

Doctoral Dissertation

**Development of Disadvantaged Areas via Rural Tourism: Perspectives of
Small Tourism Enterprises and Rural Tourists**

(Summary)

ZHANG LINGHAN

Graduate School for International Development and Cooperation
Hiroshima University
March 2019

(1) Research background

Rural tourism (RT) has become a much-researched area in the past few decades. It is believed that RT can contribute to the economy, culture, and harmonious urban-rural development in local areas (Sharpley & Roberts, 2004; Scheyvens, 2007). The successful development of RT is positively linked with the development of the local destination. However, as RT is run by different stakeholders who together may draw on local physical, economic, social, and cultural resources through networking (Weaver, 2005; Cawley & Gillmor, 2008), it is quite difficult to assess the development of the most essential factors of RT development. Previous studies raised the theories of RT development based on the evolutionary approach of destination (La Lopa & Marecki, 1999; Streimikiene & Bilan, 2015) or the economic aspect of tourism, which integrates supply and demand sides of RT development (Lewis, 1998). Nevertheless, with the increase of diversification in RT studies, the destination evolution and market economy are no longer the main driving forces of RT development. Research interests in RT have gradually shifted to the individual characteristics and psychological factors of stakeholders (George et al., 2009). A more flexible concept that connects the supply and demand sides in a broader view of RT development, not merely on economic aspect, should be introduced. Hence, the concept of rurality connecting supply and demand sides is introduced in this study. The usefulness of using rurality in RT development is that the significant variability in rurality discourses can meet the needs of different stakeholders' imaginations of 'rural' (Pratt, 1996; Zografos, 2007). As the prominent stakeholders in RT, the supply side takes the responsibility of performing rurality (Edensor, 2006) and the demand side seeks to consume rurality. By examining the interactions between the supply and demand sides, this study aims to explore how a consensus of rurality discourse may be reached.

Literature review suggests that much research attention has been paid to either the tourist or supply side. To understand inefficiency and problems in RT development, it is necessary to examine both demand and supply sides of tourism services (Dai et al., 2017). Local small-sized tourism enterprises (hereafter small tourism enterprise: STEs) are chosen as the representatives of RT supply side and rural tourists are the demand side. Several major research gaps in the studies of STEs and

rural tourists are identified as follows. The individual behaviors of STE owners and tourists were neglected in existing studies. For the side of STEs, the influences of human capital, social network and tourism policy on STEs were not well recognized and remained as a valuable area for further investigation (Shaw & Williams, 2010; Van der Zee & Vanneste, 2015). The influence of preferences of STE owners on business operation intentions were less examined. For the side of rural tourists, studies on the behavior patterns and profiles of rural tourists were limited to the cases from the developed countries (Devesa et al., 2010, Bel et al., 2015). The effects of rural tourism experience on tourist behavior were not evaluated in a more scientific way. Limited insights were revealed about what are the tourist preferences for RT products, activities, and destinations.

(2) Research questions & aims

The aim of this research is to fill the research gaps and thoroughly investigate rural tourism from both supply and demand sides via the concept of rurality, in the context of disadvantaged areas. The author raises the research questions that aim to measure the current behaviors and to predict the preferences of STEs and tourists by controlling relevant influential factors.

Research questions related to STEs:

Q-1: What are the current operation behaviors and performance of STEs among different survey areas? How do individual conditions affect STEs' motivation and performance?

Q-2: How are STEs likely to continue their business under different external changes, especially under policy influence?

Research questions related to tourists:

Q-3: How do tourists perceive rurality? How does rural tourism experience affect tourists' behavior intentions?

Q-4: How are tourists likely to choose rural products, activities, and destinations under the influences of different rurality settings?

Research questions related to the interactions between STEs and tourists

Q-5: How do tourists/visitors perceive the services provided by STEs?

Q-6: How do STEs make connections to the main stakeholders, and how do social networks influence the sustainability of business operations and destination development?

The main aim of this research is to understand the development of RT from the supply and demand sides via the performance and consumption of rurality. More specifically, focusing on STEs, this study explores the current situation, which includes the operation behaviors of STEs, the impacts of human and social capitals, and foresees the STEs' business intentions under external changes, especially under policy changes. Concerning tourists, this study explores the current situation, which includes tourism behavior and experience in different areas, and the impacts of hierarchy of tourism experience on tourism behavior intention. It also foresees the rural tourism market by measuring tourist preferences for rural products, activities and destinations. Through the current and future stages of exploration on STEs, tourists and the interactions, the gaps between the supply and demand sides of RT can be found, and strategies and implications can be addressed for the development of RT in the disadvantaged areas. How STEs and tourists may co-create various values that contribute to the development of disadvantaged areas will also be discussed.

(3) Conceptual framework

As shown in Figure 1, STEs and tourists are linked via rurality. The performance of rurality from the STEs, the consumption of rurality from the demand side, and the value exchange via interaction under various influential factors are the core concepts of conceptualizing RT development in this research. In general, the conceptual framework of this research draws on the concepts related to alternative development in emphasizing a bottom-up approach that involves local stakeholders centrally in their pursuits of 'rurality'. The framework is based on the physical, economic, social, cultural and political impacts on individual behaviors, perceptions and experiences (revealed preferences), individual preference for RT development (stated preferences), and the role of collaboration between the STEs and tourists in different cases.

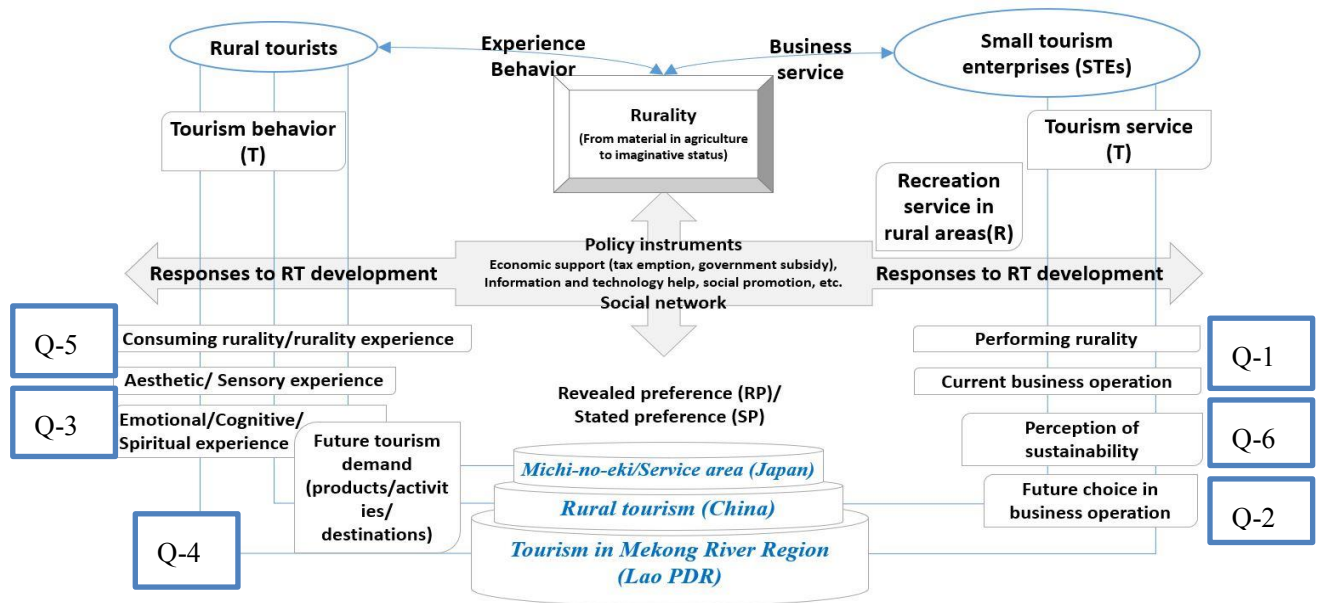


Figure 1 Conceptual framework of RT development among three cases

Source: Author

(4) Methodology

In this study, both revealed preference (RP) and stated preference (SP) data are collected to capture the current behaviors and future intentions of STEs and tourists. To achieve the above research objectives, five questionnaire surveys were implemented in the rural areas of Laos, China, and Japan: four face-to-face surveys in Laos and China to STEs and tourists (178 STEs and 469 tourists in Luang Prabang and Pakse of Laos; 226 STEs (+526 SP responses) and 426 tourists (+1,404 SP responses) in Chongqing, China, and one web survey to rural visitors in the whole Japan (RP: 1,002 respondents; SP: 3,006 SP responses). The Lao surveys focus on the international tourism along the Mekong River region; the China surveys on domestic tourism at rural areas surrounding a large city; and the Japan survey on the disadvantaged areas designated by the Japanese government. Thus, this study covers a relatively broad set of rural tourism issues and geographical contexts.

Considering the features of data collected and analysis of contents, different advanced modeling approaches are applied, such as Generalized Structural Equation Model (GSEM), Partial Least Squares - Structural Equation Model (PLS-SEM), Mixed Logit Models (MXL) with repeated choices, and Multilevel Models.

(5) Main findings

Related to the STEs

The successful operation of sustainable tourism enterprises, or STEs, are influenced by many factors. Human capital, social network and policy influence are all essential factors to measure the development of STEs. Unlike traditional enterprises, the decisions of STEs are more likely personal business decisions by individual owner-managers. Thus, the examination of STEs should not only consider the traditional business performance of enterprises, but also the psychological factors such as satisfaction, motivation and perceptions of STEs owners toward rural tourism development. In addition, this study explores the current situation of STEs in Laos and China and foresees the future stage of STEs' development by using revealed preference and stated preference (RP & SP).

Firstly, STEs in Laos and China will be compared in terms of their operation performance, satisfaction, motivation and perceptions. The impact of human capital (common individual attributes of STE owners) on their business performance and motivations will be measured by OLS and ordered logit model. Secondly, the impact of social networks on STEs' perception of social sustainability is measured by GSEM. The understanding of the social network and STEs' perception would help us better understand the non-profit behaviors of STEs, which is tightly linked to the sustainable development of RT. Thirdly, STEs' business intentions under various effects, especially under policy influence are discussed. How STEs are likely to choose when facing external changes is important for the future planning of RT. In the end, the author makes a conclusion about all the findings of STEs.

Related to the tourists

Rural tourists are various consumers of rurality. Different people might have totally different

demands in RT. The successful maintenance of tourism market is not only driven from the understanding on tourist behavior, but also their experiences, emotions and preferences. The market of RT is big and varies in different regions, thus the exploration on the market segmentation is necessary. Moreover, with the changing of people's travel modes and vacation length, short-term vacation is becoming a trend. RT is one of the representatives of short-term vacations. In addition, this study explores the current situation and foresees the future of the tourism market by using revealed preference and stated preference (RP & SP).

Firstly, the comparison of the behavior patterns, personal characteristics, and motivations of tourists among the three survey areas is analyzed. Then, the tourism experiences of Lao and Chinese are compared in a hierarchical order. Furthermore, the impact of tourism experience on tourists' place attachment and behavior intentions is estimated by adopting the reflective-formative type hierarchical latent variable models in PLS-SEM. The tourism experience economy could be an important breach to understand rural tourists. Then, the SP designs of tourist preferences for rural products, activities and destinations by multilevel logit model and mixed logit model are estimated. In the last part, it summarizes the main findings in rural tourists among the three areas.

(6) Conclusions

Where are the STEs heading? Limited capabilities vs. 'big dreams'

The fate of STEs are tightly linked with RT and local destinations. Many STEs have 'big dreams' for their business growth and operation when they think RT can provide profits for their business. However, many of them neglect the problem of their limited capabilities. In the cases of Laos and China, the profile patterns of STE owners are low educational levels, lacking management skills, and lacking financial support. It is quite difficult for the STEs themselves to get huge improvement in operation. But many of the STEs keep the dreams of business growth and running a better operation. This also explained why STEs would not quit business even if suffering from low profit and fluctuation of RT market.

So, with many STEs in the disadvantaged areas stuck in a dilemma without being aware, what

are the key points to overcome those limited capabilities? As suggested from the findings of the positive influence of social network and policy support on STEs, building social network and getting policy support could be the solutions. Social networks, started from STEs to other stakeholders, have been acknowledged as vital capital to the sustainable business and individual perceptions of RT development. The personal networks (neighbors and tourists) were acknowledged by the respondents, from the first moment of their enterprising initiatives, as positively affecting the businesses. Personal networks give the owners the access to many of the necessary resources and conditions to the setting-up/taking control of the businesses. Meanwhile, the networking not only contributes to the business, but also the sustainable perception on destination development. As for policy support, the management guidance, subsidies and other tailor-made policy are all to the benefit of STEs' future.

Plurality in rurality, diversity in RT market

Rurality, tourism experience and rural tourism market share one important feature: pluralities. The multidimensional characteristics of rural destination, tourists, motivation, and tourists' demands for rurality form a diversified RT market. Since there is still no consensus of RT market, the findings of this research have made a supplementary case for the diversity of RT market. RT market could be a journey of self-adventure, a family trip with kids (Dong et al., 2013; Park et al., 2014), or even a short-break market to consume rurality (Murphy, 2014). The difference and the connections between the diversified types of RT market could be explained in the theory of leisure-tourism continuum (Carr, 2002). Meanwhile, the rural tourists show huge potential in short-break leisure market. As the providers of RT market, more RT options should be provided to rural tourists.

The balance between the performance and consumption of rurality in RT

The introduction of rurality in RT development is an effective way for both the supply and demand sides to understand what is 'rural'. Previous studies already suggested that the demand for rural tourism is related directly to the characteristics of rural areas and, secondly, it is assumed that the principal motivation for visiting the countryside is to experience rurality, and rural tourism is an end in itself to experience the countryside (Sharpley & Roberts, 2004). Nonetheless, the supply side

of RT often neglect the tourist demand of experiencing rurality and did not fully realize the usefulness of rurality in RT. Tourists often complain that the products and services provided by STEs did not match their demand of RT. This situation is caused by the different understandings of rurality from the supply and demand sides. For a better theory building of RT development, the consideration of tourist demands and their motivation for rurality is not enough. It should also include and compare the understanding and performance of rurality from the supply side.

(7) Significant contributions

This study made several first attempts in tourism and leisure literature in terms of the following points, respectively:

- ①. collecting enterprise-level STEs tourism data from a social sustainability perspective in the context of Laos;
- ②. incorporating policy attributes into SP experiment to measure the preferences of STEs;
- ③. applying SP experiment to measure tourist preferences for not only local products and activities but also rural destinations;
- ④. applying the GSEM in the literature of general tourism research;
- ⑤. applying the MXL model in the RT research on STEs;
- ⑥. applying the MXL and multilevel logit model to address unobserved heterogeneities of respondents;
- ⑦. applying the reflective-formative hierarchical latent variable model and implementing multi-group analyses based on PLS-SEM;
- ⑧. confirming the sustainability value of social network for STEs and local communities;
- ⑨. exploring the rurality in the context of roadside rest areas via visitors' RP and SP.

At theoretical level, this study built a research framework of RT from both supply and demand

sides based on the concept of rurality, where individual behaviors, intentions, attitudes, experiences, and preferences of STEs and tourists are incorporated in a relatively systematic way. The performance of STEs is measured under the influences of human, social and political capitals. In particular, it makes a supplementary for the studies of STEs from a social sustainability perspective in the context of developing countries. This research confirms the pluralities in the concept of rurality and the development of RT market. It expands the form and patterns of RT tourism market with the theory of leisure-tourism continuum.

At methodological level, this study conducted both revealed preferences and stated preferences of respondents. Complicated cause-effect mechanisms, respondents' heterogeneous responses, and decision-making mechanisms are reflected by the models in response to different types and scales of data (see details in Section 3.9 Fitted modeling approach). More specifically, this study takes several first attempts in terms of applying the GSEM in the literature of general tourism research; applying the MXL model in the RT research on STEs; applying the MXL and multilevel logit model to address unobserved heterogeneities of respondents, applying the reflective-formative hierarchical latent variable model and implementing multi-group analyses based on PLS-SEM.

At practical level, this research conducts empirical studies on STEs and tourists/visitors in the disadvantaged areas of three countries from different angles. The findings can help generate the traits of STEs and rural tourists. This research has derived various unknown but significant insights for policymaking for the development of disadvantaged areas in terms of STE guidance and tourist market management, which are helpful to sustainable RT development in the disadvantaged areas.