



Value spillovers from the Korean DMZ areas and social desirability

Andy S. Choi^{a,*}, Choong-Ki Lee^b, Katsuya Tanaka^c, Honggang Xu^d

^a National Institute of Ecology, Seocheon, Choongnam 33657, South Korea

^b College of Hotel & Tourism, Kyung Hee University, Seoul 02447, South Korea

^c Research Center for Sustainability and Environment, Shiga University, Hikone, Shiga 522-8522, Japan

^d School of Tourism Management, Sun Yat-Sen University, Guangdong, China



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ABSTRACT

This paper aims to examine the extent to which economic values for protection of internationally significant environmental and cultural resources are influenced by social desirability across geopolitical boundaries. Valuation results were examined using discrete choice models across three samples from Korea, China and Japan. The impact of social desirability on the protection value was tested as the relationship between willingness-to-pay estimates from the conventional "subjective" questioning approach (i.e., my preferences) and an alternative "projective" questioning approach (i.e., others' preferences). The results demonstrated significant spillover benefits and the extent to which value spillovers work is substantially influenced not only by types of resources and national backgrounds, but also by social desirability bias. Although the overall findings support significant global spillover effects, the potentially inflating impact of social desirability bias might mask their true gravity because the bias is likely to be stronger in the hosting communities than in the international counterparts. Weak global spillovers might be observed using the conventional subjective questioning even when they are substantial in reality. Accordingly, a stronger engagement of international communities in the conservation activities involving globally significant environmental and cultural heritage sites might be granted.

1. Introduction

One of the most unusual tourist destinations in the world might be the Demilitarized Zone (DMZ) in the Korean peninsula (The Economist, 2010). The human conflict gave an unexpected birth to many thriving natural habitats along the heavily fortified borderline. The DMZ was established in 1953 after the three-year Korean War. The Korean DMZ and its adjoining areas (hereafter "the DMZ areas") have been mostly protected from commercial/industrial activities so to provide rare habitats for various flora and fauna for over the past 65 years. The DMZ areas have become a sanctuary for over 2700 animal and plant species that are about 50% and 20% of the species found in South Korea, respectively, including 82 endangered and internationally significant species (Cultural Heritage Administration of Korea, 2005, 2006, 2007; Ministry of Environment, 2003). These areas can be also a dark tourism destination which is linked to various warfare-related outcomes such as artefacts, nostalgia, and physical sites (Bigley et al., 2010). The inter-Korean negotiation house in the DMZ, "Panmunjom", is a popular place for international tourists as one of the dark tourism sites. Panmunjom as the place of the 1953 Armistice Agreement is currently the site for official meetings between two Koreas. This house

belongs to the Joint Security Area (JSA) that is administered jointly by the United Nations and North Korea.

The DMZ areas as internationally and globally significant sites might be subject to a significant distribution of conservation values that is critical in deciding the overall public investments and the role of international communities. There is a dilemma in dealing with spatial distributions of the economic values that are attached to natural and cultural heritage sites. In a narrow view of the validity of value measurement (i.e., the demand side) and its aggregate representation, distance decay might be substantially important (Bateman et al., 2006; Choi, 2013; Loomis, 2000; Pate and Loomis, 1997; Rolfe and Windle, 2012; Smith, 1993). Previous studies suggested a limited boundary with positive economic values (e.g., 28 km from the conservation site reported by Bateman et al. (2006)). On the other hand, in a wider view there might be substantial global externalities and spillover values from the protection of public resources (e.g., endangered species and their habitats), which are shared among international communities other than the host nations (Atkinson et al., 2012; Bulte et al., 2002), leading to increased conservation and tourism activities. Then, distance decay becomes more complex than previously discussed in the literature. Complex distance decay was evidenced by Choi (2013), where a

* Corresponding author.

E-mail address: kecc21@hanmail.net (A.S. Choi).

valuation trend was rather increasing with distance and then stable within the national boundary. As a result, some environmental resources might not be restrained by a geopolitical boundary in terms of populations of a positive demand for increased conservation activities, requiring a much wider economic boundary. Although internationally significant iconic resources are expected to show wide spillover effects, this expectation has not been clearly and directly tested involving populations residing within different political boundaries.

Examining international spillover effects of conservation values that might arise from the protected areas (e.g., major DMZ-related resources in this paper), there are a couple of key aspects to consider. First of all, the extent to which spillovers take place might be influenced by the type of resources. A positive willingness to pay (WTP) estimate might be associated with some resources, measured both in the host and neighboring countries, while other resources are not the case. Another possibility is for the respondents of neighboring countries to have a positive WTP value that is overstated because they tend to feel good about their complying with social norms or expectations (i.e., social desirability bias), leading to biased spillovers due to a hypothetical setting without any real consequence. The overstating inclination is known as the “holier than thou” phenomenon that has attracted many empirical cases in social psychology (Balcutis et al., 2008; Baumeister et al., 1998; Carlsson, 2010; Cho and Knowles, 2013; Epley and Dunning, 2000; Fisher, 1993; Levitt and List, 2007). There are also several valuation studies substantiating the bias (Carlsson, 2010; Lusk and Norwood, 2009a, b; Olynk et al., 2010; Stachtiaris et al., 2012; Yadav et al., 2013). As a result, this inclination can cause biased spillovers due to methodological weaknesses of stated preferences (Lusk and Norwood, 2009b; Yadav et al., 2013).

One way to avoid socially desirable responses and to examine unbiased “true” spillovers, minimizing the hypothetical bias due to social desirability of stated preferences, is to impersonalize the valuation context by asking how respondents consider others’ preferences or action (i.e. projective/indirect valuation), rather than their own preferences or choices (i.e., subjective/direct valuation) (Carlsson, 2010; Lusk and Norwood, 2009a, b; Olynk et al., 2010; Stachtiaris et al., 2012; Yadav et al., 2013). Accordingly, as shown in Figure 1, spillover effects might be influenced not only by different types of resources, but also by different questioning approaches for valuation (i.e., subjective or projective questioning). WTP estimates from these approaches can be compared between biased and unbiased spillovers across the host country and its neighboring countries.

This paper aims to examine the extent to which economic values for protection of internationally significant environmental and cultural resources are influenced by social desirability across geopolitical boundaries. Significant value spillovers might suggest a potentially significant role of international communities in support of conservation activities, while directly challenging the distance decay phenomenon in valuation studies. As most previous studies on distance decay involve cases within single political entity, the current study provides new insights into the role of international stakeholders such as neighboring countries, for protection of natural resources and cultural assets. Although the findings of this paper generally support significant spillover effects, the effects might be significantly influenced by different valuation-questioning approaches, types of resources and national backgrounds. The impersonalized valuation method based on others’ preferences is likely to intensify spillovers because the hosting communities might hold stronger social desirability bias than neighboring counterparts.

2. The DMZ areas as tourist destinations in northeast Asia

Among the many tourist sites in the DMZ areas, Panmunjom has been particularly popular among international tourists since the movie “JSA” with a story involving South and North Korean military guards was released in 2010. Underground tunnels that were constructed by North Korea to infiltrate South Korea also serve as popular dark tourism sites. According to Bigley et al. (2010), visitors to the DMZ areas hold various motivations. They want not only to visit Panmunjom, but also to learn more about the history of the Korean War and to feel a sense of awe and fear that overshadows the military border between the two divided nations. Therefore, the DMZ areas are boasting not only of the valuable and unique ecotourism resources such as many rare species and habitats (Choi, 2013; Lee and Mjelde, 2007), but also of the dark tourism resources that educate people the value of peace (Bigley et al., 2010).

In China, the Korean DMZ is commonly called as “the three-eight line” (i.e., after the military demarcation line established along the 38th latitudinal line) and is quite well known because of the Chinese involvement in the Korean War and the continued cold war. Readings about the Korean DMZ are often seen and popular, although the interests from young generations do not seem to be as strong as the old ones. The level of familiarity and knowledge of this place among Chinese citizens might generate a double-sword effect to the conservation of the DMZ areas. The image of the DMZ is often associated with the historical perspective of the events that happened surrounding it, rather than with particular places (i.e., their

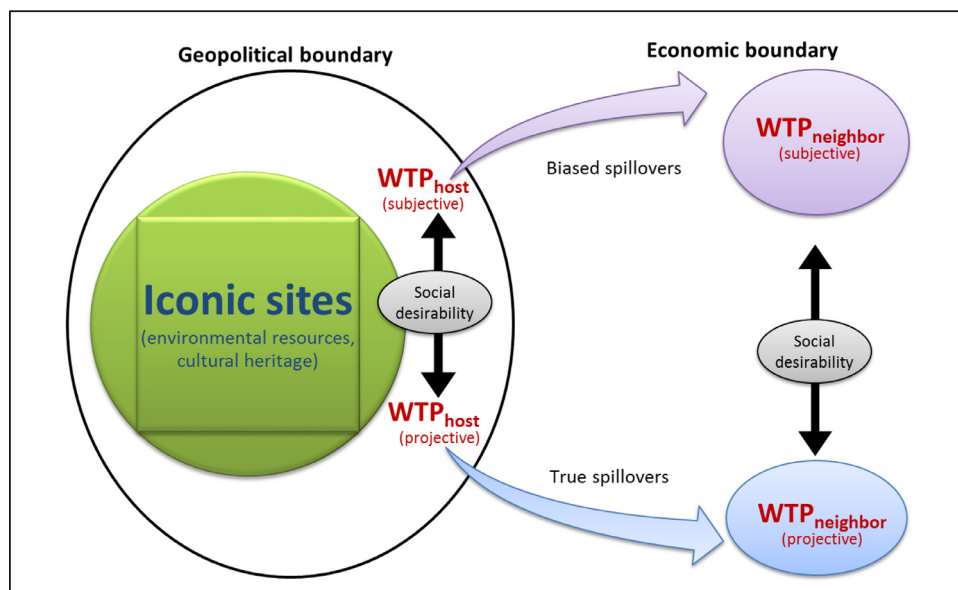


Fig. 1. A conceptual relationship between spillover effects and social desirability bias.

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