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An Analysis of the Influential Relationship between Cultural Promotion Activities and Social Capital in the Traditional Market: A Comparative View with Routine Merchant Activities

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Abstract

The focus of traditional market revitalization policy is shifting from physical improvement projects to social regeneration efforts designed to stimulate the declining traditional market by means of cultural instruments in Korea. Given this trend, this study analyzes what kind of cultural promotion activities sponsored by public assistance influence social capital formation on the traditional market. The causative factors derived from cultural promotion activities are awareness transition activities, grassroots expansion activities, and empowerment activities. In comparison to cultural promotion activities, the causative factors derived from routine merchant activities are routine interactions, economic interactions, fellowship activities, and autonomous activities. The influence relationship model designed to denote the resultant factors consists of reliability, participation, network, and sense of community.

The study results revealed that cultural promotion activities and routine activities had a positive impact on social capital formation. In the case of cultural promotion activities, awareness transition activities and grassroots expansion activities were found to largely exercise a positive influence, whereas empowerment activities showed a negative influence. In addition, in the case of routine merchant activities, fellowship activities and autonomous activities, which include communal characteristics, were shown to exercise a more intense influence on social capital formation.

Keywords: Traditional market; social capital; cultural promotion activities; routine activities

1. Introduction

Korea's traditional market, placed at the center of living environments, has long embraced a variety of functions and values from a socio-economic aspect. However, with the advent of giant distributors, resulting from the liberalization of the distribution market and deteriorating market facilities, its competitive power has increasingly diminished. To remedy this situation, efforts have been made to revitalize the stagnating traditional market, focusing particularly on physical improvements. However, although the focus is currently shifting towards cultural promotion activities, their outcomes are not yet significant enough to verify the effects of the social relationships and community formation they have established. In this context, there is a need to study the actual implications of social capital relative to the traditional market.

The main goal of this study is to examine the influential relationship between cultural promotion activities and routine merchant activities on social capital formation in the traditional market. The study first compares the influence of public cultural promotion activities and natural routine merchant activities on social capital formation. Then, the programs and activities that influence the components of social capital in both broad groups are examined in detail.

To this end, a target location for the study is selected as a traditional market that had experienced cultural promotion activities. The independent variables of cultural promotion activities comprise awareness transition activities, grassroots expansion activities, and empowerment activities, and the routine merchant activities comprise routine interactions, economic interactions, fellowship activities, and autonomous activities. The dependent variables are reliability, participation, network, and sense of community. An influence relationship model was designed based on these variables. Finally, the analysis was conducted by applying the partial least squares (PLS) structural equation.

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2. Theoretical Study and Literature Review

2.1 Theoretical Study

1) The term "social capital" and the significance of its constituent elements

Scholars define social capital in different ways. Tocqueville first used the term to indicate a voluntary civic engagement and a sense of affiliation regarding common issues of local communities (Wilson, 1997). Putnam (1993, 2000) defined social capital as a phenomenon in social relations, describing it in terms of network, norm, and reliability. He further argued that social capital increases by participation. Coleman (1990) interpreted social capital as a complex intangible asset serving specific purposes in individual interactions. For Fukuyama (1995), social capital is an economic prosperity-related trust among constituent members of a society. Innes (1994) stated that intellectual capital, political capital, and relational capital (network) form through a consensus building process, and Healey (1998) defined social capital as an institutional capital consisting of intellectual capital, relational capital, and political capital.

Although it is difficult to provide an unambiguous definition for the term "social capital," because it is used by different scholars in different senses, it may be defined as intangible assets generated through social relationships, which are productive from various perspectives (Seo, 2002).

As these different interpretations are combined, the three common elements are reliability, participation, and network. Furthermore, the norm and restriction presented by Putnam (1993, 2000) and Coleman (1990) indicate a sense of community, but with a restrictive character that must be obeyed and fulfilled within a society. Therefore, these are the components of social capital used in this study.

Reliability, a community-upholding element, refers to the degree of trust a community has that the duties imposed by the members' tacit consensus will be performed (Western, 2005). Participation is the degree of involvement in particular issues, and entails other social capital, such as trust, norms, and network, depending on its level (Dale, 2005). Network is the degree of familiarity indicative of the relationship

Table 1. Component of Social Capital

Researchers	Component	Definition
Tocque-Ville(1835)	Voluntary participation, Solidarity(network)	>> 3 common elements
Putnam (1993)	Network, Reliability, Participation, Norm	
Coleman (1990)	Relationships, Norm, Restriction	
Fukuyama (1995)	Reliability	
Innes (1994)	Network(intellectual and relational, political capital)	
Healey (1998)	Norm (intellectual and relational, political capital)	>> another element
		- Sense of Community : norm, restriction (Onyx, 2000)

within the group (Putnam, 2000). Sense of community is a form of informal social control designating a social entity willing to share destiny or life in a particular area or space (Onyx, 2000).

Hence, social capital is conducted by consisting of reliability, participation, network and sense of community as resultant factors in this study.

2) Cultural activities and social capital

Akira Tamura (2008) defined community formation as the practice process of community members jointly bringing about regional development through socio-cultural activities. He stated that community formation requires the process of "awareness transition" to treat local problems and issues as personal concerns, and the process of "empowerment" to enable self-directed activities. In a case analysis of community formation in Japan, Matsuo (2003)¹ emphasized the participation of local residents, who play a significant role in overcoming the regional conflicts and problems in the region.

As regards the effects of participation through socio-cultural activities, Zadeh (2010) argued that participation enhances the reliability and the sense of responsibility and community among local residents. Putnam (2000) asserted that social capital can be generated through relationship building among local residents. Furthermore, according to Baik and Ra (2008), citizen participation in cultural activities greatly influences an individual's perception of "satisfaction with life" and "satisfaction with residential environment." As such, interpersonal exchanges arising from socio-cultural activities of local residents are found to be conducive to social capital formation.

Individual interactions among local residents occur at two levels: superficial, routine neighboring, and more profound, social neighboring (Woldoff, 2002). Perkins and Long (2002) classified social capital into "neighbor relations" and "community participation," representing informal and formal social interaction, respectively.

Therefore, this study analyzes the relationships categorized as cultural promotion activities sponsored by public assistance into formal dimension and routine merchant activities into informal dimension.

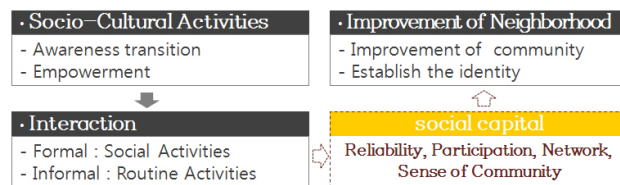


Fig.1. Cultural Activities and Social Capital

3) The Relationship Between Social Capital and Revitalization of Traditional Markets

There have been few studies on the relationship between social capital and revitalization of traditional markets. However, it is possible to establish the relationship between them through the process of social capital and regional development.

An urban community is essentially formed by social relations, so all social interactions are directly or indirectly related to social capital. Social capital in political, economic, social, and cultural relations within the urban community minimizes conflict and plays a significant role in developing the community (Gwon & Park, 2010)². Putnam (1993) showed that there is a positive relation between social capital and regional development. However, Knack and Keefer (1997)³ showed that social activities, reliability, and group membership within social capital are not related, or are negatively related to regional development.

The spatial unit for measuring regional development is changing from national or urban units to a regional unit (Yoo & Kim, 2001)⁴, and recently, an increasing emphasis has been placed on the neighborhood⁵ as a spatial unit of local community formation or community empowerment projects (Kim and Kwak, 2007). Rydin and Pennington (2000) stated that small spatial entities are effective for monitoring the behavior arising from diverse interactive relationships.

Therefore, this study selects small, traditional markets near residential areas as "defensive communities," each with an identity differentiated from other regions. The study then analyzes the influence of cultural promotion activities and routine activities as causative factors, and social capital as a consequential factor.

2.2 Previous Studies and Different Approaches

Among numerous previous studies on the Korean traditional market, those studies validating the effects of cultural promotion activities are in line with this study.

The research of the Cultural Consulting Group (2010, 2011) estimated the effects of cultural promotion activities under the sole criterion of perceived satisfaction with regards to enhancement of economic value, brand name value, community value, cultural value, economic vitality, social relationship, image, and environment. Heo and Lee (2012) analyzed whether the element of participation conditions for cultural promotion programs had an impact on merchant empowerment. But, it is insufficiently considered that studies on what kind of cultural promotion activities and routine merchant activities have an influence on social capital formation.

The majority of previous studies on social capital target residential areas and revolve around factor-dependent differences in social capital formation with regard to members' socio-economic characteristics and physical features of residential areas.

The review of the studies comparing social capital formation from a socio-economic perspective revealed the following: a higher income was positively correlated with social capital formation (Brisson and Usher, 2005; Kim and Kwak, 2007); a higher level of reliability formation was shown by families with children compared to childless households (Kleinhans, Priemus, and Engbersen, 2007; Onyx and Bullen,

2000; Chun, 2004); the more intensely a group was involved in joint activities, the more intensive was the neighborhood network formed (and Usher, 2005; Forrest and Kearns, 2001; Kim and Kwak, 2007); the longer the period of residence, the more extended the social network (Onyx and Bullen, 2000).

A study focusing on the relationship between the physical characteristics of a residential area and social capital observed that homeowners had a higher level of neighborhood safety than tenants (Allen, 1998; Brisson and Usher, 2005).

The analysis of previous studies found that, unlike existing studies on social capital formation, most of which were conducted in residential areas, this study targeted a traditional market located in a traditional commercial area in the core of an old city. Moreover, this study stands out in that it emphasizes the impact pattern of cultural promotion activities and merchant routine activities on social capital formation. In contrast, other studies investigated social capital formation based on factors related to the socio-economic characteristics and physical features of residential areas.

3. Analytic Frame

3.1 Selection of Target Location

Three prior conditions were set to select a target location matching our study objective. First, the market has to be situated in a traditional commercial area of the old downtown of the city while Maintaining the unique features of the market. Second, the market should have about 1–2 years of autonomous activity experience after the completion of the official cultural promotion activities. Third, the market should be a "defended neighborhood," with an identity distinct from other areas.

To select a study subject satisfying these prerequisites, authors analyzed markets selected as MOONJEONSUNGSU projects. These markets were screened under the criteria of location (typical commercial area of the old downtown in a city), type (community-based venture), and progress status (completion of official support phases 1 to 3, plus a sufficient period of autonomous activity). The final selection fell on Motgol Market⁶ in Suwon, which satisfied all the criteria, including having the character of a defended neighborhood.

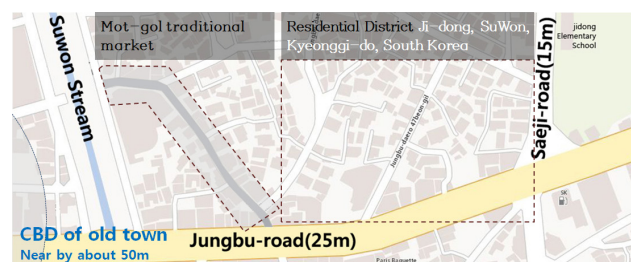


Fig.2. Location and Condition of Motgol Market

3.2 Variable Extraction for Influence Relationship and Generation of Study Model

To extract variables and the measurement index related to the cultural promotion and routine activities in the traditional market, authors conducted a literature review and an observational investigation.

This was followed by the primary sorting and brainstorming process, and finally, the extraction of the final variables and measurement index (see Table 2.).

First, the final latent variables that constitute cultural promotion activities were identified as awareness transition activities, grassroots expansion activities, and empowerment activities. The analysis of the detailed implementation programs used as the measurement index and the process of drawing the latent variables proceeded as follows. The contents of the whole implemented programs, categorized by purpose, were organized primarily by analyzing the "History Book for Cultural Projects on Motgol Market in Suwon" and "Manual Book for a Merchant-led Culture" which are the progress reports of the MOONJEONSUNGSI Project and the proposal plan of the MOONJEONSUNGSI Project. The latter was edited by The Active Region Forums Inc. Then, the three final latent variables were drawn following the brainstorming process with the specialists and directors of the project manager group that hosted the cultural promotion activities.

Second, the final latent variables that constitute routine merchant activities were identified as routine interaction activities, economic interaction activities, fellowship activities, and autonomous activities. The process of drawing the measurement index and the latent variables was as follows. An observation survey and interviews were conducted on routine merchant activities in the target area, with reference to 15 routine activities⁷, such as "sharing food" and "visiting neighbors," used in the studies by Kim and Gwak (2007) and Chun (2001). Activities that were not observed, such as "babysitting," "helping with housework," and "invitations to a meal," were removed, while seven newly observed activities(see mark* in Table 2.), such as "drinking parties" and "store sitting," were added. The four final latent variables were drawn following the brainstorming process.

Third, the final latent variables that constitute social capital were identified as reliability, participation, network, and a sense of community, as per the earlier discussion on the theory of social capital. The index used by Chun (2004), Kim and Gwak (2007), Kim (2011)⁸, and Kim and Goo (2011)⁹ was used to organize the measurement index for social capital based on the definitions of the variables composing social capital described in the theoretical study. Then, the final measurement index was drawn following the brainstorming process with the relevant specialists.

Through the above process, a study model was designed to analyze the effects of cultural promotion

activities and routine merchant activities on social capital formation using a variable selection process, as illustrated in Fig.3.

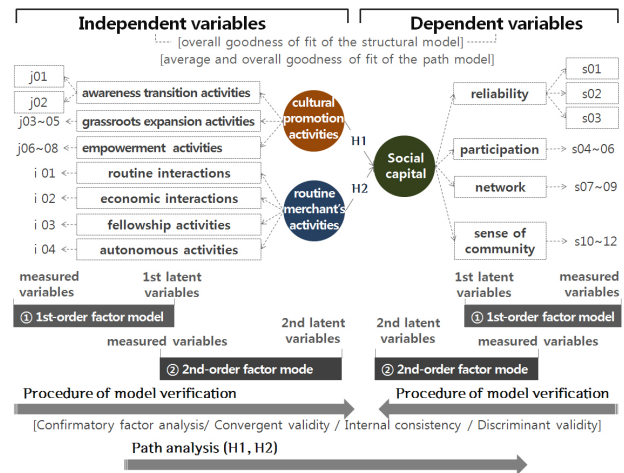


Fig.3. Study Model and Analysis Process

3.3 PLS Structural Equation Model Selection and Hypotheses Generation

The PLS-structural equation was chosen to analyze our study model. A regression analysis is conducted under the hypothesis of a multivariate normal distribution and requires a large sample size. However, a PLS structural equation, with a null hypothesis of a normal distribution, is able to model latent variables even with a small sample size, as is the case in this study. In general, in a Maximum Likelihood (ML) structural equation model, each latent variable is constructed from one measurement index (the questionnaire item). This has led to the analysis results and testing often being called into question, despite the presence of multiple measurement indices for a latent variable stemming from complicated cause-effect relationships.

However, in the case of a PLS-structural equation, a latent variable can be generated from multiple measurement indices. In addition, in cases in which the 1st-order factor (latent variable) is backed by the 2nd-order factor (latent variable), a high-order factor model can be constructed by hypothesizing abstract latent variables in sequence (Chin, 1998, Ko and Kwon, 2008).

Based on the study model, the fundamental hypotheses were established as H1: "Cultural promotion activities will exercise a significant influence on social capital formation" and H2: "Routine activities will exercise a significant influence on social capital formation." Based on the original hypotheses, sub-hypotheses H1-1-1 to H1-3-4, and H2-1-1 to H2-4-4 were established(see Table 3.).

4. Model Testing and Path Analysis Outcome

4.1 Questionnaire Summary

The questionnaire survey for this study was conducted

Table 2. Variables and Measurement Items

Latent variables		Measurement Index	
		Classification	Questionnaire Items
>> Satisfaction degree of participation about each implemented-program(j01~j08)			
Cultural promotion activities (independent variables)	Awareness transition activities	Exploring market resources	j01: storytelling (exploring merchants' story resources), merchants' image workshop (self-discovery process through humanistic education)
		Expressing market resources	j02: brand identity development (merchant-involved Motgol Market logo creation), Motgol Media (store commercial production), story book (merchants' story book publication), story store (merchant-involved market design)
	Grassroots expansion activities	Inter-merchant club	j03: choir, band, sports dance, cooking class (merchant cooking instructor training), calligraphy
		Interregional exchange of merchants	j04: merchant journalist corps (market reporting and newsletter production), Motgol on-air (merchant-run radio broadcasting), fantasy workshop (communication among project participants), Motgol story newspaper and homepage (market and region bulletin)
		Interregional cultural exchange at market	j05: cultural festival, small-scale performance/exhibition (regional culture-associated festival), five rural partners one market (exchange festival with five rural areas), market economy, fine arts and music class for children (economy, music and art experience exchange with children from the region)
	Empowerment activities	Cultural management training	j06: curator (curator training and field education), club and bulletin training (club inception and bulletin production training), visiting successful markets
		Building sustainable groundwork	j07: history book (progress and achievement records), design guide book (merchant-directed design idea book publication), manual production(merchant-directed cultural activities methodology setup)
		Creating voluntary cultural contents	j08: 'Motgol Forum' (debate for market development direction), 'Motgol Moonhwa Sarang' club (managing voluntary cultural activity)
>> A frequency of participation regarding each activity (i01~i04)			
Routine activities (independent variables)	Routine interactions	i01: sharing food, chatting, *drinking parties(drinking with neighboring merchants), participating family events of neighboring merchants(wedding ceremonies, funerals, etc.)	
	Economic interactions	i02: *store sitting(managing other stores when the owner is not available), lending and *borrowing money and goods among merchants, *cooperative buying(group purchases of materials)	
	Fellowship activities	i03: hobbies(fishing, hiking), friendship meeting	
	Autonomous activities	i04: *cleaning the market, voluntary services, *crime prevention, *repair and maintenance of simple devices and equipment	
>> A degree of Reliability(s01~s03) and Participation(s04~s06) and Network(s06~s09), S. of community(s10~s12)			
Social capital (dependent variables)	Reliability	Neighboring merchants	s01: aid from neighboring stores
		Merchant organization	s02: a degree of trust for merchants' meeting and management corps
		Civil servant & PM corps	s03: implementation policies of public institute and Project Manager corps
	Participation	Market management	s04: market management, cleaning
		Formal program	s05: festivals, education, events
		Merchants' organization	s06: merchants' committee, market management committee
	Network	Internal interaction	s07: visiting neighboring stores
		Internal aid	s08: mutual aid with neighboring stores
		External aid	s09: management consultancy with experts or civil servants
	Sense of community	Security awareness	s10: merchants' preparedness against security problems
		Conflict countermeasures	s11: merchants' readiness to cope with conflicts
		Implicit market rules	s12: fulfillment of negotiations among merchants

on the merchants of the Suwon Motgol Market over ten days, from September 13 to 22, 2012. Of the 90 stores, after excluding no responses and missing values, 53 valid copies were secured and used in the analysis.

The degree of awareness for the measurement items of the final extracted latent variables were measured on a seven-point likert scale: 1 point for "strongly disagree," 4 points for "average," and 7 points for "strongly agree."

First, authors measured the latent variables that constitute cultural promotion activities. For awareness transition activities, authors measured the degree of satisfaction about participating in implemented programs (j01~j02) that explored and expressed market

resources. For grassroots expansion activities, authors measured the degree of satisfaction about participating in implemented programs (j03~j05) focusing on inter-merchant club, interregional exchange of merchants, and interregional cultural exchange at the market. For empowerment activities, authors measured the degree of satisfaction about participating in implemented programs (j06~j08) on cultural management training, building sustainable groundwork, and creating voluntary cultural content.

Second, authors measured the routine merchant activities by the frequency of participation in routine interactions (i01), economic interactions (i04), fellowship activities (i03), and autonomous activities (i04).

Table 3. Study Hypotheses

H1 Cultural promotion activities → social capital : (+)	
h1-1 h1-14	Awareness transition → reliability, participation, network, s. of community : (+)
h1-2-1 h1-24	Grassroots expansion → reliability, participation, network, s. of community : (+)
h1-3-1 h1-34	Empowerment → reliability, participation, network, s. of community : (+)
H2 Routine merchant activities → social capital : (+)	
h2-1-1 h2-14	Routine interactions → reliability, participation, network, s. of community : (+)
h2-2-1 h2-24	Economic interactions → reliability, participation, network, s. of community : (+)
h2-3-1 h2-34	Fellowship activities → reliability, participation, network, s. of community : (+)
h2-4-1 h2-44	Autonomous activities → reliability, participation, network, s. of community : (+)

Third, authors measured the latent variables that constitute social capital. For the reliability, authors measured the degree of reliability (s01~s03) on neighboring merchants, merchant organizations, and civil servant and PM corps. For the participation, authors measured the degree of participation (s04~s06) in market management, formal programs, and merchant organizations. For the network, authors measured the degree of internal interaction, internal aid, and external aid (s07~s09). Finally, to gauge the sense of community, authors measured security awareness, conflict countermeasures, and implicit market rules (s10~s12) (Fig.1. shows how the process was used to reflect the measurement index in the analysis model).

4.2 Study Model Verification

This study model was tested in a variable-testing step and a model-testing step. For the variable testing, authors evaluated a confirmatory factor analysis, convergent validity, internal consistency, and discriminative validity. The model testing was conducted by evaluating the overall goodness of fit of the structural model, average goodness of fit of the path model, and overall goodness of fit of the path model. In addition, authors constructed a high-order factor model, first testing the 1st-order factor model, followed by the 2nd-order factor model. The results showed that the factor model and structural model were well-fitting (see Table 4.).

4.3 Path Analysis

1) Path analysis of 2nd-order factor model

The analyses of whether cultural promotion activities and routine merchant activities would exercise a significant influence on social capital formation (H1 and H2) yielded path coefficients of 0.6010 (t-statistics = 8.27) for routine activities and 0.3409 (t-statistics = 4.71) for cultural promotion activities (see Table 5. and Fig.4.). This suggests that routine merchant activities have more of an impact on social capital formation

Table 5. Path Coefficient Analysis of 2nd-Order Model

Path separator	Coefficient	t-statistics	A/R
Cultural promotion activities → Social capital	0.34	4.71***	Accept
Routine merchant activities	0.60	8.27***	Accept

*** p<0.01 (t>2.58), ** p<0.05 (t>1.96), * p<0.1 (t>1.654)

Table 4. Results of the 1st-Order Factor Model and 2nd-Order Factor Model Testing

Verification Item	Test reference (ref. value)	1st-order factor model	2nd-order factor model
Confirmatory factor analysis	Factor explanatory power ≥0.5	0.7 or above	0.7 or above
Convergent validity	t-value ≥ 1.65 (α 90%)	2.58 (α 99%)	2.58 (α 99%)
Internal consistency	Cronbach's α ≥ 0.5	0.7 or above	0.7 or above
	AVE ≥ 0.5	0.7 or above	0.7 or above
	Composite reliability ≥ 0.7	0.7 or above	0.7 or above
Discriminant validity	AVE squared multiple correlation ≥ 0.5	0.7 or above	0.7 or above
	Communality value ≥ 0.5	0.7 or above	0.5 or above
	The smallest square root of the AVE >	0.83 < 0.86*	0.81 < 0.83*
	The largest correlation coefficient		
Overall goodness of fit of the structural model	Redundancy value of endogenous variables square (R ²) = positive number	Reliability = 0.03, Participation = 0.07, Network = 0.09, S. of community = 0.05	Social capital = 0.27
Average goodness of fit of the path model	Endogenous variables square (R ²) upper (0.26 or above), middle (0.26~0.13), lower (0.13~0.02)	Reliability = 0.63, Participation = 0.81, Network = 0.32, S. of community = 0.62	Social capital = 0.76
Overall goodness of fit of the path model	The square root of the multiplied value of the average endogenous variables square (R ²) and the average communality upper (0.36 or above), middle (0.36~0.25), lower (0.25~0.1)	0.6715	0.7525

* The smallest square root of the AVE is smaller than the largest correlation coefficient. Yet, it may be considered to have discriminative validity because it is estimated to have been influenced by the inherent interaction due to the construct of some of the items. and AVE squared multiple correlation and Communality value satisfy the criteria, so this structural model was well-fitting

than do cultural promotion activities, although the latter do also have a positive impact on the social capital formation in the market.

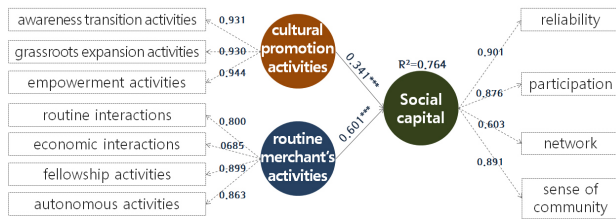


Fig.4. Path Coefficient Analysis of 2nd-order Model

2) Path analysis of the 1st-order factor model

The analyses of Hypotheses H1-1-1 to H1-3-4 resulted in the following findings: 1) awareness transition activities have a positive impact on reliability (0.3780), participation (0.1812), and sense of community (0.2754), in other words, all constituent elements except network; 2) grassroots expansion activities only have a positive impact on sense of community (0.3505); and 3) empowerment activities only have a positive impact on the enhancement of participation (0.1668), while exercising a negative influence on reliability (-0.2509), network (-0.3132), and sense of community (-0.2723).

These results may be interpreted as a limitation of cultural promotion activities that begin under expert guidance, gradually increasing merchants' participation.

Table 6. Path Coefficient Analysis of 1st-Order Model

Path separator	Coefficient	t-statistics	A/R	
Awareness transition activities	→reliability	0.37	3.05***	Accept
	→participation	0.18	1.86*	Accept
	→network	0.03	0.21	Reject
	→s. of community	0.27	2.77***	Accept
Grassroots expansion activities	→reliability	0.04	0.35	Reject
	→participation	-0.10	1.12	Reject
	→network	0.26	1.47	Reject
	→s. of community	0.35	2.83***	Accept
Empowerment activities	→reliability	-0.25	1.69*	Accept
	→participation	0.16	1.83*	Accept
	→network	-0.31	1.73*	Accept
	→s. of community	-0.27	1.91*	Accept
Routine interactions	→reliability	0.00	0.07	Reject
	→participation	-0.00	0.01	Reject
	→network	0.33	3.08***	Accept
	→s. of community	-0.01	0.18	Reject
Economic interactions	→reliability	0.07	0.86	Reject
	→participation	0.11	1.92*	Accept
	→network	0.21	2.41**	Accept
	→s. of community	0.09	1.29	Reject
Fellowship activities	→reliability	0.19	1.74*	Accept
	→participation	0.20	2.32**	Accept
	→network	-0.39	2.55**	Accept
	→s. of community	0.26	1.85**	Accept
Autonomous activities	→reliability	0.43	2.97***	Accept
	→participation	0.49	4.91***	Accept
	→network	0.42	2.06**	Accept
	→s. of community	0.22	1.29	Reject

*** p<0.01 (t>2.58), ** p<0.05 (t>1.96), * p<0.1 (t>1.654)

(Only paths with t-values satisfying the reliability level of 90% were selected)

In this case, the short-term tangible achievements induced by the expert support cannot be sustained once the financial assistance is curbed.

The analyses of Hypotheses H2-1-1 to H2-4-4 resulted in the following findings: 1) routine interactions only have a positive impact on network building (0.3346); 2) economic interactions have a positive impact on participation (0.1118) and network building (0.2189); 3) fellowship activities have a positive impact on reliability (0.1985), participation (0.2024), and sense of community (0.0947), while exercising a negative influence on network building (-0.3391); and 4) autonomous activities have a positive impact on enhancing reliability (0.4361), participation (0.4945), and sense of community (0.4255).

These results suggest that routine merchant activities with community characteristics, such as fellowship activities and autonomous activities, have a proportionally higher impact on social capital formation. Furthermore, the fact that fellowship activities exercise a negative influence on network building suggests a conflict in the structure between individual merchants in the process of social relationship building.

5. Conclusion

The present study performed empirical analyses, targeting a traditional market, to find out whether cultural promotion activities have an impact on social capital formation.

The analysis results revealed that both cultural promotion activities and routine activities have a positive impact on social capital building. Awareness transition activities had a positive impact on reliability, participation, and sense of community; grassroots expansion activities had a positive impact on sense of community; and empowerment activities negatively influence reliability, network, and sense of community (i.e., all constituent elements except participation). Routine interactions had a positive impact on network building. Economic interactions had a positive impact on participation and network building. Finally, autonomous activities had a positive impact on reliability, participation, and sense of community, while negatively influencing network building.

Taken together, the above results suggest that cultural promotion activities are positively related to social capital formation, but include the possibility of a widespread attitude of merchants expecting public assistance. Furthermore, routine activities are positively related to social capital formation in proportion to the degree of community characteristics. However, this fact points to the possibility of generating indifferent merchants who are not able or inclined to be integrated in joint activities that build social relationships.

Therefore, based on our research findings, authors propose a shift in the system of public support policy that secures sustainability by empowering merchants to voluntarily participate in cultural activities, even though

this tends to show slower performance than the system that focuses on tangible results within a short period.

The present study is significant in that it sheds light on the influence relationship between cultural promotion activities in traditional markets and social capital formation, thus presenting groundwork for expanding the culture-based regeneration policy to declining commercial areas. A limitation of this study is that the period of experiencing self-directed cultural activities was not long enough for their visible achievements to manifest. This limitation will have to be remedied by a future study that considers this time-delayed effect.

Notes

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- ² Gwon, T. H., Park, C. H. (2010) The Impact Analysis of Social Capital on Urban Competitiveness. *Journal of Korea Association for Local Government Studies*, 14(3), pp.97-116.
- ³ Knack, S. and Keefer, P. (1997) Does social capital have a payoff?. *Quarterly Journal of Economics*, November, 1251-1339.
- ⁴ Yoo, J. H., Kim, N. D. (2001) *Knowledge-Based Economy Promotion Strategy*. Seoul, Korea: Ihwa University Press.
- ⁵ Davies and Herbert (1993) defined neighborhood as the smallest geographical unit where interaction with neighbors can occur. There is no recognized method of classifying neighborhood with a clear-cut nomenclature. However, Suttles (1972) identified four types of neighborhood: 1) "face block," a small area within which children are allowed to play without parental surveillance; 2) "defended neighborhood," the smallest area with an identity distinguishable from other areas; 3) "community of limited liability," a district of the local authority; and 4) at the highest-level, "extended community of limited liability," the broadest subdivision of a city or an entire city.
- ⁶ Motgol Market is situated in a commercial area of the old downtown of Suwon City. The market was built in 1975 as one of the nine markets constituting the south gate market complex. It was formed naturally as a shopping street market along a public footpath. It is a small market with some 90 stores lined along both sides of an alley of approximately 190m, and has a clear identity distinguished from the surrounding area. It was included in MOONJEONSUNGSU Project in 2008 and has become a flagship case for the traditional market revitalization program.
- ⁷ Routine activities: Sharing food, visiting neighbors, chatting and having conversations, attending weddings or funerals, housesitting, lending and borrowing money, borrowing things, group purchases of daily necessities, hobbies, forming a mutual financing association, cleaning the community, volunteer work, babysitting, helping with housework, invitations to a meal.
- ⁸ Kim, H. Y. (2011) A study of the effects of social capital on life satisfaction of the residents participating in a mobilization program of community resources. *Journal of Korean Social Welfare Administration*, 13(3), pp.1-29.
- ⁹ Kim, W. L., Koo, J. H. (2011) The Influence of Making Collaborative Governance on Building Social Capital in a Residential Environment by Improving Projects. *Journal of Korea Planners Association*, 46(4), pp.105-119.

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