

CHAPTER I

INTRODUCTION

A. Background

Indonesia is an archipelago nation has over 17.000 islands blessed with the diversity of tribe, languages, exquisite flora and fauna, rich in natural resources, and exceedingly it is culture. This diversity has made Indonesia become one of the countries that worth to visit as a tourism destination to enjoy it is beauty either by residents nor international visitors in particularly for cultural tourism. Following that, the Ministry of Tourism through Wonderful Indonesia (2019) describe Indonesia is the Asia's top nation for cultural diversity declared in the top 10 of Asia Magazine. This prestigious recognition is a chance for Indonesia's tourism sector to intensify the development of quantity and quality in every region tourism spots nationwide, therefore it will be possible to make Indonesia as the world's most prime tourism destination.

Broad from a tourism economics perspective, the tourism sector contributes such economic welfare in micro and macro viewpoint. The tourism sector is crucial since it has the role of enhancing income for foreign exchange, job opportunities, and increase purchasing power (Haider et al., 2018). In Indonesia, based on the data gained from BPS (2016) tourism sector is in the 4th place as the essential commodity for contributing national foreign exchange after gas & oil, coal, and palm oil. Hence, Indonesia's tourism, particularly on

cultural tourism, has some goals to attract tourists as much as possible and how to make the tourists stay longer in every cultural tourism destinations that they are or willing to visit.

Within 34 provinces in Indonesia, Special Region of Yogyakarta province has its own particular attention, for it is best known as the region of education and cultural tourism destination (Regional Tourism Statistic Book of Special Region of Yogyakarta, 2017). It is located in the south-central of Java island and has five city areas, namely Yogyakarta, Bantul, Kulon Progo, Gunung Kidul, and Sleman. Since it is famous as then central for cultural tourism, the Special Region of Yogyakarta has never been devoid for tourists visitation.

Table 1.1
Total Amount of International and Local Tourists in Special Region of Yogyakarta in 2014-2018

Year	Types of Tourist and Amount		Total
	International	Local	
2014	254213	3091967	3346180
2015	308485	3813720	4122205
2016	355313	4194261	4549574
2017	397951	4831347	5229298
2018	416372	5272719	5689091

Source: Regional Tourism Statistic Book of Special Region of Yogyakarta 2018

Table 1.1 indicates an increasing the total amount of tourists in the Special Region of Yogyakarta for both local and international annually starts from 2014 to 2018. It shows that every year the increase of tourists visitation,

especially for -international visitors. This scenario impact the tourism sector in the Special Region of Yogyakarta to increase the economic wellbeing of the region. The corporation between the residents and the government is crucial due to the excellent quality of preservation use and tourism utilization.

Government policies purpose as an effort to realize regional autonomy. It is, of course, has the aim to evolve an area to be more advanced and create competitiveness with other regions. Aside from raising the potential and uniqueness, it also acts as the source of Regional Income (Pendapatan Asli Daerah). According to Nurcholis (2007), regional autonomy is a right of the regional residents to manage, cater, control, and develop their own affairs compliance with the applicable law.

Table 1.2
Regional Income Growth for Tourism Sector in Special Region of Yogyakarta in 2014-2018 (in IDR)

No	Source	Year				
		2014	2015	2016	2017	2018
1	Development Tax	192,879,137,826	208,918,360,442	284,042,872,859	334,110,687,524	360,596,501,094
2	Enterntainment Tax	15,611,645,197	18,672,116,225	25,819,124,353	31,771,973,336	3,434,555,495
3	Retribution for Ojects & Tourist Attractions	27,216,020,527	38,382,409,531	43,078,343,950	54,324,908,100	79,623,403,700
4	Licensing Fees	0	0	0	0	IDR 0
5	Retribution for the use of Local Government Assets (Lease/Contract/Prof it Sharing)	1,248,784,140	1,020,573,117	973,924,378	2,939,041,854	1,666,471,812
Total		236,955,587,690	266,993,459,315	353,914,265,540	423,146,610,814	475,320,932,101

Source :Regional Tourism Statistic Book of Special Region of Yogyakarta 2018

Table 1.2 indicates the annual increase of regional income of the Special Region of Yogyakarta. The most significant contribution of the regional income is from the development tax. This table shows the tourism sector in the Special Region of Yogyakarta is up-and-coming in the future, for it is regional economic prosperity. Hence it is a necessary to improve the region policy regarding the tourism sector expansion.

It cannot be denied that the Special Region of Yogyakarta is still protecting it is the authenticity of cultural heritage. Recently, the King's palace environment can still be found around the region. As a legacy from a great Kingdom, Yogyakarta has a high cultural value, and it is even well-known as the center of Javanese culture. These art and cultural relics can still be seen sculpted in historical monuments such as temples, Sultan's palaces are still seen and thriving in the lives of dance and other arts in Yogyakarta's society.

Historical heritage is an influence of cultural heritage and can be understood as

"a collection of tangible objects related to the cultural development of a society that are inherited from past generations and are valued by contemporaries not only for their aesthetic values or for their usefulness but also an expansion of the cultural development of a society " (Koboldt,1997: 53)

Table 1.3
Tourism Sites in Yogyakarta City Category : Cultural and Historical Sites

No	Tourism Sites	Types of Tourists	Year				
			2014	2015	2016	2017	2018
1	Palace of Yogyakarta*	International	38,773	151,010	145,122	173,644	147,840
		Local	1,178,523	1,668,619	879,285	821,315	840,663
		Total	1,217,296	1,819,629	1,024,407	994,959	988,503
2	Makam Raja Mataram (Kotagede)	International	2,034	2,043	11	3,330	1,709
		Local	39,349	39,349	5,418	52,987	23,478
		Total	41,383	41,392	5,429	56,317	25,187
3	Taman Sari	International	105,596	65,137	87,485	99,407	49,603
		Local	333,799	334,833	426,847	434,138	206,144
		Total	439,395	399,970	514,332	533,545	255,747
4	Istana Gedung Agung	International	0	0	0	7	0
		Local	10,022	15,655	15,655	19,152	31,715
		Total	10,022	15,655	15,655	19,159	31,715

* Including the amount of tourists from Pagelaran Keraton

Source: Regional Tourism Statistic Book of Special Region of Yogyakarta 2015,2017, 2018.

Table 1.3 indicates an annual amount of tourists visitations on four cultural and historical sites in Yogyakarta city for both local and -international visitors starts from 2014 to 2018. The four cultural and historical sites are Palace of Yogyakarta, Makam Raja Mataram (Kotagede), Taman Sari, Istana Gedung Agung. Among those four tourism sites, the most visited tourism site for it is cultural and historical value is Palace of Yogyakarta because of it is elegant construction but also the existence of Pagelaran Kraton. Palace of Yogyakarta is located in Rotowijayan street Blok No.1, Yogyakarta City, Special Region of Yogyakarta.

Cultural and historical heritage are classified as public goods, which basically oftentimes in terms of its management is challenging because it deteriorates, lacking protection, restoration, and maintenance. However, according to Zuleta and Jaramillo (2003) by investing on preservation of cultural and historical heritage is beneficial for tourism attraction, generating small business enterprises which leads to employment opportunities, rejuvenate the locations, also giving the sense of identity or pride within a nation, region nor town, in short, it will bring positive impact for development of social capital.

The idea of preservation of historical and cultural heritage is also analogous with Islamic aspects that clarify humankind has a right to live healthy in a well-built environment. Virtually, when a culture is not contradicted with Islamic value, it will be integrated with Islamic law by itself, and then finally, Islam resolves to acknowledge and preserve it. This is aligned with several verses in the Holy Qur'an, Hadith, and atsar of the salaf, which are presented by the scholars in the books that mu'tabar (authoritative). The verse that state this concept is in surah Al-A'raf verse 199 :

حُذِّ الْعَفْوَ وَأْمُرْ بِالْعُرْفِ وَأَعْرِضْ عَنِ الْجَاهِلِينَ

“Be forgiving, tell people to do ma'ruf (good tradition) and turn away from ignorant”

Al-A'raf verse 199 stated Allah SWT commands the prophet Muhammad SAW to order his people to do good deeds, and the meaning of the 'urf above in verse means a good tradition. Culture is already something that cannot be separated from humankind existence, even when the first time Islam came in Indonesia it's teaching and the value was must interact with local culture through however some local cultural practices were not matched with Islamic law, but the scholars managed to acclimate it in the Islamic way. Preserving cultural heritage is a form of diversity preservation as has become a statute of Allah SWT, and also it is a form of manifestation of khuluqin hasan (good deed), which means to follow whatever leads to goodness and avoid any immoral behaviors.

Previous research regarding the preservation of cultural heritage or tourism sites has been done by many researchers in different years. A research in 2016 conducted by Saptutyningsih using Contingent Valuation Method (CVM) and Travel Cost Method (TCM) with 150 of the respondents who had visited the ecotourism of a recreational site in Ciamis, West Java found that the willingness to pay for doing visitation is IDR 6.800, and the cost travel is IDR 42.850. On average, the education level taken by the respondents is 12 years. Statistically, education level is significantly influence to respondents' willingness-to-pay, income is also positive but insignificant towards willingness-to-pay. However, the respondents' age and gender didn't have effect on respondents willingness-to-pay.

A study conducted by Saptutyningsih and Karimah (2019) about valuing public transportation using Contingent Valuation Method (CVM) method for commuterline (KRL) in Tangerang Selatan, West Java Indonesia with 267 commuterline users found that the average value of respondents' willingness to pay was IDR4.500. This study also found that the variable cleanliness, comfort, and service user revenue were positively significant on respondents willingness to pay. Also, the duration of the trip was negatively significant on respondents willingness to pay for improving quality of KRL services.

In 2019 Saptutyningsih and Pamungkas made a research about assessing the economic value of a cultural heritage site in Kekayon Puppet Museum in Yogyakarta. With using Contingent Valuation Method (CVM) and 172 of the respondents, this study resulted the average value of willingness to pay was IDR12.000. In addition, this study also found that age, sex, education, income, travel cost, substitution, distance, and facilities were statistically significant towards respondents willingness to pay for preservation purpose on cultural heritage. Meanwhile, respondents marital status and visit frequency has no effect on their willingness to pay.

A study conducted by Saptutyningsih and Sanjaya using Contingent Valuation Method (CVM) were examined factors that influenced visitors' willingness to pay in Teluk Kiluan. This study resulted the average value of willingness to pay was IDR 8.000. The study also revealed that

education about environment preservation, recreation fee, income, frequency of visits were significantly affecting respondents willingness to pay. However, alternative location was not affecting the respondents willingness to pay.

Another research conducted by Baral (2017) in mount Everest, Nepal, found that gender, educational level, using tour guides, knowledge about the designation of the place, income, visitor days can significantly predict visitors to pay higher entry fees. However, the other variables such as bid amount, knowledge on the substitution place are negative effects on visitors willingness to pay. This research was conducted by interviewing 522 international visitors.

A research conducted by Gurira (2015) using contingent valuation method (CVM) and hedonic property pricing method to find out visitors willingness to pay on cultural heritage tourism and preservation of the outstanding universal values (OUV) a great Zimbabwe world heritage site with three different types of visitors; local, regional and international. This research involving the relationship between income with willingness to pay in the act of cultural heritage hold an elastic good based on the income for the quantity demanded. The study found that local visitor's willingness to pay is inelastic/unresponsive to the changes of income, regional visitors willingness to pay is inelastic with the changes of income, and international visitors willingness to pay is elastic to the changes of income. Commonly, all types of visitors viewed touring activity as a normal good caused by income elasticity.

Contingent valuation method (CVM) is also applied in research done by Shuyun (2017). With the amount of the non-local visitors is 262 the researcher also did not leave behind the importance of place attachment, the results of this study reveal that bid amount, awareness, concerns, support, and revisit intention were statistically significant toward the willingness to pay for both high and low place attachment cluster. However, tourists' perspective on the preservation of cultural heritage, pro-environmental act, gender, and income only affected significantly on lower place attachment cluster.

Another research conducted by Centeno (2016) regarding the contingent valuation method (CVM) for three cultural heritage sites in Chile. The results of this research is several variables such as starting price, origin, age, and tourist stated that income is significant toward tourist's willingness to pay. A lower willingness to pay appeared from tourists who do not pay accommodation, traveling with the more massive amount of accomplice, and for those who are not interested in historical heritage. Nonetheless, - international visitors would not mind to pay higher fees to visit the cultural heritage in Chile.

Research conducted recently by Jin (2019) with Contingent Valuation Method (CVM) for estimating the preservation value of world heritage with study case is Li River, China. The results of this research are that there are several variables that have been set hypothetically and in real settings. In the real settings, bid amount, perceived value, income, age, and marital status are

positively significant toward the willingness to pay. However, place attachment is negatively affected by the willingness to pay.

The existence of cultural heritage sites is very vulnerable to various kinds of threats, including urbanization, population growth, pollution, climate, and the use of the community as a tourist destination. Preserving cultural heritage is essentially crucial since it acts as keeping alive the local nor national identity. The addition is also a manifestation of Pancasila and the preamble 195 constitution of republic Indonesia in the act of a vision and mission that will guide for developing Indonesian culture and tourism in order the be ready for challenges and competitiveness globally.

Preservation of cultural heritage demanding well-planned cooperation and support between communities, administrators, government, or other parties that are related. As a result of the importance of this matter, the author conducted research entitled **“ESTIMATING THE INTERNATIONAL VISITORS’ WILLINGNESS TO PAY FOR PRESERVATION PURPOSE OF CULTURAL HERITAGE SITE : A STUDY CASE IN THE PALACE OF YOGYAKARTA”** with using the contingent valuation method (CVM) approach.

B. Limitation of Problem

In this research, the problems appeared examined only in Palace of Yogyakarta as a cultural heritage tourism site located in Yogyakarta city, Special Region of Yogyakarta province.

C. Research Question

According to the background problems are formulated in this research is estimate the willingness to pay for preservation value in Palace of Yogyakarta. Hence, visitors can enjoy the cultural heritage tourism site.

The research question in this research as follows:

1. How much does the international visitors' willingness to pay for preserving the Palace of Yogyakarta?
2. Does latest educational attainment affect international visitors' willingness to pay for preserving the Palace of Yogyakarta?
3. Does income affect international visitors' willingness to pay for preserving the Palace of Yogyakarta?
4. Does knowledge of the place (Palace) affect the international visitors' willingness to pay for preserving the Palace of Yogyakarta?
5. Does the awareness of preserving cultural heritage affect international visitors' willingness to pay for preserving the Palace of Yogyakarta?
6. Does spot facilities affect international visitors' willingness to pay for preserving the Palace of Yogyakarta?

7. Does the substitution place affect international visitors' willingness to pay for preserving the Palace of Yogyakarta?

D. Research Purposes

Based on the background of the research and formulation of the problem, the aims of this research are :

1. To estimate the international visitors' willingness to pay for preserving the Palace of Yogyakarta
2. To determine the effect of latest educational attainment toward international visitors' willingness to pay for preserving the Palace of Yogyakarta.
3. To determine the effect of income toward international visitors' willingness to pay for preserving the Palace of Yogyakarta
4. To determine the effect of knowledge of the Palace toward international visitors' willingness to pay for preserving the Palace of Yogyakarta.
5. To determine the effect of awareness of cultural value towards international visitors' willingness to pay for preserving the Palace of Yogyakarta.
6. To determine the effect of spot facilities towards international visitors' willingness to pay for preserving the Palace of Yogyakarta.
7. To determine the effect of substitution of the place towards international visitors' willingness to pay for preserving the Palace of Yogyakarta.

E. Benefits of Research

This research is expected to provide several benefits, including :

1. Theoretical benefits

- a. For the author.

This research has been improved the researcher's knowledge and applied the analytical skill which exists in the field.

- b. For further researchers.

It is expected to be useful as a reference for further research.

2. Practical benefits

- a. For the government.

This research is expected to be useful as information and development for local governments in terms of planning, developing, improving, and policies arrangement for the preservation of Palace of Yogyakarta.

- b. For the community.

As a reference and information concerning preserving the cultural heritage value of Palace of Yogyakarta.