



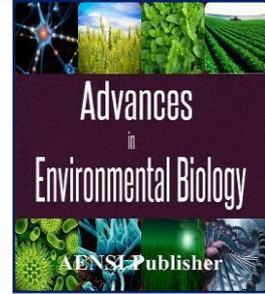
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Stakeholder's Views on Willingness-To-Pay Values of Heritage Town

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ABSTRACT

The sustainability of a heritage town depends much on the attitude, general level of cultural knowledge and awareness of the community. A positive attitude towards cultural heritage and development contributes to a collective sense of responsibility for a town and enhances the connection between a local community and their heritage. The view of the public, especially the concept of the community as the owner and custodian of the heritage, is becoming increasingly important in heritage management and planning. The willingness-to-pay is one of the best economic methods used to measure the non-use value of cultural heritage for heritage town conservation. The public's preferences, as measured by their willingness-to-pay for cultural heritage conservation, should be given due consideration in decision-making to promote the sustainability of a heritage town. The main objective of this research is to test the significant relationship between the attitudes and responses of local communities, and the willingness-to-pay values for the conservation of the George Town World Heritage Site. This research used a survey questionnaire to collect the data. The questionnaire was developed based on the contingent valuation method (CVM). The results of the analysis revealed that there is a strong relationship between the attitudes of local communities and the willingness-to-pay value for the conservation of the George Town. The mean value of RM57.46 is the highest willingness of each household to pay per year to protect the George Town.

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INTRODUCTION

The people involved in heritage site management are frequently faced with a difficult task of achieving a balance between the two. For local society, the demand to conserve cultural heritage is to maintain their legacy for future generations. For the government and national tourism agencies this heritage resource becomes a national asset to attract more tourists and contribute to the country's economy as well as to individual who have a stake. The conflict between the ideologies pursued by conservation requirements and the commercial goals of tourism has become the biggest challenge in establishing a responsive and mutually beneficial relationship between heritage site conservation and tourism.

As many literatures suggest in minimizing the conflict and changes, there is a need for dialogue, cooperation and collaboration among the various stakeholders involved. It is understood that in order for conservation efforts to be sustainable, there is a need to work closely together with the local communities, site managers and other stakeholders involved [1]. The government agencies have to engage the public and the stakeholders in every step of the process, to educate and invite them to participate in the preparation of and hopefully to support the conservation plan.

The public's preferences as measured by the willingness-to-pay (WTP) value of these stakeholders towards the proposed plan for cultural heritage conservation should be given due consideration in decision making to promote sustainability of heritage sites [2]. The WTP value estimated can provide policy makers with an indication of the importance of un-priced cultural heritage resources as a whole, in monetary terms. Despite the fact that these non-use values carry benefits in many areas of life, this economic valuation has not yet been

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formally adopted as an aid in cultural tourism and heritage management in Malaysia.

Thus, there is a need to evaluate the stakeholders' attitude and response towards WTP of cultural heritage in formulating heritage development plans and make it physically; economically and socially acceptable and equally beneficial amongst the stakeholders to preserve cultural heritage and then contribute towards the overall sustainable development of the heritage sites.

This study aims to evaluate principal stakeholders' attitude and response on the WTP for George Town World Heritage Site (WHS) conservation. This was seen as a significant way of adding credibility to the plan and justifying the necessary expenditure for George Town WHS conservation.

2.0 Literature Review:

2.1 Involvement of Stakeholders in Conservation Activities:

A stakeholder is characterized as any individual or group of individuals that are directly or indirectly impacted by an entity or a task [3]. Numerous literatures satisfied that any sustainable development program must work in collaboration with stakeholders, or interested parties, including government agencies, conservation and other non-governmental organizations, developers and local communities. In the context of heritage site conservation, the stakeholders' involvement must be included in any sustainable management of heritage and tourism program in order to reduce conflict [4]. Many stakeholders with varying interest have been identified in cultural tourism and heritage site management. The most commonly cited stakeholders include local communities, tourists, government/public sector and industry/private sector [5]. Their participation in the planning and management process is important as a means to improve communications, obtains wider community support, gather useful information and ideas, enhance public sector or corporate reputation, and provide for more sustainable decision-making.

According to Baral, Stem and Bhattarai, the conflicts between communities and conservation agencies is less pragmatic and more costly to rely solely on law enforcement than to involve interested groups from the outset [6]. Long experience in World Heritage tourism management has shown that projects with limited local input are less productive and ultimately more expensive. Learning from past problems, many sites now invest a considerable amount of time in meetings with key stakeholder groups, asking them to articulate their views and defining the issues to be examined together. Through such dialogue and collaboration, site management becomes familiar with the various stakeholders regarding heritage and tourism issues and actions that could have an impact on the site [6]. Experience has shown that stakeholder input is essential for developing realistic policies and management objectives that will gain long-term support.

The potential spin-offs from a high quality stakeholder engagement process include:

- Strengthening of democracy by encouraging more active involvement by communities and other stakeholders.
- Improvement in the quality and sustainability of public and private-sector services.
- Building greater community cohesion.
- Tackling complex problems in public sector service design and delivery. [6][7]

Stakeholder engagement should be at the heart of any "sustainable development" agenda. Without engaging the stakeholders, there can be no common stable agreement, ownership or support for a particular project. Many projects, but not necessarily all, will need to engage with a wide range of stakeholder groups, each with their own fears, needs, conflicts of interest and levels of influence. Therefore, in order to have an effective project plan, the planners and project managers need to realize who the stakeholder groups are, what their effects are, and what motivates them.

2.1.1 Economic Value of Cultural Heritage:

Throughout the past two decades, the idea of economic value of cultural goods and services has drawn the attention of economists [8][9]. Although there is a growing recognition of the broader economic value of cultural goods by academics, government policy makers and industry worldwide, however the importance of economic valuation in estimating the value of cultural heritage in Malaysia were not comprehensive and it is not widely implemented in the planning and management of cultural tourism and its heritage site conservation. Most of the economic valuation researches were focused on ecological and environmental economics studies.

The categories into which the value of heritage can be classified in these terms are well known and are clearly spelt out in the heritage economics literature [9][10]. The categories correspond to the ways in which individuals experience the heritage, either by direct consumption or 'use', or by indirect means through 'non-use' or as a beneficial externality. Clearly, both use and non-use values are important components of overall value. It is likely that a large proportion of values associated with cultural heritage sites is non-use values rather than use values [11]. The non-use values of cultural heritage are consisting of existence value, bequest value and option value. The estimation of these non-use values provide greater challenges where it tends to

measure the intangible values which do not reflect in monetary gain. These non-use values can be measured by the WTP value of the stakeholders towards the proposed plan for cultural heritage conservation [2].

WTP is the economic approach used to measure the maximum amount a person would be willing to pay, sacrifice or exchange in order to receive a good or to avoid something undesired, such as pollution [9]. The Contingent Valuation or CV is a directly stated preference technique where the respondents are asked their WTP for the benefits received, or their willingness-to-accept (WTA) compensation for their loss [9][10]. Theoretically, the CV is based on welfare economics and assumption of the stated WTP amounts which are related to the respondents' underlying preferences on the proposed management plan [12].

This economic valuation tools might help to inform the policy makers and managers concentrated in the three main areas of the management, funding, and resource allocation.

2.1.2 Management of Cultural Heritage Site:

According to Ready and Navrud, economic evaluation studies may serve to inform decisions and policies with respect to assessing what type of changes, attractions, exhibitions or improvements should be introduced in cultural destinations in order to maximize profits, revenue and access [12]. As stated by Ahmad and Samdin, it can be applied in evaluating pollution, tourism, and development damage done to cultural destinations [13][14]. The study provides measures for what type and degree of preservation should be tackled, such as restoration, replacement and cleaning, thus assessing priorities for new marginal improvements and prioritizing among competing projects at the foundation level [14][16].

In addition, Tuan and Navrud revealed that this research would estimate the demand for a cultural asset and to anticipate future demand trends, estimate the price and the income elasticity of demand for cultural assets [9]. Other than that, this economic valuation study would design successful pricing strategies for cultural destinations: who pays what, when, and how [17]. This research would assess visitor preferences both before and after the visit experience and evaluate repeated visitors' experiences; gather information on how socioeconomic characteristics (age, gender, membership, income, education, attitudes) explain visitation rates and spending patterns; identify groups that might be excluded from enjoying cultural heritage at certain prices and given certain management policies; and evaluate the impact of congestion-reduction options [9][12].

2.1.3 Funding Cultural Heritage:

As far as the financing of cultural heritage is concerned, the economic valuation would be able to evaluate the existence and measure the WTP for access, preservation, and improvements of the cultural heritage [17]. According to Kim and Mason, an economic valuation can be utilized to analyze pricing policies for cultural destinations such as uniform pricing, interpersonal price discrimination, voluntary prices, inter-temporal price discrimination, etc [18][15]. Besides that this economic valuation study would quantify the gap between the benefits to the community provided by cultural heritage and the costs incurred to provide them [8]. It would provide information for a multi-source funding strategy based on local and national taxes, private donations, funds, entry fees, and public-private partnerships, designing incentive systems to motivate and finance conservation; and to investigate whether subsidies to cultural heritage are justified and to inform how much they should be [10].

2.1.4 Resource Allocation:

Public participation in the economic valuation can be used in gathering information of strategic policy importance about the level of public support (financial and nonfinancial) for the cultural sector or a specific cultural institution for the process of resource allocation [5] and for allocating cultural budgets within competing institutions/areas [18]. It also would measure the people's satisfaction for existing cultural services and then ranking institutions with respect to benchmark parameters [15]. The results from the study can be used in measuring and ranking interventions in the cultural sector, such as in deciding whether a given cultural asset is to be conserved and, if so, how and at what point. Finally, yet importantly, the study can be applied in assessing which sites within a city region or a cultural district are more worthy of investment, and for which the impacts are more significant.

As evidenced above, its show that an economic valuation is useful in the planning and management of heritage site conservation. Of course, an economic valuation is just one among other existing economic instruments and tools that can be used in the context of cultural heritage. Understanding all the information above not only will create an efficient site management through an efficient pricing system, it will also contribute to the long-term sustainable development of cultural heritage site conservation [13].

3.0 Methodology:

This research has adopted a mixed method of questionnaire survey and face-to-face interview as a strategy

for primary data collection. Two (2) sets of questionnaires were designed and administered to the principal stakeholder groups who have a high degree of influence and great importance for the success of the cultural heritage conservation and management. A total of 300 members of the local communities and 150 tourists were interviewed. However the number of completed questionnaires was 294 from members of the local communities and 147 from tourists (local and international) in George Town.

The questionnaire was developed based on the Contingent Valuation (CV) methodology. The CV methodology is one of the stated preference approaches usually used to elicit the maximum willingness-to-pay (WTP) for non-marketed goods [19]. The CV elicits the maximum WTP of individual respondent to obtain improvement or avoid damages of the goods and services in a hypothetical market [20]. According to Mourato and Mazzanti, this method is the best technique to estimate the non-use value of cultural resources that are not traded in the market [21]. The rationale in using the contingent valuation questionnaires is to capture the maximum amount that a respondent would be willing to pay for the proposed management of cultural heritage site conservation. They have found that this method is more sustainable in practice for cultural heritage value assessment.

4.0 Findings And Discussion:

4.1 Stakeholders' Attitude towards the UNESCO WHS Status and the WTP Value for the George Town WHS Conservation:

In the context of the UNESCO WHS status, the results of a quantitative survey of Q1 (local) and Q2 (tourist) have shown a good response towards the nomination of George Town as a WHS. The level of attitudes towards the UNESCO WHS status of both respondents was at a moderate level. However, the research study found a significant difference (p -value < 0.05) between the mean of local and tourist respondents towards the UNESCO WHS status. The attitude of the tourists was found to be higher than the locals towards the UNESCO WHS status with a total mean value of 3.76 for the local respondents and 3.93 for the tourists.

Table 1 shows the results of a correlation analysis between stakeholders' attitude towards the UNESCO WHS status. From the analysis, it was found that there was a positive relationship between the stakeholders' attitude towards the UNESCO WHS status and the WTP value of the George Town WHS conservation with a value of $r = 0.175$, $p < 0.05$ for the local and $r = 0.929$, $p < 0.05$ for the tourist. In other words, the stakeholders' attitude towards the UNESCO WHS status related to the WTP value of the George Town WHS conservation in such a way that the needs of the stakeholders' attitude towards the UNESCO WHS status was found to be proportional to the needs of the WTP value for the George Town WHS conservation and vice versa. Therefore, the non-directional hypothesis of whether there was any statistically significant relationship between the stakeholders' attitude towards the UNESCO WHS status and the WTP value of the George Town WHS conservation could be answered and accepted. This was because the value of $p = 0.003$ and 0.000 was found to be smaller than $\alpha = .01$ for both the local and tourist respondents.

Table 1: Correlation Test to prove a Relationship between Stakeholders' Attitude towards the UNESCO WHS Status and the WTP Value for the George Town WHS Conservation

Variables		WTP value		Highest WTP	
		Local	Tourist	Local	Tourist
Attitudes towards UNESCO WHS status	Pearson Correlation	.175**	.145	.066	.929**
	Sig. (2-tailed)	.003	.080	.255	.000
	N	295	147	295	147

** Correlation is significant at the 0.01 level (2-tailed)

4.2 Stakeholders' Attitude towards Cultural Tourism and Its Benefits for the Heritage Site Conservation as well as the WTP Value for the George Town WHS Conservation:

Overall, the attitude of the tourists was found to be higher than the locals towards cultural tourism and its benefits for the heritage site conservation. There was a significant difference (p -value < 0.05) between the local respondents and the tourists. The total mean of attitude towards cultural tourism and its benefits for the heritage site conservation was found to be 3.26 for the locals and 3.69 for the tourists. The level of attitude towards cultural tourism and its benefits for the heritage site conservation of both respondents was at a moderate level.

Table 2 shows the results of a correlation analysis between stakeholders' perceptions about cultural tourism and its benefits for conservation as well as the WTP value for the George Town WHS conservation. From the analysis, it was found that there was no relationship between the two. Therefore, the non-directional hypothesis of whether there was any statistically significant relationship between stakeholders' perceptions about cultural

tourism and its benefits for conservation as well as the WTP value for the George Town WHS conservation could be answered and rejected. This was because the value of p was found to be bigger than $\alpha = .01$ and $.05$.

Table 2: Correlation Test to prove a Relationship between Stakeholders' Perceptions about Cultural Tourism and its benefits for conservation as well as the WTP Value for the George Town WHS Conservation

Variables		WTP value		Highest WTP value	
		Local	Tourist	Local	Tourist
Attitudes towards Cultural Tourism	Pearson Correlation	.088	.095	.015	.057
	Sig. (2-tailed)	.130	.269	.801	.494
N		295	147	295	147

4.3 The Difference between Stakeholders (Tourist and Local) towards the WTP Value for the George Town WHS Conservation:

Table 3 shows the analysis of correlation between stakeholders and the WTP value. From the analysis, it was found that there was a significant difference between the local and the tourist stakeholders towards the WTP value, attitude towards the UNESCO WHS status and cultural tourism as well as its benefits for conservation. However, the locals and the tourists were found not to have any significant difference towards the importance of preserving the non-use value. Therefore, stakeholders were found to be key factors in the WTP value, attitude towards the UNESCO WHS status, cultural tourism and its benefit for conservation as well as the conservation management in George Town.

Table 3: Difference between Stakeholders (Tourist and Local) towards the UNESCO WHS status, Cultural Tourism and its benefits for conservation towards the WTP Value

Variables	t	df	Significance Level	
Attitude towards the UNESCO WHS status	-3.559	440.0	0.000	Significant
Attitude towards cultural tourism and its benefits for conservation	-10.128	383.6	0.000	Significant
Willingness to pay value	5.363	342.0	0.000	Significant

*Significant at 0.05; **Significant at 0.01

Table 4 shows the difference between the two groups of stakeholders (locals and tourists). For the WTP value, the local respondents ($m=1.64$) were found to have more WTP value for the cultural heritage conservation than the tourists ($m=1.38$). The attitude of the tourists ($m=3.93$) were found to be higher than the locals ($m=3.76$) towards the UNESCO WHS status. The attitude of the tourists ($m=3.69$) were found to be higher than the locals ($m=3.26$) towards cultural tourism and its benefit for conservation. However, the local stakeholders were found to have a higher opinion as compared to the tourists in the importance of preserving the non-use value of the cultural heritage in George Town.

Table 4: Group statistics

Independent Variable	Stakeholders	Mean	Std. Error Mean	95% confidence interval of the difference
Attitude towards the UNESCO WHS status	Local	3.76	0.0277	High
	Tourist	3.93	0.0377	Low
Attitude towards cultural tourism and its benefits for conservation	Local	3.26	0.0293	Low
	Tourist	3.69	0.0301	High
Willingness to pay value	Local	1.64	0.0299	High
	Tourist	1.38	0.0377	Low

Conclusion:

The results of the survey have revealed that there was a significant difference between the local and the tourist stakeholders towards the WTP value, attitude towards the UNESCO WHS status and cultural tourism as well as its benefits for conservation. For the WTP value, the local respondents were found to have more WTP value for the cultural heritage conservation than the tourists. However, the attitude of the tourists towards the UNESCO WHS status and cultural tourism as well as its benefits for conservation was found to be higher than the locals.

This research study has revealed that the tourists have shown more support towards the designation of

George Town as a WHS as compared to the locals. They were also found to believe that cultural tourism could provide more cultural and economic benefits for the George Town conservation. However the study found that the WHS status and cultural tourism seemed to affect the lifestyle of the locals in this heritage site. But the locals have shown a positive response in conserving their heritage because they were found to be willing to pay more for their heritage. This positive attitude of the locals has contributed to a collective sense of responsibility for a heritage site and could enhance the cultural connection between the local community and their heritage. However, the conflicting attitude between other stakeholders in conserving this WHS has been found to be less productive, thus resulting it's to be more costly in heritage management. In this situation, the managing bodies should play an important role in managing the conflicting attitudes between these stakeholders. By involving the local communities and other stakeholders in the planning process, it might be possible to avoid some of the potential conflicts between visitors, residents and the environment.

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