



Social capital and entrepreneurial mobility in early-stage tourism development: A case from rural China



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HIGHLIGHTS

- Early-stage destinations attract and sustain human capital with social capital.
- Social capital influences tourism entrepreneurial mobility.
- Three dimensions of social capital form a key theoretical framework.
- Stronger networking abilities are required under high geographical and low organisational mobility.
- Entrepreneurial mobility is heavily influenced by idealistic perceptions of tourism.

ARTICLE INFO

Article history:

Received 12 December 2016

Received in revised form

29 June 2017

Accepted 29 June 2017

Keywords:

Social capital

Entrepreneurship

Mobility

Tourism development

Integration

Early-stage destination

ABSTRACT

Early-stage tourism destinations often seek external capital to establish, invest and participate in tourism businesses at various levels. Entrepreneurial mobility at these destinations is thus an important phenomenon in need of further exploration both empirically and theoretically. This study uses an early-stage destination in rural China as a case to explore the experiences of inward entrepreneurial migrants in tourism development and associates their mobility, geographical and organisational, with dimensions of social capital, including institutional support, community openness and personal social networks. Primary interview data were collected from inward tourism entrepreneurs, key local community members and government officials related to tourism projects. The findings suggest that the inward entrepreneurs had unrealistic perceptions of the tourism industry before they entered. Entrepreneurial mobility in tourism development is influenced by all three social capital dimensions. The integration with the locality enhances the potential contribution of entrepreneurial mobility to tourism development.

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1. Introduction

Although many developing areas seek tourism as means of economic development, at an early stage, such areas often lack various forms of capital. Early-stage destinations are those at the development stage on Butler's tourist area lifecycle (Butler, 2004) and are often located in developing countries. They possess abundant tourism resources but lack proper capital to create value due to their low brand influence and early-stage development status. In some studies these destinations have been referred to as emerging destinations located in rural settings, focusing on development and

economic benefits and having male-dominant environments (Kimbu & Ngoasong, 2016; Zhao, Ritchie, & Echtner, 2011). Local governments often have crucial roles in planning, coordinating and regulating tourism development (Tosun, 2006; Zhang, Chong, & Ap, 1999), but the role of the private sector is increasingly important and entrepreneurship has become a driving factor (Dana, Gurau, & Lasch, 2014; Jaafar, Abdul-Aziz, Maideen, & Mohd, 2011; Lordkipanidze, Brezet, & Backman, 2005).

Beyond the single-minded and profit-driven perception of traditional entrepreneurship, in this study it is defined as 'the strategic investment of all forms of capital, whether human, social, or financial, in the pursuit of planned business development' (Bosworth & Farrell, 2011, p. 1491). In early-stage destinations, tourism entrepreneurship emphasises embeddedness and bridging and bonding networks (Zhao et al., 2011). Due to the lack of local capital, entrepreneurs from other geographical areas are welcome

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to start and invest in local tourism projects. Previous studies have shown that social capital is an asset in this process (Zhao et al., 2011). The experiences of these entrepreneurs contribute to the understanding of tourism entrepreneurial mobility and the impact of that mobility on local tourism development. The main purpose of this study is to investigate the effect of the mobility and involvement of inward migrant entrepreneurs on local tourism development through accessing and utilising social capital. The two specific research questions are:

- a. What are the experiences of migrant entrepreneurs involved in early-stage tourism development under the social capital framework?
- b. Does social capital influence entrepreneurial mobility in the context of early-stage tourism development, and if so how?

The application of social capital in tourism studies is often separated from that of networks and connections. In many respects, connections are the main components of tourism. People are connected to destinations physically by means of transportation, and spiritually by their interaction with and experiences at the destination. Tourism businesses are connected in terms of cooperation, collaboration and even competition in various forms. Connections at the micro and macro levels are the foundations of networks, thus implying the existence of social capital. In tourism studies, business networks are often discussed under the umbrella of destination development, and small-scale tourism businesses have received particular attention (Hall, 2004; Tinsley & Lynch, 2001). Networking and partnerships are also important to destination marketing (Bhat & Milne, 2008; Hede & Stokes, 2009), and formal and informal business networks facilitate interactions that shape tourism products (Petrou, Pantziou, Dimara, & Skuras, 2007).

The theory of social capital has been widely applied in tourism development (Adger, 2003; Hall, 2004; Heimtun, 2007; Jóhannesson, Skaptadóttir, & Benediktsson, 2003; Jones, 2005; Macbeth, Carson, & Northcote, 2004; Misener & Mason, 2006; Nordin & Westlund, 2009; Park, Lee, Choi, & Yoon, 2012; von Friedrichs Grängsjö & Gummesson, 2006; Zhao, Ritchie, & Echtner, 2011). Tourism researchers generally treat social capital as an existing durable asset rather than an easily alterable construct, particularly from the supply side (Jóhannesson et al., 2003; Jones, 2005). Flexibility is a merit of this concept. Social capital fits many development frameworks and coincides with many concepts in tourism such as stakeholder involvement, organisational networks and partnership and collaboration (McGehee, Lee, O'Bannon, & Perdue, 2010).

From a communitarian perspective, social capital can be viewed as institutionalised networks and measured by the level of participation in voluntary associations (Putnam, 1995, 2001). Taking the network approach, social capital is defined based on social relationships among individuals (Lin, 1999; Lin & Erickson, 2008), whereas the institutional approach emphasises the importance of institutions and the role of the state in generating social capital (Woolcock & Narayan, 2000). Moreover, social capital can be divided into structural, relational and cognitive dimensions (Nahapiet & Ghoshal, 1998). Bridging and bonding dimensions of social capital are also common. Bridging connects social capital from outside the community, and bonding social capital refers to the social relations generated within a closed structure (Putnam, 2001).

This study is situated in China, where the meaning of social capital may be contextually influenced. The conceptualisation of social capital according to Portes and Landolt (2000), namely sources of social control, family-mediated benefits and non-family networks, is associated with *guanxi* in Chinese culture. *Guanxi*, in

the form of social networks and resources, is best understood as a process and the ability of *la guanxi* (pulling strings) (Su & Littlefield, 2001). With regards to tourism development in China, *guanxi* networks are used to attract investments and entrepreneurship, which often implies corruption and unethical behaviour (Bao & Zuo, 2008). Based on these various conceptualisations and their suitability to the Chinese context, social capital is divided into three dimensions here: institutional support, community openness and personal social networks.

This study identifies the role of social capital in tourism entrepreneurs' experiences in relation to their geographical and organisational mobility. Theoretically, it contributes to the use of social capital approaches in the tourism literature and to the conceptualisation of entrepreneurial mobility in the tourism context. The practical significance of the study lies in providing early-stage tourism destinations with solid evidence of how to attract and sustain human capital.

2. Social capital and tourism development

Social capital is conceptualised to varying degrees in tourism studies. Two scales of application can be identified: the regional/community scale, associated with tourism development processes and outcomes, and the organisational/individual scale, associated with tourism entrepreneurship.

2.1. The regional/community scale

The application of 'capital' in tourism studies requires substantial clarification in terms of its definition, ideology and scale (Macbeth et al., 2004). The accumulation of and investment in rural capital have been proven to be important for rural community development as well as tourism development (George, Mair, & Reid, 2009). Flora, Rickerl, and Francis (2004) identified four forms of capital that are crucial to community development – human, social, financial/built and natural – and this categorisation is also frequently adopted by tourism researchers (George et al., 2009; McGehee et al., 2010). Of the four types, social capital is most frequently mentioned in tourism studies, probably because the concept is the subject of constant debate and theorisation. The other forms of capital are often referred to indirectly.

On a regional scale, social capital is often discussed in conjunction with other forms of capital. Macbeth et al. (2004) proposed the concept of social, political and cultural capital (SPCC), which bundles social capital with political and cultural capital as a whole entity encompassing community values, to evaluate 'tourism readiness' and contribute to development and innovation beyond the scope of tourism. McGehee et al. (2010) identified positive relationships between perceived social capital and most other forms of perceived capitals in tourism, and developed a regional tourism system inventory for their case study area. At a regional level, social capital is mainly understood from a communitarian point of view; governments, voluntary associations, and other institutions play a significant role in generating and maintaining social capital.

More tourism studies appear to regard social capital as a concept on a community scale. Social capital has been used to understand the social and environmental changes introduced into the local community by ecotourism operations, such as a community-managed eco-camp in the Gambia, Africa (Jones, 2005). Rural tourism communities in Korea have been examined using relational factors of social capital such as trust, norms, cooperation and networks, and social capital was shown to be positively associated with the crops farmers grow and the tourism activities they offer (Park et al., 2012). Social capital was found to initiate coping

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