) produced by an association that can be enjoyed by everyone in the given community regardless of their personal participation in that association.
Social Capital	Combination of values, networks and norms that enable a group of people to work together.

CHAPTER 1: INTRODUCTION

“Sprinkled among every walk of life... are the handful of people with extraordinary knack for making friends and acquaintances. They are the connectors.”

Malcolm Gladwell

1.1 Rationale and Research Question

Throughout the span of my life, I lived in three countries and seven cities. As I moved from place to place, I had to rebuild my social networks from ‘scratch’ because I was new to that city or country. What I learned during that process is that connecting to people and building relationships with them helps one to re-establish one’s life in the new place quicker and ease off the transition.

As an illustration, the drawing¹ on the next page shows the power lines. One can easily see that one of the poles is broken, but the network continues to function because the connections hold it together. I was always fascinated by those connections that hold people together and wondered what make them work. Then, at some point of my journey, I learned that there is an academic field that studies this area and that social capital is one of its key concepts.

¹ The original of this drawing was drawn by my father for my defense presentation. I have since recreated it to improve the quality and include it in this work.

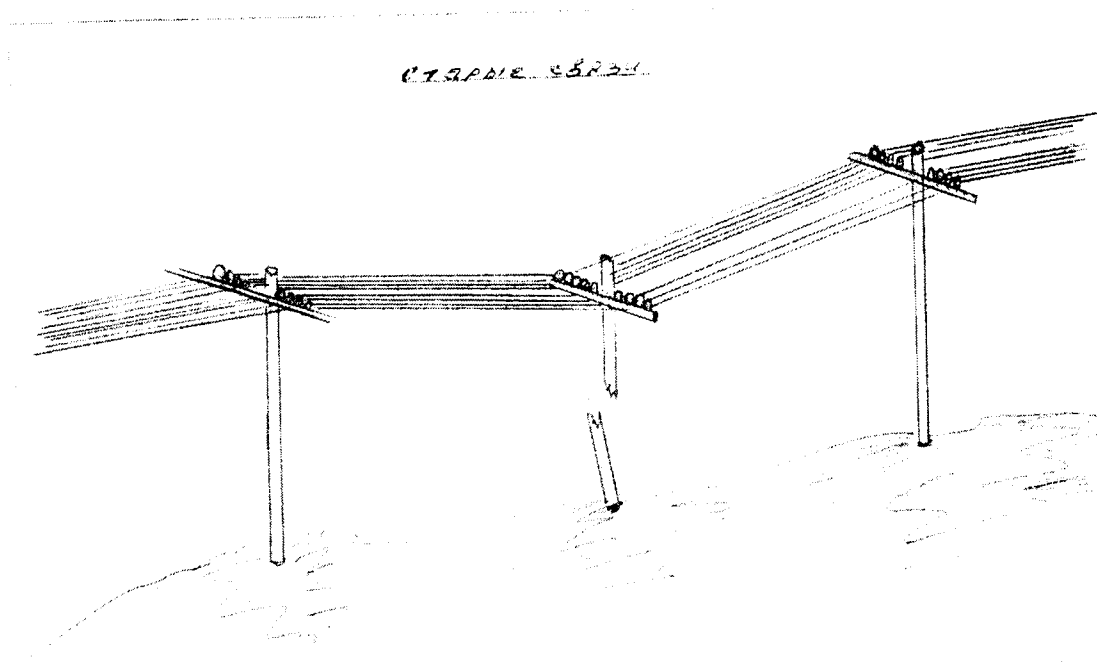


Figure 1:1 «Старые Связи» - Old Connections

In addition, I have always been interested in testing theories and applying them to real-life situations. During my graduate work, I decided to find a case study to test the theory of social capital for my thesis. The opportunity to do so arose from my work as a research assistant for Dr. Richard Smith on the Innovation Systems Research Network study (ISRN²) from the summer of 2002 to the summer of 2003. After conducting a number of the ISRN interviews with civic and industry³ associations⁴ in the Vancouver new media cluster, I noted a number of interesting patterns in the social capital section of the ISRN questionnaire that I

² The Innovation Systems Research Network (ISRN) is a five-year research project studying how regional clusters in Canada contribute to fostering innovative capability and national economic development. In British Columbia, the Centre for Policy Research on Science and Technology (CPROST) houses InnoCom, the Western hub of ISRN. Five regional clusters relevant to the BC economy were studied: biotechnology, new media, wireless technology, wood products, and the food and beverage industry. A standard interview protocol was used to collect information about the each cluster. Here, the description will focus on new industry only. The interview protocol is comprised of six parts (A to G) and includes questions about history of organization, relationships with other companies and originations, educational institutions and research centres within the cluster, social capital, innovation and factors that affect development of the cluster (see Appendix A to view the general ISRN interview guide; to learn more about ISRN, refer to <http://www.utoronto.ca/isrn/clusters.htm>).

³ While the focus of this study is on *industry* associations in new media sector, the term “civic” will also be used. To differentiate the two, for the purposes of this study, *civic* associations refer to a wider range of associations that includes professional associations, volunteer-run organizations, trade unions and interest groups.

⁴ For the purposes of this study, civic and industry associations are assumed to be non-profit organizations whose activities are designed to support and promote their industry. This is a traditional definition for associations; in this study we have also looked at some associations that are set up as for-profit businesses.

decided to look into more deeply. In addition to my work on the ISRN study, I also gained insight into social capital formation in the new media cluster in my roles as a research associate in the New Media BC Industry Study, a volunteer with several industry associations, and an employee of a new media company.

During this work, I became interested in understanding the role of industry associations as contributors to social capital within the new media cluster. This seemed to be a perfect fit not only because I could apply the knowledge gained through several years of research but I could aim to make my own contribution, since, as far as I am aware, there has not been a study of this kind in the Vancouver new media cluster. The research question of this study is – *how do industry associations affect social capital formation in the Vancouver new media cluster?*

To achieve this goal, this thesis has been divided into two major parts: theoretical and practical. The theoretical component addresses the theory of social capital, explains its relation to communication studies, gives an historical overview of the concept, outlines arguments of some of the theory's major critics and looks at several case studies. It also traces the history of civic associations, examines their role in today's society and explores their influence on social capital development. This serves as a stepping-stone for completing the practical component: looking at the role that industry and civic associations play as facilitators of social capital within the Vancouver new media cluster, discussing the key findings and providing recommendations for improving their services and future research.

To describe the background and the state of the Vancouver new media cluster, this study draws on the research findings from approximately 70 interviews with key industry players and a quantitative industry survey of approximately 260 new media companies conducted jointly by the Centre for Policy Research on Science and Technology (CPROST) and New Media BC (a local industry association) in the spring of 2003. To describe the role of industry associations as contributors to social capital, this thesis analyses the results of the social capital-related materials from the ISRN interviews. Since the ISRN questionnaire was not developed specifically for industry associations, I conducted additional research, which included several follow-up interviews with industry associations and experts as well as participant observation. The organizations studied here include New Media BC, the Wired Woman Society, the Association of British Columbia Animation Producers (ABCAP),

Techvibes Media Inc., the British Columbia Film Association, High Tech Communicators Forum, e-LearningBC, the British Columbia Technology Industry Association, AceTech, TELUS New Ventures BC (TNVBC), Leading Edge BC (LEBC), Vancouver Enterprise Forum (VEF) and several others. To understand the perspective of the new media companies and members of these associations, I have included the highlights from the human capital study conducted by Commutation 362 students in the summer of 2004.

Both theoretical and practical components were essential for completing this work because they guided the writing process and helped the researcher to arrive at the conclusions. The research and the findings that emerged through this study provide a unique insight on the dynamics of the Vancouver new media cluster and describe how industry associations influence social capital. The description of the chronological development of the industry and the background of associations situate the new media industry historically and provide an overview of its challenges and achievements. The analysis of the data obtained through field research reveals a set of characteristics that show how the activities of associations affect every player involved in the industry: the companies, the people, the government and the actual associations as well. The study shows that industry associations operate in the complex environment where they play a crucial role in influencing the quality and the production of social capital in the new media cluster. This thesis suggests that while associations encounter a number of challenges related to political environment and the lack of resources, their overall influence on the stock of social capital is positive for several reasons. First, the majority of associations' activities and qualities (i.e. their characteristics) make positive contributions to the generation of social capital in the new media cluster. Second, these associations serve as a "safety net" for the industry players because they connect people in the industry and facilitate collaboration. Third, the presence of associations defines the presence of the cluster. Forth, these organizations facilitate internal and external communication for the industry.

However, to understand and appreciate the short summary above fully, one should start at the beginning of my journey that usually begins with the planning process, or methodology. The methodology and the methods that were employed to gather the data and arrive at the conclusions are described in the next chapter.

CHAPTER 2: METHODOLOGY

The role of the researcher is to identify the situation that poses a question, develop a hypothesis and a research question, identify the methodology, conduct the study using various research tools, and draw conclusions from the subject of inquiry. As a communication student, my role is to connect the theories presented in the literature to the subject of the study.

In the case of this thesis, my goal is to understand how social capital theory applies to industry associations in the new media industry. To do this, I examine the historical background and the current state of the industry as well as the social processes, the relationship and the actors involved in the production or reduction of social capital. This is achieved through qualitative and quantitative research, and using theories to better understand the role of associations in society and how they contribute to communication processes. This chapter explains how I worked with theory and data and the research techniques I employed to arrive at the conclusions.

Creswell describes qualitative research as a process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem (Creswell, 1998). The research findings derived from these processes describe a complex, holistic picture, report a detailed view of informants and are conducted in a natural setting. Depending on the context, the background of research and the actual subject of inquiry, the researcher may choose to employ various methods in data collection and follow one or more tradition of inquiry. In *Qualitative Inquiry and Research Design*, Creswell describes a number of classifications presented in the literature by Tesch, Wolcott, Jacob, Lancy and Miller and Crabtree (1998). Drawing from his own experience and extensive research, Creswell presents and describes five methodologies used for qualitative inquiry in the social sciences today. Known as qualitative traditions of inquiry, these methodologies help to create a framework for conducting field research. The distilled interpretations of these traditions are presented below:

1. Biography - focuses on the life of a single individual;
2. Phenomenology - focuses on understanding a concept or phenomenon or/and on the meaning of people's experience toward a phenomenon;
3. Grounded theory – has the intent to generate or discover theory derived from field research, patterns of data, researcher's experience and previous findings;
4. Ethnography – paints a portrait and provides an interpretation of a cultural or social group or system;
5. Case study – examines a specific case that is defined by clear boundaries (Creswell, 1998).

In this inquiry, I used a combination of grounded theory and case study in my approach to methodology. Initially developed in the late 1960's, grounded theory is "grounded in data systematically gathered and analysed" (Strauss & Corbin, 1994, p.273). The developed theories are usually closely related to the context of the situation being studied. Grounded theory is also called data-to-theory, or inductive, as the researcher moves from specific to general situations while creating new or modifying existing theories. Creswell points out that grounded theory "uses systematic procedures of data gathering and analysis built on procedures such as open, axial, and selective coding"⁵ (Creswell, 1998, p.40). To ensure that findings are valid, theories developed through the inductive approach should be tested by a deductive or theory-to-data approach (Richards, 2003).

For this study, the deductive method chosen was a case study methodology, which, according to Creswell, is an exploration of a "bounded" system (a system limited to geography, a specific time period and focused on a group of individuals, organizations or events). A case study methodology can also be used to explore a case (or multiple cases) over time through "detailed, in-depth data collection involving multiple sources of information rich in context" (Creswell, 1998, p. 61). To study such a case, the researcher must engage in various activities that will help him/her understand the case study from internal and external

⁵ According to Creswell, standard format for analysis is used in grounded theory and it includes the following steps: First, the data is categorized in open coding. Second, in axial coding, new categories are developed. Third, in selective coding, the researcher develops a story line and develops a hypothesis. Finally, (but not always), a conditional matrix is developed that represents the factors that influence the subject of study (Creswell, 1998).

points of view. This could be achieved through interviews, documentary research, participant observation, physical artefacts, and media materials.

The first qualitative case studies were conducted in sociology in the 1920s and 1930s. Since then, the practices and approaches for case studies have been perfected and used in other disciplines (Creswell, 1998). Contemporary case studies employ both qualitative and quantitative methods for data collection (Yin, 1989). Typically, the methodology for a case study involves assessment and research of multiple information sources by using the methods described above. The findings can be examined using a holistic analysis by looking at the whole case, or as an embedded analysis, which is concerned with a particular element of the case. This process reveals the description of the case and analysis of the themes and findings (Creswell, 1998).

For this inquiry, I chose to use case study and grounded theory approaches for the following reasons: first, understanding the role of associations in new media is a unique study, allowing me the opportunity to develop my own theory as it emerged from the research. These findings were then tested against the theory of social capital, completing the data-to-theory and theory-to-data cycle. Second, the study focuses on a specific industry with specific players limited by geography (the Lower Mainland⁶), so the case study approach helped me to frame my research.

Although qualitative methods were the main tools used for data collection in this inquiry, quantitative methods have also been used to assess the size of the industry and the players involved. To place the Vancouver new media industry in a historical context, statistical data from the New Media BC Survey and other studies were used. These statistics helped define the boundaries for this case study. In addition, a quantitative approach was necessary to examine the new media companies to explore the reasons why they chose to join or not to join various associations. The benefit of having quantitative findings is that it will enable other researchers to compare the results of this study to those in other industries.

⁶ The Lower Mainland refers to the metropolitan area of Greater Vancouver and includes the city of Vancouver, Burnaby, New Westminster, Surrey, Coquitlam, North Vancouver, Tsawwassen, Delta, Pitt Meadows, Ladner, Port Coquitlam, West Vancouver, Langley, Port Moody, White Rock, Maple Ridge and Richmond. Refer to Appendix G to view the map of the Lower Mainland.

The combination of qualitative and quantitative research methods helps the researcher to paint the full picture of the study. Qualitative research allows us to ask the how and why questions by exploring the topic in a natural setting and providing its detailed view observed over time (Creswell, 1998). In contrast, quantitative data provides answers for who, where, what and when questions seeking general patterns that can be used for comparisons and understanding structural regularities of social life (Bryman, 1988). Bryman suggests that a combination of qualitative and quantitative knowledge can be useful in forming a statement on knowledge (1988 , p.159). With this information in mind, we can move on to the description of the data collection process that explains the steps that were taken and how the pieces were brought together.

2.1 Data Collection

The data collection was completed in three phases: the majority of the ISRN interviews were completed between the summer of 2002 and the summer of 2003. The surveys were conducted in the summer of 2004, and the final round of interviews was completed in the fall of 2004. Each part consisted of a number of tasks, which were divided into the following phases:

2.1.1 Phase One: Literature Review

The literature review included two steps – reviewing literature on social capital and learning about civic associations. These steps helped me to understand the theory of social capital and civic associations and build the theoretical framework for answering my research question. The first step was to analyze the existing literature on social capital and build on my existing knowledge. Although social capital has many practical implications in everyday life, the concept itself is quite theoretical. There were two parts to this step:

1. A thorough review of academic literature, which included some well-known works on social capital from Robert Putnam, Pierre Bourdieu and James Coleman. The goal was to understand where and how the idea of social capital came from. Having built the foundation for understanding social capital, I moved on to recent works by John Field, Francis Fukuyama, and Michael Woolcock. Since the concept of social capital is

somewhat controversial, I also looked at criticisms from Nicholas Lemann and Ben Fine.

2. Understanding the practical applications of social capital is also important. For example, case studies, such as those discussed by Alena Ledeneva in *Russia's Economy of Favors: Blat, Networking and Informal Exchange*, helped me revisit and understand the role social capital played in the Soviet and post-Soviet economy⁷. In Jane Fountain's article, "Social Capital: Its relationship to innovation in science and technology" she sheds light on how social capital is used in industry today. I also complemented the literature review with information from web resources, including the World Bank site on Social Capital. Constantly updated, this secondary source provides a wealth of information such as case studies, recent publications, lists of references, databases of documents and surveys (World-Bank, 2004).

The second step involved understanding the role of civic associations in society and discussing how they influenced social capital. This step involved two components:

First, the history of associations was reviewed. I looked at the origins of guilds, followed their evolution to the 19thth century and discussed associations' role in contemporary Western society. Second, I gave an overview of the literature that explores the connection between social capital and civic associations and vice versa.

2.1.2 Phase Two: Industry Research

Industry research took the most time during thesis preparation because it included a number of semi-independent research studies. During this phase, I focused on studying the new media industry and meeting the people who work there. There were three components within this phase:

1. Research of the BC new media industry and analysis of existing research findings and available materials. Since 1995, there have been a number of

⁷ *Blat* is one of many examples of social capital discussed in the literature. I chose to study this case in particular because I grew up in the Former Soviet Union and could relate to it more closely.

quantitative studies carried out in the new media industry, funded by government and private organizations. These studies provided me with invaluable background information for my own research. In addition, I had an opportunity to participate as a researcher in the 2003 New Media BC Industry Survey⁸ and the human capital study of members in 2004. The findings are presented in Chapter Four of this thesis.

2. Participating in and assisting with the organization of various industry events and observing interactions among members allowed me to meet some members of the network in person, obtain leads on the names of other people that I could interview, and start building my own industry network. While working on my thesis, I attended over 50 events organized by various associations for new media industry: New Media BC, Techvibes, Wired Woman Society, ASI Exchange 2003, BCTIA, eLearning BC, HTCE and Room to Read Canada. My observations learned through this experience are presented in Chapters Four and Five.
3. Industry experience – over time, through research and meeting more people in the industry, I learned more about it and became more involved on a number of levels. I volunteered as event photographer for Techvibes from March to October 2004; assisted New Media BC with organizing several events; participated in the Integrated Technology Initiative study conducted by British Columbia Technology Industries Association (BCTIA) and Canadian Institute for Marketing Intelligence (CIMI). Working full-time for an e-learning company, I developed and implemented the LOT⁹ Online Community, an online training centre and a community portal for the Leaders of Tomorrow mentoring program

⁸ Official title is the “New Media in BC 2003 Industry Survey.”

⁹ The Vancouver Board of Trade's Leaders of Tomorrow (LOT) Program is a mentoring program that brings together top undergraduate and graduate students and business leaders across the Lower Mainland. Since its inception in 1999, LOT Program has been connecting students and members of Vancouver business community. Selected post-secondary students are matched with mentors from all sectors of the Vancouver business community for a period of eight months, from September to April. During this time, the mentees (those that are mentored, in this case post-secondary students) have the opportunity to participate in various activities and gain skills in the areas of networking, mentorship, volunteering, and leadership (Leaders of Tomorrow, 2002 - 2004).

under IRAP (Industrial Research Assistance Program) funding. When completed, this tool served as a virtual home for the LOT program and connected over 300 participants (150 mentors and 150 students) across the Lower Mainland. This experience gave me unique insights into the industry, its trends and challenges as well as the people that drive it.

2.1.3 Phase Three: Research Methods and Tools

To gather the data necessary for understanding the role of industry associations in the new media industry and their influence on the environment for social capital, a combination of qualitative and quantitative research methods were employed. The triangulation method included ISRN interviews, follow up interviews and surveys. Interviews and surveys were the primary research tool for data collection. Participant observation and documentary research were the secondary research tools.

2.1.4 ISRN Interviews

A significant aspect of the ISRN project involved conducting interviews with representative companies in each industry. In all, over 70 interviews were conducted in the new media industry. Six interviews were conducted with industry associations. The ISRN interview protocol was designed to collect information on how regional clusters in Canada contribute to foster innovative capacity and economic development nationally. This standard protocol was first tested and then used by every research group in the project. The protocol consisted of seven parts and combined qualitative and quantitative questions. For the purposes of this study, I analysed six interviews with associations and focused on the two sections of the ISRN protocol relevant to social capital: Association Background/Local Cluster and Characteristics/Social Capital¹⁰. The findings and the analysis were compiled in a report and presented at the annual ISRN Conference Vancouver 2004 during the graduate student panel. This report served as a framework for future research of this thesis.

¹⁰ To view the ISRN Civic Association Interview Guide, please refer to Appendix B.

2.1.5 Defining the Next Step

Once the analysis of the interviews was completed, it became evident that more research was needed to fully describe the effects of industry associations on social capital in the new media cluster. The main reasons for this research are listed and explained below.

Since the ISRN questionnaire was not constructed specifically for studying social capital, only two sections of the guide were used for the analysis. Although the questions in these sections address the majority of research needs on social capital, they did not cover the theory on associations and social capital specifically. Therefore, more research needed to be done in this area.

Despite the large number of ISRN interviews completed, not all the industry associations were covered: some just did not have time and others did not want to be interviewed due to political reasons (these associations refused to be interviewed, even on the second round of interviews).

Since the main purpose of industry associations is to provide service to their members, it was important to include members' perspectives on the role of associations in facilitating the development of social capital. To address this, additional research was conducted during summer 2004. Titled *Innovation Systems and Economic Development; the role of local and regional clusters in Canada*, the study focused on a number of innovation and human capital issues in the industry. New media companies were the main research subjects. A separate section in the survey questionnaire was dedicated to understanding the role of associations in their business.

Writing the framework paper was a useful exercise because it let me focus on my research question and arrive at some preliminary findings. Next, I wanted to test these findings by talking to experts and conducting another round of interviews.

To compensate and fill in the holes, I needed to interview the associations not yet approached and follow up with the associations that were already interviewed by asking them specific questions related to the theory of social capital and testing the accuracy of my preliminary findings. The next section explains how this was done.

2.1.6 Follow up Interviews

The interview protocol consisted of three parts: background information/social capital influence; preliminary findings; and industry characteristics/social capital environment¹¹. The first section of questions was used to identify the historical roots of the organization and its position in the industry within the context of social capital. The second section was designed to gauge interviewees' opinions on the preliminary findings and the role of associations in the cluster. The last section examined the larger picture of the industry through questions about current and future trends for organization and the industry, challenges, policy environment, role of industry associations in social capital and recommendations they would like to make¹².

The most important part of the interview protocol was testing my preliminary findings to check for accuracy. To do this, I presented the findings to the interviewees, asking for their opinion and feedback. These answers were then compared and analysed similarly to the methodology used in the *Delphi* technique, described below.

The original Delphi method traces its roots to defence research in the early 1950s. The study conducted by the American Air Force-sponsored Rand Corporation aimed to “obtain the most reliable consensus of opinion of a group of experts...by series of intensive questionnaires interspersed with controlled opinion feedback” (Linston & Turoff, 1975, p.10). Over time, the Delphi method migrated outside the defence community and was used in studies that forecasted technology trends and later, in the fields of environment, health, and transportation.

Linston and Turoff suggest that the Delphi process has two distinct forms. In the conventional form of Delphi, a small monitor team designs a questionnaire that is sent to a larger group of experts. When the questionnaire is returned, the monitor group evaluates the results and sends it back to the expert group for another round. These results are then evaluated. In the second process, called “real-time Delphi,” the monitor team is largely replaced by computer software programmed to evaluate the results from the expert group

¹¹ Refer to Appendix C to view the Follow up Interview Guide.

¹² Depending on the position, the background of the person and the time available, the questions were sometimes modified. Several questions were added later to the protocol because I realized they were missing. For example, in the interview with a government official, some questions were customized to better understand the mandate of the agency. See Appendix D for more details.

speeding up the analysis phase. Both forms of Delphi technique go through four phases before the conclusions are drawn: exploration of the issue; understanding how the larger group views the issue; evaluations for disagreements and analysis of the differences; and a final round of evaluations (Linston & Turoff, 1975).

In this research, the process was somewhat similar to the original method. The initial findings were collected and evaluated during and after the ISRN phase, which corresponds to phase one and two in the Delphi method. The preliminary findings were presented to the interviewees who provided their feedback – this corresponds to phase three of the original method. Then, modifications were made to the preliminary findings and new conclusions were drawn. Therefore, this was a modified Delphi technique.

2.1.7 Members' Surveys

To capture the members' perspective on the role of associations in the industry and their influence on social capital, over 50 surveys were conducted. These surveys were conducted by undergraduate students in the School of Communication at Simon Fraser University as a partial requirement for the Communication 362 (Qualitative Research Methods) course during the summer of 2004. Entitled *Innovation Systems and Economic Development; the role of local and regional clusters in Canada*, the study focused on new media companies and ran from May to August 2004.

There were two stages in this data collection project. First, students were asked to conduct indirect research of new media companies via Internet and media materials. To guide their research, the students were asked to answer a series of questions and provide a brief analysis of the findings (refer to Appendix E to view the *Indirect Research Question Guide*). As a result, over 320 indirect surveys were completed. Two graduate students analyzed the companies, listed them in priority order and distributed the list back to field researchers, who approached the companies directly for information. Secondly, undergraduate students conducted 57 surveys with new media companies using a standard protocol. Once foreign and duplicate elements were removed, there were 53 valid surveys¹³.

¹³ Please note the original list of new media companies had over 530 names located across British Columbia. Since the second round of surveys had to be completed in person, the study was limited to the Lower Mainland companies.

The survey protocol consisted of 12 questions and was divided into four parts: background of the company; overview of management team; recruiting processes/strategies and membership in associations (refer to Appendix F to view the *Member Survey Question Guide and Protocol*). The survey guide consisted of a combination of open-ended and multiple-choice questions and took between 25 to 40 minutes to complete. The majority of the interviews were conducted face-to-face by the two-person student teams, usually at companies' offices or public places. Students used shorthand to record the data while in the field.

For the purpose of this study, I will only focus on the final section of the protocol, as it was intended to understand the company's perspective on the role of associations in the industry. The first three sections of the protocol are not relevant to the subject of this study. The results and analysis are presented in Chapter Four. Having completed the field work for this inquiry, the research moved on to the next phase – the analysis.

2.1.8 Analysis

In this final stage of research, all the pieces were brought together.

1. Master outline – the first outline was created before the completion of the member surveys and the follow up interviews and was based on the framework report. It was revised several times as the study progressed. Once the research was completed, the final version was written reflecting all the key issues and findings.
2. Reflection on social capital theory – the main goal at this stage was to reflect back on the social capital theory and identify links between the theory and the research findings.
3. Analysis – the data collected through interviews, surveys, and participant observation was analyzed to identify trends, differences, and similarities to draw conclusions.
4. Writing and editing – this section included writing the research findings, revising and proofreading.

In this section I have explained the methodology behind this inquiry. In the next section, I will examine the theory of social capital and history of civic associations as well as the connection between social capital and associations.

CHAPTER 3: THEORY

“Presents given in return must be similar to those received.”
Hávamál¹⁴

3.1 Social Capital and Communication

Communication cannot happen in a vacuum. The very essence of the message is defined by the medium in which it travels and the channel that connects the sender to the receiver. The connection between the sender and the receiver forms the *relationship* between them that enables communication to take place and make an impact. The presence of such a relationship enables communication to exist. The patterns of communication and the quality of relationships play a crucial role in our daily lives. We have been relying on our relationships with others since the dawn of human civilization because they were essential to the survival of the human race. In tribal life, its rules and the interdependence of tribe members were critical at the early stages of evolution. The relationships that guided this life formed physical and social “safety nets” or social networks of the society that enabled people to achieve desired goals and exist as a cohesive group. Our ability to communicate effectively through oral language, further advancements in communication technologies, and growing complexities of human relationships, fuelled the process of evolution and innovation. The social relationships and the evolving technologies became more complex as we progressed through history.

The access and ability to leverage these relationships affect the distribution of power and resources within social networks. These resources constitute a valuable asset that can be relied upon in time of crisis, leveraged for one’s advancement and enjoyed for one’s own sake. The resources and the relationships available through social networks comprise one’s social capital (Woolcock, 2001). Studies show that those who, for one reason or another, have better access to social capital are usually better off economically, physically and socially

¹⁴ This line was taken from the Introduction Chapter of “The Gift” written by Marcel Mauss. Hávamál is one of the old poems of the Scandinavian Edda.

because information flow and webs of relationship within social networks dramatically affect our ability to go about our daily life and successfully deal with its challenges (Cross & Parker, 2004).

3.1.1 History of Social Capital and Key Figures

Human relationships play an important role in any society. Their quality and distribution have long been a central concern of social theorists. Some suggest that social capital theorists are merely mirroring and extending the ideas of classical sociologists (Field, 2003). For example, Emile Durkheim's ideas of "mechanical" and "organic" solidarity and Ferdinand Tonnies' theory of *Gemeinschaft* and *Gesellschaft* provided earlier explanations of how various types of relationships affected the society as a whole.

From the historical point of view, as society continued to develop, the aspects of relationships among its members became more complex. Anthony Everitt describes a semi-official system that existed in Ancient Rome, where free citizens achieved their goals through a web of personal connections known as *clientela*. The system worked on the basic principle summed up in the religious formula "*du it des*" – "I give so that you give." The Aristocrats acted as "patrons" and mentors to hundreds of their *clients* assisting them with business decisions, political connections, job search, law enforcement and even meals for those who were poor or in need. In exchange, the clients offered their loyalty to the patron in the times of political upheavals and were recruited in their army. Since there were no other administrative instruments, these networks between a patron and his/her clients provided connections across the social classes enabling the Roman Empire to function (Everitt, 2002).

While today's society has undergone a number of changes since the Roman Era, one might wonder if the social capital aspects have actually changed. Unlike Ancient Rome, where *clientela* was an important administrative system that helped the society to function, today's society offers alternatives because modern organizations are governed by official rules and policies. If one follows these rules, he or she will most likely achieve their goal. Nevertheless, where possible, people prefer to rely on their own networks of friends and relatives rather than formal administrative procedures. Field argues that this tendency exists because we prefer to bypass the formal rules (i.e. take "short cuts") imposed by the system and deal with someone we know, thus making use of our social capital (2003).

There is a considerable degree of controversy in the literature with regards to who should be credited for coining the term “social capital.” Some suggest that the roots of social capital go back to the sociological studies of community and economic development (Smith, 2000). Putnam argues that the term has been reinvented at least six times over the course of the 20th century, concluding that connections and cooperation help improve quality of life and that moreover they can be profitable, similar to any other forms of capital (Field, 2003).

However, chronologically, a little-known work entitled “Housing and Social Capital” first published by the Royal Commission on Canada’s Economic Prospects in 1957 precedes most of the commonly mentioned works. In it, the authors suggest: “one might argue that it is the industrial component of capital which is ancillary to the social, rather than the other way around. Industry and industrial organizations are, after all, primarily a means to an end. But social capital and its associated institutions are both this and more. They relate in part, to what is meant by civilization in the highest sense, they are worth having in themselves, they justify industry even as they facilitate it ”(Dube, 1957, p.3). The definition of social capital has changed since then and today’s literature yields various definitions which shows that the concept of social capital is still evolving. In this thesis, I would like to stay close to the classical works on social capital, some of which are explained below.

Robert Putnam’s work, titled *Making Democracy Work: Civil Traditions in Modern Italy* and *Bowling Alone: the Collapse and Revival of American Community* are among the most well known social capital studies in modern academic literature. While Putnam’s works have revived scholarly interest in social capital and contributed to the popularization of the concept among the wider public, there are other scholars who have contributed to bringing the subject into academic and public debate.

American sociologist, James Coleman, and French sociologist, Pierre Bourdieu also studied social capital earlier in the 20th century. Some suggest that Putnam, Bourdieu, and Coleman can be considered the founders of social capital theory (Field, 2003). Each scholar studied social capital at different times and within their discipline - perhaps this could partially explain why their definitions differ from one another. For Pierre Bourdieu, social capital is based on his understanding of social hierarchy, which is deeply influenced by the Marxist sociology. He argued that economic capital is at the root of all other capitals: human, social or cultural. Bourdieu believed that social capital was an asset of the privileged who use

it to maintain their superiority in society (Field, 2003). Unlike Bourdieu, Coleman thought of social capital as a resource because it involves the expectation of reciprocity and encourages cooperation among individuals and groups and treated social capital as a public rather than a private good. Coleman defined social capital by its function because it involves social structures and the actors within these structures. For instance, a family might choose to move neighbourhoods for the father to start a new job. Although this move seems reasonable to the family, their connection to the neighbourhood and vice versa will be lost, which is a loss to the entire community (Coleman, 1988). Robert Putnam would agree with Coleman, seeing social capital as a public good and associating it with the civic engagement that contributes to the overall well-being of society. Putnam studied the role of civic engagement and associations in Italy and later in his native United States. In *Making Democracy Work*, Putnam and his colleagues concluded that regions where civic engagement is well-developed tend to have more effective government in comparison to regions where volunteerism and participation in public life are not as popular. Civic engagement contributes to the growth of social capital – people are more likely to get to know and trust each other when they participate in various aspects of public life together. He concluded that civic engagement and social capital have contributed to better economic development (Putnam, 1993). In *Bowling Alone: the Collapse and Revival of American Community*, Putnam argues that the decline of social capital affects the overall health of our communities: whether it is a matter of neighbourhood safety, public school education or physical health. Social capital encourages collaboration and thus allows people to resolve collective problems more easily.

The subject of social capital is relatively new and the works of Putnam, Coleman and Bourdieu have common issues, which pose questions and require clarification. All three scholars largely downplay the negative consequences of social capital on society. Coleman sees it as benevolent, Putnam mentions its downside and Bourdieu acknowledges it as a disadvantage to less privileged (Field, 2003). Also, there is still very little discussion in the literature on the relationship between social capital and gender.

Social capital is a relatively new concept and as such, it requires an awareness of its limitations - since its definition is quite broad, some scholars remain sceptical, questioning the validity and its overall usefulness. For example, Ben Fine, in his brief and emotionally charged article, titled “They F*** you up those Social Capitalists,” lists eight reasons why the

concept of social capital is flawed (Fine, 2002). While Fine's critique is dominated by his economics background, it is important to mention some of them. He argues that the concept of social capital is definitionally elusive, suggesting that the literature lacks the consensus on what social capital is. It is true that social capital has been researched by scholars from various disciplines whose understanding of social capital have been influenced by their backgrounds. To this, Field responds that the idea of social capital is still relatively new and therefore more research is needed to further define the concept (Field, 2003). Second, Fine points out that social capital is all encompassing, blaming it for having a "gargantuan appetite" since it brings together studies from sociology, economics, politics and business (Fine, 2002). But at the same time, this could be treated as strength because social capital is an interdisciplinary concept and can be used as a research tool across various disciplines.

It is true that a full range of negative and positive aspects of social capital requires further research and debate; however, these and other scholars should be credited with shedding light on something quite significant, enabling social capital to be considered in the implementation of public policies and business plans.

3.1.2 What is Social Capital and Why is it Important?

Although the average person may not know about a formal definition for social capital, the common aphorism "*it's not what you know but who you know*" is familiar to almost everybody. Similar aphorisms expressed through proverbs exist in most other cultures. For example, in Dutch, "*Het is niet belangrijk wat je weet, maar wie je kent*" translates into "It is not important what you know, but who you know"; and in Spanish " "*No importa que sabes sino quien te conoce*" means "It doesn't matter what you know but who knows you" (Hilferink, 2003; Salazar, 2003). It would certainly seem that people are aware and appreciate their networks of friends and family, their social capital, regardless of their culture.

Social capital is important in times of crisis in our lives: we learn through experience to rely on our "safety nets" of friends and family in the times of hardship and to be supportive when a member of one of our networks needs help (Woolcock, 2001). In times of hardships or challenge – whether it is a loss of a family member or a search for a new job, we turn to our "safety nets" for support, which almost always help us to get back on our feet and meet the new challenge. At the same time, it is those who lack social capital or, for one

reason or another, refuse to turn for help to their “safety nets”, who are hit the hardest. This means that, on the micro level, the well-being and success of individuals and communities is dependent on their relationships with other people, groups, or organizations. On the macro level, the relationships among individuals can influence larger groups that affect economic development and relations with bigger entities. As such, social capital plays an important role in many aspects of today’s society: economic development, civic engagement, innovation, democracy, human capital and education (Dasgupta & Serageldin, 2000).

Besides these benefits, social capital may also have negative qualities. Depending on the context, social capital can be a liability, encourage inequality and be used for illegitimate gains. Sometimes we unwillingly become a “safety net” for a relative we do not particularly like or get along with but who we are forced to help by family or cultural obligations.

Cultural norms and customs may also influence the formation of social capital. For example, new immigrants from the countries of the Former Soviet Union often seek out a local Russian Orthodox Church and attend it on a regular basis. While religiosity may play a role in going to church, it is not the only reason to do so. Being new to the country, these people see the Orthodox Church as an island of Russian language, culture in the city and a gathering place of an ethnic community where they can obtain social support, comfort of being in their native culture and build their social networks. People feel more comfortable with those who came from the same culture because they share similar background and can relate to difficulties associated with immigration. This common ground provides a space for formation of social capital.

In some groups or cultures, the group laws may be so strong that any attempt to leave the group may result in severe punishment. We all know parents that were forced to move neighbourhoods or change schools for their children to avoid or prevent them from “hanging out with the wrong crowd” and picking up harmful habits through peer pressure (Woolcock, 2001).

People can also use their social capital for personal gains and may prevent others, who do not have the same access to “friends in high places” from getting the same results. Access to different types of networks is unequally distributed – depending on our position in the society, some people’s connections are more powerful than others. They can use these

connections to further their interests. This in turn, makes social capital an asset for those in power and can further promote inequality, taking away the opportunity from those already less privileged.

While drawbacks exist, several aspects make social capital important and recognizable across cultures. What are they? People are social beings - some of the most important moments in our lives – happiest or saddest - are spent with our friends, relatives, and people we know, trust and cherish over common meals, community events, rituals and volunteer projects (Woolcock, 2001). Throughout the course of our lifetime, we become embedded in the “safety nets” or various social networks. We rely on these networks and the social capital within them for survival in the times of crises, for personal gain or pleasure and for the need to communicate with others. We may inherit some of the social capital from our parents and continue to build it, or more often we have to build it from “scratch” when we move neighbourhoods, cities, or countries. Regardless of our position in a society (with small exceptions¹⁵), we constantly participate, build, or in some cases, destroy, our own or someone else’s social capital.

Since the concept of social capital is quite complex and at times controversial, most definitions focus on different aspects of social capital, including explanations of what social capital is, what factors give rise to it, where it resides and what it can be used to achieve (Longo, 1999). For the purpose of this study, I chose to use a definition that encompasses all of these qualities:

Social capital refers to the intangible social features of community life – such as trust and co-operation between individuals and within groups, actions and behavior expected from community members, and actions taken by community members for reasons other than financial motives or legal obligations – that can potentially contribute to the well-being of that community (Longo, 1999).

In other words, trust and norms encourage co-operation within members of a network and enable them, consciously or unconsciously to work together towards a common goal. Also, there are other definitions of social capital that are mentioned in this discussion. For

¹⁵ This comment refers to individuals or groups who choose or are forced to live in isolation due to religious or some other beliefs.

example, "...the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit," means that social capital consists of networks and resources available through them (Nahapiet & Ghoshal, 1998, p.243). At the same time, Putnam¹⁶ suggests, that "social capital refers to features of social organizations such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit" (Putnam, 1995, p.67). Therefore, the basic components of social capital are trust, norms, reciprocity and networks. Interestingly enough, associations are defined as "an organized body of people who have an interest, an activity or a purpose in common; a society" (*The American Heritage dictionary of the English language*, 2000). As such, an association would need to contain most of those qualities in order to function properly. Let us consider the history and background of civic associations to understand this connection further.

3.1.3 Basic Components of Social Capital

While there are several definitions of social capital, most agree that trust, norms of reciprocity, and networks are its essential components. Social capital can also be distinguished according to how members of a group relate to each other – some groups are more inclusive than others. This is known as *bonding, bridging or linking* social capital, which will be considered later in this section.

3.1.3.1 Trust

Trust is an essential component of social capital because it fuels co-operation among network members. Trust is earned over time when commitment and reliability are tested through interactions between people or organizations. In smaller networks, where each member knows all other members, trust is based on the fact that individuals know each other personally (Longo, 1999).

In larger networks, where members may not necessarily know all other members personally, trust is distributed through transitivity – people are more inclined to trust a friend of someone they know rather than a stranger. "A key property of social capital rests on

¹⁶ Please note that these are secular definitions of social capital found in the literature. This thesis does not look at religious definitions.

transitivity of trust: A trusts C because B trusts C and A trusts B,” which means that trust may exist in relatively large networks because its members are able to share and transfer their trust to other members (Fountain, 1998, p. 105). It should be noted, however, that transitivity does not always follow the rules of logic – the relationships among entities are context-based and therefore can be influenced by other factors.

Nevertheless, Putnam points out that trust takes away social friction, which results in lower costs of social or business transactions (Putnam, 2000). When people trust each other, they do not need to spend time and resources making sure that the other party will uphold their end of the bargain (writing contracts, running background checks and so forth) and can concentrate on the transaction itself. This, in turn, boosts productivity because it takes less time and resources to complete these transactions. Trust, however, is a fragile entity – even after years of building, it can be easily destroyed by a single act of violation or betrayal. The break down of trust alters the relationship and depending on the damage made, it may never be repaired. Loss of trust can ruin friendships, marriages and partnerships.

3.1.3.2 Norms of Reciprocity

Norms set rules and behaviour expectations among members of the network and define how a particular group or society will function. Alvin Gouldner suggests that norms of reciprocity are in most cases universal and imply two demands: we should help those who have helped us and we should not harm those who have helped us (1973). He goes on to say that the exchange of reciprocity is contingent on the value of the benefit received, the status of the participants involved and the culture. Different cultures have different norms, which are further defined by local traditions, religion, gender, age, etc.

Reciprocity plays an important role in the tradition of gift giving and gift exchanges across various cultures. Gifts are given in celebration of special occasions such as birthdays, weddings, birth of a child and a graduation. Some systems of gift exchange are quite complex and elaborate such as *potlatch*¹⁷ celebrations and feasts, important parts of the North

¹⁷ Potlatch means "to give" (Chinook language). Traditionally, elaborate and sometimes competitive celebrations were held where the host would distribute his/her belongings as gifts to guests. Sometimes, the host would destroy one's positions to demonstrate their superior wealth and power (*The American Heritage dictionary of the English language*, 2000).

West Coast First Nations culture. Marcel Mauss analyzed the cycles of gift exchanges in various cultures such as First Nations of North America, Melanesia, the native tribes of Australia and others. He also looked at the legal systems of Rome, Germanic and several other nations suggesting that gift exchanges facilitated the transfer of goods since the early days of human civilization. He argued there is no such thing as a free gift because they are given with the intent of reciprocity, i.e. in one form or another the gift will be returned, and this system of exchange is an important component of economic exchange (Mauss, 1990).

Putnam suggests that in politics and business, norms of reciprocity are also known as “favour bank(s),” a term coined by Tom Wolfe in his novel *The Bonfire of the Vanities*, and they can be specific or general (1987). Specific reciprocity happens when parties formally agree to exchange favours: “I will do this for you if you do that for me.” General reciprocity happens when parties do not necessarily have to agree on a specific exchange, but rather they agree or assume that the favour will be returned in the future (Putnam, 2000).

In addition, Fukuyama suggests that not every kind of norm is suited for social capital. Only those that lead to cooperation in groups and are related to traditional virtues like honesty, the well-being of commitments, reliable performance of duties, and reciprocity (Fukuyama, 1999). Therefore, whether general or specific, reciprocity norms encourage cooperation, contribute to productive relationships within networks and facilitate social capital.

3.1.3.3 Networks

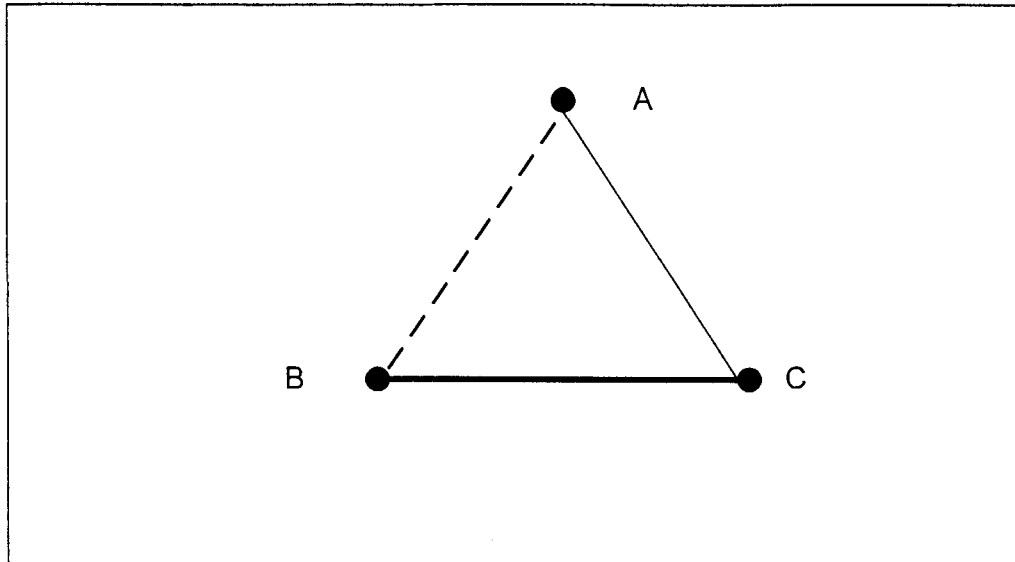
Individuals rely on their relationships with others for various reasons. As John Donne said in one of his famous poems: “No man is an island” (1962). We are embedded in the social structure of the community we live in through friendships, blood ties, and formal connections. These social structures form a social fabric that connects society together and enables members to cooperate. Wellman and Berkowitz define social structures as networks and introduce us to their main elements: “Social structures can be represented as networks – as sets of nodes (or social system members) and sets of ties depicting their interconnection” (1988, p. 4). Nodes, usually associated with a person, could also represent groups, organizations, companies, geographical regions or other collective entities; ties, on

the other hand, could represent relationships among groups or individuals or depict flows of resources, services or goods (Wellman & Berkowitz).

As Field suggests, the resources available through the social networks that comprise social capital may represent a valuable asset (Field, 2003). To illustrate this point, let us compare social capital to other forms of capital - physical, financial or human¹⁸.

Coleman argues that the difference between these types of capital is that while physical and financial capital are wholly tangible, like owning a house or a thousand dollars in a bank account, human capital is less tangible, representing an individual's knowledge or experience. Social capital is even less tangible because it represents the relations among people (Coleman, 1988). Hence, the concept can be characterized as invisible glue that holds social networks together. Figure 3.1 below helps to explain this concept. The drawing represents the relationships of three persons, where the human capital resides on the nodes, and the social capital resides in the lines connecting the nodes (Coleman, 1988). Not all connections are equal – depending on our interests and personalities, we may have stronger relations with some people and weaker with others. The thicker line, connecting B to C, represents stronger relationships between the two individuals denoting friendship or a blood tie; the dotted line between B to A, represents a weaker connection – a formal connection at work or school, and finally, a regular line between A and C may represent a connection of a mild strength – perhaps a relationship with an acquaintance or a neighbour.

¹⁸ Putnam defines physical capital as a physical object that makes one more productive than one would be if she/he did not have it. Human capital, on the other hand, is defined as tools and training that enhances individual's productivity. Financial capital is another word for one's cash and/or some other form of monetary investment, i.e. mutual funds.



Source: Coleman, James "Foundation of Social Theory"

Figure 3:1 Three-person Structure: Human Capital in Nodes and Social Capital in Relations.

Both Coleman and Putnam agree that the level of social capital is directly proportional to the social network's productivity. Whether it is a neighbourhood community or an industry cluster, a high level of social capital promotes reciprocity, engagement and trust among its members because it encourages knowledge sharing. "For example, a group whose members manifest trustworthiness and place extensive trust in one another will be able to accomplish much more than a comparable group lacking that trustworthiness and trust"(Coleman, 1988, p. S101).

Further, when discussing similarities of social capital with other forms of capital, Putnam uses the analogy of a screwdriver (physical capital): "You save up your nickels and dimes and you invest in a screwdriver so that you can repair more bicycles more quickly than you could without the screwdriver (Putnam, 1996, p. 4). Thus, similarly to other forms of capital, social capital can be built up if used productively because social networks have value due to resources available through them.

Unlike physical capital, which can be easily transferred from one owner to the next (one can inherit a house for example), social capital is difficult to transfer because it is hidden to the naked eye; i.e. someone who is not part of a particular network would not be familiar with all of the relationships and the politics that exist among its members. To

become part of a network, one needs to meet and interact with the network participants, learn about norms that regulate the network, and earn the trust of its members to be accepted. The speed a new member can become part of the network varies depending on the type of social capital that resides within the network - bonding, bridging or a combination of the two.

3.1.3.4 Types of Social Capital

Some types of social capital can be directed towards only certain groups of people, while others have more of an inclusive nature (Putnam, 2000). Putnam distinguishes between two types of social capital – *bonding* (exclusive) and *bridging* (inclusive). Woolcock adds another type – *linking* social capital. Let us consider each of these in turn.

Bonding social capital tends to reinforce exclusive identities and maintains homogeneity, “undergirding specific reciprocity and mobilizing solidarity” while serving a kind of sociological superglue in maintaining strong in-group loyalty and reinforcing specific identities (Putnam, 2000, p. 22-23). Bonding social capital tends to be exclusive by nature: for example, organizations such as ethnic and fraternal organizations and professional services associations (such as the Canadian Dental Association) because they tend to attract alike members who have one or more similar interest in common. The individuals in these groups are likely to come from similar backgrounds with equal levels of education and income. Quite often these people have known each other for a long time, share common history and experiences and thus have developed strong ties. Access to membership is strictly controlled by some kind of gate-keeping mechanism - to become part of the group, a potential member may need to pass a formal exam (such as a Bar exam for law societies) or perform some other action like a ritual, to prove worthy of membership. Both Putnam and Florida agree that the downside to bonding social capital is that it may develop strong antagonism directed towards those who are not part of the group (2002; 2000).

Bridging social capital involves bringing together people across diverse social divisions, which creates effective linkages to external assets and information diffusion. This type of capital provides a sociological glue that can generate broader identities and reciprocity (Putnam, 2000). The civil rights movement organizations and public environmental groups (such as Greenpeace) are examples of bridging social capital because

they aim to attract various audiences, regardless of their background, and are used for information distribution. Members of these groups differ in their background and ethnicity as well as levels of income and education and their social ties to each other are not as strong. Bridging social capital contributes to a broader sense of identity and reciprocity among network members (Putnam, 2000). When we become a part of an inclusive network, we meet people with diverse backgrounds. As we get to know them, learning about their culture, we become more tolerant towards their needs and wants.

Some groups may combine both bridging and bonding qualities (Putnam, 2000). University student unions are an example of these, because they bring together students who have the same interests, i.e. pursuing their post-secondary education at the same school, across various cultural and economic backgrounds. They may study various disciplines and their future may differ, but when it comes to a subject that affects them as students, (i.e. tuition increases), they unite in protecting their interests as a group.

Woolcock argues that *bonding* and *bridging* types of social capital exist within a horizontal dimension, suggesting that it is shared among people with common demographic characteristics (Woolcock, 2001). He suggests that social capital also has a vertical dimension, calling it *linking* social capital which “reaches out to unlike people in dissimilar situations such as those who are entirely outside the community, thus enabling members to leverage a far wider range of resources than are available in the community” (Field, 2003 p. 42). Leveraging the resources available through linking social capital can be helpful in situations where various communities can work together to fight a problem that, directly or indirectly, affects everyone in society, such as crime or poverty. The members of a group characterized by a linking social capital have even weaker ties to each other. For example, the United Way Campaign that runs at the end of the calendar year generates linking social capital among corporate and not-for-profit interests because it brings together people from various backgrounds, organizations and locations to work towards a common project – raising money for charities.

Social capital, whether it is bridging, bonding or linking, is a powerful resource because it has the capability to unite a large number of people in order to protect or pursue a particular interest(s). Depending on the amount of resources available and amount of power

within, bonding, bridging and linking social capital can be used by a group to lobby the government or express its interests through media.

When evaluating the types of social capital, one should not pass judgment on bonding ties versus bridging ties - people choose their engagement in associations and other loose ties, but they do not choose their families (Field, 2003). We cannot control the parents and the cultural environment we are born into but for the most part we can control and change our friends, careers and the place of residence. Depending on the context, bridging and bonding social capital will produce different outcomes, producing positive or negative effects on society and as such, play an important role in public life.

Now that we have explained what social capital is and examined its role in society, we would like to move forward with the research aim of examining the relationship between social capital and civic associations. But first, we need to discuss how social capital can be measured.

3.1.4 Methods for Measuring Social Capital

While it is quite feasible to measure how much financial and physical capital a given collective entity has and there is a growing number of tools that allows management and HR executives to assess the value of human capital in their organization (Kravetz, 2004), measuring social capital can be significantly more challenging because of its complex nature and the group dynamics associated with it. Social capital is often invisible to the outsiders of the network where it resides. Since it is intangible and difficult to measure, how can one know how much social capital exists within a particular group and how does social capital gets transferred from one entity to another?

Although the literature is abundant with discussions on what social capital is and what its implications are, there is no consensus on how it can be measured. In his article titled "Social Capital and Civil Society," Francis Fukuyama offers an overview of two broad approaches for measuring the stock of social capital in a society. The first method requires conducting a census of groups and group memberships in a given society; the second method uses surveys to measure the levels of trust and civic engagement (Fukuyama, 1999). Let us review both of these methods.

In order to use the first method, one needs to include a number of variables, which would be then integrated into a mathematical formula. Fukuyama suggests that the formula must include the following: the number of groups and the size of each group is represented as $n_{1..t}$ where t measures how many groups there are. Since any society has a large number of groups, the formula will include $n_{1..t}$ groups. Further, since the strengths of the relationships may vary depending on the type of organization, Fukuyama suggests that the formula must include a coefficient C which measures the intensity of internal cohesion within the given group. Finally, since social capital is a tool that can be employed for good or ill purposes, it can have positive or negative effects on those who are outside of the network. Fukuyama calls these effects positive or negative externalities that pervade those who are outside of a particular network. The effects of positive and negative externalities or “radius of trust” (r_p) and “radius of distrust” (r_n) should also be considered when measuring social capital (Fukuyama, 1999) .

Therefore, the final formula for measuring society's total stock of social capital would be:

$$SC = \sum \left(\frac{1}{r_n} r_p c_n \right)_{1..t}^{19}$$

This exercise is useful because it explains what variables need to be considered when measuring social capital. But while it is possible to explain these variables in theory, producing results using this method in the field is an impossible task, since it involves subjectively estimated or non-existent numbers (Fukuyama, 1999). Although difficult in absolute terms, this measure could be useful for comparative research.

This leaves us with another method for measuring the stock of social capital, which is a survey on trust, reciprocity and civic engagement. The questions in these surveys are designed to measure trust levels, relationships within the network and participation in voluntary organizations. Obviously, one should keep in mind potential pitfalls with survey data, beginning with the fact that responses will vary according to the way the question is

¹⁹ Where r_n - is radius of distrust; r_p - is radius of trust; C measures cohesiveness of groups and $n_{1..t}$ is the number of groups in society

phrased, the interviewer's personality and skills, time, and location of the survey.

Nevertheless, unlike the formula method, these surveys can prove to be feasible and useful.

The most known example of such surveys was conducted by Putnam in *Bowling Alone*. To examine how the amount of social capital has changed over time in the United States, Putnam used various statistical data from a number of sources that looked at public participation in clubs, sport leagues, and church attendance as well as voting patterns over time, the number of hours spent watching television, and crime rates. He also used his own Social Capital Index comprised of 14 indicators which included: "group membership, attendance in public meetings on town or school affairs, service as an officer or committee member for some local organization, attendance at club meetings, volunteer work and community projects, home entertaining and socializing with friends, social trust, electoral turnout, and the incidence of non-profit organization and civic associations" (Putnam, 2000, p. 291). This Index has been adopted by many other researchers in the academic community. Most recent variations of Social Capital Index have been implemented using the Internet such as a study of social capital in online gaming communities conducted by Dmitri Williams (Williams, 2003).

Most of the studies listed here and described in the literature are relatively recent. Like the concept itself, the definitions and methods on how social capital should be measured are not perfect and pose some questions in terms of their validity and usefulness. However, this does not mean that one can dismiss the lessons learned through these studies; indeed, they are useful tools in understanding communication dynamics within a given collective entity.

3.2 Industry Associations

Industry associations are assumed to be non-profit organizations whose activities are designed to support and promote their industry. These organizations are comprised of individual or company members who share similar interests and backgrounds. Associations provide an ongoing communication environment for their members, enabling them to have open channels of internal communication and providing them with a space to get to know each other, and establish norms of reciprocity and trust towards each other. In most cases, such environments foster cooperation, protect common interests and enable members to

work collectively towards common goals. As such, associations serve as a collective external communication channel that reflects the needs and the interests of their members.

The recognition of the benefits associated with working together as a group came in the early days of human civilization. The next section discusses some of the historical roots of this notion.

3.2.1 Historical Overview of Associations

First civic associations trace their roots to *guilds*, which first appeared in eleventh century England. According to Brentano, guilds were religious gatherings held on a regular basis in honour of St. Peter or another saint, accompanied by a community meal²⁰. With time, these meetings evolved into a formal brotherhood of members that served as a support network for religious and secular matters (Brentano, 1969). The guilds played the role of an extended family, where each member had certain obligations and responsibilities but could also rely on support from other members and protection.

Although the very first guilds were religious, the rise of commerce prompted the formation of secular guilds that were formed for the protection of liberty, property and trade. Independent merchants who travelled from market to market and who were from the same town or area formed a union for mutual protection where they formally agreed to follow rules and protect each other in case of a physical attack. They also established certain rights which allowed them to hold monopolies on their goods and services and later, on the industries in certain areas. Those who were not members of the guilds were allowed to trade but were taxed and could only trade at a wholesale level. Members paid membership dues and taxes were paid by the guilds on behalf of their members. The membership was somewhat exclusive and acquired considerable political influence, often becoming vested with the power of administration of some of the municipal regulatory functions. Thus, earlier guilds facilitated the formation of bonding social capital (Brentano, 1969).

When merchant guilds were at their highest power, craftsmen were almost always excluded from guild membership. This caused tension between craftsmen and merchants

²⁰ The word guild traces its root to a number of European languages: there are variations of the word in early German, Danish, Welsh, Breton, Gaelic and Dutch. Essentially, guild denotes feast, banquet, or corporation. Back then it meant that a company of people would meet on certain occasions for the purposes of feasting and merrymaking.

and they began to form their own guilds that included in their membership all those engaged in any particular craft, and which monopolized the making and selling of a particular commodity within the cities in which they were organized. The first craft guilds came into being around the 12th century and they imitated merchant guilds by uniting members for mutual benefits. By the end of the 14th century, as national governments across Europe continued to gain power over municipal government, they supported the craft guilds, depriving the merchant guilds of their power to regulate the commerce in municipalities (Brentano, 1969).

The goal of the craft guilds was to control the production of certain goods or industry. All members of a craft guild were divided into three classes: masters, apprentices, and journeymen (from French *journee* = “day” because they were paid by the day). The masters were independent entrepreneurs who owned their shops, tools, equipment and bought their own raw materials (Fiske & Freeman). Apprentices and journeymen boarded at their masters’ houses. The apprentices were the students entering the trade learning from their masters. The journeymen were those who successfully completed their training and worked for a wage at their master’s shop. Each craft or industry was heavily regulated by the guilds – hours of work, prices, wages, quality standards and training requirements were all supervised by the guild representatives. At the time, any innovations that could lead to improvements in production or to lower the costs were prohibited. The idea was to preserve the status quo among the three classes. Consumers benefited from the guilds because most goods guaranteed quality. However, since the prices and innovation processes were heavily regulated, consumers could not benefit from competition (Brentano, 1969).

By the end of the 15th century, the craft guilds were subject to internal tensions – the process for becoming a master had become far too rigorous because masters were interested in limiting acceptance of new members in their class and taking advantage of the low wages paid to the journeymen. In protest, the journeyman formed their own guilds striking to demand better working conditions and changes in the qualifications for master status. Although these efforts were not very successful, they are considered the first predecessors of the trade unions because of their labour right defence movement (Brentano, 1969).

In the 18th century, with the rise of industrialization, the craft guilds lost their former rights and privileges as well as their relevance²¹ as they could not keep up with competition and increasingly wide distribution of goods. However, the idea behind guilds – a group of people united for mutual benefit to protect common interests – emerged in trade unions and (Rooke, 1972) later through associations for professionals like engineers and doctors. The surpluses of working class people, competing for jobs at the factories, were economically dependent on their employers. The first trade unions began to appear toward the end of the 18th century in Western Europe and the United States. This rise of trade unions was an organized response of factory and plant workers as a way to deal with the impact of industrialization and capitalism in society. One of the differences between a trade union and a guild is that trade union members can go on strike if their demands are not met. The first trade unions were formed by skilled artisans attempting to protect their rights. At first, these associations were considered illegal by the government. But later, many of these legal barriers to trade unionism were eliminated as a result of court decisions and favourable legislative action. Despite this, the majority of early unions failed to survive the economic depressions of the first half of the 19th century (Brentano, 1969; Rooke, 1972).

During the second half of the 19th century in Europe, trade union movements were associated with workers' movements resisting the capitalist system and advocating various substitutes such as socialism, anarchism, syndicalism, and, after the Russian Revolution of 1917, communism. By the early 20th century unions were formed among most workers across most industries in the U.S. and Europe (Perlman, 1950; Rooke, 1972) The strength of the unions was connected to the type of government in a particular region or country. For the purposes of this study, we will focus on associations in Western democracies.

Today, the most important function of trade unions in democratic, industrialized countries is the negotiation of collective agreements with employers. These agreements are far more sophisticated than their original predecessors – they not only cover the basic wage demands but also account for various health benefits, safety and unemployment compensation.

²¹ Some guilds survived through these changes and are still in existence today for some professions. For instance, Hallmark Silversmith Guild in Britain dates back to the Middle Ages and is very well known for craftsmanship and quality of work (refer to http://www.bryandouglas.co.uk/control/about_silver.htm for more information).

The idea behind trade unions and guilds was a voluntary or semi-voluntary union of people united for mutual benefit in order to protect common interests. In *Making Democracy Work*, Putnam suggests that craft communities and guilds, as a form of civic associations, were incubators of social capital because they encouraged development of norms of reciprocity and networks of civic engagement (1993).

Another important form of civic association that served as a cradle to social capital was volunteerism and voluntary associations²². Putnam cites Schlesinger who suggests that the history of volunteerism in America traces its roots to the 18th century and to the War of Independence: “Rubbing minds as well as elbows, they have been trained from youth to take common counsel, choose leaders, harmonize differences, and obey expressed will of the majority. In mastering the associative way they have mastered the democratic way” (Rotberg, 2001, p.173). This is based on Tocqueville’s argument outlined in *Democracy in America* suggesting that involvement in civil associations teaches citizens about democracy and collaboration and acts as a training ground for being involved in political associations (Maloney, Smith, & Stoker, 2000).

Samuel de Champlain is credited with setting up one of the earliest civic associations in North America in 1604 when he established L'Ordre de Bon Temps (the Order of Good Cheer) for French settlers on Ile Ste-Croix in Nova Scotia. The primary goal of this organization was to bring settlers together to overcome harsh winters and isolation through recreation and fellowship. The Halifax Board of Trade was formed in 1750 with the goal to unite and protect the interest of the local merchants (Batten, 2001-2005). On the West Coast, the Vancouver Board of Trade was formed in September of 1887 and consisted of 31 local merchants who came together to speed up the process of rebuilding the city after the Great Fire that happened a year prior (The Vancouver Board of Trade, 1999-2005). Calgary Chamber of Commerce was established in May of 1891 and consisted of 46 local businessmen (Calgary Chamber of Commerce, 2004).

Over time, civic associations continued to evolve and today they represent an instrument that brings people together to allow them to work towards common goals,

²² There is a distinction between ‘voluntary organization’ and a ‘charity’. The former includes all independent entities not run for profit but the latter applies only to those who have charitable status recognized by the government (Clarke & Davies, 1978).

playing an important role in Western democracy. While the first half of the 20th century (from 1900 to the end of World War II) saw a growing increase in the number of associations formed, the most significant growth took place during the economic boom of the 1960s (Batten, 2001-2005). Their structure and functions vary from heavily regulated trade unions to informal grass roots civic associations. Industry associations, the subject of my inquiry, are located somewhere in the middle of this wide spectrum.

Their main role includes three major components - represent the interests of their members the public, lobby the government and provide various services to their members. Their power and abilities to address the needs of their members varies by type, age, location and the nature of the industry they represent as well as their funding, membership size and leader(s) and the resources available to them. Associations in the high technology sector and, more specifically, in the Vancouver new media industry, were mostly formed within the last 10 years and are still relatively small in size and tend to have limited resources. Further details on the description of their activities, effectiveness and challenges will be provided in Chapter Four and Five. In the meantime, I would like to give a brief overview of the literature that explores the connection between social capital and civic associations and vice versa.

3.3 Civic Associations and Social Capital

Putnam identifies two broad categories of associations – horizontal and vertical. Horizontal associations, such as bowling leagues, “bring together agents of equivalent status and power,” while vertical associations, such as professional associations, “link unequal agents in asymmetric relations of hierarchy and dependence” (Putnam, 1993 p. 173). In reality, most associations carry the characteristics of both because most of them have a leader who has more power than ordinary members. Boix and Posner take this distinction further and explore how the structure, purpose, type and network boundaries of civic associations can influence their ability to generate social capital within a given community of

practice and beyond (1996). The matrix below provides a summary of Boix and Posner's discussion:²³

Table 3:1 Boix and Posner' Associational Qualities

Characteristics of Association	Description	Comment
Horizontal	Connect agents of equivalent status and power.	Promote collective-action, collaboration and equality which positively influences social capital because most decisions and actions are based on consensus.
Vertical	Brings together unequal agents in asymmetric relations of hierarchy and dependence.	Power and responsibilities are distributed according to hierarchy, which hinders collective decision making and negatively influences social capital.
Public goods	The "goods" produced by an association can be enjoyed by everyone in the community regardless of their personal participation such as public safety groups.	Provides space for "free-riding" – one does not need to participate in the group to enjoy safe streets. Requires cooperation and more effort to achieve common goals; promotes strong social capital among the members.
Private goods	The "goods" produced are accessible to those who participate, such as a chorus or a bowling league.	There is no room for "free-riding"; one must participate to reap the benefits. Requires coordination within the group to achieve common goals; promotes weak social capital
Norms and purpose of association	Social capital is a tool, the purpose and the norms of a particular association will determine its use.	While social capital promotes cooperation, it is important to keep in mind that ill-minded norms and purposes (like Mafia) can harm the overall quality of life in society

²³ While this grid is based on the highlights from Boix and Posner's article entitled "Making Social Capital Work: A Review of Robert Putnam's Making Democracy Work," it also extends the discussion by including other groups such as social movements, crime groups and volunteer initiatives.

Characteristics of Association	Description	Comment
Types of social capital: bonding, bridging, linking	Determines the ability of social capital to transcend beyond the immediate group within which it was produced.	The three types influence the quality and quantity of social capital within the group and beyond.
Boundaries of Networks	Determines to what extent networks formed by various associations overlap with each other.	Presence or absence of this cross-network overlap determines the overall quality of social capital in society (Boix & Posner, 1996).

This table shows that the role and the effectiveness of associations can vary depending on their type and purpose. The majority of associations encompass more than one quality and fall between these types, i.e. they can be structured vertically producing private goods and fostering bonding social capital. Similarly, industry associations would carry more than one quality, i.e. they can be horizontally based producing public goods and promoting bridging social capital. Nevertheless, this categorization will be helpful in later chapters.

As the grid above illustrates, civic associations affect the stock and quality of social capital in society. The type, purpose and norms of associations are important elements that influence the growth and decrease of social capital. However, there are also other factors that influence the relationship between social capital and civic associations. The literature offers four major areas of debate on the topics of social capital and civic associations and its highlights are discussed below (Maloney et al., 2000).

3.3.1 Correlation between Social and Political Involvement

This debate goes back to the argument presented by Tocqueville in *Democracy in America*, which states that the participation of citizens in civic associations teaches them about democracy because they work collaboratively toward a common goal. In this way, it paves the way for political participation. Based on this argument, Putnam suggests that a vibrant civil society facilitates and encourages a vibrant political society. But other scholars claim that civic involvement in the United States moved away from the official politics to the voluntary sector. Galston and Levine argue that the classic Tocquevillian thesis should be

modified - local civic life does not act as a school for wider political involvement but instead may increasingly serve as a refuge from and/or alternative to it (Maloney et al., 2000).

3.3.2 Social Capital and Good Government

In his studies of the Italian regional governments and economic development Putnam suggests that there is a link between associational vitality and democracy. He shows that regions with a long tradition of volunteerism and active community participation tended to have more democratic government and be more economically prosperous compared to those regions where such traditions were not as strong (Putnam, 1993). It is reasonable to suggest that the activities of political institutions or other agencies might help or hinder the creation of social capital. On the other hand, other scholars suggest that the correlation between associational vitality and good government is over-simplified because public authorities are deeply implicated in the shape and activities of voluntary associations. Elected governments play a major role in the political process but they have to collaborate with other organizations to achieve their goals. Institutions in civic society do not simply underwrite the capacity for good government; they are incorporated into the process of governing (Maloney et al., 2000).

3.3.3 Social Capital and Social Benefit: Trust and Distribution

Putnam argued that trust in political institutions correlated with the quality of democracy, i.e. trust in government has a positive influence on democracy. But finding research tools that accurately measure the levels of trust within political institutions is a challenge. Furthermore, other studies show that political trust may not necessarily have a negative impact on the overall stock of social capital in society. On the contrary, citizens sceptical toward the government are more likely to keep its actions in check. Maloney et al go on to say that: "The issue is not whether or not citizens are anti-statist, but whether they are prepared to place their own individual interests below those of intermediate social groups" (2000 p. 217).

The other question that should be addressed is how social capital is distributed among various groups and classes in a society. Being part of a group may determine access to resources that other community members will find out of their reach. In the former

Soviet Union, the unofficial economy of favours, or '*blat*', facilitated exchanges among party members and people in positions of power promoting inequality (Ledeneva, 1998). The "*blat*" networks that existed and the "old boys' network" provide opportunity to exchange favours exclusively among its members, keeping away those who "do not belong."²⁴ For example, children of the Communist party members would almost always be accepted into the state universities – as a rule, the higher the position of the parent(s), the more prestigious the university would be to the extent that some universities and certain faculties were "out of the league" of ordinary Soviet citizens and their children. In one of the popular anecdotes of the late Soviet period (1980's), a son asks his father, a Soviet Army lieutenant, whether he will become a lieutenant too, when he grows up. "Of course, my son" the father answers. "What about a general?!!" "No, the general has his own son."

As this anecdote illustrates, such a system facilitated an unofficial but well established exchange of favours at the expense of unknown others. The "*blat*" network facilitated *bonding* social capital that became an essential (although unofficial) part of the Soviet system. The type of social capital available in a social network, whether it is bonding, bridging or linking, may also affect its distribution in society. Differentials in the ability to create and access social capital are likely to reinforce existing social, political and economic inequality. Therefore social capital's 'distributive dimension' needs to be recognized (Maloney et al., 2000).

3.3.4 The Decline of Social Capital

In *Bowling Alone*, written in the mid-1990's, Putnam analysed the evolution of community engagement during the 20th century using the example of bowling leagues in the United States. He suggested that although individual bowling had a ten percent increase in America, the overall participation in bowling leagues decreased 40 percent over the last two decades (Putnam, 1996). While bowling membership and its effects on society is the main focus in this study, Putnam also looked at the membership changes in a number of traditional associations in the United States and concluded that there is a trend towards an overall decline in civic participation, which could have a negative impact on the stock of

²⁴ There are other examples of negative social capital, like Sicilian mafia or Ku Klux Klan, both of which are infamous for their criminal history and corruption.

social capital. However, many scholars disagree with Putnam, questioning the validity of his surveys. A number of studies conducted in the United States and Britain showed that the number of voluntary associations has increased in the past thirty or forty years. For example, Nicholas Lemann, being somewhat sarcastic in the article titled “Kicking in Groups,” argues that there has been a relatively small decline in civic virtue in the United States (1996). To prove his point, he shows that the number of U.S. Youth Soccer participants doubled in the past 10 years from 1.2 million to 2.4 million suggesting that perhaps there has been a shift in interest – from bowling leagues and chorus groups to soccer teams and online communities (Lemann, 1996).

Similar trends were mentioned by Richard Florida in *The Rise of Creative Capital* where, among other studies, the work of Dora Costa and Matthew Kahn argued that the decline of social capital has been over-stated. In their paper, they looked at social capital trends in the community and at home (on individual and family levels) in the U.S. from 1952 to 1998. They discovered a decline in individual social capital due to increasing participation of women in the labour force and little decline in the community social capital due to inequality and growing ethnic diversity (Costa & Kahn, 2001; Florida, 2002). Florida questions the validity of Putnam’s findings because they do not take increasing ethnic diversity and income inequality into account. He suggests that perhaps “the ways that communities create economic growth have been transformed” (Florida, 2002, p. 269). These studies suggest that civic participation is not really declining, but rather shifting due to changes in the political environment. For example, the attention of local government has been dimming in traditional services such as housing. To pick up the slack, associations have been formed who focus on providing support services and government lobbying on behalf of their members (Maloney et al., 2000).

There is also disagreement on which types of civic associations actually contribute to democracy and which do not. Some suggest that tertiary associations such as professional associations and staff groups take advanced democracies closer to mass societies because their main function is to collect membership dues. On the other hand, if cheque book participation supports the activities of a lobbying campaign conducted on behalf of certain community or interest groups, would that not be as effective as a public protest demonstration? Clearly, there is a lot of contention in the literature on whether the

contribution of horizontal and vertical civic associations to social capital should be viewed as positive, negative or neutral (Maloney et al., 2000). This research shows that overall, associations can have a positive effect on the stock of social capital but there are some contentious issues that also hinder it. The details of these effects will be presented in the Chapter Five. The next chapter of this thesis examines the findings from the practical component of my research.

CHAPTER 4: PRACTICE (CASE STUDY)

4.1 What is New Media

Even though the term “new media” is relatively recent, it has gained wide acceptance in modern culture. Lievrouw and Livigstone suggest that new media is a buzzword that encompasses multimedia, entertainment and e-commerce (2002). Lev Manovich looks at new media from a historical perspective by looking at the evolution of photography, cinematography and early computing machines. He suggests that the development of modern media and computers began around the same time in the early 19th century. To answer the question of why this is “new” media, he takes the reader back to the 1830s when the daguerreotype, the first photographic camera, and the Analytical Engine, the first information processing unit were invented by Louis Daguerre and Charles Babbage, respectively. He argues that media and data processing are essential ingredients for mass society because they provided the means to distribute and keep track of information (Manovich, 2000).

During the 19th and the first half of the 20th century, media and computer technologies continued to develop parallel to one another until the discoveries of German engineer Konrad Zuse between 1936 and 1944 (Zuse). This led to the convergence of binary and iconic codes: “All existing media are translated into numerical data accessible for the computer. The result: graphics, moving images, sounds, shapes, spaces and texts become computable, that is simply sets of computer data. In short, media became new media” (Manovich, 2000, p. 25). He suggests that the iconic and binary convergence transformed the media and computer technologies into a single entity that combines content and computation. Manovich lists five principles in which new media differs from [old] media – numerical representation (image can be described mathematically); modularity (information can be patterned); automation (mechanization of creation, manipulation and access of media); variability (infinite versions of the product can reproduced); and transcoding (the mergein of cultural - or human- layer and the computer layer) (Manovich, 2000). These five

principles guide the ongoing process of the computerized society and give rise to the IT revolution that has brought about profound changes in how we communicate, work and live. The iconic content can be an image, text, sound - the content of the media; the binary can be a set of zeros and ones, a string of code or a processing unit. The merger of binary and iconic or content and computation produced a whole industry where new forms of media are created and distributed.

4.2 Defining the New Media Industry

Originally (in the late 1980's and early 1990's) the new media industry was referred to as the multimedia industry because it involved what then were the new types of media such as CD-ROMs, computer multimedia, digital sound effects, and websites as well as early computer games. The products produced usually involved at least two types of media. This group of emerging technologies consisted of a relatively small group of firms who provided services to larger corporations and educational institutions. There was also another group of companies that specialized in production of computer games and sound and visual effects for the film industry. Since then, the industry has undergone significant changes and experienced growth due to several factors including an increase in the broadband connection and globalization (Mills & Brail, 2002).

Today, the distinction between the new and [old] media is blurred because traditional media (print, film and television) have been affected by innovations in information and communications technologies. For example, almost every newspaper or magazine has a web site, which offers an array of services to consumers. This process of merging media forms, television, print and the Internet, or, as it is also known as media convergence, has been widely discussed in the literature (Castells, 2001; Taras, 2001). In addition, many interviewees said that media convergence is an important trend that will influence the future of the industry.

As new media continues to evolve, there have been several attempts to define the industry. A recent book from the MIT press titled *The New Media Reader* contains eight definitions of new media. Closer to home, the Canadian Radio-Television and Telecommunications Commission (CRTC) defines new media as “encompassing services and products that make use of video, audio, graphics and alpha-numeric text, and involving,

along with other more traditional means of distribution, digital delivery over networks interconnected on a local or global scale” (CRTC Website, 1998). Although this definition encompasses the majority of technological tools and delivery methods required to produce a new media product and/or provide a service, it is not clear what role innovation aspects play in this process. Another study concluded that the key feature that distinguishes a new media firm from one that is merely using new media technologies as part of its business is the extent to which the firm innovates in both of the two defining aspects of new media, i.e. “content” and “computation” or as Manovich defines it “iconic” and “binary” (Smith, McCarthy, & Petrusevich, 2004).

Although the attempts to define new media are helpful in understanding the concept, the array of definitions that emerge as a result of this exercise complicates the matter even further when one tries to quantify the industry. For example, the annual report titled the “Profile of The British Columbia High Technology Sector 2002 Edition” issued by BC Stats and the Ministry of Competition, Science and Enterprise, maps the North American Industry Classification System (NAICS) codes to new media job categories, and finds that many job functions within new media are either not described by these codes or fall under multiple codes. For example, because new media companies focus on both content and computing, their work can be coded as both a product and a service (Smith et al., 2004).

For this study, I decided to look closer to home, adopting a working definition developed by the New Media BC association in collaboration with other provincial and national new media organizations. They define new media companies as those who “use new and emerging interactive digital media for the purposes of entertaining, educating and informing” (New Media BC, 2002). With this definition, let us move on to the actual description of the industry, companies and organizations that play a role in this space.

4.3 Overview of the Vancouver New Media Industry

Vancouver, along with Montreal and Toronto, is one of the top three centres of new media in Canada (New Media BC, 2002) According to the latest report by the Vancouver Public Library, there are over 570 firms in the Lower Mainland that operate in the new media space (Housser, 2005). Although this is quite a significant number, it is important to understand some of the factors that make this industry a cluster.

According to Michael Porter, “clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition” (1998, p.78). Clusters are usually limited to a certain geographic location – for example, the city of Basel in northern Switzerland houses all three major Swiss pharmaceutical companies; Germany’s auto industry is clustered in the south of the country and America’s best known advertisement agencies are concentrated on Madison Avenue in Manhattan. Porter suggests that close proximity of the firms promotes more vigorous competition, facilitates cooperation and encourages these firms to innovate (1998). In our case, the majority (almost 80 percent) of new media firms are located in Lower Mainland. In fact, the New Media Industry survey (New Media BC, 2003) shows that the majority of BC new media companies are located in the eastern part of downtown Vancouver (Gastown and Yaletown²⁵ areas). There are also two other typical locations (although the content ratio is not as high) for new media companies – one near the University of British Columbia/Kitsilano²⁶ area and the other around central Burnaby near the Electronic Arts campus²⁷.

From the social capital perspective, proximity of the companies and the people that work in the industry facilitates information flow within the social network of the new media cluster. Efficient information flow, knowledge exchange and strong networks are especially important for a fast-paced industry such as new media. The industry is still evolving – it is not the same as it was five years ago and it will be different five years from now. In the past 10 years, a number of new media studies have been conducted by various organizations in British Columbia. These studies demonstrate that the industry is still very young and fast-moving.

²⁵ Located within walking distance at each other in downtown Vancouver, Gastown and Yaletown are two of many districts in Vancouver. Gastown is a historic part of Vancouver populated by tourist shops, restaurants and cafes. It is located on the east end of downtown and is currently undergoing some major renovations of its historical buildings that are being rebuilt into luxury loft apartments and offices. Yaletown is located on the south east of downtown. The area has many former industrial warehouses that were restored into offices occupied by technology companies, advertising agencies and other organizations. Yaletown has also undergone a boom in real estate development of apartment buildings and luxury condominiums that are now mostly occupied by young professionals who work downtown. Both Yaletown and Gastown have a large concentration of night clubs and bars. According to the latest edition of the New Media Directory, produced by the Vancouver Public Library, there are over 70 new media companies in Gastown and over 80 in Yaletown (Housser, 2005). Refer to Appendix E to view the downtown area of Vancouver.

²⁶ Kitsilano is a trendy district of Vancouver stretched along Kitsilano Beach. It is known for its restaurants, cafes, beaches, shops and parks.

²⁷ Refer to Appendix G to view the map of the Lower Mainland.

The earlier studies (Centre for Image and Sound Research, 1995; PriceWaterhouseCoopers, 1998; PriceWaterhouseCoopers LLP., 1998) and interviewees who have witnessed the “birth of new media” point to the film, television and information technology industries as the major contributors to the growth of BC’s new media cluster. As one of the interviewees described it, “Creative types were brought together with the technical types and then companies started to appear and here is what we have today.”

The current description of the Vancouver new media industry is based on two recent independent studies. The quantitative information is based on a province-wide survey that was conducted through the joint efforts of New Media BC and the Centre for Policy Research on Science and Technology (CPROST) in the spring of 2003. This survey is based on 250 responses from 700 possible new media companies. The online survey consisted of 32 questions and asked about company age, geographic location, core activities, target markets, human resources, innovative activities, financing and ownership, revenues, export activity, collaboration and location factors. The qualitative information comes from interviews conducted from June 2002 to July 2003, as part of the ISRN research project at SFU. Although some of the results simply confirmed findings from previous industry surveys, others revealed significant change and growth in the industry during the past five years.

The industry is still very young: over half of the companies surveyed (61.8%) have been in operation for less than six years. This number compares to earlier results from a study conducted in 2000 by PriceWaterhouseCoopers (PWC) in which 54% of new media companies were found to be four years old or younger. This shows that the industry is young and growing. Today’s new media industry includes over 700 companies and provides full-time employment for approximately 14,000 people. This is a significant increase from 1998 when PWC reported that new media employed only 1800 people and consisted of over 70 companies (PriceWaterhouseCoopers LLP., 1998). Although 79% of BC’s new media companies are located within the Lower Mainland (over 580 companies (Housser, 2005)) the industry is beginning to flourish in other areas of the province such as the Okanagan and Kootenay regions and Vancouver Island. In comparison, in 2000, 67% of the companies were located in the Lower Mainland (PriceWaterhouseCoopers LLP., 2000).

A typical Lower Mainland new media company is slightly older than its counterparts in the rest of the province. A majority of BC's multimedia companies, 87%, are privately owned, 8.8% are public companies while 2.3% are subsidiaries of Canadian parent companies and 1.5% are subsidiaries of foreign parents. Regardless of the location, the majority of new media companies, 52.5%, employ less than six people. The statistics show that as companies mature, their employee count also increases (New Media BC, 2003).

Besides companies, the new media sector industry includes a number of post-secondary institutions located in the Lower Mainland: Simon Fraser University, University of British Columbia, Emily Carr Institute of Art and Design, the Vancouver Film School, British Columbia Institute of Technology, the Art Institute of Vancouver and others. They serve as a key source of employees for many companies since the majority of them employ local people and because the industry is youth driven. Another important component of the industry is the industry associations and the research centres/organizations that work in this space. These include: Leading Edge BC, CIMI,²⁸ CPROST at SFU, and a number of industry associations which will be discussed below.

Although the industry is relatively young, it has already survived economic upheavals. During the dot-com boom (late 1990's), the new media industry grew significantly: the 1998 study showed the industry had 70 companies and in 2000 that number had risen to 500. One could speculate that this number could have been even higher; however, the dot-com crash affected many high technology communities across North America including British Columbia. A number of companies lost their financing and were forced to downsize or close. Some companies, in order to survive, had to go through a downsizing phase and if they managed to obtain another round of financing or a new contract, they would hire people back. For example, a senior executive of a new media company said that: "over the last three years we have gone through growth and shrinkage, so we had to cut in between, so last time we had to cut 10 people, but the good news is we hired them back now."

The amount of capital available to sustain the existing companies and the government support through programs and policies has also decreased. As one participant pointed out, surviving in such a market is a continuous struggle. However, those that

²⁸ The Center for Industrial Market Intelligence (CIMI) was a think tank and research organization with primarily goal to bridge government, business, academic and regional interests. CIMI closed in early 2005.

weathered this “negative growth” period learned to operate in the challenging market environment and grew stronger. Today, the outlook is optimistic, with several interviewees mentioning that investors were warming up and some were starting to look for new investment opportunities. Time will tell if this is the beginning of another upturn of the market.

The two studies differed in how they distinguished the types of new media companies. The New Media BC survey divided the new media industry into three subcategories according to their function: content providers, enablers and delivery agents. Content providers (80%) are those that develop digital content such as games, animation, Web design/development, e-learning products, visual effects, streaming media and Internet publishing. Delivery agents (20%) provide the “pipelines” for digital content and include Web hosts, Internet service providers and telecommunications companies. Enablers (42%) provide the tools and resources necessary for the delivery of digital content such as software development, Internet applications, digital compression technologies, security software, and e-commerce applications. Some companies said that they specialize in more than one of the categories due to the nature of their product and services, which blurs some of the categories (New Media BC, 2003; Smith et al., 2004).

The ISRN interviews distinguished between firms according to products and markets. According to this categorization, the new media industry is composed of four different sub-clusters. They correspond to different new media product areas. These include: e-learning, gaming, animation and web-services. Below is a brief description for each sub-cluster.

4.3.1 E-learning Sub-Cluster

In this sector, companies specialize in producing and developing content and tools that facilitate online learning such as online courses, learning management and knowledge management systems. E-learning differs from traditional learning because it “refers to the use of Internet technologies to deliver a broad array of solutions that enhance knowledge and performance”(Kruse, 2003).

This is the youngest sub-cluster of the cluster and most of its companies are very small, often one or two-people operations based out of their home offices. There are also independent consultants who, along with other expertise, work with their clients to address their educational needs. However, there are a number of larger companies, such as Chalk Media, that employ up to 20 people or more.

The majority of the e-learning companies trace their roots to educational institutions – some of them spun out of post-secondary schools and others were founded by former educators who became interested in technology and decided to start their own business. Some interviewees suggest that BC's first e-learning companies developed in response to a need for distance learning due to the geography of the province and the need for distance education.

According to E-Learning BC, there are about 70 companies within this sub-sector, the majority of them located in the Lower Mainland (2002). They provide services and products to the provincial and national educational institutions and corporate organizations.

4.3.2 The Gaming Sub-Cluster

According to the latest study on the game industry, completed in May 2004, there were about 150 companies with approximately 2400 employees in this sub-sector in BC (New Media BC, 2004a). The average gaming company has 20 employees, which is higher than the new media industry average. This may be because this is the oldest sub-sector in the industry and also because of the technical and human resources required to develop a game. One hundred and twenty of those companies are directly involved in the gaming industry, including some of the top game developers and publishers in the world such as Radical Entertainment and Electronic Arts Canada. The rest of the organizations in this sub-cluster consist of educational institutions, retailers, and professional services that play a role in the value chain of the game industry. The sector is expected to grow to 3000 employees by the end of 2005 (New Media BC, 2004a).

Don Mattrick, current President of Worldwide Studios at Electronic Arts (EA), played an important role in the formation of the Vancouver's gaming industry. The success of his first game, "Evolution," allowed him and his former partner, Jeff Sember, to start

their own company, Distinctive Software, in the early 1980s. Gradually, the firm grew to 80 people and in 1991 it was acquired by EA, an American company. EA continued to grow and by 2003, its revenues reached \$2.5 billion with offices in Canada, United States and Europe (Electronic Arts Inc., 2005).

As Don Mattrick's company continued to evolve, a number of employees chose to start their own companies. Two spin-offs of Distinctive Software are Radical Entertainment and Relic Entertainment and these companies, in turn, have spun out more companies. The spin offs and other companies were started independently and contributed to the vibrancy and growth of Vancouver's new media industry. The majority of companies in this space develop computer games for various platforms such as PCs, PlayStation, Xbox, and Nintendo, as well as various cell phone gaming platforms.

4.3.3 The Animation Sub-Cluster

The first BC-based animation companies were founded in the late 1980s, providing services for major Hollywood companies and large animation companies, such as Nelvana and Cinar, in Toronto and Montreal. These early companies gave rise to more animation companies and the sub-cluster grew considerably through the 1990s. The nature of the activities evolved from doing service work for US-based companies to producing indigenous content through co-production with other Canadian and international companies. Producing and selling their own content is important to animation companies because it complements revenue, adds value to the company and contributes to a portfolio that can be showcased to prospective clients. An executive at one animation company attributes the industry own-content production growth to the government grants that are based on the Canadian content. According to a 2001 study, there are approximately over 60 companies in the sub-sector (Association of British Columbia Animation Producers, 2001).

4.3.4 Web Services Sub-Cluster

This final sub-cluster is different from the other three in that its companies engage in diverse activities. Their main products are a combination of services such as the preparation of various materials for e-commerce, Internet marketing, web site design, development and

support. Some of the pioneers in the transactional aspects of the Internet are located in Vancouver.

The majority of these companies are quite small and privately owned, some working on a contract basis. There are also a large number of freelance consultants who provide their services on a sub-contract basis. Most companies operate locally, focusing on the local market such as runwithscissors, Bayleaf and Graphically Speaking. But, as a rule, if a company is successful, their market and their base of clients grow with them. There are also companies such as Blast Radius, who have achieved world recognition; their portfolio of clients including some of the world's largest firms, such as Nike, Nintendo and Heineken.

4.3.5 Understanding the Industry – Cluster or Not?

Looking at the four sub-clusters that comprise the Vancouver new media industry, one would raise a question as to whether this is a cluster or a completely different phenomenon. The research and the evidence offer two different perspectives on this issue.

On the one hand, geographical clustering of new media firms in the Lower Mainland, i.e. Gastown and Yaletown, supports Porter's argument that close proximity of the firms facilitates information flow, competition, cooperation and innovation (M. Porter, 1998). Factors such as presence of incubator firms that encourage R&D and serve as a training ground for the work force; consultants who facilitate the knowledge transfer; presence of industry associations; high level of collaboration among companies and associations that encourage information flow across the four sub-clusters demonstrate strong linkages among companies.

There are additional factors that suggest that this is a cluster. For example, 80 percent of the companies said that they produce their own Intellectual Property (IP) which shows a high level of innovation in the industry (New Media BC, 2003). There is strong presence of internal and external economic linkages in the industry – quite often companies collaborate with each other through sub-contracts for a common client and more than 75% of BC's companies export products and/or services (New Media BC, 2003). Further, many interviewees felt a strong sense of community in the industry.

These findings were confirmed by the Industry survey that revealed a high degree of collaboration among BC new media companies. For instance, many companies actively collaborate with other BC or Canadian businesses, international organizations, universities or colleges, and research institutions with average number of collaborative partners within BC was slightly greater than five (New Media BC, 2003). In addition, since the industry is relatively small, it is common for people to know each other personally or have heard of each other because of common work, school or volunteer history.

On the other hand, other characteristics of the Vancouver new media industry lead one to question whether it is a cluster at all. The youth of the new media companies and supporting organizations, relatively high turnover rate of companies and the speed with which they evolve indicates volatility of the industry²⁹. Also, the four relatively distinctive sub-clusters that correspond to different new media product areas often operate in different markets that, at first glance, do not seem to overlap. These aspects lead to questions about strength and the cohesiveness of the new media industry. Do these characteristics then make them four separate industries that operate in the same space of content and computation, or is it a single cluster that happens to be quite diversified?

A recent study of the industry conducted by CPROST researchers presented two alternatives: this is a very young industry that faces the many challenges of an evolving industry. As it continues to mature, it will stabilize and acquire traditional cluster characteristics. Or, this is not a cluster but a whirlwind of activity generated by new media technologies. While it carries some of the cluster characteristics mentioned earlier, it does not yet meet the criteria to become a cluster. The study concludes that with time, we will be able to tell which alternative is the most accurate (Smith et al., 2004).

Having briefly discussed the condition of the Vancouver new media industry, let us proceed to actors that play an important role in cluster formation and growth - industry associations in the new media space, the subject of this inquiry.

²⁹ As indicated earlier, the average age of the new media company is six years old. Although there is no official data on turn over in the industry, interviewees often mentioned that making new media company profitable is difficult and that small companies often go under because they lose their financing or run out of money.

4.4 Overview of Industry Associations in the New Media Cluster

As part of the ISRN study of new media industry in Vancouver, we were able to conduct six interviews with leaders of industry associations that operate in the new media cluster. Some of these organizations extend their services beyond the new media industry and cater to bio-technology, wireless technology, ICT (Information communication and telecommunication) and fuel cell industries as well. In addition, 15 follow up interviews³⁰ were conducted for this thesis. A brief overview of each organization and their role in the industry is provided below with the information based on the interviewees' comments, associations' websites and participant observation.

New Media BC

According to one industry veteran, the New Media BC association (NMBC) traces its roots to the ASI Exchange³¹. Officially, the organization was launched in June 1998 through combined funding from the National Research Council's Industrial Research Assistance Program³², the TELUS New Media and Broadcast Fund, and British Columbia Film. The founding sponsors recognized the importance of a strong industry association in the development of the new media cluster in the province (New Media BC, 2002). Through networking events, Special Interest Group (SIGs) committees, advocacy work, and marketing, New Media BC works to build the new media community locally and nationally as well as promoting it abroad through various initiatives such as local events that catered to the needs of the new media industry, partnerships with local and national associations, industry studies and lobbying activities.

³⁰ Out of 15 follow up interviews, 11 were conducted with industry association representatives, one with a government official and three with industry veterans. The direct quotes are not attributed to the interviewees so that their identity is preserved.

³¹ Organized by the Advanced Systems Institute of BC (ASI), the ASI Exchange was a one-day exhibition of BC high technology companies and researchers from post-secondary institutions. Held every spring from 1992 to 2004 (Sauder, 2005) at the Plaza of Nations, it brought together between 2,000 to 4,000 participants, providing them with the opportunity to showcase their work, exchange ideas and explore research, financial issues, and other collaborations. Due to lack of funding, the ASI of BC and the Innovation and Science Council of BC have merged to become the BC Innovation Council in mid-2004.

³² Funded by the federal government, the National Research Council's Industrial Research Assistance Program (NRC-IRAP) is designed to promote the growth of small and medium-sized Canadian enterprises (SMEs). The program provides technological and business advice, financial assistance and a range of other innovation assistance to eligible companies across the country (NRC, 2004).

When it began in 1998, New Media BC had 40 members. Since then, its membership has grown significantly and as of January 2005, the association represents over 140 member companies (New Media BC, 2002). The membership is comprised of businesses from all sub-sectors of the new media industry, educational organizations, government agencies, and individuals whose core businesses are e-commerce, e-learning, web development, electronic games, animation, visual effects, software and tools, and interactive products (New Media BC, 2002). At the time of the interview (October 2004), the organization had three full-time employees and one contractor on staff and was overseen by a Board of Directors. The association regularly organizes a number of events such as lunch and learn sessions, special interest groups meetings and training sessions. Over the years of its existence, New Media BC has been able to establish a reputation as the voice of the new media industry within and outside the cluster.

eLearning BC

eLearning BC is an alliance of over 70 e-learning providers. Its aim is to market the work of its members nationally and globally and to lobby federal and provincial governments for policies and grants to help support their initiatives. The members cater to a wide range of audiences from schools to corporations and provide a number of services: school and university curricula, virtual classrooms and virtual studios, content development tools and learning management systems. *eLearningBC* is a non-profit association run by the board of volunteers and committees who represent member companies (eLearningBC, 2002).

eLearning began its roots in 2000 as a New Media BC Special Interest Group (SIG) initiated by several individuals who worked in the e-learning sector. This SIG spun out of New Media BC forming an independent organization. One of the first initiatives undertaken by the group was organizing a trip to the Online Learning Conference in Anaheim in September 2002. Another initiative involved establishing a structure and a marketing plan to promote e-learning companies in BC. From 2002 to mid-2004, eLearning BC remained a very active group – they held meetings, organized educational seminars and online discussions, as well as maintained active e-mail lists. They also developed close relationships with a number of government officials from the provincial and federal level that offered invaluable support and governance advice and assisted them with lobbying activities.

British Columbia Film

Established in 1987, British Columbia Film's mandate is to offer programs and services that contribute to the growth of the indigenous film production community in British Columbia. Over the years, the organization has offered development and production financing to British Columbia filmmakers through a variety of funding, marketing and skills assistance programs. In addition, the organization administers the provincial tax credit program on behalf of the provincial government. It is a private, non-profit society, which operates at arms-length from government and reports to a seven-person Board of Directors. The Society receives the majority of its operating funding from the provincial government through the Ministry of Competition, Science and Enterprise (British Columbia Film, 1996-2003). Currently, British Columbia Film has nine full-time employees - four of them look after the tax credit system for their members and five manage the operations and the events.

The organization is connected to the new media cluster on two levels: through business activities and technology. New media technology is used in the film industry, for example in credits or in animated movies. Because of this overlap, many companies are members of both associations. Also, some new media companies collaborate with film companies on a sub-contract basis.

The Wired Woman Society

The Wired Woman Society (WWS) was founded in 1996 by Emma Smith, who at the time was an instructor at the Vancouver Film School. The society was founded to build relationships and encourage knowledge sharing among women employed in the technology sector, including new media. Over time the Wired Woman Society established chapters in Toronto, Calgary, Ottawa and Winnipeg and as of January 2005, it serves over 1250 members nationwide (Smith, 2005). The society manages the development and distribution of four key initiatives for women in the high technology sector across Canada: education, mentorship, online services, and R&D. Membership is open to women only (The Wired Woman Society, 2003).

According to one of the Vancouver chapter's executives, the WWS Vancouver chapter provides its 770 members with monthly educational seminars, social gatherings and general support (Smith, 2005). Members of Wired Woman receive regular news, update

emails, and can use the society's email list to post news and inquiries to the entire membership list (The Wired Woman Society, 2003). Wired Woman Society is a non-profit association run by a Board of Directors and various Committees, all of whom are volunteers.

The Association of British Columbia Animation Producers (ABCAP)

The Association of British Columbia Animation Producers (ABCAP) was a non-profit organization representing animation producers and production companies operating in British Columbia. Founded in 1994, ABCAP's mandate was to foster and encourage a solid foundation for, and continued growth of the animation industry in British Columbia. According to one of the founders of ABCAP, the organization was founded for a number of reasons: first, small animation companies wanted to create a watchdog body to monitor Disney, which, at the time, was planning to move to Vancouver. Second, company members wanted to create an atmosphere of cooperation and a place for negotiation. In 2001, ABCAP conducted a survey of some 60 firms either directly working in or deriving some portion of their business from the global animation industry. Fifty percent of companies from this group (thirty companies) were members of ABCAP. At the time of our first interview (summer 2003), ABCAP was in transition mode: they were considering merging with New Media BC and were not as active as other associations. ABCAP merged with New Media BC in early 2004.

Techvibes Media Inc.

Techvibes is an online community portal that provides networking opportunities for the members of high technology industries across Canada. One of the founders of Techvibes, Lindsay Smith, was a co-founder of GeekRave Productions, an initiative to provide more networking opportunities in the height of the technology boom era. Founded at the beginning of 2000, the GeekRave staff organized social events for high technology professionals in Vancouver. In 2002, Lindsay Smith (now the CEO) partnered with Michael Schwarz (President) to create Techvibes with the goal to facilitate online networking for the high technology industry.

Techvibes developed an online community web portal that provides information, resources and networking opportunities to the high technology industry, including new media. Since its inception, the Techvibes community has grown to over 20,000 members

across North America connecting members in Vancouver, Calgary, Toronto and several US cities. In addition, Techvibes also holds monthly networking events in downtown Vancouver that are extremely popular among those who work in the sector, especially the younger generation. The events are held every third Tuesday of the month and draw between 200 to 500 people depending on the topic, the profile of the speaker, the time of the year, and the venue.

At the time of the interview (Fall 2004), Techvibes was a growing private company employing ten full-time staff and several contractors and volunteers. Techvibes' business model is similar to that of a magazine or a newspaper - they aim to create value for an audience, bring them to their website where they can obtain information and find resources and then advertise products to that audience.

Special Interest Group for Computer Graphics Association for Computing Machinery (SIGGRAPH), Vancouver Chapter

Founded over 30 years ago, SIGGRAPH is a global organization serving researchers, professionals and artists who work in the fields of computer graphics and interactive techniques (Enger, 2003), both of which are essential components of new media technologies. SIGGRAPH has chapters in over 50 cities in 20 countries around the world, including Vancouver.

The Vancouver chapter is relatively young – it was founded by Martin Talbot and Andrew Wu in early 2003. Both of them were involved in the Montreal and Toronto chapters prior to moving to Vancouver for work. In this period of time, this volunteer-based organization has grown and became a hub for Vancouver computer graphics professionals. Its primary goal is to provide networking and education opportunities for computer graphics professionals in Vancouver. Currently, SIGGRAPH has a core group of ten people that consists of professionals and students as well as 26 active members and over 250 people on their email lists. The core committee organizes monthly events that attract anywhere between 30 to 150 people depending on the topic and the speaker. SIGGRAPH collaborates with New Media BC and International Game Developers Association; they assisted New

Media BC with organizing VidFest 2004³³. SIGGRAPH has optimistic outlooks on its future. Since the organization is still young, they recognize the need to continuously look for more effective ways to attract more members and volunteers and develop relationships with other associations in the new media industry.

High-Tech Communicators' Exchange (HTCE)

The HTCE was founded by Catherine Ducharme as a special interest group in the spring of 2001. Catherine, a communication professional who spent most of her career in the high technology industry (which includes new media companies), recognized a need for a peer group in the industry: “I thought it would be great to have a forum where communicators could come and learn from others, learn best practices and case studies and have that community that they do not have in their company.” Since its inception, the HTCE’s vision has been to provide a safe space for high technology communication practitioners to learn from each other through networking, mentoring and sharing information. The organization does not charge annual membership dues, but those that wish to join are asked to pay for the events that cover the cost of food and the venue. To become a member, interested individuals are asked to go through an informal screening process – this is done to make sure they are not joining for business development purposes but rather to learn and to build relationships. In the three years of its existence, the HTCE’s member list has grown from 40 to over 350 members primarily through a word of mouth. The founder attributes this success to their focus that creates a friendly and supportive environment that attracts people. The events are held every six weeks on a Monday night at various locations of the Lower Mainland. The HTCE is a not-for-profit organization run by a volunteer committee.

International Game Developers Association (IGDA), Vancouver

The IGDA Head Office is located in San Francisco and has over 80 chapters in North and South America, Europe and Asia-Pacific. The IGDA’s mission is “to strengthen and bring together the international game development community while effecting change to benefit that community” (IGDA, 2000-2005). These goals are accomplished through

³³ Created and organized by New Media BC in 2004, VidFest (Vancouver International Digital Festival) is an international festival of digital media held annually in Vancouver. For more information, refer to <http://www.vidfest.com/>.

chapters, online discussion forums, special interest groups as well as educational and networking events (IGDA). IGDA has three types of membership – professional, student and studio affiliations. These membership rules apply to all chapters across the globe.

The Vancouver chapter was formed in early 2002 by several students at the former Centre for Digital Imaging and Sound (now the Art Institute of Vancouver). The students established contact with IGDA Head Office who provided them with materials and information on how to establish an IGDA chapter. The initial motivation for the students was to meet people in the industry and look for a job on a grass-roots level. Since then, the initial group of founders successfully found employment in the industry and today they continue to build the network among the game developers' community and help other students with their job searches. The chapter is run by a core group of 20 volunteers that organize events and maintain the website. The Vancouver chapter has over 240 members on its email list. IGDA collaborates with New Media BC, SIGGRAPH and Vancouver Film School.

AceTech (Academy for Technology Chief Executive Officers)

AceTech was founded in 1992 by Morgan Sturdy, well-known local high technology entrepreneur and executive, who saw a need for technology executives to network, discuss common issues and learn from each other. After a feasibility study, AceTech Board hired staff (currently there are two people who run the administrative/organizational side) and began its operations. AceTech does not have membership and is funded solely by industry sponsors. Their flagship event is AceTech Whistler – a three-day conference held at Chateau Whistler in the early spring. The event is limited to 100 CEOs of BC technology companies, including those that operate in the new media industry. The limited number of attendees in the conference promotes interaction among the participants and relationship building. The event attracts well-known speakers who are not paid for their presentation; the organizers believe that such a set up helps to ensure the speakers are genuinely interested in building relationships with the delegates. AceTech also holds networking events throughout the year to ensure continuity is maintained. These events cater to senior high technology executives and are free of charge.

AceTech actively collaborates on the local as well as national level. They have recently started a sister organization in Ontario. There is also AceTech in the Okanagan and on Vancouver Island, both run by the Vancouver office. The organization also has an ongoing relationship with BCTIA, Wireless Innovation Network of BC (Win BC), BC Social Ventures Partners and others. They are located at the Leading Edge BC office. AceTech attributes its success to the focus of their mandate – from its inception the organization’s primary audience has been technology executives.

The Vancouver Enterprise Forum (VEF)

VEF was established in 1987 by a group of members of the technology enterprise community who felt that there was a growing need to provide mentoring and networking to the people in what was then a young high technology industry. VEF is a non-profit association funded by sponsors (almost 40 organizations), members and events participants. The VEF is run by a Board of Directors who are responsible for making decisions about budget and general direction of the organization. The Operations Committee, comprised of 17 volunteers that meet three to four times a year, is responsible for programming and determining event topics. VEF employs several contractors who are responsible for organizing events and maintaining administration.

VEF is known in the high technology community, including the new media industry, for its monthly events held at Science World. “These are dinner events and provide attendees with an opportunity to network with each other prior to the evening’s presentations. Events vary in presentation format but are designed to cover topics of interest to the technology community” (The Vancouver Enterprise Forum). Depending on the topic and the speaker, these seminars can attract 300 to 400 attendees. The key audiences include decision-makers, consultants, government agents and business-development personnel who work in the high technology sector including new media companies.

TELUS New Ventures BC (TELUS NVBC)

The idea behind TELUS NVBC was initiated by Wal van Lierop and was based on the McKenzie and the MIT competitions model. This idea was developed and advanced by the SFU School of Business (TELUS New Ventures BC Competition, 2005). The founders established a non-profit organization, called the BC Venture Society, with a mandate to

promote economic growth in the province, to operate the New Ventures BC Competition and to attract venture capitalists to BC.

According to the Program Director, TELUS NVBC is a non-profit organization that provides early stage technology entrepreneurs and start up companies with a unique opportunity to acquire the basic business information they need to write business plans; to network with their peers; to access an extensive network of mentors, supporting Non-Governmental Organizations (NGOs), service providers, and sponsoring organizations; to learn from each other, and to present their businesses to a jury of seed, angel and venture capitalists (Kirby, 2004).

The organization is sponsored by TELUS Corporation³⁴ as well as other BC organizations in the public and private sector. Policy direction is approved by the BC Ventures Society board of directors who meet four to six times per year and implemented by the Program Director who is responsible for managing the day-to-day activities of the program. Additional assistance for administrative and operational needs is contracted as needed (Kirby, 2004). The program has over 200 volunteers comprised of experienced industry individuals who act as mentors, teachers, instructors and judges (TELUS New Ventures BC Competition, 2005).

Going on its fifth year of operation, the competition is conducted once a year starting in April and concluding in September with the Awards Ceremony. In order to be accepted, the participants are required to submit a business idea based on a technological innovation, form a team and pay a \$50 registration fee. The program is very popular and each year, over 100 applicants apply. The accepted teams are then required to go through four rounds of a selection process and competition. For the 2005 competition, four winners will receive a total of \$145,000³⁵ of cash and prizes, which are awarded at the awards ceremony. During this process, participants work with mentors, attend business seminars,

³⁴ TELUS Corporation is the largest telecommunications company in Western Canada and the second largest in the country. The company provides a full range of telecommunications products and services including data, Internet protocol (IP), voice and wireless services (TELUS Corporation, 2004). TELUS is a title sponsor of the organization, hence the name TELUS New Ventures BC.

³⁵ The prize structure has changed a few times since the inception of the competition. For example, in 2004 and 2003, there were three prizes with \$120,000 of cash and prizes.

present their business idea to a panel of judges and attend networking events. The biggest benefit to the participants and volunteers is the relationship they build with each other.

Although TELUS NVBC is not an industry association, its operations are similar to one because it holds events, networking sessions and provides a place for people to get to know each other. TELUS NVBC employs one full-time person and several contractors and is run by the Board of Directors.

BCTIA (British Columbia Technology Industries Association)

BCTIA was incorporated in 1993 by several prominent provincial business leaders who saw the need to establish a formal body to address common issues for the BC technology industry. According to the BCTIA website, the association was an amalgamation of the Electronic Manufacturers' Association of British Columbia (EMABC) and the former Information Technology Association of Canada, BC Chapter (ITAC-BC). "The EMABC - whose members were involved in electronic manufacturing and related services - had operated continuously since its founding in 1964. ITAC-BC was founded in 1985 to succeed the Software Independent Dealers Association (SIDA), an industry group formed in the 1970s" (BCTIA, 2003a).

Today, the BCTIA provides a forum for members to review industry issues, obtain new business knowledge from leading industry professionals, provide input on existing and proposed government legislation, and work together to advance the industry's interests. BCTIA is a regional association that represents the BC high technology community from a provincial perspective. A stand-alone business unit, the association has partners across the country and in the United States. The association is solely funded by members and the activities they produce. They offer three types of membership – corporate, associate and agency. Corporate membership is open to technology companies that specialize in information technology services or products. Associate membership is open to vendors who provide accounting, legal, marketing, sales, communication and recruiting services to IT firms. Agency membership is open to government agencies and departments, Crown corporations, educational institutions and other associations involved in the technology community. The membership price is determined by the size of the company/organization and the type of membership (BCTIA, 2003c).

Currently, BCTIA serves over 350 member companies, 50 of which are in the new media sector. BC TIA holds monthly educational and networking events open to members as well as non-members. BCTIA employs six full-time staff and reports to the Board of Directors that has 21 members. In September 2003 BCTIA spun out Leading Edge BC. George Hunter³⁶ holds key leadership roles for both organizations (Leading Edge BC).

Leading Edge BC (LEBC)

LEBC is a not-for-profit agency dedicated to marketing and promotion of British Columbia high technology industries as innovative centres to international markets. Funded by the provincial government, LEBC was formally incorporated in the summer of 2003 and began its operations in late 2003. At the same time, the organization has taken the initiative to co-locate on the same floor and share office resources with a number of other supporting organizations such as AceTech, BCTIA, BC Technology Social Venture Partners (BCT SVP), Wireless Innovation Network of BC (Win BC), BC Innovation Council downtown Vancouver. LEBC moved into the new space on August 16, 2004 and the other organizations followed suit over the next couple of weeks. LEBC provides information, marketing services and conducts various research studies. Currently, LEBC has four departments: research and business development, communication and operations, economics, and campaigns (Raizada, 2004). At the time of the interview (fall 2004), LEBC employed 12 people. It is run by the Board of Directors and an Advisory Committee. The organization has partnerships with regional economic development organizations, associations, consulates, industry, provincial and federal government, universities and research institutes.

In addition to the associations described above, there are also other associations that operate in the new media industry. These include T-Net British Columbia, BC Innovation Council (a recent merger of the Innovation and Science Council of British Columbia (ISCBC) and the Advanced Systems Institute of BC), Pacific Technology Network (PTN), DigitalEve Vancouver Chapter, Directors Guild of Canada District Councils and several others. Due to

³⁶ With over 20 years experience in the BC technology industries sector, Mr. Hunter has played an important role in the industry. He was founding Executive Director of BC Biotech Association and the BC Technology Industries Association. In addition, Mr. Hunter has held a variety of executive positions in industry and currently holds Directorships with a variety of companies (BCTIA, 2003a).

time limitations of this study and time conflicts, it was not possible to interview all of them. However, the interviews with the associations presented above paint an adequate picture of the overall role of associations in new media. We shall now turn our attention to those whom associations serve – their members.

4.4.1 Members' Perspective

In order to paint a more comprehensive picture of how associations affect social capital, it was important to understand the perspective of those who new media associations serve – the new media businesses. This section summarizes the results of 53 survey responses conducted in the summer of 2004³⁷. The average company included in this survey belongs to at least one new media sub-category, is located in the Lower Mainland, employs anywhere between five to 12 people³⁸ and is privately held. As mentioned previously, the survey questionnaire consisted of 12 questions and was divided into four parts: background of the company; overview of the management team; recruiting processes, and membership in associations. This study only focused on the latter section of the interview guide that included the following questions:

1. Do you belong to any industry/professional association(s)? If yes, which ones (check all that apply): New Media BC; Techvibes; The Wired Woman Society; International Game Developers Association (IGDA Vancouver Chapter); E-Learning BC; Association of British Columbia Animation Producers (ABCAP); British Columbia Film.
2. If not, why not? (please check all that apply)
 - a. Cost of the membership
 - b. Services they offer are not relevant to your company's business activities
 - c. Lack of time/time conflicts

³⁷ The original list consisted of over 530 new media companies, which then was narrowed down to 320 during the first round (some companies were either no longer in operation or could not be found at their address), and to 53 during the second round (the initial research goal was to survey 50 to 60 companies in person).

³⁸ There are several exceptions though. Out of the 53 companies surveyed, several of them employ nearly 200 people.

- d. Lack of human resources
 - e. Other:
3. What are the benefits that you derive from the membership in this association(s) (Please check all that apply):
- a. Assist with recruitment process
 - b. Networking opportunities
 - c. Educational purposes
 - d. Knowledge transfer/sharing
 - e. Community involvement
 - f. Other (specify).

Overall, 83% of interviewed companies reported that they held a membership with a relevant industry association. This compares to the pre-interview Internet research findings where it was found that 70% of the same companies belonged to one of the eight new media associations. In addition to these eight associations mentioned in the interview guide (see above), 47³⁹ additional associations were mentioned by the interviewees. These organizations range from local business organizations to major marketing associations in the United States. However, the majority of additional associations listed by the interviewees (30 or 64%) are Canadian while the split between international (9 or 19%) and American (8 or 17%) is almost even. It was somewhat challenging to trace the exact location of all of the Canadian additional associations because the interviewees only had to mention their names and not the locations. Further Internet research on additional Canadian associations showed an approximately even split between associations located in the Lower Mainland and national organizations with chapters in Vancouver. This shows that companies choose to belong to local associations over the ones located outside of their immediate geographic area.

The breakdown on how many associations one company belongs to is split as follows:

³⁹ Originally 49 additional associations were reported. However, I invalidated two of them because I could not trace their origins

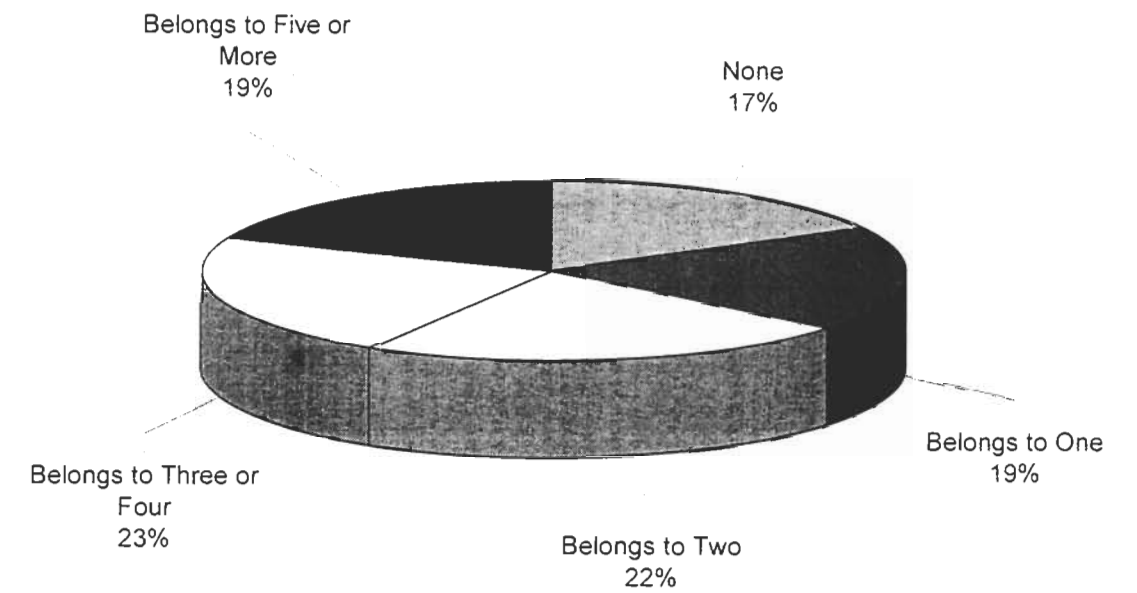


Figure 4:1 Percentage of Companies Belonging to Industry Associations in the New Media Cluster

Overall, as the graph shows, 60% make a conscious choice to belong to two or more associations. Among those, a slight majority belong to either three or four (23%) or two associations (22%) with 19% belonging to either one or more than five associations. The companies that hold more than one membership join associations for different reasons. Depending on the stage and the size of the company, it can belong to more than one association whose services complement each other. As one interviewee pointed out: “They [companies] can be a member of [BC] TIA for lobbying and a member of New Media BC because they are interested in what others are doing, one goes for the throat of the government and the other is about helping and information...”

When asked about the benefits of membership, interviewees were allowed to check more than one option. The graph below shows the breakdown of the membership benefits:

What are the benefits that you derive from the membership in these association(s)?

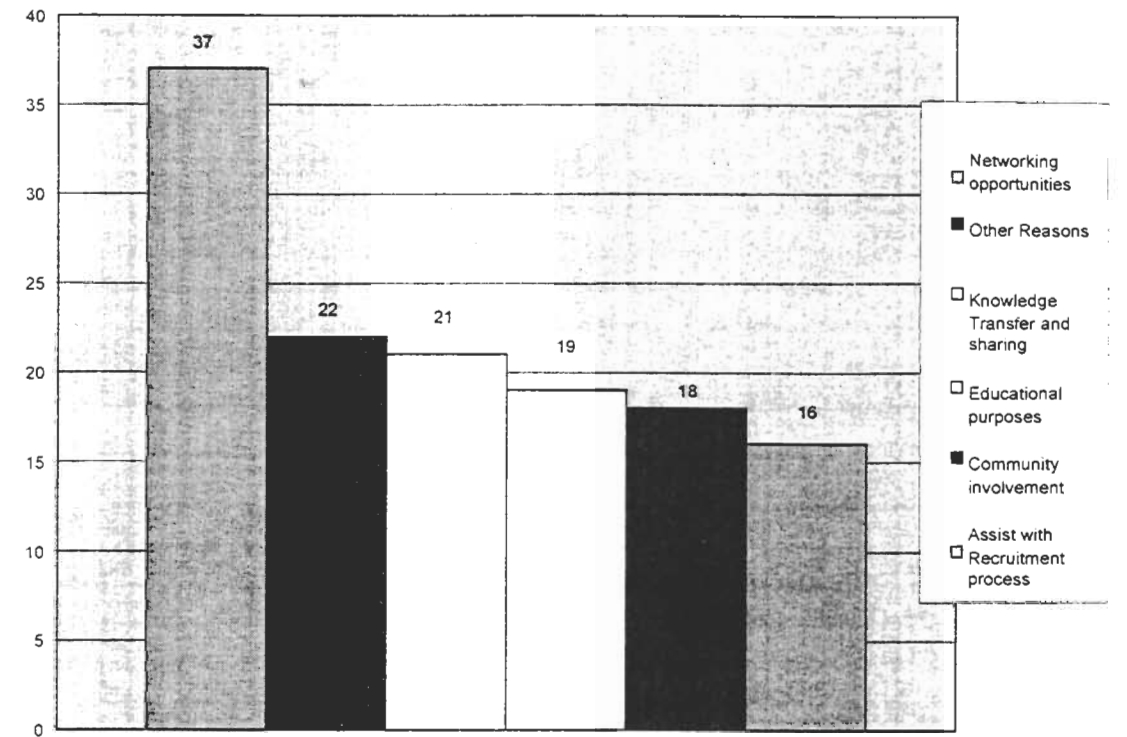


Figure 4:2 Breakdown of Membership Benefits

A large majority of the companies (37) identified networking opportunities as the most significant benefit of membership. People chose to join associations to meet new people and maintain relationships with those they already knew in the industry, or to build new social capital.

Twenty two companies said that they belonged to associations for other reasons, some of which included marketing opportunities, access to group health care plan and exposure in the community. Twenty one respondents saw value in knowledge transfer/sharing and decided to join to address those needs. The next two categories - educational purposes and community involvement, received almost even response – 19 and 18. Finally, 16 companies joined associations to assist them with recruitment.

Of those companies that did not belong to associations, 16 interviewees chose the following reasons:

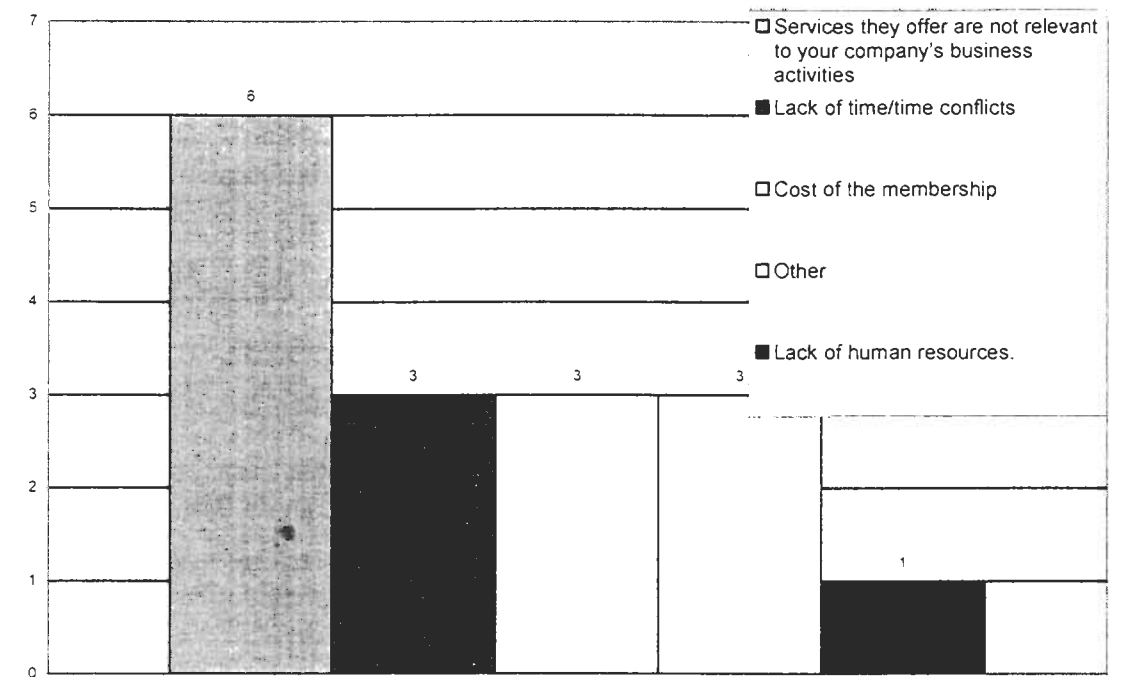


Figure 4:3 Value of Membership - Reasons for Joining Associations

Six companies⁴⁰ said that the services offered by associations were not relevant to their business activities. Cost of membership, lack of time/resources and other reasons (lack of interest appears to be the main reason) were mentioned by three interviewees. Finally, lack of human resources was mentioned by one participant - as already mentioned, the majority of new media companies are small (the average employs six people).

Having presented a description of new media associations and an overview of the members' perspective, the next section focuses on the roles associations play in the new media industry.

4.4.2 Role of Associations in the Industry

The majority of associations that play a role in new media have both horizontal and vertical characteristics. As discussed in Chapter Three, horizontal associations connect agents of equivalent status and power. This tends to promote collective-action, collaboration and equality. Vertical associations bring together unequal agents in asymmetric relations of

⁴⁰ Although this is not statistically significant (Richards, 2003), 16 out of 53 survey participants responded to this question.

hierarchy and dependence which promotes unequal distribution of power and responsibilities (Boix & Posner, 1996). While the majority of the members in associations I studied are agents of equal status and their activities promote collective action, they also include elements of hierarchy (board members and executive directors) which somewhat limits collaboration. Since associations aim to promote the well-being of their members and help find ways to grow the industry, their norms and purpose do not harm the overall level of social capital in society because betterment of the industry benefits the well-being of the provincial economy. Besides these qualities, each association fulfils one or more roles described below:

Associations create a sense of community and belonging for their members. This is achieved through educational events and networking activities. For example, associations organize various educational and business events that provide the physical space for interactions and relationship-building which facilitates formation and preservation of social capital.

Associations serve as the united voice of the industry and have the power to influence or lobby the government on behalf of their members. Associations' leaders feel strongly about advocating for change: "I like the industry, I am passionate about it and I plan to make a career out of it, and so if I wanted to work in the industry and enjoy it by the time I am 40 or 50, I better start doing something about it otherwise if I sit on my hands, nothing will change." Some interviewees suggest that advocacy is the main reason larger companies choose to join civic associations: "the only reason the big guys join is to impact the world, so the rule of thumb around here is the big guys join to change the world; the little guys join to meet the big guys. That is very much the structure and the function of industry associations."

Associations provide a collective buying opportunity which gives them the leverage to negotiate for cheaper rates on behalf of its members. For example, BCTIA offers employee benefits programs to its members through several insurance companies (BCTIA, 2003b). The benefit packages are flexible and can be tailored to individual needs of the company members. BCTIA has the power to negotiate on behalf of its membership to buy services and goods from various vendors at a more competitive rate because they represent the industry and have the leverage to do so.

These qualities compare well to members' survey results because a large majority of the companies (37) acknowledged that networking as the most significant benefit of membership.

4.4.2.1 Trends and Similarities

Besides the overall role associations play in the industry, they also share a number of common features. These characteristics affect overall effectiveness and associations' ability to serve their members as well as the quality and facilitation of social capital in the industry.

Knowledge Flow - all associations have informal links with other associations and they acknowledge the importance of being connected to others. It was mentioned that there is a high degree of collaboration among the companies. Further research confirmed this feature for associations as well: every association interviewed said that they have formal or informal relationships with other associations within and outside of the industry. This confirms Putnam's argument that associations serve as networks of civic engagement because they facilitate communication among network members, and improve information flow as well as trust and reciprocity (Putnam, 1993, 2000).

Industry Support Mechanisms – associations' primary activities are directed towards promoting the industry and helping it grow. When asked how associations see themselves in the community, one of the interviewees said: "I do not see us at the centre looking out, but rather outside and embracing. We actually use the words like to "nurture" and "enhance" and "grow", so that analogy is like a garden and we are the soil. There is a bunch of different ways of looking at it; essentially our role is to help build a strong, positive and competitive world class industry in BC." They provide a common ground where knowledge is exchanged and created through formal and informal mechanisms of knowledge flow such as development of strategic business and personal relationships, deal flow and knowledge transfer.

Expertise and Resources – when asked what special expertise or experience associations have to offer with respect to the support and development of the Vancouver new media industry, interview results revealed two common features. First, associations address

specific needs of their core audiences: for example, TELUS New Ventures Competition addresses the needs of the early-stage companies; IGDA's chapter is focused on connecting and educating game developers in the Lower Mainland. Second, all of them stated that their key strengths are the knowledge of the industry and the people that work in the sector. As one association executive pointed out: "our strength is in connecting people – to identify a need and how to meet that need by connecting people and resources together." Another executive said that the people who run associations are elected not because of the expertise in one discipline but because they can recognize everybody else's expertise and use the resources around them to achieve a desired goal. This skill is appreciated and valued by the government because this provides government agencies with fewer points of references for information. One government official said that he sees associations as knowledge experts in their industry and frequently turns to them for their advice.

Funding and Resources Issue – as non-profit organizations, associations tend to experience shortages in resources. The dot-com crash has compounded the issue because there is a general shortage of funding in the industry, which has trickled down to associations as well. The pool of funding and sponsorship money available is limited, so associations' leaders have to compete to secure them. Naturally such competitions become highly politicized and cause conflicts which negatively affects the quality of relationships and erodes social capital.

Although the overall goals of the associations studied for this thesis are somewhat similar, each one is unique. Just like other organizations, associations differ in culture and management style. Similar to businesses, associations tend to take after their leaders. Also, associations that are run by hired staff and volunteer staff are different. All organizations in this study, except Techvibes⁴¹, are not-for-profit. The volunteer-run associations do not have paid staff; they are run by people who do it "off the side of their desks" because they are passionate about the industry and they recognize such benefits of being at the centre of associations as networking and knowledge exchange: "I really enjoy bringing a bunch of people together and seeing them interact and form relationships and learn from each other

⁴¹ As described in Chapter Four, Techvibes is a for profit, private company that derives its revenues from industry events, advertising and sponsor services.

and that's the kick for me." Such volunteer-run organizations usually tend to have fewer members; their membership is typically individual-based rather than company-based and membership fees are lower due to lower overhead costs. These organizations tend to facilitate bonding social capital because they focus on the needs of very small groups.

The associations with full-time staff have larger membership, offering it to companies and sometimes individuals with usually higher membership fees. They facilitate bridging social capital and linking social capital because they tend to connect people from different sub-industries holding different positions in their companies. Because they have full-time staff, it is easier for them to maintain continuity of operation. However, the environment in these associations tends to be more politicized because they compete for funding with other associations.

CHAPTER 5: DISCUSSION OF FINDINGS

5.1 Role of Industry Associations in the Social Capital of the New Media Cluster

Social capital, defined as a combination of values, networks and norms that enable a group of people to work together, is often invisible to outsiders. It can be characterized as the “invisible glue” that holds social networks together. Civic associations are a crucial component of that ‘glue’ because they provide a number of functions that holds a certain community or industry together. These activities, such as industry events, discussions, and online forums, provide industry members with the opportunity to build trust and relationships with each other and promote collaboration. In a fast-paced industry such as new media, trust is a very important component of the business environment because it speeds up the decision-making process, reduces transaction costs when putting deals together, and fuels innovation. The research revealed a number of ways that shows how civic associations affect social capital in the new media industry. I have identified ten characteristics that emerged as patterns through field research. I shall refer to these characteristics *as patterns and implications of associational qualities*. They are *Niche and Focus; Voice of the Industry; Mentoring; Volunteering; Learning Ground; Collaboration or Co-opetition⁴²; Gender Differences; Champions; Ambassadors and Enlightened Self-interest*. Each one is explained in detail below.

⁴² In their book entitled “Co-opetition” Brandenburger and Nalebuff, Harvard and Yale business scholars, suggest that in today’s market place, businesses do not always have to compete to be successful (1996). Using the analogy of Tolstoy’s War and Peace, they suggest that business is not an endless cycle of war and peace but rather a simultaneous one because, as Ray Norda, founder of Novell pointed out: “you have to compete and cooperate at the same time.” “Business is a cooperation when it comes to creating a pie (i.e. the market) and competition when it comes to dividing it up” (Brandenburger & Nalebuff, 1996) Hence the term *co-opetition*. Adopting the *co-opetition* strategy helps to create and/or grow the common market pie allowing every player to have a larger piece keeping their self-interest in mind. For example, Microsoft benefits when Intel develops a faster processing chip and so does Intel when Microsoft releases more powerful software.

5.1.1 Niche and Focus

As mentioned above, the new media industry in Vancouver has four sub-sectors. Similarly, associations can be divided into two sub-types. The first type provide their services to all new media companies, serving as umbrella organizations for the industry such as New Media BC. They may even service companies in other high technology industries such as bio-technology and wireless technology. The second type caters to a specific audience of a particular sub-sector such as eLearning BC or Wired Woman Society and their agenda is focused on addressing the needs of that audience. For example, the Wired Woman Society specializes in understanding and supporting women’s issues in technology. To meet this objective, they provide professional and personal training for women who work in the new media industry. They are exclusive in that their membership and most of their services are only open to women but they are inclusive in that they include women from all sub-sectors of the new media industry as well as other high technology sectors.

Associations’ concentration, (broad or narrow), defines the strategies by which their members are served and the sub-sectors they cover. Each association has a specific niche, serving a particular function(s) and has a clearly defined member profile. These niches are based on specific services or expertise that they provide to their membership. The grid below illustrates this point⁴³:

Table 5:1 Sub-cluster Coverage by New Media Industry Associations

Association/Sub-sector	eLearning	Gaming	Web Services	Animation
New Media BC	√	√	√	√
SIGGRAPH		√		√
IGDA		√		
BCTIA	√	√	√	√
Wired Woman Society	√	√	√	√
HTCE	√	√	√	√
TELUS New Ventures	√	√	√	√
AceTech	√	√	√	√

⁴³ The check mark means that the organization caters to one of the four sub-clusters (eLearning, Gaming, Web Services and Animation).

Association/Sub-sector	eLearning	Gaming	Web Services	Animation
The Vancouver Enterprise Forum	√	√	√	√
Techvibes Media Inc.	√	√	√	√
BC Film		√	√	
eLearning BC	√			
T-Net British Columbia ⁴⁴	√	√	√	√
Pacific Technology Network (PTN)	√	√	√	√
DigitalEve Vancouver Chapter	√	√	√	√

Most of the associations listed in the grid cover all four sub-sectors of new media. They cut across the industry and bring together companies and individuals from all sub-clusters. In doing so, they facilitate the generation of bridging and linking social capital in the new media industry and beyond. On the other hand, SIGGRAPH, IGDA, BC Film and eLearning BC only cover certain sub-sectors, focusing on one or two specific sub-cluster(s). These associations are likely to produce bonding social capital within the new media industry. However, it is the combination of vertical and horizontal lines (i.e. the broad or narrow focus) that contributes to the strength of the new media cluster and holds it together because it covers the entire industry.

Some of the interviewed associations extend their focus beyond new media industry. Their services cross-cut other technology sectors such as bio-technology, wireless technology, Information and Communications Technology (ICT) and fuel cell, forming the warp and the weft of social capital fabric. The grid below⁴⁵ depicts the concentration of associations by industry⁴⁶:

⁴⁴ Please note that the last three associations listed in this table, T-Net British Columbia, Pacific Technology Network (PTN) and DigitalEve Vancouver Chapter were not interviewed for this thesis. They are included in the table because their services extend to the members of new media community.

⁴⁵ The check mark that corresponds to the specific association in this table means that the organization caters to the specific sector (New Media, BioTech, Wireless technology, ICT and Fuel Cells) in the BC high technology industry.

⁴⁶ T-Net British Columbia, DigitalEve Vancouver Chapter, GenomeBC, Fuel Cells Canada, Fuel Cells Canada and WinBC associations were not interviewed specifically for this thesis. They are included in the table because they focus on other technology sectors in BC; information about them was gathered through Internet and media publications.

Table 5:2 Industry Coverage by High Technology Associations

Association/High Tech Industry	New Media	BioTech	Wireless	ICT	Fuel Cells
New Media BC	√				
SIGGRAPH	√				
IGDA	√				
BCTIA	√	√	√	√	√
Wired Woman Society	√	√	√	√	
HTCE	√	√	√	√	√
TELUS New Ventures	√	√	√	√	
The Vancouver Enterprise Forum	√	√	√	√	√
AceTech	√	√	√	√	
Techvibes Media Inc.	√	√	√	√	
BC Film	√				
eLearning BC	√				
Leading Edge BC	√	√	√	√	√
T-Net British Columbia	√	√	√	√	√
DigitalEve Vancouver Chapter	√	√	√	√	
Pacific Technology Network (PTN)	√	√	√	√	√
GenomeBC		√			
BC BioTech		√			
Fuel Cells Canada					√
Wireless Innovation Network			√		

A similar observation regarding coverage made about the first grid can be made about this grid. The difference between the first and the second grids is that the former shows how associations are positioned in the new media sector and the latter illustrates how the same and additional associations are positioned in the high technology industry. Most of the associations listed in this grid cover all sectors of the high technology industry⁴⁷. These organizations cut across the entire industry and connect companies and individuals from all sectors. In doing so, they facilitate the generation of bridging and linking social capital in the high technology sector and beyond. Associations that are focused on the specific sector, such as GenomeBC, tend to focus on certain sectors of the industry.

Further, when asked what events prompted the founding of associations, most interviewees said the founders saw a need that they wanted to address. For example, the

⁴⁷ At the time this research was conducted, these associations comprised a complete list; however, since associations, like companies, evolve and grow, this list cannot be perceived as the most accurate one.

IGDA Chapter was founded by students who wanted to connect to other game developers in the city and extend their network: “In the beginning there was me at school, going... there is no IGDA in Vancouver. When I saw the IGDA site, I liked it and signed up, at that time I was in school for about two months or so, I did not know very much about the industry, how things function and it struck me – in a place like Vancouver that has so many game companies did not have an IGDA chapter.” Wired Woman Society, HTCE, SIGGRAPH and New Media BC have similar stories – they were started by people who recognized a need and had a vision and a passion to address that need.

It should be noted that during the second round of interviews, several people questioned whether associations, especially those that are volunteer-run, create a niche based on a political agenda of a specific group or if they truly address an unfilled niche. The potential concern here is that with too many associations stepping on each others’ toes, they create duplication which hinders the effectiveness of existing associations. Those that support this argument suggest that the industry is “*overvented*” or “*bombarded*” i.e. overwhelmed by similar events that target the same audience. As one association representative pointed out: “there are too many people that are creating the same thing out there, for example, the financing side of things, everybody wants to do it, there are millions of people who would talk about it ...but how many people are already doing it well? So you pay your money, but the quality is not very good and you think, well, I lost my funding for a particular area ...” As a result, this situation creates friction among associations because they have to compete for the same audience, venues and often even the speakers. Also, it can harm associations’ relationships with their members who feel that they do not get the value for their money because they are not satisfied with the quality of the event. These tensions may harm the overall quality of the relationships and have a negative impact on social capital.

5.1.2 Voice of the Industry

Associations provide a neutral place for people to discuss common issues and exchange ideas. These ideas and issues then get shaped into a message that associations communicate to the government and the public. Serving as a formal representative of their members, associations provide a collective external communication channel that expresses

their common needs and interests. For instance, one of the reasons New Media BC earned its reputation as “the voice of the new media industry” is because of their historical connection to the federal and provincial government. The association has strong relationships with a number of government representatives which were developed when the organization was first established in 1998.

5.1.3 Role of Mentoring

Almost every association said that mentoring and coaching have played a crucial role in establishing themselves in the community. When New Media BC was founded in 1998, Jane Green, its first full-time employee and later, the first Executive Director, was given a six months contract with Industry Canada with the goal to establish an association for new media companies in the Lower Mainland. This initiative began on a grass roots level, with help from bigger players such as BC Tel (now TELUS) and government support. Their involvement was very important in laying the groundwork on which the association was built. Also, developing strong relationships with industry leaders and government officials was also important. In the interview, Jane Green also mentioned that she was mentored by several prominent members of the community who helped her to build relationships with the government and other industry stakeholders.

Mentoring also made a tremendous contribution in the early days of Techvibes. In 2002, when the company was just establishing itself as a community online portal, its founders enjoyed the support of local successful entrepreneurs who recognized their passion and supported their efforts. Their presence and willingness to speak at events helped Techvibes to gain the momentum and popularity in the high technology community.

In turn, associations provide mentoring services to their members. For example, in March 2004, New Media BC invited its members to participate in E3 Bootcamp – a series of mentoring sessions and hands-on seminars to prepare for E3, the Electronic Entertainment Expo, the international game industry conference held each May in Los Angeles (New Media BC, 2004b). As a result, 10 start-up game companies were selected to participate in this initiative and had a chance to prepare before attending E3.

Informal mentoring also happens through associations. Junior staff and volunteers are exposed to more experienced people. For example, a founder of one of the volunteer associations said that their junior volunteers, in addition to industry experience, have an opportunity to learn from their senior peers: “volunteering in associations where you can learn and maybe get mentored is just essential and we do that. For instance, our RSVP person is green [junior] and she loves doing it [taking care of registration]. So we have taken her under our wing and we are getting to know her and also mentoring her along.” These kinds of activities offer a ‘safe place’ in which to build trusting relationships with each other and a reputation.

One senior executive pointed out that another important aspect of mentorship, whether it is formal or informal, is that it serves as an incubator for relationships to be formed which can evolve the next level of executives and those who will form the next generation of companies because associations facilitate the recycling of management expertise in and out of big companies.

Often mentoring is closely linked to volunteering activities within associations. They often overlap – volunteers become mentors and mentors volunteer their time teaching and coaching the younger generation.

5.1.4 Role of Volunteers

Since most civic associations operate on a tight budget and limited resources, they are forced to seek outside help. A common way is to recruit volunteers or temporary contractors. As one interviewee pointed out: “there are two kinds of volunteers... Those that are there to help to lend their knowledge and then there are those that are trying to learn the business.” In other words, the first type are the senior people who have enough experience and want to give back to the community and the second type are the junior people, the apprentices, seeking to learn more about the industry. Regardless, on most occasions, the relationships are beneficial to both sides.

Apprentice volunteers are usually those who either want to get into the industry and need the experience, or people who are between jobs and looking for a new opportunity. The volunteers and contractors are provided with opportunities to get experience and

exposure within the industry as well as build a reputation. But what is more important is that through their work, the apprentice volunteers have an opportunity to learn the industry by meeting and developing relationships with the representatives from companies that work with these associations and build their own social capital. The people that run associations are very much aware of this fact and they support these types of activities: “volunteering is an opportunity to demonstrate your skills, your work ethic, who you are... By just meeting people by chance and having a conversation, they really do not know who you are and I would not recommend anyone if I do not know who they are.” Volunteerism provides opportunities to earn their reputation and get to know other people who then become part of the network through which social capital can be accessed.

The other types of volunteers tend to be more experienced, often people in a managerial position who have been around the industry for some time and are well-known in the new media community. These people provide their expertise and advice to associations. They volunteer their time by serving on the Board of Directors and Advising Committees and being responsible for developing strategic plans for associations. Most of them have been, to a greater or lesser degree, successful in their careers and are looking for ways to give back to the community - for them being on the Board is an opportunity to help associations and the industry to grow⁴⁸. The associations also benefit from the volunteers, contractors, Advisory Committees and Board of Directors because they provide much needed assistance with various projects and events for low or no cost.

Sometimes volunteers spin off other organizations and charities. For example, BC Technology Social Venture Partners was spun out by BCTIA Board members. These philanthropic activities extend beyond the new media industry and allow the participants to build new relationships and reputations outside the industry. Such relationships can provide opportunities for linking social capital that widen the boundaries of the industry network and positively contribute to overall social capital in society (Boix & Posner, 1996).

Since the industry is still young, associations find it challenging to find the volunteers with the right type of experience: “when you are dealing with something that is relatively

⁴⁸ It is important to remember that besides serving and giving back to the community, Board Members and senior volunteers might also have their agenda that serves their personal/business interests. This is further explained in Section 5.1.10 of this Chapter.

new and young, it is hard to find those people that have years of experience and know how things work and can tell you and advise you well.” As a result, there is a lot of trial and error associated with the efforts of young associations.

5.1.5 The Learning Ground

Employment and volunteering opportunities with associations serve as a learning ground. Due to budget constraints, funding limitations and the fast-paced nature of the industry, people do not stay with these organizations for the long term. One executive mentioned that their organization does not pay their staff high salaries but they put a tremendous emphasis on training and mentoring their employees: “Generally the employees we have hired have been people out of the film industry; we hire producers and turn them into bureaucrats, so they learn that and go back to film producers, they have never been long term employed with us.” There is a similar trend in smaller companies, where employees are willing to take a pay cut to learn the ropes of the business and then move on to bigger companies or start their own business. The negative aspect to this is that associations have to invest more time and training into new staff; the positive side is these former employees take their experience elsewhere in the industry which contributes to further knowledge transfer.

5.1.6 Collaboration or Co-opetition?

The New Media BC survey showed a high degree of collaboration among BC new media companies. The average number of collaborative partners within BC was slightly greater than five. Collaboration was ranked as “somewhat important” by 44.9% of companies located in the Lower Mainland and by 43.9% in the rest of BC (New Media BC, 2003). These numbers show that there is a strong sense of community among new media companies.

Through the interviewees, we also learned that there is a strong degree of collaboration that exists among the associations and between the companies and the associations. Most of the industry associations’ leaders and staff know each other personally and maintain relationships with other associations’ staff and volunteers. Associations often organize joint seminars and sessions or co-sponsor and co-promote each other’s events. For

example, Wired Woman Society has an information booth at almost every Techvibes' monthly event and New Media BC can post an announcement about upcoming events for other associations on their site.

The activities and events organized by associations play an immense role in providing the industry with networking opportunities. In fact, many interviewees described them as a "safety net" for the industry because these activities help the members meet potential investors and partners, discuss ideas, find work and learn the latest trends. One of the interviewees, who is an active member of E-Learning BC, pointed out that to serve the e-learning market, it is important to have: "a network of supporting services to offer a full range of services to these clients, so what E-learning BC made possible is for these people to actually get to know each other and build a level of trust with them, so you can be in a client situation, see an opportunity and immediately react to it, knowing what you are recommending and you could in fact go so far as to take responsibility and subcontract and know that you are not putting your own reputation at risk, and that's very important." This quote demonstrates a high level of social capital that exists within the members of these associations.

However, there is another side to this characteristic. One interviewee mentioned that certain associations have not been very keen on working with others. The same associations were mentioned by a couple of representatives during participant observations. When one of these associations was approached for an interview, they politely declined, justifying it by the lack of time available to them.

It is no great surprise for conflicts to arise in any complex relationship. People who work and volunteer for associations may have disagreements or dislikes on a personal level or they had problems with each other in the past. Sometimes, board members or association's leaders have personal agendas that are not necessarily aligned with the associations' mission: the power and clout these individuals have allows them to occasionally steer associations' activities in the wrong direction. Or they may choose to join the board for "selective benefits" – prestige, respect, recognition or another reason (Boix & Posner, 1996).

Personality issues are further complicated by the fact that the "goods" produced by new media associations are quite intangible and can be hard to quantify. How does one judge

the success of an association? Should it be based on the number of relationships that are built through the association, a sense of community among their members, the number of events or deals that get signed as a result of a mentoring initiative? Should the age and environment of the industry be considered when one evaluates associations' successes and failures? The answers often depend on the agenda of the various players involved with the association and are often surrounded with ambiguity which further complicates the matter. Further, various business issues may hinder open and honest communication. For example, associations often compete for the same sponsors and member companies. Tensions and conflicts may prevent associations from working with each other and negatively affect social capital in the industry.

5.1.7 Gender Differences

Through my research, I have met most of the people that work or volunteer for these associations. Similar to other technology industries, new media remains a male-dominated industry, with the one exception of the e-learning sub-sector where the majority of people have teaching/education background. Nevertheless, most employees involved with new media civic associations are women. This observation poses the following question: is this a role women choose to take on in a technical industry traditionally dominated by men or are there other reasons⁴⁹? Literature and research yield a multi-dimensional answer.

As mentioned earlier, there is still very little debate on how social capital is affected by gender. The existing literature suggests that gender has an affect on the quality, quantity and the usage of social capital (Lowndes, 2004). In the corporate world, the distribution of social capital and access to resources available through it is still somewhat limited to women because of a 'glass ceiling'⁵⁰, family obligations and employment origins.

The interviewees agreed that women and men have different approaches to building and maintaining their relationships with others. As such, gender has an affect on how social

⁴⁹ Several interviewees suggested that the current position of women in the high technology industry preserves the status quo. Further speculations about "pink" ghetto and glass ceilings are beyond the scope of this study.

⁵⁰ Originally coined by Carol Hymowitz and Timothy Schellhardt in the March 24, 1986 edition of the Wall Street Journal, the term 'glass ceiling' refers to an unofficial barrier to management and/executive positions in public and private organizations that certain groups, particularly women, are perceived to be unable to cross, due to discrimination (*Glass ceiling*, 2004).

capital is used and perceived. Putnam mentions gender by referring to the Yiddish words *macher* (usually men) - those who make things happen in the community and *schmooszer* - for those who engage in flexible and informal conversation and activities (tend to be women). He suggests that women are more avid social capitalists than men which lead us to believe that perhaps women are better suited to run civic association in the industry dominated by 'geeks' who tend to be men⁵¹.

Most of the interviewees pointed out that women tend to have a natural aptitude for social capital because "they are better at getting people to play together." Both male and female interviewees concur that women are more likely to choose a collaborative approach to business compared to their male counterparts who are more likely to compete in order to achieve their goals.

There are also other factors that add to the debate on gender and associations. Interviewees mention that associations' employees are valued for their "soft" skills such as communication and relationship building and "women tend to be better at that type of thing." Also, economical factors play a role - as non-profit organizations, associations' compensation packages are lower than those in the industry and, unfortunately, women, are more likely to take lower pay. On the other hand, some interviewees suggested that the work environment is more flexible, which tends to suit women more, especially those with families.

However, there are exceptions to this rule; for example, IGDA and SIGGRAPH associations are run by the board of male volunteers and the majority of their members tend to be men. One should keep in mind though that both of these organizations focus primarily on game and animation industries which remain very much male dominated. Although the

⁵¹ The dictionary definition states that a geek is a "person who is single-minded or accomplished in scientific or technical pursuits but is felt to be socially inept". http://dictionary.reference.com/search?db=* &q=geek However, the word geek is also used to describe people that work in the high technology industry, especially those that specialize in the technological side of things. Usually, they tend to be men.

industry is slowly changing its male/female ratio, the majority of game developers⁵² and computer graphics artists tend to be men.

5.1.8 Role of Champions

Through the research, it emerged that there are certain people in the community who act as champions of the industry. Usually, these are successful and experienced entrepreneurs who have already made their fame and fortune. As their companies evolved and grew, they contributed to the overall growth of the industry and now they continue to give back to the community in different ways. Their stories inspire others. One of the most well-known stories is that of Don Mattrick, who made a significant contribution to the establishment and the growth of the game sector. There are also others like Morgan Sturdy, founder and past Chair of AceTech and the Vancouver Enterprise Forum and Michael Frances, founding member of New Media BC and the Chair of BC Film (AceTech Academy, ; British Columbia Film, 1996-2003; Wanless, 2004).

The champions are very passionate about the industry and giving back to the community makes them feel connected. When asked why they have a need to give, one prominent businessman and philanthropist said: "I have a patriotic view on what I can do to make BC's technology sector more successful ... So if I can help someone else to be successful, it fits into my goal of helping the region to be more successful. It is like Karma, what goes around, comes around."

AceTech association that caters to senior high tech executives, relies heavily on these people to start new initiatives and attract the attention and support of the community: "We do not do anything without the champions. That is the word that we use, they are the key... once we have the champions, we have the buy in." The "buy in" creates the momentum that helps associations to get on the radar of their target audience, the public, and the media and continue to grow. The champions, who are well known and respected in the community, play a crucial role in helping some associations to raise sponsorship money, attract other executives to their events and start new chapters.

⁵² According to a recent international study conducted by IGDA, the male/female ratio in game companies they studied varied between 85 to 99 percent (International Game Developers Association, 2003). The game industry reorganizes the need to strive for a more balanced ratio and a number of game companies such as Electronic Arts and Radical Entertainment in Vancouver are actively recruiting women.

5.1.9 Ambassadors of New Media Industry

Social networks that connect the people and organizations in the new media industry extend well beyond the province of BC. Marketing and trade initiatives provide industry associations and companies opportunities to build relationships with companies across the country and around the globe. International conferences, such as E3, provide tremendous opportunities for building social capital and for sharing knowledge with colleagues and partners back home in BC. Also, when people choose to move, they can continue to build new relationships while maintaining old ones. By doing so, they broaden the reach of their community because “they carry the community with them. For example we had a venture capitalist that moved to Seattle and then to San Diego, he is an ambassador for us now.” These people become the ambassadors for the industry because they serve as “the nodes” in networks that enable distant networks to overlap and leverage social capital that resides in both (Boix & Posner, 1996).

5.1.10 Enlightened Self-interest

Many representatives of the associations acknowledged that in order to be successful and sustainable, associations must behave and be managed just like a business venture. To attract and maintain members and recruit sponsors, they must provide value. Companies and individuals join associations with a personal benefit in mind. The perceived value may be access to new talent, deal flow, networking or information exchange. For example, the survey results show that 16 out of 53 companies join associations for recruitment of new personnel.

While volunteering provides positive side effects for the community, the act of volunteering benefits the volunteers as well. As one industry veteran suggested: “People that claim they are doing it for the community, they should do it for themselves, they will be better volunteers and the community gets a huge dividend from their efforts if they are effective.” For people who choose to run volunteer-based associations volunteer their time because they believe the benefits and the experience they gain through volunteering will outweigh the effort and the time they put in. As one of the executives of such volunteer-based organizations pointed out: “In the end, I think who benefits the most is volunteers who run this association – people like myself, because we build those relationships with

speakers; people who come to the event usually do not. For me personally the benefit is knowing who is who and what is going on...”

However, as discussed earlier, sometimes self-interest and personal agendas do not correspond with the agenda of the initiative one is involved in. This can happen on the executive level, when an organization’s leaders and/or board members use their influence to sway the direction/decisions to suit their needs; or, on the operational level, when volunteers use their position to obtain confidential information about potential employment opportunities. In both cases, the reputation of the association and the level of trust among members are affected which, in turn, decreases the overall quality of the social capital.

5.2 Challenges/Tensions

Associations contribute to the community building and social capital formation in various ways described above. However, there is a strong political aspect associated with the operation of an association due to the conflicting directions from its stakeholders, such as government agencies, sponsors and board members. Therefore, it is important to point out the challenges that cause tensions and may harm social capital in the new media industry. Below, I list some of the contentious issues mentioned during the interviews and discuss some of the questions they raise:

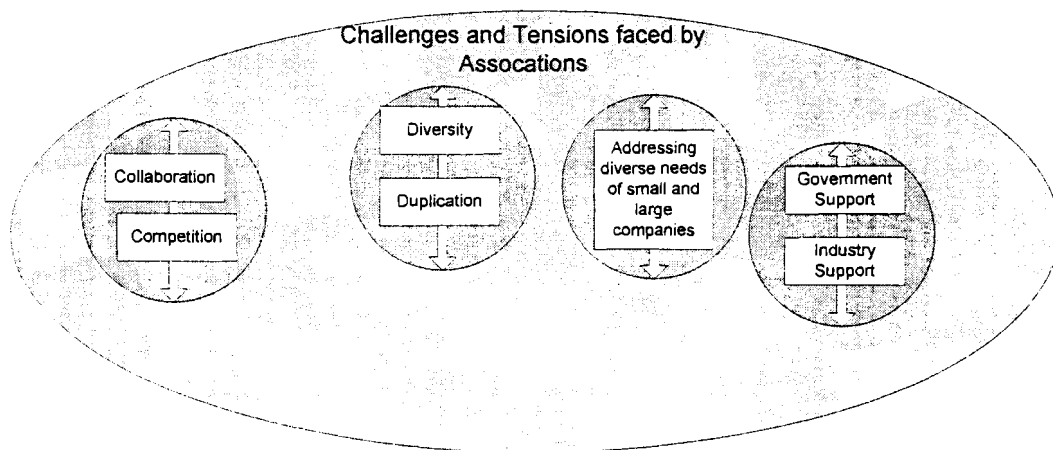


Figure 5:1 Challenges and Tensions Faced by Civic Associations in the New Media Industry

1. **Collaboration versus competition.** Associations are in constant competition for resources, funding, sponsorship and members. These resources are not distributed evenly and vary with the influence of associations' leaders and political agendas of the government agencies. In some cases, the co-ops industry environment described above turns into a purely competitive one. As one industry expert pointed out: "They [associations] seem to be relatively cooperative towards one another. Where it gets ugly of course is in the area of core funding of what they are doing, trying to cover overhead."
2. **Diversity versus duplication.** Interviews revealed two different perspectives – some interviewees support the need to address diversity of audiences in the industry while others are keen on streamlining duplications that exist. People that concur with the former view believe that it is important to support the incubation and the rise of new associations because this process helps people build relationships outside of their companies, contributing to improved civic engagement. They say that internal competition for resources and streamlining for effectiveness may harm rather than benefit the industry: "When non-profits compete, sometimes it is to the negative of the whole. It is better for one non-profit, if they can get their way, but it might not be better for the industry as a whole. For example, if one non-profit wants to have all the other non-profits underneath them and according to them, you lose having the diversity and the freedom."

Those that support the latter view express a concern over the duplication of efforts resulting from organizing a number of events of similar nature: "There is an ongoing joke here – five guys get together for a beer on a Friday night and on Monday they form a new association." There is a view that such organizations are created to address the political agenda of the moment and make it harder for existing associations to operate. They suggest that such groups should join the existing organizations and work together on addressing the needs of a specific niche. However, history shows that this solution is not without its own problems. For example, eLearning BC was started out as a New Media BC Special Interest Group successfully running for some time under the umbrella of a larger organization.

However, due to disagreements over the organization's direction, the group then decided to separate and form an independent organization.

3. **Government support versus industry support** - this debate is common for young industries and has been going on for quite sometime. Should the government support the industry through funding associations or should the industry support their own associations? Those that support the first view say that government support is crucial because new media is a young and volatile industry that needs government support to get off the ground. Others believe that associations have to help themselves first and get creative and resourceful in delivering services to their members because: "If an industry is not strong enough to fund its own association, is it an industry at all?"
4. **Small versus big companies.** As discussed above, the size and the age of a company determines its needs and the reason to join associations. While both small and large companies appreciate the networking opportunities offered by the associations, large companies are interested in lobbying the government and pursuing international markets while smaller companies need information about funding and educational resources. The challenge for associations is to keep both types happy. Some organizations manage to successfully address both types of audiences by balancing advocacy and networking; others choose to focus on one or the other.

These ongoing challenges are part of the environment that effect not only associations but also other players in the new media industry. Finding effective solutions to overcome these challenges will benefit the industry because it will remove some of the tensions that exist among industry players. While three of them - collaboration versus competition, small versus big companies and diversity versus duplication can be solved internally, the question of whether government should support a young industry such as new media requires external attention from policy makers. Several industry associations such as New Media BC and BCTIA are actively lobbying for support from federal and provincial government. Although some of these efforts have been successful (for example, the New Media in BC 2003 Industry Survey was funded by the federal government), we are yet to see what happens in the long run.

5.3 The White, the Black and the Shades of Grey

Associations are complex entities and their activities and effectiveness are influenced by the environment and the players involved. A definitive answer would not fully answer the research question as it is often impossible to draw the line between black and white since there are quite a few “grey” areas or even shades of “grey.” The ten characteristics, *i.e. patterns and implications of associational qualities*, discussed in this chapter reveal that associations’ activities affect social capital in new media industry in three ways: positive, general and negative. Several of these characteristics qualify under more than one aspect - *i.e.* depending on the circumstances, they can be both negative and positive. However, the majority of them make a positive contribution to the generation of social capital in the new media industry. The grid below illustrates this point⁵³:

Table 5:3 Classification of Associational Characteristics in the Vancouver New Media Industry

	Effect	Positive	Negative	General
	Characteristic			
1	Niche and Focus	√	√	
2	Voice of the Industry	√		
3	Mentoring	√		
4	Volunteering	√		
5	Learning Ground	√		
6	Collaboration or Co-opetition	√	√	
7	Gender Differences			√
8	Champions	√		
9	Ambassadors	√		
10	Enlightened Self-interest	√	√	

More specifically, mentoring, volunteering and collaboration activities provide various opportunities for the members of the new media community to get to know each other, build relationships and trust, and learn from each other. Champions and ambassadors act as the nodes that connect the new media community to other social networks locally (in the Lower Mainland and BC) as well as nationally and internationally. Acting as an official voice of the industry allows associations to represent the common interests of the new

⁵³ The check mark that corresponds to each characteristics shows which effects it covers.

media industry to the government and the public. The learning ground contributes to further knowledge transfer within and sometimes outside the industry. The niche and focus bring direction to services associations provide helping them to form the warp and the weft of the social capital fabric. Members' enlightened self-interest helps them access the perceived value of membership which includes finding new talent, deal flow, networking and information exchange.

At the same time, niche and focus sometimes harm the quality of social capital due to tensions created over duplication efforts for various activities. Similarly, *Co-opetition* hinders social capital in the industry because of personality conflicts and competition for members and resources. The enlightened self-interest can also set off the balance between serving the community needs and satisfying one's own agenda. Collaboration versus competition and diversity versus duplication often cause tensions between associations and hinder their effectiveness. The question of financial support and conflicting interests of members are additional challenges faced by associations. Several executives of associations mentioned that while they strive for a win-win situation, it is not always possible to reach a consensus and they have to settle on a compromise or, in some cases, for a win-lose situation. They admitted that situations like these hinder associations' effectiveness and have a negative impact on the industry and its social capital.

Although most of the interviewees agreed that women tend to be better social capital builders than men, I chose to qualify the *Gender Differences* characteristic as a general factor in this study in that they definitely have some kind of effect but it is hard to exactly pin down what this effect is. While we can speculate on the reasons why most employees tend to be women, there is not enough evidence to suggest that associations generate social capital because of the gender differences in their staff. Some new media associations are run mostly by men and they are successful. Also, men are involved in associations' activities though volunteering, contract work and on the executive level. For example, George Hunter holds key leadership role for Leading Edge BC and BCTIA.

CHAPTER 6: CONCLUSIONS

“I think associations are the generators of social capital in the industry, it is the vehicle by which social capital is generated and spread.”
Comment from an Interviewee, November 2004

This study, in addition to shedding light on the dynamics of the Vancouver new media industry and on how industry associations influence social capital, offers a set of tools to help us understand how healthy economic activities might be reinforced. The field research revealed a number of *patterns and implications of associational qualities*, listed as a set of characteristics. These are *Niche and Focus; Voice of the Industry; Mentoring, Volunteering, Learning Ground; Collaboration or Co-opetition, Gender Differences, Champions, Ambassadors and Enlightened Self-interest*. Through field research conducted for this study, we learned that industry associations operate in a complex environment where they play a crucial role in influencing the quality and the production of social capital in the new media cluster. The coverage grids discussed in Chapter Five show that the majority of associations facilitate the generation of social capital in the new media sector and beyond, because they cut across the industry horizontally, bringing together people and companies from all four sub-sectors i.e. e-learning, gaming, animation and web-services. More specifically, the patterns and implications of the associational qualities discussed in Chapter Five show that the activities of associations affect social capital in the new media industry in three ways: positively through activities that generate social capital, negatively by establishing barriers to the production of social capital and generally by influencing other factors related to social capital. For example, *Mentoring, Volunteering* and *Collaboration* activities provide space and venues for the members to develop relationships and build trust with one another. On the other hand, the *Co-opetition* environment hinders the growth of social capital in the industry because it creates personality conflicts and forces associations to compete for members and resources. At the same time, the *Gender Differences* characteristic is deemed to be general as this case study does not have enough evidence to suggest that associations generate social

capital because of the gender differences in their staff. Further, several of these characteristics may influence social capital in more than one way. This is determined by the specific political environment and the circumstances in which associations operate. For instance, the *Niche and Focus* characteristic brings direction to the services associations provide but, at the same time, it can create tensions over duplication efforts for various activities. As such, the distinction between positive, neutral and negative aspects can, in some cases, get blurred, creating “grey” areas that are situation specific. Nevertheless, the majority of the *patterns and implications of associational qualities* discussed above, make positive contributions to the generation of social capital in the new media industry because they enhance the sense of community and promote collaboration among members of the cluster. These findings concur with the views of Putnam and Coleman for whom reciprocity, civic engagement and trust are engendered by a sense of community and collaboration among members (Coleman, 1988; Putnam, 1993).

This study demonstrated how associations’ characteristics can influence their effectiveness. According to Boix and Posner, the structure of associations (horizontal or vertical), their purpose, type and network boundaries can influence their ability to generate social capital within and outside a given community (1996). Most industry associations tend to encompass more than one quality and fall between these types, which, in turn, determines their effectiveness. Similarly, the majority of new media associations in the Vancouver cluster possess more than one quality, i.e. some of them are horizontally based, producing public goods and promoting linking social capital. These associations share several common trends and have a number of differences. Most of the associations discussed in this study tend to include horizontal and vertical characteristics. For instance, although the majority of their members have equal status and associations’ activities usually promote collective action, their structure is bound to have some elements of hierarchy (board members and executive directors) which somewhat limits collaboration and may hinder collective decision-making. Also, a high degree of collaboration among companies and associations within and outside the industry, as well as the presence of *Ambassadors* and *Champions*, show that the boundaries of networks that underline the Vancouver new media industry extend far beyond the physical location of the industry. Most of the associations mentioned here are focused on producing “public” goods, i.e. the work they produce can be enjoyed by every member of

the new media community and sometimes beyond it. Associations do differ in the type of social capital they produce though – those that have a wider focus, such as New Media BC, tend to produce bridging and linking social capital which transcends beyond the new media community. Other organizations that focus on serving specific needs of certain groups of the new media community such as SIGGRAPH are likely to generate bonding social capital within a small community which helps to build strong relationship among the immediate members but is less likely to extend into the wider community.

Further, industry associations provide opportunities for knowledge sharing through various activities on a number of levels – through joint marketing initiatives, collaborative research projects and policy activities. Usually, these are collaborative projects that bring together people with different backgrounds to work towards common goals. Over time, collaborative initiatives help to build working relationships and trust among the participants with a potential to develop into friendships. These relationships and the knowledge flows that they facilitate provide a network for the intangible social features of the new media community. As Putnam points out, these features encourage coordination and cooperation within the group, promoting mutual benefits that sustain and contribute to the stock of social capital (1993; 2000).

As a collective entity, associations provide an environment that single companies cannot support, whether in the value of mass purchasing³⁴ or in creating the environment where people can easily network outside their immediate working realm. They serve as “social glue” for the industry because they provide opportunities for networking, knowledge sharing and communication and represent the collective interest of their members.

As Woolcock points out, the resources and the relationships available through social networks or “safety nets” comprise one’s social capital. On the individual level, social capital plays an essential role in our lives because it helps us to get through challenging times such as loss of a job or a divorce and contributes to our well-being (Woolcock, 2001). We become embedded in these “safety nets” as we constantly participate, build or, in some cases, destroy our own or someone else’s social capital. On the group level, associations play a similar role in that they are the “safety nets” for their industry, providing the invisible bonds that hold

³⁴ The BCTIA group health care plan is discussed above in Chapter Five.

the industry together. Through their activities, they connect people in the industry and facilitate the transfer of knowledge around the network.

At the same time, some of their activities can harm social capital because the relationships that underlie the industry social networks are complex and are dominated by politics. Conflicts and personal agendas may hinder the positive effects of social capital. When associations limit their services to very narrow audiences, they produce bonding social capital. Although this type of social capital creates strong connections between the members of the immediate group, it makes the initial entrance for the new members more difficult. Where should the exclusivity stop and the inclusively begin then? The trick is to maintain the delicate balance between community's strong and weak ties so that the overall effect on social capital remains positive. Further, tensions such as diversity versus duplication, government support versus industry support and the conflicting needs of members, add to the political aspects of the associations' operations and environment. These factors may influence the distribution of social capital among associations and the industry. As Maloney et al point out, uneven distribution and access to social capital can reinforce existing social, political and economic inequality among members of a given community which harms the overall well-being of that community, in this case, the new media industry (2000).

Several interviewees brought up the question of whether an industry needs an association at all, i.e. are they a necessary and sufficient condition for industry formation and growth. If so, would it be possible for the Vancouver new media industry to exist without associations? The findings assembled in the study and the statistical information about the industry tend to suggest that new media companies would likely survive and grow their own businesses. As an essential part of an industry, associations enable clusters to produce collective benefits such as branding, marketing and lobbying at home and abroad. The absence of associations would hinder the successful growth of the cluster for two reasons. First, without associations, the sector would lack a collective voice and hence the ability to effectively deal with government would be impaired. Secondly, associations provide the venue for activities that promote networking and the generation of social capital, the importance of which is discussed at some length above. This is especially important in the high technology industries such as new media because human capital is often its most valuable asset.

Following on reports and data gathered in the field as well as framework studies involving theory, I believe that the evidence supports the claim that industry associations make a positive contribution to the well-being of the Vancouver new media industry and enhances social capital within and in some cases outside of the industry because they help to bring people and resources together. Their role and contribution to the social capital in the industry can be summarized by the following quote from one of the association executives: “Knowledge is power, the more knowledge we share, the more powerful everyone will be as a group. Two minds are better than one and that grows exponentially from there. I think that’s the biggest thing. It does not matter what your means are....I think industry associations have a responsibility to people to provide that knowledge and share that and be leaders within the community not just in their area but overall because it just helps everybody else.”

To conclude, while associations encounter hurdles related to politics and lack of resources, their overall influence on stock of social capital is positive because:

- For the most part, the ten characteristics, i.e. the *patterns and implications of associational qualities* described above make positive contributions to the generation of social capital in the new media industry,
- Industry associations provide a “safety net” for the industry,
- The presence of associations defines the presence of the cluster,
- They facilitate internal and external communication for the industry.

Associations contribute to social capital through an array of activities such as volunteerism, networking, mentoring and knowledge transfer. They provide a collection of many voices that represent the industry and contribute to its strength; they connect the people in the industry and facilitate collaboration. Depending on the type and the focus of the associations, their activities promote *bonding, bridging and linking* social capital, all of which provide an important contribution to industry growth. Since associations tend to be at the centre of the industry, they play a crucial role in connecting remote members of their social network because, as one interviewee put it: “every company is like an island and associations are putting the bridge between them and provide communication.” Associations are the

nodes of civic engagement as they providing a neutral place for people to meet, get to know each other and share common problems and concerns while looking for joint solutions. As one executive director pointed out: “It can be something as simple as someone coming to the event and saying – I am looking for XYZ, and I say I know exactly who you should talk to - to that person over there...” Their activities are directed towards creating a community environment in the new media industry and leveraging the resources to help the industry grow. Just as in a conventional market place that facilitates the circulation of goods and services for monetary exchange, associations provide a market place for social capital, essential for industry growth and success, to be exchanged.

6.1 Contributions

This inquiry has aimed at providing some understanding of the role of industry associations in the Vancouver new media cluster. The findings that emerged as a result enable the following contributions:

1. The study provides an overview of the highlights from the interviews with the Vancouver new media civic organizations from the ISRN and follow up interviews.
2. The study describes the complex environment present in the Vancouver new media industry and discusses how industry associations influence the quality and quantity of social capital in the cluster. It concludes that, despite certain challenges, such as politics and lack of resources, associations make a positive contribution to the production and maintenance of social capital in the cluster.
3. The highlights from company member surveys presented and discussed in Chapter Four give an overview of perspectives on the role of associations in the industry and highlights on how and why they value their membership.
4. Chapter Five (Discussion and Findings) offers a detailed description of the *patterns and implications of associational qualities* which outline the trends and activities that show how industry associations help generate social capital in the Vancouver new media cluster.

6.2 Recommendations

Industry associations play a vital role in facilitating social capital in the Vancouver new media cluster. However, in this era of budget cuts, declining government support and continuous struggles for survival, associations find it challenging to provide support to their members. Many interviewees concurred that there is no easy solution to this issue due to previous unresolved conflicts, personality clashes, politics and tensions. As one industry veteran put it: “there is no silver bullet, there is none, this is life.” However, many agreed that improvements to the current situation can be made. The recommendations listed below are based both on research observations and on the comments of individual interviews. The ideas proposed in these suggestions can be useful for individuals interested in policy making and initiatives that aim to enhance the industry environment.

Enhanced Communication within the Industry. In order to enhance communication within the industry and help it grow, it is important to look for more effective ways for associations to cooperate and collaborate. Several interviewees pointed out that it is very important for associations to continually look for ways to work collaboratively for several reasons. First, collaboration between associations encourages collaboration among companies and associations “need to walk the talk” by setting an example for collaboration: “if the industry sees collaboration and partnerships, they will do the same in their businesses.” Some firmly believe that the co-location initiative, led by the Leading Edge BC,⁵⁵ will foster social capital among associations’ staff and improve their efficiency due to physical proximity. Second, collaboration among companies and associations is necessary for growth of the industry and expanding its markets. Also, when asked for suggestions on how the current situation for market expansion can be improved, one government official noted: “At the end of the day it is necessary for the sector to demonstrate that it deserves to be taken seriously. That means if they cannot get in the room together because they are fighting, there is probably no need for the association in the first place. They have to want it and the want and the need are not the same thing.”

⁵⁵ As described in Chapter Four, Leading Edge BC is co-located in the same office with AceTech, BCTIA, BC Technology Social Venture Partners (BCT SVP), Wireless Innovation Network of BC (Win BC), BC Innovation Council in downtown Vancouver.

However, improving the current environment will not happen overnight because trust, a crucial component of social capital, takes a long time to develop. In certain cases where the situation has been undermined by politics, the level of trust may never improve. Many interviewees agree that achieving an ideal environment for collaboration among industry associations would be highly unlikely; however, they should strive to improve it: “We will not get there 100%, but if we get 2/3 of the way there, we will succeed... we have to remember that we [associations] are here to serve the industry. Our members vote with their feet, if it does not appeal, they walk. It is your sole purpose to serve them.”

Balance Duplication and Diversity. The research findings show that there are two opposite views on what the best strategy for supporting the needs of the members should be. One group of the interviewees believes that in order to be effective, associations need to streamline their activities to avoid duplication of services. The other group maintains that it is important to support the diverse needs of the many sub-groups through various activities as well as help the smaller, often volunteer-run, associations that target a specific audience. It is beyond the remit and scope of this research to comment on whether one or other of these views is right. However, when looking for solutions, one should avoid creating additional conflicts. Therefore, finding strategies that would satisfy or balance the needs for both perspectives, i.e. streamlining duplication versus addressing the diverse needs of the industry would probably be the most effective solution in this situation. One way this can be achieved is through identifying and addressing the needs of various sub-groups in the industry and working collaboratively to satisfy those needs.

Associations are a key ingredient for cluster presence. Clusters are held together in part by informal agreements formed over time by its members. The findings of this research suggest that the presence of associations are a key ingredient for cluster formation and growth because they serve as a collective voice for the industry and their activities have a positive effect on social capital.

A recent study, conducted by Leading Edge BC in collaboration with CIMI and CPROST in early 2004, presented and discussed the collection of cluster studies for high technology industries that were conducted in the Lower Mainland. The report, produced as a result of this study, looked at biotechnology, fuel cells, ICT, environmentally sustainable technologies, new media and wireless clusters (Leading Edge BC, 2004). All of these clusters,

except environmentally sustainable technologies have strong associations, which illustrates that associations promote objectives of the cluster. Therefore, in order to support the industry, government should support industry associations that operate in that cluster.

Valuable Membership. In order to be successful, associations need to continuously provide value for their members. To do this, they must be aware of the evolving needs of their membership pool and need to adjust their activities if those needs change. The value of membership in associations is evaluated by members every time they pay their dues. Unlike mandatory professional membership (such as professional engineering associations), companies and individuals that operate in the new media space do not have to join new media associations to be part of the industry and enjoy the “public” goods produced by them. The decision to join or not to join is very much a market-driven one - if current and/or potential members feel that their membership does not provide the value, they leave.

That being said, many associations make a considerable effort in addressing the ever-changing needs of their members. During this research, I came across a number of initiatives conducted by associations that aimed to do just that. For example, New Media BC conducted a first-ever study of computer game companies entitled “The Games Market Study.” This study helped to determine the strengths and weaknesses of the game development industry in BC. Also, the work on this project has led to the production of the “Games Market Map” that illustrates where game companies lie in relation to others in the value chain. This information can be useful for those who are interested in marketing the industry internationally. Nevertheless, to stay afloat and to be successful, associations need to continue to work with their members, be aware of their needs and to look for innovative solutions to address them.

Additional Studies. Studying how associations operate proved to be a useful exercise because it enhanced the general understanding of clusters and economic development. The ten characteristics described above reveal the trends and activities that help to understand how industry associations affect social capital in the Vancouver new media cluster. Using this set of tools, it might now be possible to engage in a comparative study to assess the role and significance of associations in other industries. The results from such further studies

could be of interest to their industry sector and its associations, to government for facilitating economic development and to the academic community who seek to understand processes whereby healthier regional economical opportunities might be enhanced.

6.3 Limitations

Limited by time, resources and political environment, this work poses several research limitations:

- a. Since the ISRN questionnaire was not constructed to study social capital specifically, only two sections (Association Background and Local Industry Characteristics/Social Capital) of the guide are used for analysis. Although the questions in these sections address the majority of questions about social capital, they do not cover the theory on associations and social capital specifically.
- b. Although a significant number of interviews with associations were conducted, not all of them were interviewed. However, an effort was made to contact most of them and offer them the opportunity to participate.
- c. Although this study presents the members' perspective on the role of industry associations, it does not explore it fully because the analysis is based on three questions that were part of another research project. If more time and resources were available, I would like to have a larger sample of surveys. In addition, quantitative research, conducting several extensive interviews with randomly selected members would also be beneficial.
- d. Obviously, there are a number of barriers that negatively affect the knowledge flows within the industry such as funding shortages and competition for sponsorship, personality differences or conflict of interests posed by a business situation. As a researcher, it is a challenge to recognize some of these barriers because interviewees are reluctant to acknowledge them.

6.4 Future Research

This study provides a thorough overview of the role played by the associations in the new media industry. However, more research can be conducted to broaden current knowledge and enhance present findings. Future research may include the following directions:

1. Interviewing more associations, government agencies and charities (such as BC Technology Social Venture Partners) that operate in the new media industry to understand their perspective.
2. Expanding this study beyond the new media industry to include bio technology, ICT and fuel cell associations which will help to understand how associations contribute to stock of social capital not only in the new media industry but also in the BC high technology sector as a whole.
3. Conducting more comprehensive research on members' needs through extensive interviews and a more comprehensive survey to understand their perspective more fully.
4. Conducting another series of interviews under a different political climate (when the second round of interviews was conducted in the fall of 2004, several interviewees noted that provincial government has a significant influence over associations and the climate in which they operate). Therefore, it would be interesting and useful to conduct a similar study again, after the 2005 provincial election, to check how a new political environment influences industry associations in new media industry.
5. This research shows that volunteer-run associations are operated differently compared to staff-run associations. The former tend to be smaller, have fewer resources and focus on individual membership rather than companies. The latter organizations tend to have larger membership pools and more resources, providing wider ranges of services. However, the environment in these associations tends to be more politicized because they have to compete for funding with other associations. As a result, these tend to be different

kinds of organizations producing a different kind of social capital. It would be interesting to carry out another study that compares volunteer-run to staff-run associations to see if there is any difference in how they influence social capital.

The suggested research directions will shed more light on how industry associations affect social capital in the new media and other high technology industries in BC. Learning more about associations and other industry players will enhance the knowledge about clusters and about their role in regional economic development.

APPENDICES

Appendix A – ISRN General Interview Guide

ISRN Industry Study—Company Questionnaire

Part A: Company Background

The purpose of this section is to gain a sense of the background factors that underlie the presence and growth of the company in its specific industry. Interviewers should pursue any other relevant lines of information that are introduced in the interview that expand on these points.

1. What events stimulated the founding of this company?
2. Who were the individuals and-/or organizations inside and outside the company who played a key role in its development? If your company is a subsidiary or branch of another firm, what role does it play within the overall corporate structure?
3. Are there any other companies in this region and/or province that your company is associated with? Do you have a strategic partnership with any particular company? Were you spun-off from any other companies; or have you spun-off any companies from your firm?
4. Why is your company located in this region/locality/specific part of town?
5. What are the current advantages of this particular location for your company?

Part B: Research Strategy and Innovation

The purpose of this section is to gain some insight into the way the company positions itself to innovate within the context of its cluster. Interviewers should adapt their questions to the realities of competition and innovation within their specific industry.

During the last three years, did your company offer new or improved products (goods or services) to your clients, or introduce new or significantly improved production/manufacturing processes?

1. Was this the most important innovation...
 - A world first?
 - A first in Canada?
 - A first for your firm
 - A first in the market for which you serve?
2. What is the relative importance of the following local sources of innovative ideas for your product, service and process development [1=not important, 5=very important]

	Not important (1)					Very important (5)				
Research and development unit						1	2	3	4	5
Marketing department	1					2	3	4	5	
Suppliers	1					2	3	4	5	
Competitor's products	1					2	3	4	5	
Fed. or Prov. Agencies/research inst.						1	2	3	4	5
VC or other financial services	1					2	3	4	5	
Production engineering staff						1	2	3	4	5
Management						1	2	3	4	5

Customers	1	2	3	4	5
University researchers	1	2	3	4	5
Consultants (academic or professional)	1	2	3	4	5
Other, (please specify)	1	2	3	4	5

3. What is the relative importance of the following non-local source(s) of innovative ideas for your product, service or process development?

Not important	Very important				
Parent or affiliated companies	1	2	3	4	5
Suppliers	1	2	3	4	5
Customers	1	2	3	4	5
Universities Researchers	1	2	3	4	5
Fed. or Prov. Agencies or research instit.	1	2	3	4	5
VCs or other financial services	1	2	3	4	5
Suppliers	1	2	3	4	5
Other public research institutes	1	2	3	4	5
Competitors products or services	1	2	3	4	5
Consultant (academic or professional)	1	2	3	4	5

Part C: Networking, Relationships, Suppliers and Customers

These questions are designed to probe the role of demand and supply factors in the formations and strength of the industry. We are interested in the extent to which co-location may be a crucial factor in grounding the cluster.

1. Where are your key customers located—locally (within 100km), in the rest of the country, North America or the world? How important is it for you to be located close to them? Would your company consider relocating to be closer to these key customers?
2. Are your relations with local customers different from your relations with non-local customers? If yes, in what ways are they different?
3. What are the most important inputs to your company (resources, raw material, components, and services)? Are your key suppliers located locally (within 100km) or non-locally? How important is it for you to be located close to them? Would your company consider relocating to be closer to these key suppliers?
4. Are your relations with local suppliers different from your relations with non-local suppliers? If yes, in what ways are they different?
5. Who are your primary competitors and where are they located? What are their comparative sizes and market shares? Is it important for you to be located close to them as well?
6. How does your company keep track of the activities of your current and potential competitors? Or to monitor competitive products, services or process innovations?

Part D: Location/Infrastructure Factors

The purpose of this section is to test for some of the classic factors identified in the cluster and RIS literature as influencing the development of clusters. Interviewers should alter the questions to reflect the realities of their own clusters.

1. What are the most important factors in the local/regional economy that contribute to or inhibit the growth of your firm?

- Co-location with other firms in the same industry
 - Supply of workers with particular skills
 - Physical, Transportation or communications infrastructures
 - Availability of financing
 - Specialized research institutions and universities.
 - Specialized training or educational institutions
 - Presence of key suppliers and/or customers
 - Government policies or programs
 - Other
2. Of the factors mentioned above, which are the two or three most important for the growth of your firm?
 3. What are your main sources of new employees in each of the following categories?

Employee Categories Position	Postsecondary Institutions (local/ non-local; please give examples)	Specialized Training Programs (local /non-local; please give examples)	Other (local/ non-local; please give examples)
Management			
Science, Technology, Engineering			
Design			
Marketing/ Sales			
Production			
Freelance/ Contract			

4. Does the labour force in your locality or region possess any distinctive or unique sets of skills, knowledge or capabilities that are an asset to your company?
5. Tell us about the employees that have left your establishment within the last three years; how many have been employed by other firms within your region/locality? If your key employees were to quit, how easily could you replace them from within your local region?

Part E: Role of Research Institutes/ Technology Transfer Centers

This part of the guide is designed to explore the importance of knowledge flows within the cluster and the role that research and technology transfer centers, including IRAP ITA's, play in grounding the cluster. Is the knowledge base so valuable that firms are willing to locate here to gain access to it?

1. How frequently do you or others in your company interact with public research institutes or technology transfer centres (local/ non-local), including federal or provincial government institutes, universities and colleges to gain access to new sources or knowledge?
2. What type of knowledge exchanges are you (or others in your company) involved with?

Formal collaborative research projects	University faculty working in or consulting with the company
Participation in research consortia	Licensing or patenting of public research inventions
Development or adoption of new technology	Development of specialized training program with college or university
Company personnel working with a College or University	

3. Tell us more about how these relationships developed or evolved?

4. What primary benefits do you derive from these relationships?

leveraging R&D expenditures	lower overhead costs on research
access to technical expertise	access to equipment and material
source of new product ideas	problem solving
information about the knowledge frontier	improvement of in-house R&D procedures
connection to larger research community	hiring and retention of employees
market respectability	

5. How many of these are locally based and what additional benefits do you derive from close proximity?

6. Would you consider relocating or establishing another facility to be located close by such a centre or institute?

Part F: Local Cluster Characteristics/ Social Capital

This section is designed to get at the underlying dynamics of the local cluster, the role of local associations, civic entrepreneurs, etc., and the significance of social capital within the cluster.

1. Do you see your company to be part of a network or related firms in your region/locality (i.e.: cluster)? What evidence is there to this?
2. Are there any specific events that played an important role in the development of your local industry cluster? If yes, explain.
3. Are there any key business, community, or government leaders who played an important role in the development of your local industry or cluster? If yes, explain.
4. Are there any unique local assets or capabilities that have contributed significantly to the development of your local industry or cluster? If yes explain.
5. Does your company employ specialized service providers (such as law firms, accounting firms, business or technical consultants, etc.) located in this region?
6. What are the major sources of finance for your company? (angel investors, family friends, internally generated funds, funds from parents or affiliated firms, banks, VC, equity investment (IPO's) government loans or subsidiaries, others.) What percent of these sources are local (located within 100km.)?
7. How has this changed over the life of your company? Describe the challenges your faced in obtaining the finances needed for your establishment to grow.
8. Does your company (or key individuals in it) belong to any formal or informal associations at the local and regional level? If yes, which are the most valuable and why? If no, why not? Are there any significant networking events that your attend regularly?
9. Did any associations play an important role in the development of your local industry or cluster? If yes, explain.

10. Did any of your present relationships with suppliers, customers, collaborators, research institutes develop from your participation in associations, conferences, trade fairs, etc?
11. Are there any government programs that contributed significantly to the development of your local industry? If yes, explain.

Part G: Future

What are the key trends (challenges or opportunities) that will most influence the growth of your business in the next five years?

1. What are the most important challenges or obstacles facing your local cluster?
2. What factors, external supports or policies would be most helpful in growing your local industry? Or your company?

Appendix B – ISRN Civic Association Interview Guide

Part A: Agency Background

The purpose of this section is to gain a sense of the background factors that underlie the presence and growth of the association/organization in its specific cluster.

Interviewers should pursue any other relevant lines of information that are introduced in the interview that expand on these points.

1. What events stimulated the founding of this organization? Who were the individuals and/or organizations inside and outside the organization who played a key role in its development? If your organization is a subsidiary or branch of another organization, what role does it play within the overall organizational structure?
2. If your association/organization is a branch of a national or provincial association, what role does it play within the overall organizational structure? What special expertise or experience does your association have to offer with respect to the support and development of key local industries (esp. the _____ cluster(s))?
3. What special programs does your association offer with respect to the support and development of key local industries (esp. the _____ cluster(s))? [Prompt: annual budget? Size of staff dedicated to this?]

Part B: Research Strategy and Innovation

The purpose of this section is to gain some insight into the way the civic association or organization supports the innovation process within the context of its cluster.

1. What is the overall role played by your civic association/organization in contributing to the process of innovation within your local region? (In terms of helping disseminate new research findings developed by research centres or institutes, brokering research partnerships between companies in the organization, organizing networking events, helping companies obtain financing to launch new innovations, stimulating the supply of highly skilled personnel to local firms, etc).
2. During the last three years, did any companies involved in your civic association or organization offer new or significantly improved products (goods or services) to their clients, or introduce new or significantly improved production/manufacturing processes? Please provide a brief description of your most important new or significantly product or production manufacturing process during the last three years.
3. Was this most important innovation
 - world first?
 - first in Canada?
 - a first for your firm?

Part D: Location/Infrastructure Factors

The purpose of this section is to test for some of the classic factors identified in the cluster and RIS literature as influencing the development of clusters. Interviewers should alter the questions to reflect the realities of their own clusters.

6. What are the most important factors in the local/regional economy that contribute to or inhibit the growth of your firm?

- Co-location with other firms in the same industry
- Supply of workers with particular skills
- Physical, Transportation or communications infrastructures
- Availability of financing
- Specialized research institutions and universities.
- Specialized training or educational institutions
- Presence or key suppliers and/or customers
- Government policies or programs
- Other

7. Of the factors mentioned above, which are the two or three most important for the growth of your firm?

8. What are your main sources of new employees in each of the following categories?

Employee Categories Position	Postsecondary Institutions (local/ non-local; please give examples)	Specialized Training Programs (local /non-local; please give examples)	Other (local/ non-local; please give examples)
Management			
Science, Technology, Engineering			
Design			
Marketing/ Sales			
Production			
Freelance/ Contract			

9. Does the labour force in your locality or region possess any distinctive or unique sets of skills, knowledge or capabilities that are an asset to your company?

10. Tell us about the employees that have left your establishment within the last three years; how many have been employed by other firms within your region/locality? If your key employees were to quit, how easily could you replace them from within your local region?

Part F: Local Cluster Characteristics/ Social Capital

This section is designed to get at the underlying dynamics of the local cluster, the role of local associations, civic entrepreneurs, etc., and the significance of social capital within the cluster.

1. Tell us more about the role that your association plays in the activities of its member firms.
2. Are there any key business, community, or government leaders who played an important role in the development of your local industry or cluster? If yes, explain.

3. Are there any unique local assets or capabilities that have contributed significantly to the development of your local industry or cluster? If yes explain.
4. Does your agency employ specialized service providers (such as law firms, accounting firms, business or technical consultants, etc.) located in this region?
5. What are the major sources of finance for the companies involved with your association? (angel investors, family friends, internally generated funds, funds from parent or affiliated firms, banks, venture capital, equity investment (IPO's) government loans or subsidies, other). What percent of these sources are local (located within 100km)?
6. How has this changed over the life of your association? Describe the challenges that local companies face in obtaining the finances needed for their firms to grow.
7. Describe the role, if any, that your association plays in establishing relationships among suppliers, customers, collaborators, research institutes that are members of the association? Did any of your present relationships with suppliers, customers, collaborators, research institutes develop from your participation in associations, conferences, trade fairs, etc?
8. Are there any government programs that contributed significantly to the development of your local cluster? If yes, explain.

Part G: Future

What are the key trends (challenges or opportunities) that will most influence the growth of this industry in the next five years?

1. What are the most important challenges or obstacles facing your local cluster?
2. What role do you expect your association to play in helping its member firms and the local industry cluster respond to these challenges or obstacles
3. What factors, external supports or policies would be most helpful in growing your local industry cluster? And the companies that are members of your association?

Appendix C - General Follow up Interview Guide

Prior to the interview:

Introductions (if necessary)

Confirm time/length of the interview

Consent form

Explain the purpose of the interview and give a short description of my thesis

This is a guide only, depending on the circumstances, some questions might be omitted.

UPDATE QUESTIONS

What events stimulated the founding of this association/organization? Who were the individuals and/or organizations inside and outside the association who played a key role in its development?

6. What is your role with organization?
7. If your association is a branch of a national or provincial association, what role does it play within the overall organizational structure?
8. What's the role of your organization in the Vancouver new media community, do you see yourself at the center of this community?
9. What special expertise or experience does your association have to offer with respect to the support and development of Vancouver new media industry? (prompt if necessary – events, surveys, web forums, promotions)

FOLLOW UP QUESTIONS

10. The preliminary results of my research show that civic associations play an important role in the Vancouver new media cluster, here are key trends I was able to identify so far:

Niche and Focus – each association focuses on certain types of companies.

Mentors to Companies (their members) – companies (especially small and young companies) are “mentored” through some of the services provided by associations

Volunteers – associations rely on volunteers’ help to organize events and get things done; at the same time volunteers get experience and meet people (potential) employees in the industry. Could you comment on that? Give me an example?

Learning Ground – Employment and volunteering opportunities with associations serve as a learning ground. Due to budget constraints, funding limitations and fast-paced nature of the industry, people do not stay with these organizations for long term, when they leave they take their knowledge and experience with them.

Collaboration or Co-opetition – number of studies shows that there is a high degree of collaboration among Vancouver new media companies. The activities and events organized by associations play an immense role in providing the industry with networking opportunities. In fact, many interviewees described them as a “supporting cloud” for the industry because these activities help the members meet potential investors and partners, discuss ideas, find work and learn the latest trends. However, some associations have not been very keen on working together with others. It is understandable that people that work/volunteer for these associations may have disagreements or dislikes on a personal level or on the business level (due to conflicts in sponsorship for example). So there is a certain degree of co-opetition or not competition. Could you please comment on that?

Gender Differences

Through my research, I have met and got to know most of the people that work or volunteer for these associations. The new media still remains mostly male dominated industry, with one exception of e-learning sub-sector which has an even split because the majority of people who work there have a background in teaching/education, a traditionally female dominated industry. Nevertheless, most employees that run new media civic associations are women. Is this a role women choose to take on in a technical industry traditionally dominated by men?

Supporting Cloud

From my research, I learned that associations serve as a 'supporting cloud' for the industry because they provide opportunities for networking, knowledge sharing and communication and represent the collective interest of their members. Do you agree or disagree? Please explain.

Role of Champions

Some suggest that there are certain people in the community, like Don Mattrick who act as champions of the industry. As their companies evolved and grew, they contributed to the growth of the cluster overall and now they continue to give back to community in different ways. What is your opinion of that?

11. Do you agree or disagree with these findings? What else would you like to add/correct? Have I missed anything?
12. Are you aware of any examples where relationships with suppliers, companies, collaborators, research institutes developed from participation with your organization?
13. What are the key trends (challenges or opportunities) that will most influence the growth of this industry in the next five years?
14. What are the most important challenges or obstacles facing your local industry (ask about **funding**)?
15. What factors, external supports or policies would be most helpful in growing new media industry? How some of these policies can help your organization?
16. How do you see the future of your organization? What are the long term and short term plans that you have in place to ensure the success?
17. Anything else you would like to add?

Appendix D - Government Agency Follow up Interview Guide

Prior to the interview:

- *Introductions (if necessary)*
- *Confirm time/ length of the interview*
- *Consent form*
- *Explain the purpose of the interview and give a short description of my thesis*
- *This is a guide only, depending on the circumstances, some questions might be omitted.*

Background Questions

1. Please describe for us the mandate or mission of your agency.
2. When was this agency founded (and, if applicable, when was this office established)?
What is your role in it?
3. What special expertise or experience does your agency have to offer with respect to the support and development of the BC new media industry?

FOLLOW UP QUESTIONS

The preliminary results of my research show that civic associations play an important role in the Vancouver new media industry; here are key trends I was able to identify so far:

Niche and Focus – each association focuses on certain types of companies and people. In doing so they are able to address the diverse needs of the industry (example, the Wired Woman Society). Can you comment on that?

Mentors to Companies (their members) – companies (especially small and young companies) are “mentored” through some of the services provided by associations. Can you comment on that?

Volunteers – associations rely on volunteers’ help to organize events and get things done; at the same time volunteers get experience and meet people (potential) employees in the industry. Could you comment on that?

Learning Ground – Employment and volunteering opportunities with associations serve as a learning ground. Due to budget constraints, funding limitations and fast-paced nature of the industry, people do not stay with these organizations for long term, when they leave they take their knowledge and experience with them.

Collaboration or Co-opetition – number of studies shows that there is a high degree of collaboration among Vancouver new media companies. The activities and events organized by associations play an immense role in providing the industry with networking opportunities. In fact, many interviewees described them as a “supporting cloud” for the industry because these activities help the members meet potential investors and partners, discuss ideas, find work and learn the latest trends. However, some associations have not been very keen on working together with others. It is understandable that people that work/ volunteer for these associations may have disagreements or dislikes on a personal level or on the business level (due to conflicts in sponsorship for example). So there is a certain degree of co-opetition or not competition. Could you please comment on that?

Gender Differences

Through my research, I have met and got to know most of the people that work or volunteer for these associations. The new media still remains mostly male dominated industry, with one exception of e-learning sub-sector which has an even split because the majority of people who work there have a background in teaching/ education, a traditionally female dominated industry. Nevertheless, most employees that run new media civic associations are women. Is this a role women choose to take on in a technical industry traditionally dominated by men?

Supporting Cloud

From my research, I learned that associations serve as a ‘supporting cloud’ for the industry because they provide opportunities for networking, knowledge sharing and communication and represent the collective interest of their members. Do you agree or disagree?

Role of Champions

Some suggest that there are certain people in the community, like Don Mattrick who act as champions of the industry. As their companies evolved and grew, they contributed to the growth of the industry overall and now they continue to give back to community in different ways. What is your opinion of that?

Do you agree or disagree with these findings? What else would you like to add/ correct? Have I missed anything?

Local Cluster Characteristics/ Social Capital

4. How frequently does your agency interact with local firms in the new media industry, and what is the nature of this interaction?
5. Do you consider your agency to be part of a local network of related firms and institutions in the Vancouver new media cluster? What evidence of this?
6. What special policies or programs does the agency administer with respect to the support and development of the new media industry?
7. How do you see your agency working with associations in the past, present, and future to support the new media cluster?
8. What are the key trends (challenges or opportunities) that will most influence the growth of the new media industry in the next five years?
9. What are the most important challenges or obstacles facing your agency that would prevent that growth?
10. In your opinion, what factors, external supports or policies would be most helpful in growing new media industry?
11. Anything else you would like to add?

Appendix E - Indirect Research Question Guide

Indirect Research Question Guide:
Company Profile
CMNS 362 – Summer 2004

Student Name: Student #: Tutorial #:
Company Name: Sector:
Address:
Telephone: Fax: Website:
Key Contact _____

1. Overview of website and Description of the Company:

2. Is the company currently recruiting through their website or the Internet?

_Yes _No

3. Does the website use it's geographic location (i.e. Vancouver/Lower Mainland) as a draw for prospective employees? If so, how? (You might find this info. in the Careers Section or About Us, etc)

4. Firm ownership (please check all that apply): Public Private Foreign
Domestic

5. Year founded: _____

6. Type of business: Service Manufacturing Please. specify:

7. What is the number of employees Permanent Contract Total

At this location: _____ _____ _____

In your company: _____ _____ _____

8. How many employees of your establishment are in:

Management: _____

Marketing/Sales: _____

Production: _____

Research & Development _____

9. Are there any other internet sites or local publications that list information about the company? Please list below:

Internet Link	Brief Summary of Information

10. Key Personnel/ Profiles of Management Team

Title	Name	Work Experience	Education

11. Does the company hold memberships in Industry/Professional Associations?
__Yes __No

Please list them:

Appendix F - Member Survey Question Guide and Protocol

Member Survey Question Guide and Protocol

CMNS 362 Survey Project

Summer 2004

Note: DO NOT give the survey to the respondent to fill out. Ask the questions as they are written and record the responses yourself. Have a clipboard or other hard surface to write on (and a pen or two!).

Survey procedure, at the interview:

1. Identify yourself: “ Good morning/afternoon/evening. Thank you for taking the time to meet with me today. I am a student in the School of Communication at Simon Fraser University. Would you be willing to answer a few questions about the origins of the human capital of your senior management for my SFU university course on research methods? This survey will take approximately 20 minutes”

2. If the response is yes, “Thank-you. The results from this survey will be used for a study on origins of the human capital of your senior management. You may stop the survey at anytime. No individual data will be released and will only be added to aggregate results. The university’s ethics committee has granted ethical approval for this survey.”

3. If the answer is no: “Thank you. May I ask why?” (Write down answer).

4. Commence survey. (If the participant discontinues the survey at any time, please ask and record the reason why the respondent has stopped).

5. At the end of the survey, thank the respondent for participating and let them know that they can find out more about the results of the survey by contacting Adam Holbrook at jholbroo@sfu.ca or 604.291.5192.

Interview Guide

Name of Interviewer: _____

Name of Interviewer: _____

Name of Note Taker: _____

Name of the Interviewee: _____

Company Name: _____

Company Sector: _____

Company Address: _____

Telephone: _____

Website: _____

Company Profile** (confirm or gather information from the indirect assignment sheet)

Overview of Management Team

- 18. What events/people stimulated the founding of the company?
- 19. How many people make up your management team (i.e. people who make decisions) ? Has the team changed in the last few years? (i.e. has it grown? Shrunk? Change of personnel? Why?)
- 20. Where do the people on your management team come from?

	Other Company (Please specify)	Straight from Post Secondary Institution (Please specify)
Lower Mainland (GVRD, Fraser Valley, Sunshine Coast but not the Vancouver Island)		

	Other Company (Please specify)	Straight from Post Secondary Institution (Please specify)
GTA (Greater Toronto Area)		
MUC (Montreal Urban Community)		
Rest of Canada		
United States		
Europe		
Asia		
Rest of World		

Recruiting

1. How have you found the recruitment process for senior personnel?
What were some of the difficulties you encountered?
2. What facilitated the process? (Draws to Vancouver? The company, etc?) What made the process challenging?
3. If you had to recruit for a management position, would you be able to fill it from a local talent? If yes, from where? If not, where would you likely go to look?
4. If you had to recruit for a technical position, would you be able to fill it from local talent? If yes, from where? If not, where would you likely go to look?
5. If you were to recruit from outside of the Lower Mainland, would it be a smooth or a challenging process? Why?
6. Do you belong to any industry/professional association(s)? If yes, which ones (check all that apply):

New Media Industry
New Media BC
Techvibes
The Wired Woman Society
International Game Developers Association (IGDA Vancouver Chapter)
E-Learning BC
Association of British Columbia Animation Producers (ABCAP)
British Columbia Film
BC Technology Industries Association (BCTIA)
Other (please specify)

7. If not, why not? (please check all that apply)

- a. Cost of the membership
- b. Services they offer are not relevant to your company's business activities
- c. Lack of time/time conflicts
- d. Lack of human resources.
- g. other: _____

8. What are the benefits that you derive from the membership in this association(s), (Please check all that apply):

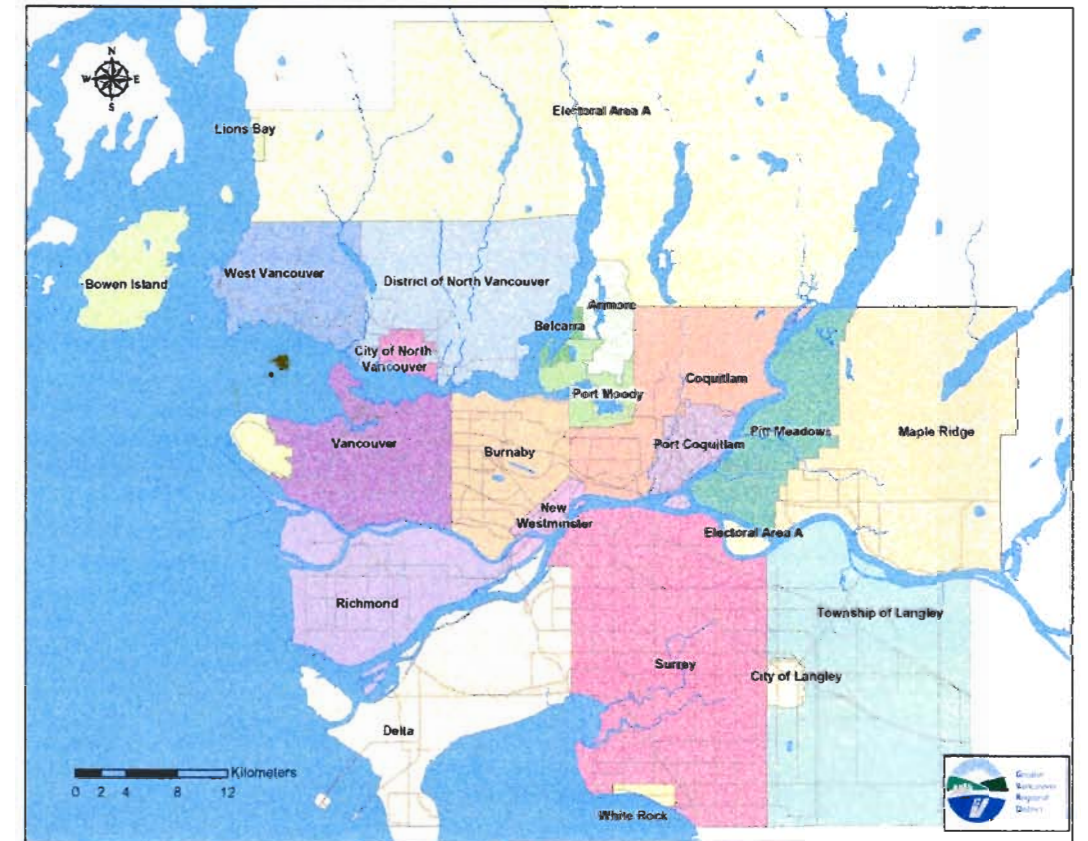
- a. Assist with recruitment process
- b. Networking opportunities
- c. Educational purposes
- d. Knowledge transfer/sharing
- e. Community involvement
- f. Other (specify, prompt if necessary)
- g. other: _____

9. How important is the company website as a tool for the company to raise its profile and recruit employees? Why?
10. What type of employees are attracted to working in your sector? Your company?
11. What amenities do you use specifically in your company to attract personnel?
12. Do you use any specific interview process to select a specific type of person to your firm?

Other Field Notes:

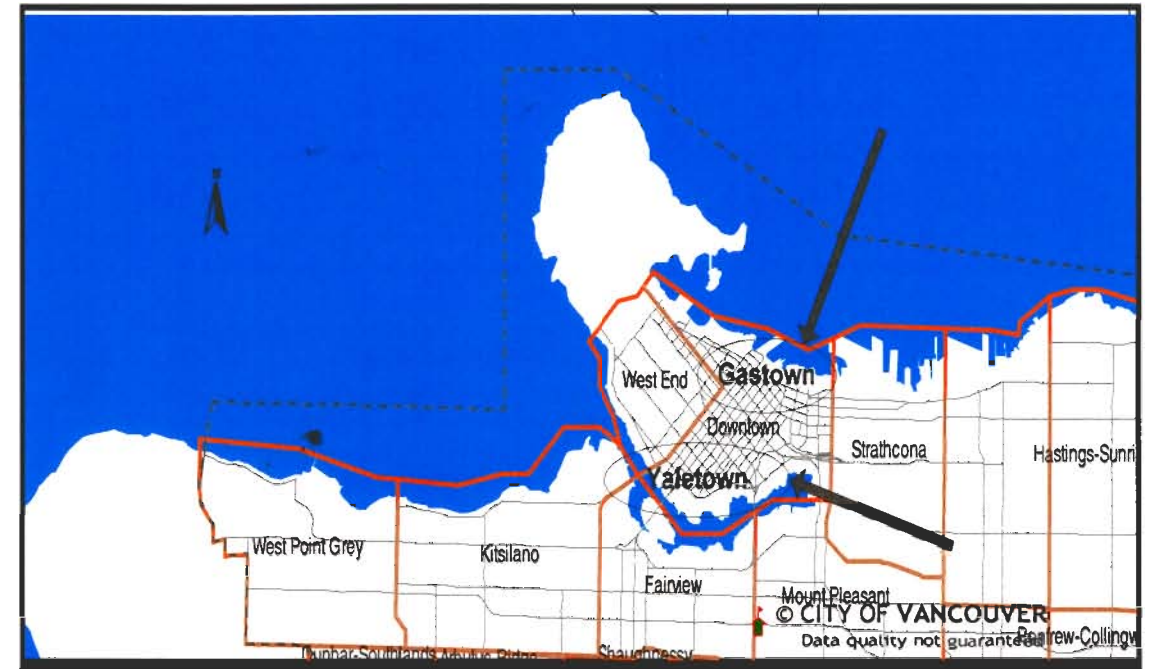
Appendix G - Map of the Lower Mainland

Greater Vancouver Regional District Map used by permission of GVRD (GVRD, 2005)



Appendix H – Downtown Area of Vancouver (Yaletown and Gastown)

Downtown Vancouver Map – Source VanMap, used by permission of the City of Vancouver (City of Vancouver, 2005).



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