EVALUATING OPERATORS’ SATISFACTION AND POTENTIAL OF LOCAL RESOURCES FOR RURAL TOURISM: EVIDENCE FROM MATSUURA IN JAPAN

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Paper prepared for presentation at the 113th EAAE Seminar
“THE ROLE OF KNOWLEDGE, INNOVATION AND HUMAN CAPITAL IN MULTIFUNCTIONAL AGRICULTURE AND TERRITORIAL RURAL DEVELOPMENT”, Belgrade, Republic of Serbia
December 9-11, 2009

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Abstract

As rural tourism evolves into diversification, the connection between the individual and local resource management is becoming an important issue for the sustainable evolution of rural tourism. To explore this point, we investigated conceptually and empirically whether rural tourism operators’ individual satisfaction enhances utilization of local resources and, if so, what mechanism works for it by focusing on rural tourism accompanied by an educational program, i.e. a farm-stay with farm and rural experience services implemented as a part of school trips in Matsuura, Japan. From statistical tests and an econometric estimation based on a questionnaire survey of rural tourism operators we found that operators’ individual satisfaction gained from interchange with visitors and direct feedback can positively enhance locally exerted effects that stimulate operators to recognize opportunities within their community and raise the potential for local resource use. Thus, we should strengthen this connection to eventually create a new viable activity.

Key words: rural tourism, operators’ individual satisfaction, utilization of local resources, feedback effect from visitors

Introduction

As activities of rural tourism have become diverse, the demand for rural tourism is becoming more and more experience oriented (Ohe, 2007). One of these trends in diversified rural tourism is typically observed in the combination of an educational program with rural tourism in Western European countries and Japan. These diversified activities with an educational function open a new possibility for farm activity in response to diversifying the social needs of agriculture and rural areas in this century (Shichinohe et al., 1990). The educational function of rural tourism gives mainly urbanites a chance to experience farm and rural life and the significance of its cultural heritage. Specifically, here we focus on rural tourism accompanied by an educational program as a farm-stay with farm and rural experience services implemented as a part of school trips.

To cope with these new trends, it is increasingly important for operators to have a wider perspective not only on their own individual management, but also on local resource management. It is often pointed out that operators gain satisfaction through providing services by receiving immediate feedback from consumers (Wilson, 2007) due to the nature of rural tourism, which is a service good that is directly interchanged between producers and consumers. This is the major difference from the provision of traditional farm products that are simply trucked to urban markets. This nature of
interchange between operators and visitors gives operators an opportunity to rediscover local resources and eventually to come up with an idea for a new activity (Ohe, 2007). Especially, we can expect that rural tourism that includes an educational program provides a more substantial interchange effect among the people involved.

To tackle the issue, we employed a methodological individualistic approach since we investigated whether operators’ individual satisfaction enhances the utilization of local resources and, if so, what mechanism works for it. The preceding studies, as mentioned in detail in the literature review, can be classified into the ones that utilized a methodological individualistic approach and the others that utilized community-based or aggregated performance approaches. In contrast, our approach tries to bridge the gap between the two approaches.

First, we conduct conceptual considerations whereby operators’ individual satisfaction with the educational program can enhance locally exerted effects that stimulate operators to recognize opportunities within their community and that raise the potential for local resource use. Second, we conduct empirical analyses on rural tourism with an educational function, i.e. farm-stay school trip programs implemented in Japan, with an econometric model to verify the relationship between individual satisfaction and effects on local resource utilization. Finally, we suggest policy implications on the evolution of diversification of rural tourism.

**Literature review**

With respect to operators’ individual attitudes on rural tourism activity, the motivation of rural tourism operators has been studied (Nickerson et al., 2001; McGehee and Kim, 2004; Ollenburg and Buckley, 2007). Skuras et al. (2005) conducted a comparative study on the effects generated from the difference in human capital among European countries. Telfer (2000) interviewed farmers in rural Indonesia on the adoption of agritourism and indicated tourism can act as a generator of community development. Maestro et al (2007) studied consumer’s attitude toward rural tourism on perceived quality and the moderating role of familiarity. There has been, however, no study on how the individual satisfaction of operators is connected with the utilization of local resources.

In the field of studies on the utilization of local resources, the cultural aspects of local resources have attracted attention (Barbič, 1998; Hammer, 2008). As a software aspect of local resources, Yokoyama and Sakurai (2006) focused on the relationship between social capital and community development in Asian countries, including the case of rural tourism in Japan. Garrod et al (2006) conceptually presented an idea of countryside capital to consider the connection between rural resource use and rural tourism.

Local effects brought about by rural tourism have been approached from various aspects: socio-economic effects (Maude and van Rest, 1985), impact assessment by local residents (Rátz, 2008; Petrzela et al., 2005), and economic effects (Slee et al, 1997).
These studies clarified the social and economic effects of rural tourism on the local community and their significance and thus contributed to progress in impact evaluation on rural tourism. Nevertheless, these studies on local economic effects tended to implicitly assume that study areas were already sufficiently developed to grasp clearly visible economic effects. These cases represent, however, a few of the best areas where full-sale economic effects have emerged. Ordinary rural areas have not reached the stage whereby economic effects are readily visible, but are at the preliminary stage before the emergence of visible economic effects. Likewise, in the case of these new services such as the farm and rural experience services studied here, neither a viable market has been established nor are local economic effects apparent. It is, therefore, natural to assume that the degree of local resource utilization is enhanced not directly, but gradually until the next stage of full-scale local economic effects have emerged. In summary, how individual effects or operators’ individual satisfaction connect with the effects on local resource utilization at the preliminary stage of the emergence of economic effects has not been investigated empirically. To evaluate this connection, the results of these preceding studies suggest that it is necessary to consider operators’ perception in terms of economic and non-economic aspects, features of rural tourism with an educational program, and stages of local resource utilization in the of local community.

**Analytical framework - Effect of the potential for local resource utilization: gradual enhancement hypothesis**

It is considered that in the case of rural tourism that includes experience services, the feedback that operators receive from consumers will be greater than that for traditional farm products. This feedback, which is characterized as a non-economic benefit, can complement economic benefits. Given this point, a working hypothesis is presented here. We assume that the enhancement of the potential for local resource utilization is a necessary step as a preparatory stage for full-scale realization of local economic effects. Figure 1 symbolically illustrates that there is a difference between the case of conventional agriculture and the case of rural tourism in terms of the degree of the elevating effect of the potential for local resource utilization.

Generally, the case of rural tourism with an educational program will enhance the potential for local resource utilization to a greater degree than the case of farming. This is because operators’ encounters and exchange with visitors from outside the area enable operators themselves to become newly aware of local resources that they did not recognize prior to the extension of a human network outside of the local community. This recognition subsequently leads to the enhancement of the potential for local resource utilization by arrow $R$. This effect on local resources can be higher than the ordinary rural tourism.
Conversely, in the case of ordinary farm activity without rural tourism this effect will remain at a low level even if it exists (arrow $A$). The difference between the two activities depends on the existence of interchange and feedback. Through rural tourism with educational services local people can obtain new and objective perspectives brought by people from outside the community and find previously unnoticed valuable resources and eventually a way to utilize them. We call this a feedback effect on raising the potential of local resource utilization through interchange with people inside and outside of the local community. This effect is caused by participatory activity that creates an opportunity to receive direct feedback from consumers. Because of this feedback, farmers’ satisfaction will be higher than that from ordinary farm activity.

Feedback will easily occur with provision of all service goods mainly due to the trait of service goods in that both production and consumption happen simultaneously (Hicks, 1971; Hill, 1999). Why, however, does this feedback extend to work as an enhancer of the potential for local resource initialization? There are several reasons that can be uniquely found in rural tourism. First, rural tourism is tourism that originally utilizes local resources. Second, the farm-stay program just started a few years ago in the area examined in this paper, which means that there is still much room for utilization of local resources. Third, there are externalities generated along with rural tourism activity such as the educational function of the rural heritage and local food culture. The fact of exerting externalities means that provided services are not fully compensated and it often happens that experience services are offered free of charge. This behavior comes from the traditional rural mentality that gives gratis hospitality to visitors. In other words, this informality or incompleteness of rural tourism with experience services as an economic good becomes one of the factors the impresses visitors and eventually leads to a new possibility of local resource utilization.
Outline of study area

The study area, Matsuura, is located in the Kita Matsuura Peninsula in Nagasaki on the island of Kyusyu in western Japan. Initially, deregulation in accommodation facilities by the prefecture stimulated the start of farm-stay programs for school children in this area. In Matsuura, the farm-stay school trip was launched in 2003, and Matsuura is one of the leading areas in terms of hosting trips of this category in this country. There are 13 hamlet-based bodies that are capable of accommodation and these bodies are organized into one local association that is accountable for coordination, external marketing, and development of new experience services and provision of a training program for operators.

This association is supported by municipal and prefectural governments with regard to funding and staffing. The total capacity of accommodation in this area is 2,000 people a night. Although 500 farm and fishing farm households are registered, there are actually only 4 proactive bodies among the 13 bodies. In 2006, 10,101 students and teachers from 58 schools, mainly from the Tokyo Metropolitan area and the Kansai area, the second densely populated, stayed in Matsuura. Among the 58 schools, junior high schools accounted for 77% of such trips and high schools 19%, meaning that junior high schools are the primary customers. With regard to the duration of the farm-stay among 63 schools that conducted farm-stays and excluding schools that only used hotel and inns, one-night stays accounted for 75%, two nights for 14% and day trips for 9%.

Survey method and data

Before completing the questionnaire survey for the collection of data, we conducted a preliminary interview survey of the people concerned, i.e. leaders of the hamlet group, officers of the municipality, and officers of the local association, in Matsuura in August 2007. Based on this information, we made the final questionnaire-survey after consultation with the funding bodies for this research, i.e. the Ministry of Agriculture, Forestry and Fisheries (MAFFJ), and the contracted national organization as the coordinator, i.e. the Organization for Urban-Rural Interchange Revitalization (OURIR). We asked 23 questions, soliciting information on profiles of respondents, such as age, sex, years of experience as a provider of the services, kinds of services offered, how providers felt about providing the service and whether they gained satisfaction from what they offer. The survey forms were distributed through the association for rural-experience tourism in Matsuura to 100 farm or fishing operators who provided farm-stay accommodations and rural experience services in the four most active hamlets of this study area. The association selected proactive farm operators and asked those actually conducting tourism activities to complete the surveys through the leader of the hamlet group, who then returned them to OURIR by mail. There were 65 respondents.
Profiles of respondents

More than half of the respondents were female. Among the various age groups, those in their 50s accounted for more than 40% and represented the largest group while those in their 60s were the second largest group, comprising one third of the respondents. The youngest respondent was 43 years old and the eldest was 80. The average age was 59 years, indicating that middle-aged and senior wives were the main bearers of responsibility for farm-stay rural experience activities. Local food experience, farming experience and fishing experience were the three major services with respect to the menu of rural experiences in this area. Nearly half of the respondents offered only one service and 40% offered two services, so the provision of more than three services was not common. Among those who offered two services, the combination of farming and local food services tended to be offered by farmers. Half of the respondents accommodated fewer than 50 visitors a year, and 40% accommodated 50-100 visitors; only a few respondents hosted over 100 visitors annually.

Operators’ satisfaction and index of potential for utilization of local resource

Table 1 show from results of the questionnaire survey, first, as an actual indicator of an operator’s individual satisfaction, over 90% of respondents felt a sense of reward for provision of experience services.

Table 1. Private effect on operators: Do you feel sense of reward?

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Yes (%)</th>
<th>Somewhat yes</th>
<th>Neither nor</th>
<th>Somewhat No</th>
<th>No</th>
<th>No answer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>54</td>
<td>10.8</td>
<td>1.5</td>
<td>1.5</td>
<td>0</td>
<td>3.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Second, on the subject of local effects, over half of the respondents answered that they were embracing “a sense of local pride”, which was the most common answer (Figure 2). This rising self-confidence among local people enabled them to abandon their groundless mental barrier or inferiority complex toward urbanites and to assume a forwarding-looking attitude. Therefore, this positive feeling can be a precondition to build an equal urban-rural relationship in the future. In sequence, the rediscovery of unrecognized local resources, the activation of communication among locals and the building of a network with urbanites followed in this order. Stated differently, we can say that a widening perspective of operators in terms of not only inward looking, but also outward looking is occurring. Further, fewer respondents indicated effects related toward the actualization of a new activity, such as coming up with an idea for a new activity and putting into practice a new activity. To sum up, it should be noted that rather than directly formulating a new idea and initiating an activity, these local effects took a stepwise form from low to higher stages in the order of rising self-awareness and self-confidence,
rediscovery of local resources, building of open human network, coming up with a new idea, and eventually putting into practice a new activity.

These facts suggest that the order among these six effects from the lower to higher effects is not inconsistent. If every local effect gets the highest score, which is five, the sum of these six effects will be the maximum value of 30 per contra. If the lowest score is obtained for each local effect, the sum will be a minimum value of six. We summed up the score of a five-point Likert scale for the six effects, and the average value was 24.6, with a maximum value of 30 and a minimum value of 17. Consequently, it is safe to say that the higher the sum, the higher the potential for local resource utilization and that we are able to use the sum of these six effects as a comprehensive indicator of the potentiality of local resource utilization. We conducted the normality test of distribution (Shapiro-Wilk’s W test) and found that the null hypothesis of normality was not rejected. The advantage of this score is that it is easily calculable and quantitatively manageable for the evaluation of the local effects, so we term this score the “index of potential for local resource utilization”.

To sum up, it was revealed that operators felt satisfaction in terms of non-economic effects rather than economic effects and that not only individual effects but also local effects were expressed. It was also revealed that local effects evolved in order starting from harboring community pride, rediscovery of local resources, widening the scope of their network, and eventually to the formation of a new vision and the implementation of a new activity. In this respect, evolving and widening perspectives through the
enhancement of the sense of community pride will be an important first step leading to the stage of subsequent full-scale local economic effects. These local effects have not been considered in the case of ordinary farm production and were not generated fully until experience-oriented rural tourism activity started. These effects work on basic conditions that are present to prepare for the next stage of full-scale economic effects. Thus, we can say that the index of potential for local resource utilization will be an effective indicator of local effects in the preliminary stage. We examine how this index connects with the individual satisfaction of operators below.

**Regression analysis of factors determine the potential for local resource utilization**

Given the statistical analysis above, the following structural model is presented to empirically clarify how individual satisfaction actually results in enhancement of local resource potential (Figure 3).

We assume that the process that connects individual effects and local effects has two sub-processes: one connected with individual effects (individual process) and the other connected with local effects (local process). The former individual process stipulates that the economic reasons that those operators provide experience services and the non-economic reasons and operator’s attributes determine operators’ individual satisfaction. The latter local process stipulates that individual satisfaction and types of experience services (community attributes) determine the degree of the potential for local resource utilization. Given this working hypothesis, we can expect positive sign conditions for these three working factors to raise the potential for local resource utilization. The signs of operator and community attributes will be determined empirically.

We use the index mentioned earlier as an actual variable for the potential for local resource utilization ($IPL$). Other variables in equation (1) are as follows based on the preliminary findings: a variable for an economic reason ($EPR$), expectation of income gain (five-point Likert scale), and a variable for a non-economic reason ($NEPR$), the enjoyment of teaching rural culture (five-point Likert scale). We used a common indicator, the operator’s age for the attribute ($AT$).

Although in the preliminary estimation we tested the operator’s years of experience in providing this service and the number of visitors hosted by an operator for the variable for an operator attribute, neither case showed a good result. With respect to the variables in equation (2), we used the estimate of individual satisfaction ($SATIS$) from equation (1) and
the types of experience services (ES) as follows: food and farming experiences=1, other experiences=0. As the variable for individual satisfaction, we used sense of reward (yes=1, no=0). At the preliminary trial estimation, although we used each of the individual effects for the SATIS variable, there was no other variable that generated a far better result than that of a sense of reward. The types of experience services provided were also able to distinguish between fishing and farming villages. This is a clear indicator that tells the difference between the two communities because food and agriculture experiences are only offered by operators in farming villages. In this respect it can be implicitly assumed that the social capital is reflected in these village characteristics. In taking into account of endogeniety of the operators’ individual satisfaction, this model was a simultaneous estimation model. Actually we estimated a logic model for equation (1) and then with the estimate of the individual satisfaction gained from equation (1) we estimated equation (2). The sample size was 44. This is because we needed to use all data on local effects to obtain the unbiased potential estimate for local resource utilization, so we excluded samples with missing observations on local effects.

Results

The results are tabulated in Table 2. Adjusted $R$ square was not high, probably because all of the variables were qualitative variables and there is no other similar study for comparison. Nevertheless, every parameter was statistically significant (up to 10% significance) and the sign conditions were satisfied, so we can interpret them and accept these results.
We found neither serious multicollinearity from the value of vif nor heteroscedasticity (Breusch-Pagan test). Now let us examine results in detail. In equation (1) although both economic and non-economic reasons positively worked on individual satisfaction, the non-economic reason worked stronger than the economic. The parameter of the operator’s age was positive, which means that the elderly operators gain higher satisfaction than younger operators. In equation (2) the parameter of estimated individual satisfaction was positive, which means that our hypothesis that operator’s individual satisfaction works on the local resource potential was supported. Parameter of food and farming experience services was positive, which indicates that the combination of food and farming experience services enhanced the potential of local resource utilization and the local resource potential in farming villages was higher than that in fishing villages partly because of the different mentality in people between the two types of villages.

To summarize, the results demonstrate that what matters most to raise the local resource potential is that operators enjoy themselves performing the service. Although this point is often stated by rural tourism operators, it has not been confirmed
empirically and quantitatively. The results clarified the working factors for this mechanism. In this respect, food and agriculture experience programs should be extended and improved in quality as well.

Conclusions

This paper investigated conceptually and empirically how operator’s individual satisfaction enhances the local resource potential based on a questionnaire survey of operators of farm-stay programs for students on school trips in Matsuura, Japan. Although further research is needed to more widely generalize the results, the following main points were disclosed.

(1) Farming experience services are characterized as newly emerging services that utilize local traditional food culture and farming techniques that are often forgotten in modern life. The one unique feature is that close interchange and direct feedback can happen between operators and visitors and that this interchange generates not only individual effects, but also local effects.

(2) We defined an ‘index of potential for local resource utilization’, which is calibrated from survey data. This index expressed local effects from initial psychological confidence of the operators themselves, rediscovery of local resources through the extension of human networking, and higher stages of a new idea and its realization in terms of rising potentials for local resource utilization.

(3) From an econometric estimation, we confirmed that individual satisfaction works as an enhancer of local resource potential. Among individual effects, the non-economic effect rather than the economic effect is more closely connected with higher local effects. This means that non-economic based satisfaction is effective for evoking local resource potentials in stages.

(4) As policy implications, we should recognize the positive connection between individual satisfaction and local resource potential and therefore strengthen this connection to realize a new viable activity eventually. In this respect, the coordinator’s role as a go-between will be increasingly important to successfully connect between operators and consumers as briefly mentioned in this paper. This topic should be examined in further research.

Literature