

# Contribution of Community Culture for Regional Development

## ■ Through Cases of Isolated Group Islands in Yaeyama, Japan

Peiqian Liu, Makoto Hirano and Feng Liu  
Entrepreneur Engineering Graduate School,  
Kochi University of Technology

**ABSTRACT**----- In the recent decades, more and more researches have explored that there is a strongly positive correlation between economic growth and characteristics of regional community and that entrepreneurship is the engine of regional economic growth. However, in many rural and peripheral regions, geographical disadvantages make it very difficult to develop community and grow entrepreneurship for regional development.

In this study, we observed and examined the region of Yaeyama Islands in Japan and many firms in this region and found that community culture is one of the positive factors for the development in this region. The intrinsic spirit of shared vision and joint mission based on nature loving, heritage respecting and future concerning have great impacts on propelling community evolution and entrepreneurial activities. This paper focuses on how community culture contributes to community development and entrepreneurship growing for the development in Yaeyama islands. The successful experience may have some implications for other rural and peripheral regions.

**KEYWORDS:** community culture, entrepreneurship growing, community development

### 1. INTRODUCTION

Encouraging development of rural region has long been discussed by many economists, particularly in terms of solving social disparity issues. In the recent decades, more and more researches have explored that there is a strongly positive correlation between economic growth and characteristics of regional community (e.g. Putnam, 1993). On the other hand, entrepreneurs' entrepreneurial and operational activities are the most active parts in regional economic growth. Many researchers suggested that entrepreneurship is the engine of economic growth (e.g. Holcombe, 1998) and paid great attention to various environmental factors that engender entrepreneurship. However, in many rural and

peripheral regions, such as remote and isolated small islands, many inherent disadvantages (e.g. lack of resources, small population, and so on) make it very difficult to develop community and grow entrepreneurship for regional development. Hence, how to take advantage of some other advantageous factors available is a realistic research issue for regional development.

In this study, the region of Yaeyama Islands in Japan and many firms in this region are observed and examined. Yaeyama Islands share with other rural peripheral regions many characteristics which may affect their economic growth: remoteness, insularity and small population. Even with such disadvantages, this region has recently attracted much attention in virtue of the boom of tourism industry and the regional economic growth.

Many factors may contribute to the performance. This paper assumes that community culture is one of the most important factors in this case and attempts to seek how this factor contributes to community development and entrepreneurship growing for regional development.

The rest of the paper is organized as follows. Section 2 presents a brief literature review of entrepreneurship and community development. A detailed description of Yaeyama Islands and three business cases is arranged in Section 3. Section 4 provides an analysis and discussion on how community culture contributes to entrepreneurship growing and community evolving. The paper ends in conclusions and implications.

## **2 LITERATURE REVIEW**

As in numerous literatures, regional economic growth is logically related to entrepreneurship and community development. On one hand, entrepreneurship, innovation and economic growth are linked through the recognition and exploitation of opportunities in economic and social arenas (Drucker 1985; Schumpeter, 1951). Summing up entrepreneurial trait and other researches, researchers (e.g. Rauch and Frese, 2000) suggest that the economic environment, family background, employment history, organizational experiences, social networks, national culture and personality traits all affect the probability that some one will act entrepreneurially. Georgellis and Wall's (2000) study of rates of self-employment across British regions suggests that the "entrepreneurial human capital" of a region is an important factor of regional development. Acs and Armington (2004) suggests that entrepreneurial culture increases start-up rates yielding innovation and subsequently contribute to economic growth. On the other hand, social capital, such as social structure, networks, norms and trust,

has been generally proposed as having resource potential for individual and group (e.g. Woolcock, 1998; Ports and Sensenbrenner, 1993; Coleman, 1988) and has been shown to be positively associated with community and regional development activities (e.g. Ostrom, 2000; Putnam, 2000, 1993). Putnam (1993) provides a strong endorsement of social capital as a community and regional resource and concludes that "Voluntary cooperation is easier in a community that has inherited a substantial stock of social capital, in the form of norms of reciprocity and networks of civic agreement". The interaction perspective of community (e.g. Wilkinson, 1991; Bridger and Luloff, 1999) stresses the importance of local social interaction for identifying and acting on community goals. Sharp (2001) and Wilkinson (1970) suggests that attributes of the community field that improve capacity for achieving community-oriented goals include improved capacity to coordinate action among diverse institutions and organizations, increased capacity to mobilize resources, and an ability to plan and act strategically to balance diverse community goals.

Accordingly, entrepreneurship / entrepreneurial activities and community development are the two absolutely necessary elements for regional development. There must be some stimulatory factors that will make them function together effectively. In the following research, we examine entrepreneurship growing and community development in Yaeyama islands, which is quite successful in regional economic growth in the last decades. The purpose of the analysis is to argue the contribution of community culture, which is the soul of a community, to entrepreneurship growing and community development, despite the possible disadvantages of rural areas.

## **3. CASES INTRODUCTION**

### 3.1 A Brief Introduction of Yaeyama Islands

The Yaeyama islands are an archipelago in the Okinawa Prefecture, comprising 10 inhabited islands and 12 uninhabited islands. The isles are the remotest part of Japan from the main islands and contains both the most southern (Hateruma) and the most western (Yonaguni) inhabited islands of the island nation of Japan. The Yaeyamas are far closer to Taiwan (125 km) than to Okinawa Island, much less the Japanese Mainland.

The administrative division of Yaeyama Islands covers Ishigaki City and Yaeyama-gun (including Taketomi Town and Yonaguni Town). As of 2003, Ishigaki City has an estimated population of 43769, over 90% of the population in Yaeyama islands, and the density of 191.21 persons per km<sup>2</sup>. The total area is 228.91 km<sup>2</sup>. Yaeyama-gun has an estimated population of 5,579 and the density of 15.37 persons per km<sup>2</sup>. The total area is 362.89 km<sup>2</sup>.

The climate of Yaeyama Islands is subtropical. Ishigakijima Local Meteorological Observatory data specifies that annual mean temperature is 24.0 °C, annual rainfall is 2061.0mm and that, on average Yaeyama receives 4.1 typhoons per annum. Geologically, Yaeyama Islands are made of coral reefs. But in larger islands, such as Ishigakijima and Iriomotejima, there are forests and swamps.

Prior to Okinawa's restoration to Japan in 1972, agriculture was the only major economic activity in Yaeyama Islands. Up until the mid-1950s the dominant mode of agriculture was a self-sufficient one, mainly planting paddy rice and sweet potato, with millet and small-scale scattered sugarcane fields. After 1955, pineapples became a major cash crop and in the 1960s beef cattle became another major product. Currently, Yaeyama Islands have become a popular tourist destination and a "healing spot", where tourist's attention is attracted by their natural environment, rich cultural heritage and relaxed

lifestyle. The number of visitors increased two-fold over the last decade largely as a result of the introduction of direct flights from metropolitan areas. In addition high-speed boats operate between Ishigakijima and other islands in Yaeyama and a great number of tourists board at Ishigaki port all year round. Tourist industry is now the main industry in Yaeyama Islands. According to the data from Statistical Department of Okinawa Prefecture, the aggregate income of Yaeyama Islands amounts to 108.877 Billion Yen (Ishigaki, 95.331 billion Yen, Taketomi, 9.149 billion Yen, Yonaguni, 4.417 billion Yen). The average income per capita of Yaeyama has won the first place in 11 consecutive years in Okinawa, amounting to 2.159 million Yen in 2004.

### 3.2 HERITAGE MANAGEMENT AND COMMUNITY ESTABLISHMENT

There are many islands in Yaeyama, each of which has unique geographic location, experience in the history and traditional culture. This causes each island to form their unique heritage and community. However, the same is their common sense to establish a community where harmony exists between person and person, human and the nature, modernization and tradition. Here, we present an example of Taketomi about its heritage management and community establishment.

#### 1. Taketomi Town

Taketomi Town includes the islands of Iriomote, Taketomi, Kohama, Kuroshima, Hateruma, and Hatoma. Although Ishigaki is not part of the town, the town hall is located there. As of 2005, the town has an estimated population of 4,171 and the density of 12.5 persons per km<sup>2</sup>. The total area is 334.01 km<sup>2</sup>.

Taketomi Island is located a ten-minute board ride away from Ishigaki Island. There is a village in

the center. Taketomi has a population of 361 (2006) and an area of 6.32 km<sup>2</sup>. As the island is quite circular in shape, everywhere is within walking distance.

## 2. Festivals

There are many famous festivals (Matsuri) in Taketomi Island yearly, such as Shichimatsuri, Tanadhui, Pui, Kitsugan. People in Taketomi treasure this culture with loving care, and treat it as spiritual nourishment for their daily lives. This culture has become the island's own specialty and traditional entertainment. Tanadhui is the biggest festival, which takes place for ten days during September and October of the lunar calendar. All of the people who join the festival experience the soul-stirring passion and the sense of solidarity amongst the participants. The energy, which has passed down from generation to generation, holds the islanders all in the circle of humanity, united love and caring for each other.

## 3. Traditional constructions

Taketomi is famous for its traditional houses, stone walls and sandy streets, making it popular with tourists. Red-tiled houses are the most typical characteristic of the island. In order to protect this architecture style, various rules are in place to prevent the more aesthetically-displeasing aspects of modern construction from ruining the beauty of the island, such as:

- Building permission before constructing new house
- Subsidy in aid of tiling red tiles
- No signboard on the exterior of the house
- Inhabitants clean up and maintain the white-sand street every morning

## 4. Community establishment

It is said that, in 1890s 11 students graduated from the school in Taketomi, five of which entered high school outside the island. Two of them, Matsu Uchimori and Fukuri Uema, graduated and came

back to teach students in the island. In those days, some people whose talent and knowledge were quite matched to the need appeared and aggressively improved the society of the island to develop the ability of self-government. Fukuri Uema as a leader of the island established a democratic community council called Taketomi Doshikan which later became Taketomi Public Hall. In 1949, the Public Hall divided festivals and politic into two parts in order to manage their traditional culture more effectively. The Festival Department was established and tried to put all the festivals and events in order.

Since the late 20 century, with increasing connections with the outside world, many scholars, visitors and immigrants have been attracted by the natural environment, traditional culture and lifestyle. This makes the islanders realize how wonderful their culture is and be proud of it. On the other hand, many young men who went out to work and study in big cities came back to create their business. They care much about the island's heritage and future. Under such a circumstance, the leaders of the island also took efforts to protect the island. They learned from advanced areas and accepted good examples. In 1986, they passed "Taketomi Island Carter" and "Taketomi Town Historical Scenery Protection Act". In 2000, National Taketomi Island's Cultural Association was founded. Taketomi Public Hall became a corporate organization the next year. A NPO Takidhun was established to research and preserve the fading culture and to protect the scenery and way of life of this unique island. As a result of these efforts, Tanadhui Festival was designated as one of the important intangible cultural assets of Japan. "Yaeyama Minsah" was selected as a traditional craft product by the former Ministry of International Trade and Industry. Taketomi Island was selected as Important Traditional Constructions Preservation Area by Administration of Culture.

### 3.3 Reinforcing Common Vision -- Case of Taketomi Transport Company

After World War II, for the purpose of material transportation, paid transport business began. 18 Taxi companies emerged successively. These companies operated individually and frequently combated with each other for customers, which in effect did harm to business development in this region. Such condition maintained even after an industrial cooperation established in the island. In 1993, Mr. Manabu Uema returned to his hometown from his work in other city and became the executive director of the cooperation. He made up his mind to persuade these Taxi companies to join in the cooperation and to integrate all the businesses. He told them the significance of the integration to the island on the sustainability of their business and the future of the next generation. He said more than once, "We should try to establish a solid foundation for our children to make a career in the future." After 5 years' efforts, these companies changed their mind. Then, the cooperation transited to be Taketomi Transport Company.

Currently, the business range of the company has extended to tourist industry and postal services. The company is planning to open up a supermarket because it is inconvenient and expensive for the islanders to do shopping in the island. The company has in practice the representative of the island's economy working for the welfare of the islanders. In fact, every business is taking place circling around the company, in other words, every islander is a member of the company. The company attaches great importance to the establishment of community.

- The company takes active part in the activities of the Public Hall by assistance of drafting regulations and acts about environment protection and culture inheritance.

- The company requires every member to join in the island's collective activities, such as cleaning the street everyday, Tanadhui festival.
- The immigrants who refuse to accept the culture of the island and join in the activities of the community will be rejected by the company.

### 3.4 Business Opportunity from Traditional Culture – Case of Yubujima Subtropical Botanical Garden

#### 1. Overview of Yubujima

Yubujima is a small island located on the east shore of Iriomote, Taketomi Town. The island came into being by sand deposits with an altitude of no more than 1.5 meters and a perimeter of 2.15 km..

Yubujima belongs to Taketomi Town according to administrative division. The initial inhabitants immigrated from Taketomi and Kurojima. After World War II, the population had once grown to 150-180 until 1969, when a typhoon let to so much damage that inhabitants left for Iroimote. Currently, there are less than 20 inhabitants in the island.

#### 2. Yubujima Subtropical Botanical Garden

After the typhoon in 1969, Mr. and Mrs. Iroimote stayed in the island and kept planting vegetation. With their efforts, the island became "a natural paradise of subtropical animals and plants". 32 years ago, tourist industry began in Okinawa, Mr. Yagi invested to build a botanical garden and made it a business.

Mr. Yasushi Yagi, the grandson of Mr. Yagi, is the second generation of the business. Mr. Yasushi Yagi is now 41 years old. He had been working in other cities as a guide in a tourist company and a sailor in a passenger ship until 14 years ago he returned to his homeland. Since then, he has been taking an active part in the Association of Tourist Industry of Taketomi Town and is the head of the Youth Department of the association. After he

became the director of the botanical garden, he began to undertake business reengineering. First, he restructured the business as a joint-stock company. Second, he extended the business range of the company. Third, he developed special tourist items, such as water buffalo cart. Currently, the business range of the company includes tourist sightseeing services, farm and orchard for tourist sightseeing, fruit tree gardening base, juice and jelly processing, tourist souvenir shop, restaurants, and so on. There are 70 staffs and 30 farmers working in the company, the number of which is 3 times as many as that of the past.

### 3. Special Tourist Item -- Water Buffalo Tour

Rice crop used to be grown on Yubujima. In 1932, a pair of water buffaloes, which were named “Daigorou” and “Hanako”, were brought from Taiwan. They helped cultivation and bred offspring. Since then, water buffaloes have become the most treasured livestock of the island. Water buffaloes were also trained to haul cart, which became a main means of conveyance. Currently, there are around 40 water buffaloes. They are all the offspring of “Daigorou” and “Hanako”. A monument was erected by the islanders in memory of “Daigorou” and “Hanako”.

The idea of water buffalo tour is based on this history. After planning and propagandizing through tourist magazines and internet, the idea came true:

#### ■ Water buffalo cart

The water between Yubujima and Iriomotejima is so shallow (less than 1 meter at the usual time) that people can easily walk across but most people used the water buffalo to save getting their feet wet. The tourists can take a water buffalo cart from Iriomotejima to Yubujima and around Yubujima, enjoying the wonderful sightseeing and listening to the story of “Daigorou” and “Hanako”.

#### ■ Tourist souvenir

Various postcards and craftworks related to “Daigorou” and “Hanako”, water buffalo cart and water buffalo tour are developed and sold to tourists as souvenir.

Now, water buffalo tour is one of the most famous and attractive tourist items of Yubujima tour. There are on average 1,500 visitors everyday visiting Yubujima.

## 3.5 “Green Operation” -- Case of Iriomote Transport Group

### 1. Overview of Iriomote

Iriomote is the largest of the Yaeyama Islands with an area of 289 km<sup>2</sup> and a population of 2,400. Administratively, the island belongs to Taketomi Town.

Most of the island is covered by dense subtropical jungle and mangrove swamps. 80% of the island is protected state land and 34.3% of the island forms the Iriomote National Park. Iriomote is a coral island surrounded by many beautiful coral reefs.

Until the end of World War II, Iriomote was largely uninhabited due to its infestation by malaria. After the war, the US Forces in Japan eradicated malaria from the island, and the island has been malaria free since. In the past, agriculture is the only industry, rice, pineapple and sugarcane being the main crops. In the last two decades, tourism has become the main industry, attracting more than 12,000 visitors every year. With the boom of tourism, many migrants are also attracted to settle in the island. Currently, more than half of the population is migrants from other place.

### 2. Iriomote Transport Group

Iriomote Transport Group was established 40 years ago. Current director, Mr. Masamichi Tamamori, and vice director, Mr. Masaharu Tamamori, are the second generation of the business.

The business group comprises 4 companies and 11 departments, with 180 employees (70% of them are migrants). The group involves in multiple businesses of transportation and tourism, such as buses, taxis, sight-seeing boats, restaurants, supermarkets, spas, and so on. The yearly revenue amounts to 2 billion Yen.

The group attaches great importance to social responsibility and the protection of environment and ecosystem. They launch a campaign called “Green Operation”. The content of the campaign includes:

- All the businesses must comply with ISO14001. Up to 2007, all of the 11 departments have obtained authentication of ISO14001.
- 8 environment protection guidelines are announced to guide the operation of all businesses. All the employees must be educated and comply with the guidelines. The guidelines can also be found on the homepage so that their business activities can be superintended.
- Many measures, such as waste oil disposal and recycle, are adopted not only for cost saving but also for eco-operation.
- In order to protect the natural environment of the island from the booming visitors, they contacted and came to terms with companies of the same trade and the trade association to control the number of visitors within the limitation that the natural environment can withstand.

#### 4. ANALYSIS AND DISCUSSION

##### 1. The process of entrepreneurship growing and community development in Yaeyama Islands

As showed in Fig.1, the development of Yaeyama Islands is a gradually evolving process. Even with limited resources, rich community culture in Yaeyama, such as nature loving, heritage respecting, spirits of solidarity and leisure lifestyle,

forms the regional attractiveness. Visitors and migrants were attracted by this community culture. They came here for sightseeing or settling down. As far as business is concerned, a market gradually formed and human resource increased. Adapting to this situation, infrastructures (e.g. airport, regular boats) were established. Local entrepreneurs, especially those who have education and working experience outside the islands, seized the business opportunities and began to open up their business. Their knowledge includes explicit knowledge and tacit knowledge learned from outside and the tacit knowledge of their community culture.

The entrepreneurial activities extended the communications not only in the community but also with the outside world. An entrepreneurial culture gradually came into being and greatly influenced community culture. All these propelled the community to be a modern community, which is advantageous to regional development. In order to make the process clearer, detailed analyses and discussions are presented in the following sections.

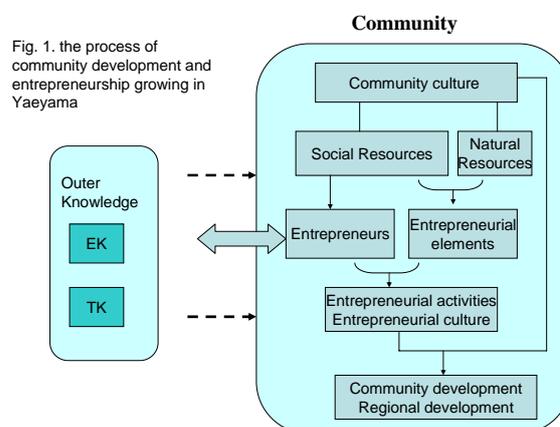


Fig. 1. the process of community development and entrepreneurship growing in Yaeyama

##### 2. Community culture and joint mission in the Yaeyama Islands

Yaeyama islands are far from the main island with small population and relatively low fiscal capacity. Each of the islands is quiet and isolated from the outside world. In the past, the islanders were self-sufficient by doing farming. Even now, they live a simple and pastoral life. The islands are

so small that people naturally know each other and have to help each other. The relationship between people and people is harmonious and friendly. All these engender close communication among people, which is easier for them to share knowledge and common values. On the other hand, grounded on the belief and worship towards the nature and gods, they created dances and festivals to offer to the nature and gods. They maintain a harmonious relationship with the nature. So, the community is somehow in a natural and simple way based on traditional culture knowledge obtained through empirical experience. Gradually, a shared vision and joint mission based on nature loving, heritage respecting and future concerning has become the intrinsic spirit of the community culture.

The community may lack the resources required to effectively undertake an industrial recruitment strategy, which involves efforts to attract firms from outside the community to locate to the area. In spite of the possible disadvantages of a rural area, the community established contributes local resources, such as natural resources, social network, shared mission, enthusiasm, and so on, to local entrepreneurial creativity.

3. The resources the community contributes to local entrepreneurs

3.1. Natural resources

Through the efforts of the islanders and the community they established, attractive natural environment is well preserved.

3.2. Social resources

a) Spirit of teamwork appeared and maintains because of harmonious social relationship and network.

b) Entrepreneurial enthusiasm caused by the community shared vision, such as preservation of the community's heritages and culture, welfare of the community and the future of the descendants, stimulates local entrepreneurs' entrepreneurial

activities. On the other hand, local entrepreneurs' entrepreneurial activities are easier to be accepted by the community, because local entrepreneurs are inclined to understand and respect community cultures.

c) Human resources include the local people and the migrants attracted by the natural environment and community culture.

4. Local entrepreneurs' entrepreneurial activities based on shared vision and joint mission:

In the cases we studied, community culture and welfare are respected and protected in the course of business undertaking. For example, in the case of Taketomi Transport Group, the employees are required to join in the collective activities of the community. In the case of Yubujima Botanical Garden, the history of the island (e.g. water buffalo) is inherited. In the case of Iriomote Transport Group, environment policies are announced and executed. Moreover, the businesses they established pay full attention to convenience of the islanders' daily life, such as postal service, delivery service, bus service and supermarket in the future.

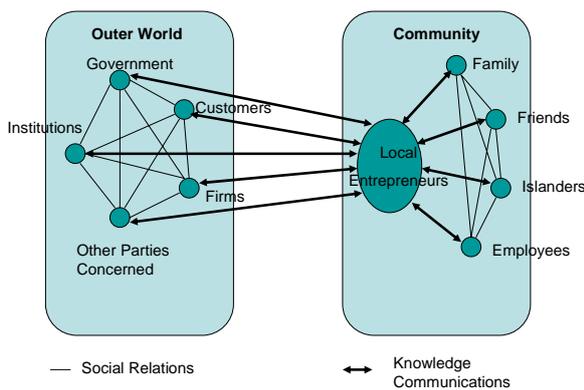
5. Local entrepreneurs -- the knowledge leaders of the community knowledge network

In the research of Yaeyama, we found some characteristics of the local entrepreneurs and the companies. a) The current operators are the entrepreneurs of the second generation. In the cases we studied, all the current entrepreneurs were born in the islands and have the education background or experience of working in other cities. The main reason is that the entrepreneurs of the first generation started up their own business and accumulated a sum of money. They hoped their children to learn more knowledge, to have more experience or to find a better career. So they sent their children to go to school or seeking job outside the island. b) The current business is much bigger and more successful than the business run by entrepreneurs of the first

generation. The businesses are integrated into modern companies, being managed in professional manner. The business range is extended and reengineered.

This is, to a large extent, because the entrepreneurs of second generation have a larger social network and a wider knowledge network. (See Fig.2)

Fig. 2 Local Entrepreneurs' Social Network and Knowledge Network



On one hand, the entrepreneurs were born and grew up in the islands, so the tacit knowledge of the island community's common sense, culture and tradition must have exerted a subtle influence on their mind. On the other hand, the experience of school or job may leak knowledge spillovers to them either through formal education or from other sources. The knowledge local entrepreneurs obtained make it possible for them to identify the business opportunity and to manage their business effectively. With the extension of their business range and the enhancement of their business experience, local entrepreneurs' social relations and knowledge communications are much more manifold. Gradually, their social network and knowledge network have been enlarging. They not only absorb knowledge, but also transfer and diffuse knowledge through their social network and knowledge network. Subsequently, they became the knowledge leaders of the community they belong to, and the community knowledge network enlarges synchronously.

6. Community social network and knowledge network enlarges owing to local entrepreneurs and their entrepreneurial activities.

a. Local entrepreneurs start up many businesses related to local welfares, such as supermarket, bus service, postal service and delivery service. More social infrastructures (e.g. airport, schools) are established by the government, because of the development of tourist industry. All these help to maintain and enhance a close tie between local firms and the community. In addition, population increased instead of depopulation because many migrants are attracted by job opportunity created by local entrepreneurs.

b. There are natural relations between local entrepreneurs and the islanders because of the shared community culture and joint mission as mentioned above. In addition, most of the local people became employees of the companies local entrepreneurs established. There must be many communications, which are of great advantage to knowledge, especially tacit knowledge, transfer and diffusion. Knowledge is brought from outside and diffused in the community through local entrepreneurs themselves and their entrepreneurial activities, such as business operation, business association, and so on. This is why local entrepreneurs are called knowledge leaders. Furthermore, it is most likely that many other islanders are inspired by the entrepreneurial knowledge and open up their own business. More entrepreneurs emerge. Gradually, an entrepreneurial culture and a much larger knowledge network, the source of regional development, come into being.

## 5. CONCLUSION

As reviewed in the literature, community development and entrepreneurship growing are two of the elements of regional development. In this

paper, the community and entrepreneurs in Yaeyama Region are observed in detail. Through analyzing the correlation between the two elements, the implications are summarized as follow:

1. Shared vision and joint mission is crucial for the development of a region that may lack resources and has to undertake a self-development strategy, because it is a prerequisite and the soul of a community. Traditional culture and a sense of solidarity in rural regions as one of the historical heritage contribute to form such shared vision and joint-mission.

2. To develop rural regions, some outside knowledge are also needed, including outside tacit knowledge. So a knowledge leader with outside knowledge through his/her learning or working experience outside can play a role as a regional entrepreneur. He/she can make an effective knowledge network not only inside the community but also outside the community.

It is also implied that local government should try to help establish a modern community with joint mission in a rural area and encourage those who have the experience of school or job in advanced areas to return to their hometown and start up business.

In this paper, the contribution of community culture to community development and entrepreneurship growing was studied, focusing on the importance of knowledge and joint mission. However, community development and entrepreneurship growing depend on many other factors, such as government policy, business opportunity, finance, timing, and so on. These factors will be involved in the future research.

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