

CHAPTER II

LITERATURE REVIEW

A. Theoretical Basis

1. National Park

According to Act No.5 of 1990 concerning Conservation of Living Resources and Their Ecosystems, Chapter 7 Article 32 states that a national park is managed through a zoning system which may consist of Core Zone, Utilization Zone, and other zones depending on necessity. National Park is a nature conservation area which has the natural ecosystem, managed by the zoning system that is utilized for research, science, education, cultivation support, tourism and outdoor recreation. The criteria on determining national park can be classified as follows:

1. Defined area has a sufficient area to ensure the continuity of natural ecological processes.
2. Natural resources and the unique characteristic in the form of plant species as well as animals and ecosystems and natural phenomenon that are still intact and natural.
3. Having one or several ecosystems that are still intact, has the natural state to be developed as nature tourism.
4. An area that can be divided into the Core Zone, Utilization Zone, wilderness Zone and other zones due to consideration of the interest

of rehabilitation area, population dependency around the area and in order to support efforts to conserve natural resources and its ecosystem, can be set as a separate zone.

2. Natural Tourism.

Nature tourism is a form of activity that utilizes the potential of natural resources and environment governance. While the object of nature is natural resource that have the potential and power of attraction for travelers as well as for fostering a love of nature that is shown for both in the natural activities or after cultivation. It can be concluded that natural tourism is the utilization of natural resources that is well organized, so that it can be the cause of pleasure, wonder, coziness and cleanliness by using the conservation of natural resources and the environment as a power appeal (Suwantoro 1997).

According to Soemantoro (2007), the definition of nature tourism is an activity related to recreation and tourism that utilize the potential of natural resources and ecosystem, both in the form of native (natural) or combined with an artificial human. As a result, tourism is still natural and can provide the comfort for more tourists.

3. Tourism

According to Law No.9 of 1990 concerning about tourism, tourism is a trip activity or part of these activities done by voluntary and temporary to enjoy the object or tourist attraction. Travelers are people who travel. Tourism is anything related to travel, including concession

objects and attractions as well as business related to the field. Tourism is anything connected with tourism operation. Business tourism is activity aimed at services.

According to Spillane (1987) tourism is traveling from one place to another, in temporary time which is done by an individual or a group as an effort to find a balance or harmony and happiness with the environment in dimension of social, cultural, nature and science. Fandeli (1995) argued that tourism is everything to do with travel, including the concession of a tourist objects and attraction as well as related efforts in the field. He also explained that tourism is a traveling activity from one place to another destination outside the residence, with the purpose not to make a living but to recreate freshness both physically and psychologically in order to get more achievement. Tourism is a phenomenon in society, that includes hotels, attractions, souvenir, tour guides, tour transportation, travel agencies, restaurants, and much more.

a. Types of Tourism.

There are six types of tourism according to Spillane, namely:

1. Pleasure tourism

The type of tourism is done by people who leave their home for vacation, looking for a new fresh air to enjoy the beauty of nature, to enjoy an entertainment and so on.

2. Recreation Tourism

This kind of tourism is done by people who require the use their days off to rest to recover physical fitness and spiritual, which will refresh the exhaustion and fatigue.

3. Cultural tourism

The type of tourism is characterized by motivations series such as a desire to study in the centers of teaching and research, to learn customs, the way of life of other countries and so on.

4. Sport tourism

The aim of this type of tourism is for sport. This kind of tourism is divided into two categories :

- a. Big Sports Events. That is sporting events as large as the Olympiad Games, world ski championships and so on.
- b. Sporting Tourism of the Practitioners, that is sports tourism for those who want to exercise and practice by themselves such as mountaineering, horse riding sport, etc.

5. Business tourism

According to the theorists, this business tourism is professional travel or travel work-related or titles that do not deliver on their destination choice or selecting of travel time. This type of tourism, is an opportunity used by people of this trip which used their free times to enjoy themselves as tourists to visit the various objects and other types of tourism.

6. Convention tourism

Many countries are interested in and working on this tourism with many hotels and buildings which are especially be equipped to support convention tourism. This type of tourism is done by travelers with all various motivation.

Tourism can be studied not only in terms of motivation and purpose of the journey but also can be seen on other criteria, for example from the forms of travel, the length of the trip as well as the economic effect as a result of the travel journey. Tourism both domestically and abroad can be divided into five categories, namely:

a. Individual tourism

Includes a person or group (friends or family) who held trip by the choice of tourist destination, make the program in time.

b. Organized Collective Tourism

Includes a travel agent or tour operator that sells a trip according to program and timetable or schedules that have been determined in advance by the entire member of the travel group.

c. The long-term tourism, short-term tourism and excursion tourism.

Long-term tourism is explained as a journey for several weeks or several months for tourists. Short-term tourism is a journey which lasted between a week to ten days. Meanwhile, tourism

excursion is a trip which travels not more than 24 hours and not using accommodation facilities.

- d. Tourism with transport equipment.
- e. Active and passive tourism.

The arrival of foreign tourists who bring foreign exchange to the country is a form of tourism that is often called active tourism (receptive tourism). In opposite, people who goes abroad and bring the money out of the country and who has a positive influence on the balance of payments is a passive tourism.

According to Fandeli (2000), the research concluded that there are several principles in ecotourism activities namely:

1. Preventing and combating activities that disrupt the culture and nature,
2. Conserving education environment,
3. Directing revenue for the region,
4. Participating activity from community in planning,
5. Increasing people's income,
6. maintaining harmony with nature.

b. Requirements of Tourism Destination

According to Maryani (1991) there are five requirements of tourism destination as follows:

1. What to see

The place should have a tourism object and tourism attraction which is different with others. On the other words, that place should have a special attraction and it can be an entertainment for the visitors. For example, activity, culture, and tourism attraction.

2. What to do

The place should have a recreation facility for visitors. For example, flying fox, culture performance, play ground or study tour.

3. What to buy

The destination should provide shopping facility especially souvenir and society handmade to take home.

4. What to arrived

In this elements include accessibility of the place, how do the visitors come to the destination, what kinds of transportation and how long do the visitors spend their time to go there.

5. What to stay

How do the visitors stay while they are visiting the places. For example, they need an accommodation even it is a star hotel or not.

Those are the requirements of a tourism destination. A place can be called as a tourism destination if it has fulfilled all the requirements.

4. Public Goods.

The environment has the nature of public goods which are goods if consumed by a person will not reduce consumption for the other as well as anyone can not prevent the utilization (Prasetyia, 2012). Public good nature inherent in this environment resulted in the abandonment of environmental resources due to the absence or scarcity of private parties or individuals who want to maintain and preserve it (Suparmoko, 2015). According to Hyman (2010), public goods can have two characteristics, namely:

1. Nonrivalry in consumption, which means that a certain amount of public goods that are consumed by a group or individual are not going to reduce the number or volume available for the consumption of other individuals or groups.
2. Non-exclusion, meaning there will be no rejecting of a party or individual in consuming public goods even if they are not willing to pay.

Pigou theory is one theory of public goods which discusses the provision of public goods with financing through a tax levied from the public. Pigou argued that the provision of public goods should be done to a level where marginal satisfaction utilization of public goods equal to dissatisfaction marginal tax levide to finance the government in providing public goods (Prasetyia, 2013).

5. Market and Non-market Goods.

Non-market goods are goods and services that people consume but that cannot be traded in formal markets, the example of non-market goods include respect, admiration, authority, and relationship. Market goods are goods that can be traded in market for example, cars and clothing to signal their wealth and then increase the probability of obtaining some non-market goods such as admiration. Although non-market goods are non-directly allocated through markets, some of these goods are allocated through markets in an indirect fashion (Perez-Truglia, 2012).

If goods or services are traded in the market, there are well established and accepted empirical techniques for measuring welfare changes. Without the observable price and quantity data that are available when goods or services are traded in the market, economists have devised innovative techniques for measuring changes in value for natural resources and the environment. Three of the techniques such as travel cost, random utility and hedonics use information to indirectly determine what a market might reveal in value if it did exist. The contingent value technique attempts to measure the change in value directly.

Thus, measures of non-market benefits are concerned with estimates of consumer demand and consumer surplus there are a variety of methods that have been developing to measure this value such as

travel cost method and contingent valuation method (Lipton et al., 1995).

6. Willingness To Pay.

Willingness to pay (WTP) is a maximum amount of money the people are willing to pay for a situation where they gain a positive change. Willingness to Pay (WTP) and Willingness to Accept (WTA) represent two alternative means to measure value. WTP is the amount which is measured in goods, services, or dollars that an individual is willing to give up for a particular good or service. According to Syakya (2005), willingness to pay is an assessment method that aims to determine at what level a person is able to pay for the environmental improvement if wants to be a good environment.

In general, increases in value are often associated with WTP, and decreases in value are often associated with WTA. In the context of non-market goods and services, both measures may be relevant depending on the property rights regime in place (Neil, 2007).

To reveal the value of people's willingness to pay to environmental quality, Nugroho (2010) stated that there are three ways that can be used as follows:

1. Given the size of someone spending to reduce losses due to poor environmental quality.
2. Looking at the market value of goods or services which are in two different qualities of the environment.

3. Conduct a survey to ask directing people's willingness to pay to enjoy a better quality environment.

7. Economic Valuation

Most of the economic value associated with the national park service is what economists call non-market value. There are no formal markets for such things as recreation opportunities, clean air, and wildlife habitat so there are no clear "prices" for these goods as there are for market goods like clothing and cars. Economists must measure the value of non-market goods using techniques which do not rely on market prices. This can be done either indirectly or directly. Indirectly measures of non-market value offer the value of the good in question by using the expenditure as an approximation such as travel cost method. A direct method to measure non-market values are also called stated preference because these techniques involve directly asking survey respondents about their willingness to pay or their preferred alternative such as contingent valuation method. CVM is a method whereby survey respondents are asked to indicate their willingness to pay for a non-market good like a recreation experience or passive use values such as existence value, option value or bequest value (Haefele, et al., 2012).

Economic value is a measure of what the maximum amount an individual is willing to forego in other goods and services in order to obtain some good, service, or state of the world. This measure of welfare is formally expressed in a concept called Willingness to Pay (WTP). Thus,

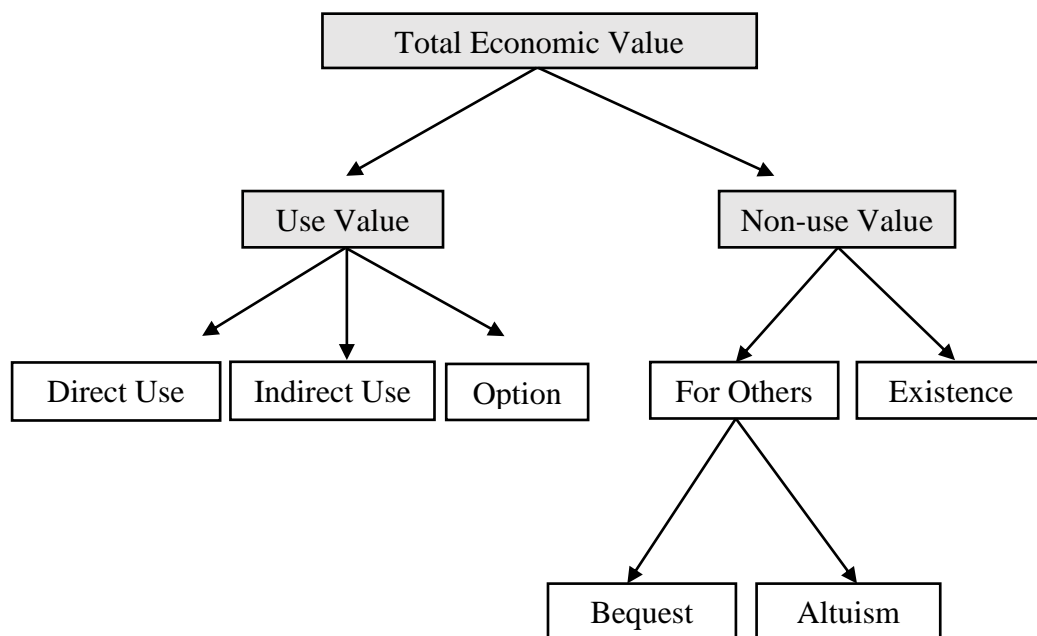
the lost value from the degraded environment is the maximum amount individuals are willing to pay to have a state where that same area is free of pollution. A common difficulty in understanding economic valuation is distinguishing between what something is valued by individuals and what its economic value really is (Lipton, et al., 1995). Economic Values including direct use and passive use values are typically defined by economists as the maximum amount that an individual would pay.

According to Lipton (1995), the characteristics of Economic Value as follows:

- a. Products or services have value only if human beings value them directly or indirectly.
- b. Value is measured in terms of trade-offs and therefore relative.
- c. Typically, money is used as a unit of account.
- d. To determine values for society as a whole, values are aggregated from individual values.

Total economic value, the most common and most appropriate framework for aggregating the value of ecosystem goods and services (including non-market goods and services) is total economic value (TEV). This approach does not necessarily assess the total value of an ecosystem, but rather allows changes to be calculated for all values (use and no-use values) as associated with one or several ecosystem functions. TEV can be assessed as willingness to pay (WTP) or willingness to accept (WTA)

payment. WTP is a more common method, as more tools for estimating economic value are relevant to this approach (Horowitz, 2002).



Source : Pearce, Atkinson and Mourato (2006)

FIGURE 2.1

Total Economic Value

Direct use value refers to the value derived from the direct use or interaction with ecosystem-based provisioning services, for example food and water, and some cultural services for example is recreation. Indirect use value refers to the value derived from regulating services for example is climate control, waste assimilation, water quality, and supporting services for the example is nutrient cycling. Option value refers to the value derived from the option to make use of a resource in the future. Non-use (also referred to as “passive use” values) are derived

from benefits associated with a resource or ecosystem-based service. These values include existence value (sometimes referred to as intrinsic value), which is the value derived from knowing something exists; bequest value, which is the value derived from being able to pass something on to another generation; and altruism value, which is derived from giving something to somebody else. There is a great deal of debate regarding the validity and accuracy of non-use values, but few economists would deny their existence (Cummings, 1995); (Johansson, 1992); (Loomis, et al., 2000).

Economic valuation of environmental goods and services arise from increased demand for environmental goods and services due to a decrease in the availability of resources and the natural environment from time to time. Economic valuation related to specific analytical methods to obtain a quantitative value of goods and services produced by natural resources and the environment both based on the market value and non-market value.

Economic valuation is defined as an attempt to provide a quantitative value of goods and services produced by natural resources and the environment, as well as the market value and non-market value. Economic assessment of economic resources is an economic tools that uses standard valuation techniques to estimate the monetary value of goods and services supplied by a natural resource. The purpose of economic assessment is used to indicate the relationship between natural

resource conservation and economic development. Hence, economic valuation can be an important equipment to increase an appreciating and public awareness of the environment Fauzi (2005).

Economic valuation method estimates the economy of a nature tourism based on ratings given to each individual or society to the costs incurred to visit a natural tourism, whether it's an opportunity cost and direct cost incurred such as transportation, accommodation, consumption and others. These valuation techniques were attempted in this research to estimate the economic value of Way Kambas National Park, Lampung. Valuation by this method requires a data transportation to the tourist sites, education, income, etc.

8. Contingent Valuation Method

The way to measure non-market values is by directly questioning individuals on their willingness to pay for a goods or service. Contingent valuation method, is a survey or questionnaire-based approach to the valuation of non-market goods and services

Contingent Valuation Method (CVM) is a survey technique method to ask the respondents about the value or the price they provide for commodities that do not have market value such as environment (Yakin, 1997) Contingent Valuation Method uses a direct approach which is basically asking the community how much the maximum Willingness To Pay (WTP) for additional benefits or how much the

maximum Willingness To Accept (WTA) as compensation of environment material damage.

CVM is used to estimate economic values for all ecosystems and environmental services. It can be used to estimate both use and non-use values, and it is the most widely used method for estimating non-use values. This method is directly asking an individual in a survey, how much they would be willing to pay for specific environment services. Individuals are asked for the amount of compensation they would be willing to accept to give up specific environmental services. It is called contingent valuation because people are asked to state their willingness to pay, contingent on a specific hypothetical scenarios and description of the environmental services. The fact is that CVM is based on what people say they would do, as opposed to what people are observed to do is its greatest strength and its greatest weaknesses as well.

Contingent Valuation Method (CVM) is a survey approach designed to create the missing market for public goods by determining what people would be willing to pay (WTP) for specified changes in the quantity of such goods, or more rarely, what they would be willing to accept (WTA) in compensation for well-specified degradations in the provision of these goods (Bateman I J, 2002).

B. Previous Research

Himayatullah (2003) conducted a study to obtain economic information about benefits that flow from the recreational use of the national park in research of Ayubia National Park (ANP), Pakistan. This study uses the travel cost method and Contingent Valuation Method (CVM). The variables include travel cost, travel time and demographic variables such as age, education, and income. The researcher states that the relationship between travel cost and park visitation may be negative. Regarding age, as age increases, participation decreases. Another variable is education shows that people with higher education would come to appreciate outdoor nature-based activities more than people with less formal education. Regarding income, it has a positive correlation with participation in many outdoor recreation activities, the higher income will have the higher number of park visitation.

In his study, Hakim (2011) measured the economic value in Rawapening with Contingent Valuation Method (CVM). Significant factors including nominal amount bid, income, education, etc. show as determinants of the probability of individuals to be Willing to Pay (WTP) a certain nominal value for environmental quality improvement. On the other hand, a significant factor influencing the number of visits is an experience to visit, travel costs, income, age and perception. This result represents that Contingent Valuation Method was independent of travel cost and the number of visits a respondent actually made.

According to Jala and Nandagiri (2015) economic value of water or the average Willingness to Pay (WTP) by tourists for the economic benefits provided by Pilikula lake Water is estimated by both TCM and CVM. The survey for data collection is administered with an appropriate questionnaire. The result is swimming and water fountains which are the expected extra facilities. If the authorities provide extra facilities, there can be significant changes in visitation rate. The average willingness to pay (WTP) by tourists for the recreation benefits is Rs.238, that is in turn dependent on personal and demographic variables such as income, education, age, gender and residential status. The mean WTP for improving lake water quality has no significance since it is stated by only 8% of the sample population. But the WTP value for introducing extra facilities is obtained as Rs. 36.75 which is influenced by respondent's education, gender, and residential status.

In her study, Aznor (2009) analyzed the Visitors' Willingness to pay for an entrance fee: A case study of Marine Parks in Malaysia by using two methods, CVM and TCM method. This study produced several results using several models. For the single-bounded dichotomous choice, we used two models, namely the Logit and Probit models. TCM to estimates the per trip values to three parks (Payar, Redang, and Tioman); and WTP to prevent damage of coral reefs in Malaysia's marine parks by using CVM. For income, since natural tourism such as visits to a marine park is considered a normal good where the higher the income, the more visits will be made to the parks, it is expected that income will be positively related to visits. The results show

that only the diving variable is significant at the 5% significance level, while two variables (travelfr and time) are significant at the 10% level in our Poisson model. There are additional variables which are significant at the 10% level of significance; sex and age. Meanwhile, dumtiom, dumedu, diving, travelfr and time are significant at the 5% level of significance. Unexpectedly, income has the negative sign but weak (non-significant) relationship with the number of visits, suggesting that the number of visits did not appear to be influenced strongly by the amount of income of the respondents.

The study conducted by Nugroho (2010) showed the method used in his research is *Travel Cost Method (TCM)*, *Ordinary Least Square (OLS)*, dan Trend. The independent variables including travel cost, income, education, and age. The result shows that travel cost, income, education and age has a significant influence on willingness to pay in Pantai Glagah. The value of consumer surplus is Rp 123.111.763,2 with the total of *willingness to pay* is Rp.459,275.

According to Limaiei (2014) variables such as travel cost, travel time to the park, education and age were effective variables in the park. the result shows that there is a significant relation between travel time and the number of visitors whereas by increasing travel time the number of visitors decreased. Furthermore, there is a significant relation between the number of visitors as a dependent variable and travel costs whereas when the travel cost increase, the number of visitors decrease. The result indicated that the willingness to pay

(WTP) decreased by increasing the entrance fee. The model estimated an average willingness to pay is 12,500 Iranian Rials per visit.

The study conducted by Ermayanti (2002) showed that the economic assessment which is indicated by consumer surplus and the amount of willingness to pay (WTP), estimate the effect of variables such as travel cost, income, education level, distance, time and facilities significantly influence the frequency of visitors and to know the value or benefits in Ndayu Park. The method uses Travel Cost Method (TCM) and Contingent Valuation Method (CVM). The purpose of this research is to The result of the analysis showed that the characteristics of respondent such as income, travel cost the range is RP 9.700,00 until RP 96.000,00 with the average of age is between 30-35 years old.

The study conducted by Amanda (2009) shows the results of her research by using contingent valuation method. The independent variables such as gender, age, marital status, education level, income, travel cost, etc. From the result shows that factors affecting the value of willingness to pay is income and travel cost.

Pantari in his research about “Factors Affecting Willingness To Pay For Improved Quality of Environment in Kebun Raya and Kebun Binatang Gembira Loka Yogyakarta. This research aims to measure the willingness to pay (WTP) and estimating the factors which influence on the willingness to pay for improvement of environmental quality. The method used in this research is TCM and CVM method. The result showed that by using TCM, travel

expanses and facilities significantly negative effect on the frequency of visitors. While using CVM, income level is significant and has a positive effect on willingness to pay for improving environmental quality and the frequency of visitors is significantly has a negative effect on the Willingness To pay (WTP) for the quality environmental improvement.

Waktola's research (2014), has been conducted to analyze Economic Valuation of The Recreational Use Value of Babogayya Lake (Bishoftu Town): By Travel Cost Method. Independents variables used in this research such as travel cost, income, age, education, marital status, etc. The result shows that travel cost and income has a negative and significant to determine the number of visits.

C. Research Framework

Based on the theories and previous studies, it can be revealed the effects of independents variable such as income, education level, travel cost, and age toward dependent variables or willingness to pay (WTP).

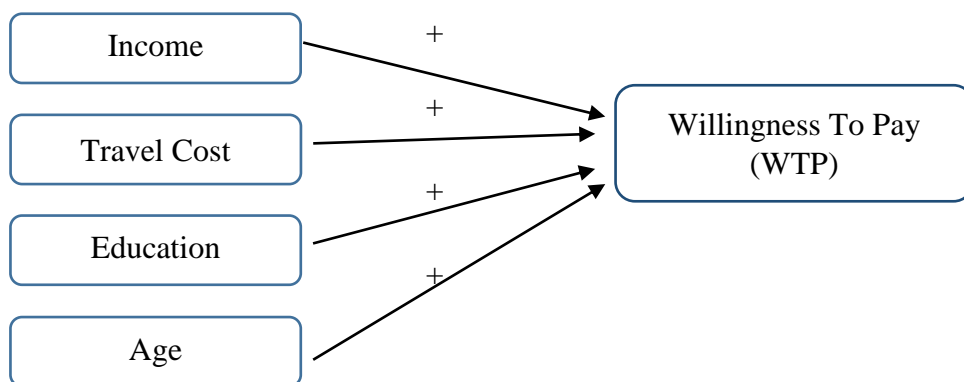


FIGURE 2.2
Research Framework

D. Hypothesis

Based on the theoretical basis, previous research and research framework. The hypothesis is developed as follows:

1. It is anticipated that income has a positive and significant effect on willingness to pay (WTP) for the environmental improvement in Way Kambas National Park.
2. It is anticipated that travel cost level has a positive and significant effect on willingness to pay (WTP) for the environmental improvement in Way Kambas National Park.
3. It is anticipated that education has as positive and significant effect on willingness to pay (WTP) for the environmental improvement in Way Kambas National Park.
4. It is anticipated that age has a positive and significant effect on willingness to pay (WTP) for the environmental improvement in Way Kambas National Park.

