

# Interaction between Individual and Collective Social Capital along Dynamical Social Process

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# Social Capital at Two Levels

## Individual SC

- Agent / micro level
- In-group / inter-group ties to prominent agents (Granovetter 1973, Lin 2001)

Rational Investment for Beneficial Return

## Collective SC

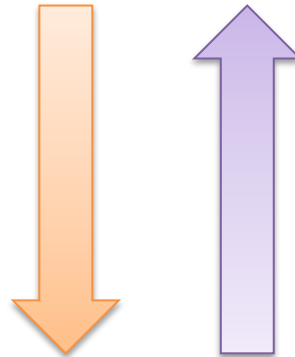
- Community / macro level
- Trust, reciprocity, and networks (Putnam 1993)
- Improves efficiency of community

Opportunity and/or Constraint Structure for Rational Actions

# Research Question \*

Collective SC (Macro Level)

Agents make use of  
**the opportunity  
structure** seeking for  
beneficial returns



**Accumulation** of  
rational investments  
made by each agent

Individual SC (Micro Level)

Which mechanism is verified by empirical data?

# Case: Tourist Destination Development in Japanese Hot Spring Resorts

- Collaboration among stakeholders (i.e., **collective SC**) is vital for development which will eventually bring benefit to each agent.
- But engaging in those kinds of activities requires some amount of cost, so **RATIONAL actors would have incentive for free-riding.** (i.e., social dilemma)

How can collaboration emerge in tourist destination?

# Competition vs. Collaboration

- If **collective SC is poor**, competition among hotels is so severe, that the investment on **inter-group individual SC is more beneficial** for each hotel than on in-group SC. (cf. Burt 2001, 2005)
- If **collective SC is rich**, competition becomes mild so that the investment on **in-group SC may become beneficial** for agents.

Collective SC as opportunity or constraint on rational action

# Data \*

## Questionnaire Survey on Japanese Hot Spring Resorts

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Sample	All hotels of hot spring resorts in four prefectures, whose local hotel associations have at least 10 member hotels
Period	Between January and February, 2007
Sample Size	1,515 hotels (56 resorts)
Responses	779 hotels (51%)
Method	Mail survey

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# Premise of the Argument \*

## Dynamics of Tourist Destination Development (Kanai 2008)




	<b>1<sup>st</sup> stage</b>	<b>2<sup>nd</sup> stage</b>
<b>Strategic plan for development?</b>	None	Discussing or Completed
<b># resorts</b>	10 (21%)	38 (79%)
<b>Hotels collaborate?</b>	No	Yes
<b>Collective SC in the resort?</b>	<b>Poor</b>	<b>Rich</b>

Examined by Qualitative Comparative Analysis (QCA)

# Hypothesis 1: Macro -> Micro

	<b>1<sup>st</sup> stage</b>	<b>2<sup>nd</sup> stage</b>
<b>Collective SC</b>	Poor	Rich
<b>Hotels are in...</b>	Competition	Collaboration



<b>Investments in ...</b>	<b>1<sup>st</sup> stage</b>	<b>2<sup>nd</sup> stage</b>
In-group SC	Decrease	Increase
Inter-group SC	Increase	?

... guests and sales of each hotel



# Hypothesis 2: Micro -> Macro

1<sup>st</sup> stage

2<sup>nd</sup> stage

Rational Investments  
in In-group SC



Collective SC  
in the Community

ACCUMULATION

Investments in ...	1 <sup>st</sup> stage	2 <sup>nd</sup> stage
In-group SC	Rational	i.e., Increase
Inter-group SC	NOT Rational	i.e., Decrease

... guests and sales of each hotel

# Hypotheses \*

H1

Macro -> Micro

Investments in ...	1 <sup>st</sup> stage	2 <sup>nd</sup> stage
In-group SC	-	+
Inter-group SC	+	?

H2

Micro -> Macro

Investments in ...	1 <sup>st</sup> stage	2 <sup>nd</sup> stage
In-group SC	+	?
Inter-group SC	-	?

**Incompatible!**

... for performance of each hotel

# Variables and Descriptive Statistics

	1 <sup>st</sup> stage			2 <sup>nd</sup> stage	
	Mean	SD		Mean	SD
Independent					
In-group SC (1-5)	2.87	[1.04]	< *	3.15	[1.09]
Inter-group SC (0, 1)	0.19	[0.39]	>	0.13	[0.33]
Control					
Price (1-5)	1.66	[0.86]	< +	1.81	[0.82]
Efforts (0-8)	2.86	[1.45]	< +	3.15	[1.49]
Dependent					
Performance (2-14)	5.86	[2.43]	<	6.11	[2.24]
N	118			386	

\*  $p < .05$ , +  $p < .10$

For measurements see handout in details

# Results of OLS Regression \*

Y = Performance of Hotel

	1 <sup>st</sup> stage	2 <sup>nd</sup> stage
In-group SC	.085	.093 +
Inter-group SC	.207 *	-.016
Price	.158	.262 ***
Effort	.188 +	.122 *
N	118	386
adj. R <sup>2</sup>	.194 ***	.110 ***

Standardized Regression Coefficient

+  $p < .10$ , \*  $p < .05$ , \*\*\*  $p < .001$

# Which Hypothesis Supported? \*

	H1: Macro -> Micro		H2: Micro -> Macro	
	1 <sup>st</sup> stage	2 <sup>nd</sup> stage	1 <sup>st</sup> stage	2 <sup>nd</sup> stage
In-group SC	-	+	+	?
Inter-group SC	+	?	-	?

## Result

	1 <sup>st</sup> stage	2 <sup>nd</sup> stage
In-group SC	n.s.	+
Inter-group SC	+	n.s.

H1 (Macro -> Micro) is Supported.

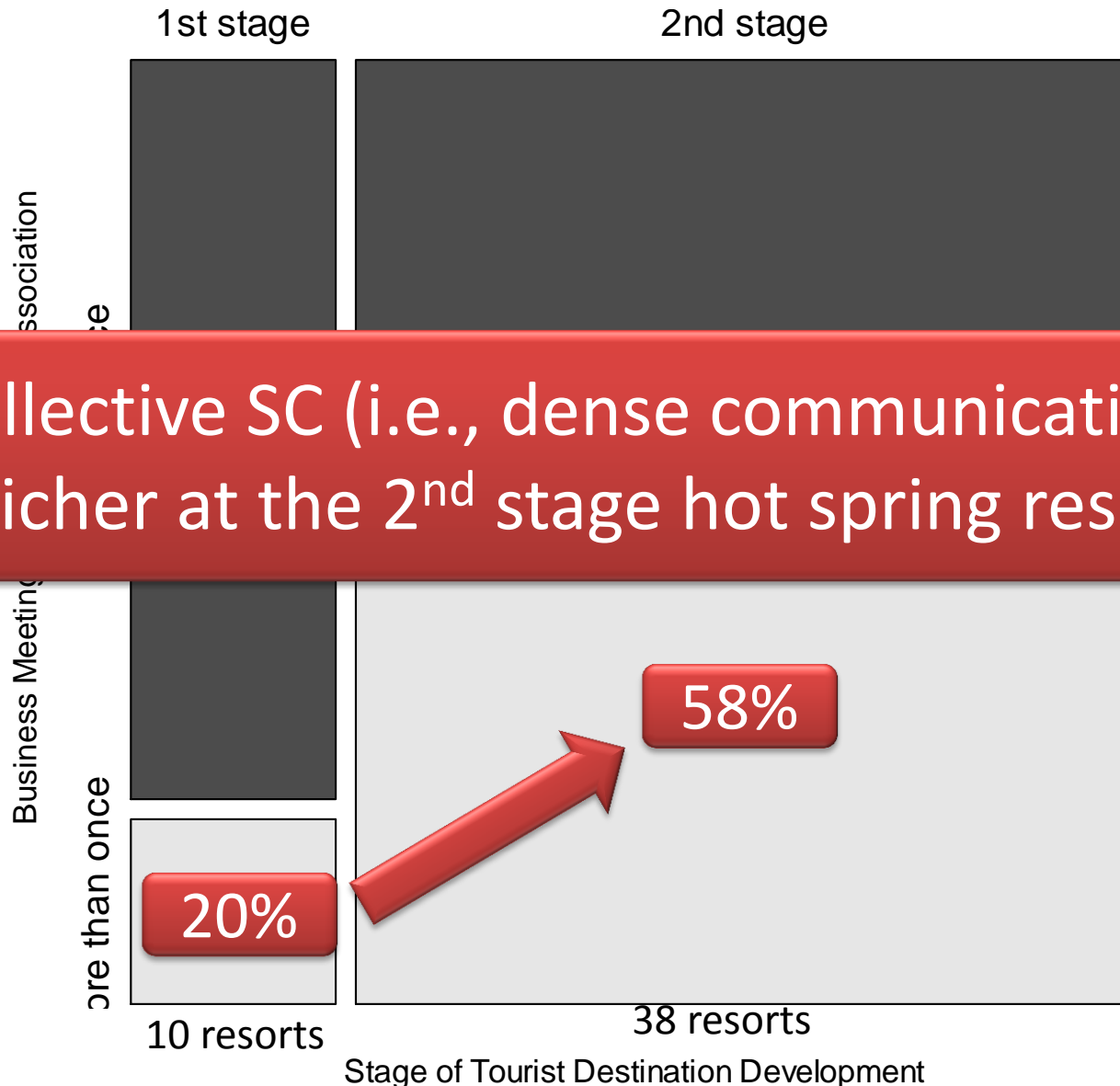
# Conclusion and Discussion \*

- H1 (Agents make use of the existing macro level opportunity structure, i.e., collective SC) is supported.
- H2 (Accumulation of rational investments on individual SC generate collective SC) is NOT supported.
- **RATIONAL investments on individual SC do NOT account for the creation of collective SC,** although collective SC is vital to the success of tourist destination development.
- Open Question: What other mechanisms could account for the creation of collective SC?

Thank you for your attention!

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# Simple Evidence for Development





# In-group SC

## (communication with colleagues)

- [Q] How often does the male manager of your hotel eat and drink with the male managers of other hotels within your hot spring community?
  - 1 seldom or nothing
  - 2 around once a year
  - 3 several times a year
  - 4 around once a month
  - 5 more than once a week

# Inter-group SC

## (connection to external advisor)

- [Q] Have your hotel held short courses last year by a speaker from the outside of your hot spring?
  - 0 no
  - 1 yes

# Price

- [Q] How much is the average accommodation fee (including dinner and breakfast) of your hotel?
  - 1 less than 10,000 Yen (approximately 90 Euro)
  - 2 10,000 – 15,000 Yen (90 – 130 Euro)
  - 3 15,000 – 20,000 Yen (130 – 180 Euro)
  - 4 20,000 – 25,000 Yen (180 – 220 Euro)
  - 5 more than 25,000 Yen (220 Euro –)

# Effort

- Counts of the answers (0-8)
- [Q] Which of the following promotion activities have your hotel done in the last five years? (MA)
  - 1 renovation or redecoration of facilities
  - 2 improved hospitality or service for guests
  - 3 advertising in travel magazines
  - 4 publicity via the internet
  - 5 newsletters for regular guests
  - 6 promotion by full-time salespersons
  - 7 organizing tours with travel agencies
  - 8 others

# Performance

- Sum of the following two scores (2-14,  $r = 0.847^{**}$ )
- [Q1] How are your present guests in number compared with five years ago?
  - 1 decrease more than 50%
  - 2 decrease around 30-40%
  - 3 decrease around 10-20%
  - 4 not so changed
  - 5 increase around 10-20%
  - 6 increase around 30-40%
  - 7 increase more than 50%
- [Q2] How are your present sales in amount compared with five years ago?
  - (Alternatives are the same as Q1)