

## Discussions on the Regional Revitalization of Marugame-machi, Japan from the Perspective of Social Innovation

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### Abstract

This study discusses the regional revitalization of Marugame-machi by qualitative research method. After the economic bubbles of Japan in the 1980s, to get rid of the depression, the residents on the shopping street of Marugame-machi established the third sector named "revitalization portfolio of shopping street in Marugame-machi, Takamatsu", and put forward the action of "recovering the functions of city and finding lost population" to respond to the social issues caused by sparse populations and aging. This study adopts the theoretical model of social innovation by Giovany Cajaiba-Santana for analysis, and under the discussion framework of "structure-institution-action", the results suggest two innovative land use patterns of Marugame-machi, Takamatsu City. (1) Separation of land ownership and land use right resolved the issue of high cost for land development and construction, and made it possible to implement the regional function recovery plan. (2) The grant of partial private land for public use made up for the lack of flexibility of public land use. The above patterns are achieved by institutional change, social change and social practice.

**Keywords:** Social Innovation, Regional Revitalization, Land Use, Marugame-machi

### 1.Introduction

#### 1-1 Background

Takamatsu City has been a commercially developed region since the Edo period. During the post-war economic growth, the total length of Takamatsu City's central shopping street reached 2.7 kilometers, the longest one in Japan. Marugame-machi shopping street was approximately 470 meters long and is one of the eight shopping streets.

After the economic bubbles of Japan in the 1980s, Takamatsu City, Kagawa Prefecture was under double attack from sluggish economy and demographic changes, and as a result, downtown shopping streets became vacant. Closed shopping streets not only affected city landscape, but also became the root of social problems. Therefore, how should Takamatsu City reverse population loss, restore regional functions and overcome the disadvantages of urban competition? This is the reason why the revitalization of Marugame-machi shopping street attracts the attention from the Japanese government and the world.

#### 1-2 Social Problems Faced by Marugame-machi Shopping Street

The economic bubble and its burst exerted a serious impact on Marugame-machi. The primary factors of the impact come from (1) substantial changes in land prices and (2) population migration to the suburbs, which are described as follows:

TABLE 1  
 CHANGES IN THE NUMBERS OF ABANDONED SHOP  
 IN SHOPPING STREETS IN TAKAMATSU CITY.

year	all floors in shopping streets		
	the number of stores	the number of abandoned stores	ratio of abandoned stores
1997	1,034	74	7.2%
1998	1,040	103	9.9%
1999	1,033	116	11.2%
2000	1,015	117	11.5%
2001	1,023	133	13.0%
2002	1,027	126	12.3%
2003	1,033	128	12.4%
2004	1,000	151	15.1%
2005	994	177	17.8%
2006	998	181	18.1%

#### (1) Significant changes in land prices

Land prices soared for Japan in the early days of the economic bubble. The average land price in Takamatsu City reached a peak in 1991, five times that of three years ago, but declined to its original level after the bubble. The increase in land prices has lowered the original standard of living so that downtown residents migrated to the surrounding areas with lower land prices and hence the shopping street lost customers. As is shown in Table 1, shops were unable to run and hence closed down one after another. As a result, the vacancy rate of downtown shopping street increased from 7.2% to 18.1% between 1997 and 2006. Land prices plunged after the economic bubble burst, so landowners using land as a guarantee could not repay loans, creating more serious problems of non-performing loans.

(2) Population migration to the suburbs

As is shown in Figure 1, from 1997 to 2004, the area of downtown shopping malls and the number of stores continued to drop. Over the same period, however, the total area of shopping malls in Takamatsu City rose by 16%, indicating the downtown shopping street faced competition from periphery markets. From 1990 to 2005, the downtown population fell to 20% of the total population of the city. In the meantime, due to a rise in land prices in downtown streets and relocation of commercial functions in the residential areas, both downtown residents and turnover of the shopping streets declined.



Fig. 1 changes in the proportion of downtown retail business operations in Takamatsu City. [5]

1-3 Research Motives and Purposes

As mentioned above, the successful experience of social innovation in how Marugame-machi shopping street changed its fate was acknowledged by the Asian award of "International Real Estate" and the highest honor of Ishikawa-Kano Award granted by "Japan Society of Urban and Regional Planners", and is also the research motives of this study.

Therefore, the purpose of this study is to explore the factors of Marugame-machi case during its social innovation from the perspective of social innovation and through the theoretical model of social innovation put forward by Giovany Cajasanta (2014). This study also probes into the impact on the original agent and institutions in new social practice.

2. Literature Review

2-1 Social Innovation from the Perspective of Structure

The purpose of social innovation is to create valuable impact on society through new models. In the course of social development, the values and systems are constantly changing. Nevertheless, under the mode of global production and the

process of accelerated changes, the gap between the original social system's modes of production, institution and value and the changes widens, giving rise to new problems and new needs. Therefore, in the face of problems that could hardly be solved by the current model, the pursuit of public values required interdisciplinary integration and collaboration, and the relationship between human beings and social environment was changed through social impact (Mulgan, G. et al., 2007) [3].

Innovation included novelty of practice and redefinition and improvement of existing things, such as fairness and environmental sustainability. Therefore, social innovation was the criticism and creation of status quo and meanwhile produced far-reaching impact on culture (Manzini, E., 2015) [2]. The current discussions about social innovation mainly centered on two perspectives, that is, final results and practice process. The view of results was to predict the next successful innovation model and type by means of examining benefits and exploring key factors. By contrast, the opinion of process was to develop better models of social innovation or to create an environment conducive to innovation based on the study of social structure and context (James A. Phillips Jr. et al., 2008) [4]. This study chose the latter's position for discussion.

2-2 Theoretical Model of G.Cajaiba-Santana

In accordance with the theoretical model proposed by G. Cajaiba-Santana (2014) in Figure 2 and based on two background theories of "structuration" and "institutional theory", this study intends to regard the whole social environment as the results of interaction of agent, institution and social structure. To be specific, institution and agent was in a dialectical relationship, while institutional practice 「set limits on human rationality but are also the subject of the action of human agency modifying, eliminating, or creating new institutions and eventually new social systems」 (G.Cajaiba-Santana, 2014) [1].

During the action, the agent can make criticism and adjustments to the institution through reflexivity of interpretation of structure and institution. The differences in social positions of different agents are associated with those in the resources available to them, so it is necessary to integrate and communicate with each other so that new ideas can be put into practice in the institution. Legitimacy can be gained through institutional empowerment, rendering subsequent practice in social systems meaningful and call on more actors to join.

The actions that are practiced in the social system exert an impact on three levels of the system. The first is the change of institution and value between groups, the second is the change of relationship among groups, and the third is the change of policy and social background outside the groups.

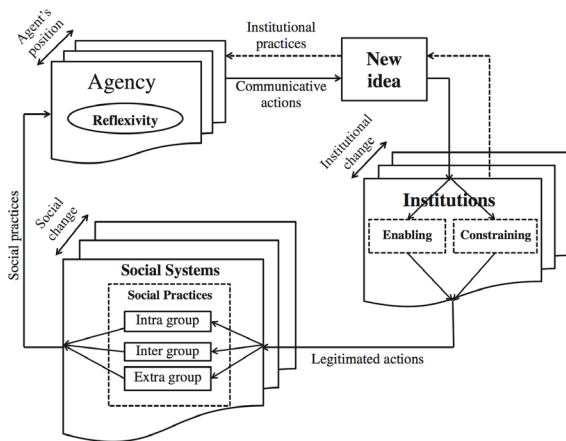


Fig. 2 A schematic conceptual model of the social innovation process. by G. Cajaiba-Santana, 2014.

### 3. Research Method

In this study, this study conducted interviews and paid a field visit to Marugame-machi, Takamatsu City in August 2017. It conducted qualitative data research based on oral materials of Mr. Kozo Furukawa, President of Takamatsu-Marugame-machi Shopping Street Revitalization Association and the then social context and using the social innovation model of Giovary Cajaiba-Santana (2014) as an analytical framework.

### 4. Research Results

#### 4-1 Overview of Revitalization of Marugame-machi Shopping Street

This study concluded two main reasons for revitalization of Marugame-machi shopping street by analyzing the oral materials of Mr. Kozo Furukawa: (1) innovative organizational structure and (2) effective use of land resources, as are described as follows:

##### (1) Innovative organizational structure

In order to revitalize Marugame-machi shopping street, operators and land owners established a third sector named Takamatsu-Marugame-machi Shopping Street Revitalization Association to promote integration. In the revitalization scheme, Marugame-machi was re-divided into A to G 7 blocks. All blocks formed a small development company, and then "Marugame-machi Urban Development Co., Ltd." co-financed by the Association and Takamatsu City was commissioned to operate and management the small development company and take charge of property, facilities, leasing and event promotion. In the meantime, a management committee composed of citizens, scholars, the Association and autonomous bodies was set up as a supervisor of the Urban Development Company. Under this organizational structure, all parties with common interests are able to reintegrate their resources and form the agents led by streets. Besides, the "Urban Development Company" that managed the blocks also plays a role in stopping loss. In the event of poor management in the shops, the superior development company reclaims their property rights to prevent insolvency and sale.

##### (2) Effective use of land resources

The Takamatsu-Marugame-machi Shopping Street Revitalization Association proposed to separate land ownership and use right after concluding that the difficulty in revitalizing shopping streets was caused by land. The aim was to ensure that the ownership of land was retained by owners. This practice can increase the willingness of land owners to join the scheme, and the form of leasing can also slash development costs. The separation of land ownership and use right also maximized the effective utilization of the ground structures by the Urban Development Company.

#### 4-2 Discussions under Theoretical Perspectives

The potential structural problems of Marugame-machi can be discussed in accordance with the theoretical model of Giovary Cajaiba-Santana:

##### (1) Reflexivity and action of agents

Under the protection of existing government acts such as Shopping District Promotion Association Act and Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment, other competitors were restricted in order to protect the management right of the shopping street, contributing to a closed business environment. As a result, the shopping street was unable to make timely adjustments in the face of changes in the external environment such as aging, changes in spending habits and new competitors.

Public departments, property owners, businesses, citizens, scholars and other agents took actions under the new framework led by the Revitalization Association. The public departments became contributors to the Urban Development Company and became a partner with the Revitalization Association, while property owners and businesses became the management principals of the Urban Development Company. Public departments, citizens and scholars made suggestions on the operation of shopping streets by joining the management committee. In the new network, they have the common interests and provide each other with resources such as time, capital, knowledge and real estate, thereby making the business district no longer closed and establishing new partnerships.

##### (2) Institutional empowerment and restrictions

One of the agents "Takamatsu Marugame Shopping Street Revitalization Association" embarked on changes by examining and criticizing the institution. Since financial institution imposed numerous restrictions on the shopping street members with poor credit rating, these members thus formed a new operation network led by the Revitalization Association and worked with property owners and the Takamatsu City government to break institutional shackles.

The overall planning for public space led by people was adopted in the face of the restrictions imposed by laws and regulations on public land and people's expectation gap of the public departments' construction of public facilities. In the regional consolidation plan of "areal management", people planned to give up some land and merge such land with the public land. Institutional empowerment can bring legitimate actions for revitalization of spatial functions.

##### (3) Reorganization of social system

The shopping streets that make up the new network also put forward their ideas and actions about social trends after new members were included. The revitalization scheme shows the shopping streets' emphasis on public areas. Apart from increasing capacity and suitable facilities for the public, the design of emergency shelters was also taken into account. Refuge areas and escape routes have been re-planned.

With respect to trends, the originally imbalanced business items have also been appropriately adjusted in response to the advent of an aging society. The new planning focus was on meeting the living needs of the aging population and living functions, health care and catering were introduced. The imbalanced industries under the social system were reorganized.

## 5. Conclusion

The case study of Marugame-machi shopping street is summarized. The interactions between agents and social environment demonstrate two innovative land use patterns of Marugame-machi, Takamatsu City. (1) Separation of land ownership and use right tackles the problem of exorbitant costs for land development and construction and enable the successful implementation of revitalization scheme for regional functions. (2) People are encouraged to give up some private land for public use to make public land use more flexible. The above actions are achieved by institutional change, social change and social practice.

### 1. Institutional change

After running into operational difficulties, shopping street owners reorganized the organizational structure through criticism and reflection of the past business models. They remedied the future operation directions by unifying resources, establishing a mode of cooperation and increasing the participation of citizens and scholars. Additionally, for the land problems that the public departments cannot address, they accomplished the tasks that cannot be fulfilled by the government through negotiations between people.

### 2. Social change

After concluding that the land problem prevented revitalization of shopping streets, the Revitalization Association flexibly applied the interpretation of leasing acts and proposed separation of land use right and ownership. Based on the legitimacy of institution, the Association called on land owners to take part in revitalizing the regions provided that their land use right is not damaged, resulting in social change.

### 3. Social practice

The originally closed environment formed by the protection of laws and regulations is changed and operation of shopping streets again keeps pace with the trend, which is reflected in creating an environment suitable for the aged population. Besides, under the cooperative cooperation with local governments, profits will be returned to local people by tax. Therefore, the local government is willing to invest funds, which is the key to getting rid of the depression.

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