

# ROLE OF CULTURAL HERITAGE IN SUSTAINABLE HISTORIC URBAN DEVELOPMENT: ECONOMIC PERCEPTIONS' OF STAKEHOLDERS (PERCEIVED VALUE)

## Article history

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## Graphical abstract



## Abstract

This research has examined the possibilities of economic perceptions' of stakeholders in explaining the role of cultural heritage in sustaining the value of urban historic site of George Town, Penang World Heritage Site (GTWHS). This research has examined the possibilities of several attitudes of the stakeholders in explaining the importance of preserving the value of cultural heritage for the GTWHS conservation. Pearson's Correlation and Multiple Linear Regressions analysis were used in predicting the dependent variable using a set of several independent variables. The purpose of the correlation test was to prove whether the correlation between the dimensions of the independent variables has had any influence on the non-use value of cultural heritage for the GTWHS conservation. A face-to-face interviewing technique using the structured CV questionnaire aided by photo images-supported was applied in this survey. The numbers of completed questionnaires were 294 from local residents and 147 from tourists (domestic and foreign) in GTWHS. This paper reveals that there was a relationship between the local stakeholders' attitude and responses on the importance of preserving the non-use value of cultural heritage and the WTP value for the GTWHS conservation.

Keywords: Cultural heritage, sustainable development, cultural economic value

## Abstrak

Kajian ini telah meneliti kemungkinan persepsi ekonomi 'pihak-pihak berkepentingan dalam menjelaskan peranan warisan budaya dalam mengekalkan nilainya untuk kawasan bandar bersejarah George Town, Tapak Warisan Dunia Pulau Pinang (GTWHS). Kajian ini telah meneliti kemungkinan beberapa sikap pihak-pihak berkepentingan dalam menerangkan kepentingan memelihara nilai warisan budaya untuk pemuliharaan GTWHS itu. Analisis Korelasi Pearson dan Multiple Linear Regression telah digunakan dalam meramalkan pemboleh ubah bersandar dengan menggunakan satu set beberapa pemboleh ubah bebas. Tujuan ujian korelasi ini adalah untuk membuktikan sama ada korelasi antara dimensi pemboleh ubah bebas mempunyai apa-apa pengaruh ke atas nilai warisan budaya untuk pemuliharaan GTWHS itu. Teknik menemuduga secara bersemuka telah menggunakan soal selidik berstruktur CV dibantu oleh gambar-gambar telah digunakan dalam kajian ini. Bilangan soal selidik yang siap adalah sebanyak 294 daripada penduduk tempatan dan 147 daripada pelancong (dalam dan luar negeri) di GTWHS. Kertas ini mendedahkan bahawa terdapat hubungan di antara sikap dan maklum balas pihak berkepentingan tempatan mengenai kepentingan memelihara nilai warisan budaya dan nilai WTP untuk pemuliharaan GTWHS itu.

Kata kunci: Warisan budaya, pembangunan mampan, nilai ekonomi kebudayaan

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## 1.0 INTRODUCTION

In the Malaysian context, the present rate of development, economic growth, rising educational standard and the consequential increase of leisure time have influenced the demand to conserve a cultural heritage. Malaysians are beginning to appreciate the value and significance of cultural heritage as the visitors have increasingly arrived to the country to visit the historic sites. Based on several studies, the non-use value was found to be an important component of values for many historic sites [1, 2, 3]. Non-use value is a passive use value of the cultural heritage that are not established in the market processes but only enjoyed by individuals who would be willing to share resources such as spend money to obtain or preserve them [4].

Although there has been an increasing acceptance of the wider economic value of cultural goods by scholars, policy makers and industry players worldwide, however, the importance of economic valuation in estimating the non-use value of the cultural heritage in Malaysia has not been comprehensive enough till now. It has not been widely implemented in the management and planning of the historic sites conservation in Malaysia. Most of the economics valuation research studies have been focusing only on the ecological and environmental economics areas [5]. This significant value could assist policy makers recognize any incongruity relating to what the community truly has demanded as well as being willing to give for and the dilapidation to the resource due to the modern developments.

The public preferences as measured by their willingness-to-pay (WTP) value for the cultural heritage conservation should be given due consideration in decision-making in order to promote the sustainability of the historic sites especially at the urban area. Therefore, there is an urgent need for a planning strategy in order to make use of the presented potential of the heritage place for their cultural heritage conservation. For example, the listing of George Town and Melaka as a WHS respectively has helped to develop the cultural tourism industry that has given economic benefits not just to the local communities, industries and its environs but also to Malaysia as a whole.

The Malaysian tourism industry, mainly hotels and inbound tour operators, should definitely achieve a lot more to support protection of our living heritage which has also been integrated into the tourism developments and strategy, improving its intrinsic value to the local economy, and further for its future. There is a need to reinvest certain of their incomes back into the local community and conservation. Involvements of all stakeholders in managing these historic sites have been found to be very important. The actual stakeholders for instance craftsmen and artists who survive in these historic areas should realize that there could be some financial benefits to them. Then, these historic areas and its cultural

tourism could be more sustainable and viable in the long time.

## 2.0 LITERATURE REVIEW

The concept of the stakeholders has become increasingly important in the management and planning of historic sites [6, 7]. A historic site has its particular values and concerns. Because of that, it could become a magnet to get the public to come and see as well as appreciate it. Nevertheless, researchers have found there are conflicts between heritage and tourism [6]. Although heritage or cultural tourism could provide economic benefits for many sites, it might also bring about many kinds of threats for the residents. So as to reduce these threats, there was necessitating for mutual agreement, collaboration and partnership with a range of stakeholders concerned [8].

In fact, stakeholders' participation must be incorporated in any sustainable management of the historic site and tourism programmes in order to reduce conflict [9]. Their involvement in the planning and management process was found to be of paramount importance and was being utilized as a means to improve bilateral communication, request for wider stakeholders' care or buy-in for projects, collect useful information and ideas, increase public sector or corporate status, and provide for more sustainable decision-making [10]. Numerous researchers have found that any sustainable development programme must cooperate with management organizations, conservation and other NGOs, developers and the local stakeholders [2].

The act of involving stakeholders such as the local community would save time and money [11]. They have stated that the conflicts between communities and the conservation agencies have been found to be less pragmatic and more costly when relying solely on the law enforcement rather than involving the interest groups from the outset [11]. Researchers have found that limited local input in the historic site tourism management was less productive and ultimately more expensive, for example the ability to understand the stakeholder positions was found to delay or block projects.

Therefore, many historic sites have now considered useful time in engaging with important stakeholder groups in order to communicate their opinions and identifying the problems to be considered jointly [12]. Throughout such dialogues and cooperation, site administration has been found to become familiar with the various stakeholders' views regarding tourism issues as well as actions that could have an impact on the historic site.

Meeting the stakeholders could enable the managers to easily understand the local cultural differences [10]. At the same time the researchers have found that stakeholders could also assist in identifying problem areas that experts might have overlooked [13]. They argued that the experts could

not foresee the discernments, choices or priorities of the local communities when assessing local conditions. They found that the stakeholders could give more pertinent information regarding the desired conditions at a site.

According to these researchers, an effective tourist management should involve the stakeholders who could assist administrators to set up tourist requirement and set criterion for difficult management and impact studies. It was also found that the relevant stakeholder input was important for forming practical guidelines and administration intents that could increase continuous cooperation.

The positive returns from a high quality engagement process should have the following directions [2, 6, 10, 11]:

- Promoting more efficient participation by societies and other stakeholders, it will strengthen the democracy process;
- There will be advancement in the value and sustainability of public and private-sector services;
- Making the society more cohesive;
- To solve public sector service design and delivery problems.

The above researchers have also found that the heart of any sustainable development agenda should be by engaging with the stakeholders. Many heritage projects should consult with all the stakeholder groups, regarding their concerns, needs, conflicts of interest and levels of influence. Therefore, planners and project managers must need to understand fully who the stakeholder groups are, what their aspirations are, and what motivates them

### 3.0 METHODOLOGY

This research adopts a Contingent Valuation (CV) questionnaire survey as a strategy for data collection. The CV methodology is one of the stated preferences approaches usually used to elicit the maximum WTP for non-marketed good [14]. The CV elicits the maximum WTP of individual respondent to obtain improvement or avoid damages of the goods and services in a hypothetical market [15]. This method is the best technique to estimate the non-use value of cultural resources that are not traded in the market and more sustainable in practices for cultural heritage value assessment [16].

In this research, two separate sets of questionnaires were designed and administered among the two key stakeholders in the field: local community and tourist. A face-to-face interviewing technique using the structured CV questionnaire aided by photo images-supported was applied in this survey. The numbers of completed questionnaires were 294 from local residents and 147 from tourists (domestic and foreign) in George Town, Penang World Heritage Site (GTWHS).

The rationale for using CV questionnaires is to elicit the maximum amount that a respondent would be willing to pay for the proposed management of this

historic site conservation. Thus, this research intends to focus on the attitude and responses of the stakeholders on the importance of preserving the non-use value of cultural heritage for GTWHS conservation. This research has examined the possibilities of several attitudes of the stakeholders in explaining the importance of preserving the non-use value for the GTWHS conservation.

Pearson's Correlation and Multiple Linear Regressions were used in predicting the dependent variable using a set of several independent variables. The purpose of the correlation test was to prove whether the correlation between the dimensions of the independent variables has had any influence on the non-use value of cultural heritage for the GTWHS conservation.

## 4.0 RESULTS AND DISCUSSION

The data collected from the CV questionnaire will be analysed and discussed.

### 4.1 Views on the Importance of Preserving the Non-Use Value of the Cultural Heritage

Views of the local and the tourist respondents on the importance of preserving the non-use value were found to be not significantly different. The total mean values of the importance of preserving the non-use value for the locals were 4.17 and the tourists were 4.14. But respondents indicated that the importance of preserving the non-use value was highly pertinent. All items in this variable were found to be high.

Table 1 shows the descriptive statistics of the respondents on the views towards the importance of preserving the non-use value of the cultural heritage. For the locals, the important benefits when preserving the non-use value could influence other people to assess and appreciate the values and significance of their cultural heritage in the future. For the tourists, the most important benefits when preserving the non-use value of the WHS could contribute to the cultural, historic and significance of the WHS.

**Table 1** Descriptive statistics on the views of respondents towards the importance of preserving the non-use value of the cultural heritage (local total mean 4.17; tourist total mean 4.14)

| Variables  | Locals     |      |      | Tourists   |      |      |
|--|------------|------|------|------------|------|------|
|  | Mean       | SD   | %    | Mean       | SD   | %    |
| It is important to do conservation of the GTWHS so that me or my family can continuously benefit in the future.  | 4.04       | 0.80 | 96.3 | 4.16       | 0.73 | 97.3 |
| It is important to do conservation of the GTWHS so that outsider can assess and appreciate the values and significance of our cultural heritage in the future. | 4.21       | 0.75 | 97.6 | 4.12       | 0.74 | 99.3 |
| It is important to do conservation of the GTWHS so as to conserve the uniqueness of our cultural heritage.   | 4.16       | 0.66 | 100  | 4.18       | 0.66 | 98.6 |
| It is important to do conservation of the GTWHS as it would strengthen the identity of this historic town.   | 4.20       | 0.71 | 98.0 | 4.10       | 0.67 | 98.0 |
| It is important to do conservation of the GTWHS as it would contribute to the cultural and historic significance of the place.                                 | 4.18       | 0.74 | 99.0 | 4.05       | 0.81 | 98.6 |
| It is important to do conservation of the GTWHS as it would give us the opportunity to conserve our legacy for the future generations.                         | 4.21       | 0.70 | 99.0 | 4.23       | 0.74 | 98.0 |
| <b>Number of respondents</b>   | <b>295</b> |      |      | <b>147</b> |      |      |

Legend: Low = 1.00-2.99; Moderate = 3.00-3.99 and High= 4.00-5.00

**4.2 Is there any Statistically Significant Relationship between the Stakeholders' Views on the Importance of Preserving the Non-Use Value and the WTP Value for the GTWHS Conservation?**

Table 2 shows the results of the correlation analysis between the stakeholders' views on the importance of preserving the non-use value of this World Heritage and the WTP value for the GTWHS conservation. From the analysis, the study found that there was a relationship between the local stakeholders' views on the importance of preserving the non-use value and the WTP value for the GTWHS conservation.

However, there was no relationship between the tourists' views on the importance of preserving the non-use value and the WTP value for the GTWHS conservation. In other words, the local stakeholders' views on the importance of preserving the non-use

value were found to be related with the WTP value for the GTWHS conservation.

**Table 2** Correlation test to prove a relationship between stakeholders' views on the importance of preserving the non-use value and the wtp value for the gtwhs conservation

| Variable                                       |                       | WTP value |         | Highest WTP value |         |
|--|-----------------------|-----------|---------|-------------------|---------|
|  |                       | Local     | Tourist | Local             | Tourist |
| The importance of preserving the non-use value | Pearson's Correlation | .130*     | .076    | .072              | .070    |
|  | Sig. (2-tailed)       | .026      | .359    | .216              | .398    |
|  | N                     | 295       | 147     | 295               | 147     |

\*Correlation is significant at the 0.05 level (2-tailed)

Therefore, the non-directional hypothesis of: 'Is there any statistical significant relationship between the stakeholders' views on the importance of preserving the non-use value and the WTP value for the GTWHS conservation' was answered and accepted for the locals but rejected for the tourists. This was because the value of p for the locals was smaller than a = .05.

**4.3 Is there any Statistically Significant Relationship between the Importance of Preserving the Non-use Value towards the Highest WTP Value?**

Table 3 shows the results of the multiple linear regression analysis for any significant relationship of the local respondents between the views on the importance of preserving the non-use value towards the highest WTP value for the GTWHS conservation. From the analysis, the study found that the variable of the conservation management has had the most impact on the highest WTP value for the GTWHS conservation compared to the others with a significant value of P= 0.03, which was found to be smaller than a = 0.05.

**Table 3** Relationship between the importance of preserving the non-use value towards the Highest WTP Value for the GTWHS Conservation (Local respondents)

| Model                   | Coefficients <sup>a</sup>     |            |                                |        |      |
|-------------------------|-------------------------------|------------|--------------------------------|--------|------|
|                         | Unstandardized Coefficients B | Std. Error | Standardized Coefficients Beta | t      | Sig. |
| (Constant)              | -74.62                        | 60.92      |                                | -1.225 | .222 |
| Conservation management | 36.45                         | 16.70      | .127                           | 2.183  | .030 |

a. Dependent Variable: Highest WTP

Excluded Variables<sup>a</sup>

| Model   | Beta In            | t     | Sig. | Partial Correlation | Co linearity Statistics |      |
|---|--------------------|-------|------|---------------------|-------------------------|------|
|   |                    |       |      |                     | Tolerance               |      |
| (Score A1) Attitude towards UNESCO WHS status             | .013 <sup>b</sup>  | .202  | .840 | .012                |                         | .805 |
| (Score A2) Attitude towards Cultural Tourism              | -.017 <sup>b</sup> | -.291 | .771 | -.017               |                         | .940 |
| (Score A3) The importance of preserving the non-use value | .038 <sup>b</sup>  | .630  | .529 | .037                |                         | .913 |

a. Dependent Variable: Highest WTP

A similar method was used to analyze the relationship between the variables for the tourist respondents. However, the results have shown that Score A1, Score A2 and Score A3 have not affected the WTP among the tourists. In other words, the tourists' attitude was found not to have influenced the WTP value for the GTWHS conservation.

## 5.0 CONCLUSION

The study found that there was a relationship between the local stakeholders' views on the importance of preserving the cultural heritage value and the WTP value for the GTWHS conservation. However, the views of the local and the tourist respondents on the importance of preserving the value of cultural heritage were found to be not significantly different. There was no relationship between the tourists' views on the importance of preserving the cultural heritage value and the WTP value for the GTWHS conservation. The tourists' attitude was found not to have any influenced on the WTP value for the GTWHS conservation. This shows both the respondents to provide support to the preservation of cultural heritage through their willingness to pay to maintain the historic development of GTWHS.

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