

**Heritage Tourism  
in Daxu and Yangshuo, Guangxi, China**

by

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## **Declaration**

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

## **Abstract**

Heritage tourism is employed by many countries to facilitate economic development as well as to assist in the preservation of heritage. Different stakeholders have different and sometimes conflicting expectations in the process of converting heritage resources into marketable products. Heritage tourism is especially complicated because public and private, historical and sometimes ethnic resources are involved. Despite the fact that some literature is devoted to the impacts of the designation and management of heritage tourism on residents, little research has been done on how government roles and associated political perspectives can affect the way that heritage tourism develops. Detailed comparative studies that are undertaken from this perspective are rare. This research uses experiences of Daxu ancient town and Yangshuo town, in Guangxi Zhuang Autonomous Region, China, to compare the influence of governmental involvement on heritage tourism development.

Key stakeholders' perceptions (tourists, entrepreneurs, residents and governments) were examined in both towns through quantitative and qualitative research. A tourist survey was conducted to collect data on their experience on their trips. A resident survey was conducted to collect data on local residents' perceptions of tourism impacts, and their judgments of the government's performance in tourism administration and promotion. Entrepreneurs were interviewed to understand their motivations, situations and expectations for their businesses. Finally, government officials were interviewed to understand the policies, marketing, and official attitudes and involvement in tourism development.

Economic advantages have been a driving force in heritage tourism development in both towns. Yangshuo is in a more mature stage of tourism development than Daxu which is still in the initial stage. Residents in both towns show high expectations for tourism development, but Yangshuo residents are surer about most of the impacts brought by tourism. Entrepreneurs are often local investors and are struggling in Daxu while, in Yangshuo, tourism entrepreneurs are often from elsewhere and include international investors. Yangshuo entrepreneurs are more entrepreneurial, highly responsive to the market and are contributing to the attractions of Yangshuo. Government attitudes toward tourism are very different between Daxu and Yangshuo. Yangshuo's government accords great importance to tourism and actively supports its tourism development and, as such, tourism boomed in Yangshuo. Daxu's government passively supports tourism. This study confirms that variations in government support can greatly influence the style and pace of tourism development.

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# 1. Introduction

## 1.1 Problem statement

Tourism is not only an economic and social activity; it also a political one. In China, a socialist country, in the mid-20th century, tourism was tightly controlled by the central government. Both domestic travel (Chinese travel within China) and international inbound travel were restricted for political reasons and travel abroad was not possible for almost all residents of China. Since the introduction of the “open door” policy in 1978, China’s tourism has grown very rapidly so that in the past three decades, China has become a major generator and recipient of international tourism, and also has huge domestic tourism flows. In 2000, China received 83.4 million international arrivals, making it the fifth largest destination in the world. By 2020 the World Tourism Organisation (WTO) projects that China will become the most important destination in the world (WTO, 1997).

Tourism is often considered to be an effective way of promoting regional development, particularly for the “backward” areas with substantial tourism potential (Zhang, 1989). One of the major themes of China’s reform is decentralization. This philosophy has gradually penetrated the government’s economic policy making since 1978 (Xu, 1999). In essence, decentralization grants more authority to lower-level governments to guide and share in the prosperity of local economic development. Under such an approach, local governments have rapidly become more sensitive to local interests which, in turn, have spurred substantial “bottom-up” initiatives aiming at local development (Xu, 1999). As Ma (1997) noticed, the central government’s recognition of the potential contribution of tourism to economic development, together with the institutional reforms aimed at greater initiative from lower tiers of administration, have stirred up local tourism policy responses. However, the capacities of local people have not grown as rapidly as their consciousness of change and unfortunately, there is not a unified vision of development, nor is there a ready path to follow (Xu, 1999).

In the pursuit of local development, many regions of China have taken a tourism-oriented development path. Such a policy choice was made based on the region’s tourism resources and an optimistic belief in the benefits of tourism. First, China’s central government has placed increasing emphasis on regional differentiation and specialization, to prevent competition between identical products. Local authorities are told to prioritize the “comparative advantages” of their own regions. Since many areas claim tourism resources, such as scenic natural landscapes, to be their comparative advantage, tourism promotion has

become a logic choice for these areas (Xu, 1999). Secondly, tourism has been advocated as a “sunrise industry” and “green industry”, which supposedly only requires small investment to achieve quick results, thus, tourism appears to be a good choice for any area that is short of start-up capital (Xu, 1999). In the early 1980s, the idea that tourism could serve as a catalyst for local prosperity began to gain support in China, when it was simplistically held that once a region gets the tourism ball rolling, the tourism industry would do the rest (Xu, 1999). Compared with traditional industries such as manufacturing, tourism is also regarded as being very clean and environmentally-friendly. Very importantly, tourism is regarded as a big employment generator, which adds to people’s belief in developing tourism. Besides the above theoretical reasoning, China’s rapidly growing travel demand, preferential treatment for international tourism sector, the inflow of large-scale foreign direct investment and the decentralization in tourism policy all supported tourism development (Xu, 1999).

Although the practice of decentralization has spurred considerable local tourism development initiatives, due to political constraints, broad participation of local populations in the decision making of tourism policies is absent and people-centred, community-responsive and socially responsible approaches in tourism policy formulation are still rarely practiced in China (Xu, 1999). Nevertheless, decentralization is an important policy that has nurtured different styles of tourism development across the country. As Richter and Richter (1985) noticed, decentralization policies offer the advantage of promoting local initiative, innovation and diversity. Since the central government has loosened control over local tourism development, the local governments and enterprises have had greater room to develop their own products and to go their own way that can potentially be better suited to the local reality.

While it is obvious that central government has played a major role in influencing the growth of tourism in China, it is much less clear how this has played out at the local level and the differential roles of local government have seldom been explored. Thus, the mechanisms that have underpinned the formation of different styles of tourism development and, in particular, the ways in which local governments have influenced these have rarely been examined.

## **1.2 Study purpose**

The main purpose of this study is to examine Chinese governments’ perspectives on and involvement in tourism development in heritage towns. The geographically adjacent but developmentally different towns of Daxu and Yangshuo were selected for a comparative study of their different tourism development styles, including tourist experience, residents’ perspective on tourism impacts, and entrepreneurs’ motivation, situation and expectation on

tourism businesses. Also, the governments' perspectives and influences on the formation of the different styles of tourism development will be explored. Implications of the different development styles will be discussed at the end of the study.

### **1.3 Research questions**

Questions that will be addressed in the study are as follows:

1. What is the history and current situation (business type and magnitude) of tourism development in Daxu and Yangshuo?
2. What are the prominent features of the different development styles of Daxu and Yangshuo?
3. In Daxu, why are businesses predominantly in the hands of local residents, while in Yangshuo there is much external and international capital in tourism businesses? What are the implications of this?
4. What has been the government's role in tourism development? Does the government act as an operator, regulator, investment stimulator, promoter, co-ordinator, or educator?
5. In Daxu and Yangshuo, what are the advantages and disadvantages of the two different tourism development styles?

The potential of market demand and availability of tourism supply may directly reflect and contribute to a country's tourism development. In addition, the practices of various countries in their tourism development reveal that government policies are key elements in the tourism development (Zhang et al., 2000). This is especially the case in China, a country in transition from a planned to a market economy. Based on such an understanding of the changing nature of governmental involvement in China, this comparative study was developed to offer an empirical examination of the influences of governments, particularly local governments.

### **1.4 Thesis structure**

Chapter one is an introductory one to provide an overall profile of this research and this thesis. It has described the problems to be addressed, the purpose of the study and the specific research questions to guide the research. The reasoning for developing this research topic is also provided in this chapter.

Chapter two reviews previous studies on the relationship between the types and effects of tourism development, China's tourism policy decentralization, political dimension of tourism research, relationship between local residents' attitude and tourism development, issues in

heritage tourism, and recent empirical studies on China's tourism. The gaps in the literature that will be addressed in this study are also identified.

Chapter three describes the research methodology. It explains the rationale for selecting the study sites and introduces them briefly. Details of questionnaire surveys, government interviews and entrepreneur interviews are given. Other methods that were used, such as the collection of secondary data and on-site observation, are also introduced. The timing of the field research and the pilot tests are also described.

Chapter four presents the findings based on analyses of both the quantitative and qualitative data collected in the field research. Findings are divided into four sections: tourists, entrepreneurs, residents and governments. Each section is provided with a section summary at the end.

Chapter five consists of a discussion on tourism development levels of Daxu and Yangshuo, measures that should be taken, government behaviour regarding tourism administration, and finally, the complexity of heritage tourism and the importance of the local government.

In chapter six, the academic and practical implications for the study of heritage tourism development will be proposed. The purpose of the study is reviewed and, finally, the contributions of this study will be stated and future research opportunities will be identified.

## **2. Literature review**

This chapter firstly reviews previous research on tourism in developing countries, government and tourism which comprises of government influence in tourism development, government's role in tourism development, and recent empirical studies on China's tourism. Then, studies on tourism impact are also reviewed. Finally, the gaps in the literature are identified.

### **2.1 Tourism in developing countries**

All over the world, small enterprises are common in tourism areas. In the initial stage of tourism development, especially in small towns, locally-owned small operations can be the major type of tourism business. Though small individually, together, the small tourism businesses can constitute a substantial part of the business community and their characteristic products can satisfy most tourists' shopping needs. Such tourism entrepreneurs may play an essential part in defining the character of a tourism destination. In Xishuangbanna, China, tourism entrepreneurs were found to be dominant in defining essential aspects of authentic minority culture (Yang, 2007). Entrepreneurs were very active in the selection and modification of culture to produce "authentic" cultural products to meet commercial needs and tourists' interests. Their activities greatly determined what should be revived, developed and preserved in ethnic villages (Yang, 2007).

In previous studies, several scholars (e.g. O'Donnell & Cummins, 1999; Lynch, 2000) observed that an important factor in the existence and effective functioning of small tourism businesses is social networking. Social networking is effective particularly in small societies such as towns and villages. Specifically, small businesses often rely heavily upon social and family networks for raising capital, recruiting labour, finding and accessing markets and getting business support (Fadahunsi, Smallbone, & Supri, 2000).

In the Chinese context, enterprises will inevitably cooperate, more or less, with the government to solve resident-business relationships (Sun & Bao, 2006). In the changing socio-economic conditions, entrepreneurs' expectations change with the societal context. According to Zhang et al.'s recent research, China's market mechanism is becoming mature and China's tourism industry is gradually becoming more oriented to international markets (Zhang et al., 2002). In such a situation, most tourism entrepreneurs wish the government to play a role at the macro-level, such as planning, marketing and legislating. However, the existing knowledge about such small tourism businesses appears to be very limited (Page, Forer, & Lawton, 1999).

Heritage tourism, which is often regarded as a form of cultural tourism, is one of the oldest form of travel and one of the most widespread types of tourism. History shows that even the ancient Egyptians, Romans, and the nobility of medieval times, traveled to experience historic places of cultural importance (Towner, 1996).

Many definitions of “heritage” exist. However, the most commonly accepted definition at its core is “the present day use of the past” (Ashworth, 2003; Graham, Ashworth, & Tunbridge, 2000). This definition is broad and incorporates both tangible and intangible features of culture. Some organizations, such as the United Nations Educational, Scientific and Cultural Organization (UNESCO), have extended the scope of heritage to include natural heritage as well (Boyd & Butler, 2000; Thorsell & Sigaty, 2001).

Heritage tourism in its nature is using the inheritance, which is the resources left by the past generations to the current generation, as the attraction to draw tourists (Nuryanti, 1996). In other words, it refers to the old and traditional things that are the attractions for tourists. Keeping the attractiveness of a heritage destination often means keeping the things old and traditional. On the other hand, tourism means change (Nuryanti, 1996). Tourism brings outside people who may be very different from the local people in terms of languages, values and lifestyles, to the destination to consume the heritage. And these new and different things impact the old and traditional things in the heritage site. Changes thus occur to the host community. The cultural heritage can change more or less, in line with the development of heritage tourism. In order for the heritage, especially intangible heritage, to stay attractive, the destination must take measures to keep their heritage. Sustainability requires a good balance between the current generation and the future generations. Good management is critical to striking the balance. For tangible heritage, visitation has the potential to hurt the physical appearance of the heritage. Examples of such negative impacts can be found in Peking Man World Heritage Site in China (Li, Wu, & Cai, 2008).

The use of intangible heritage for tourism also requires planning, though it may take a very different form from the planning of tangible heritage. The absence of planning for intangible heritage may lead to the “compromise of the cultural values” (du Cros, 2001).

## **2.2 Government and tourism**

Massive and global involvement of governments in tourism development has occurred (Matthews & Richter, 1991), in the face of which, the political dimension of tourism has been proposed as being both important and neglected (e.g. Elliott, 1987; Matthews, 1975; Jones,

1986; Powers, 1987; Richter, 1983a, 1983b, 1985). Research on tourism policies and public administration will contribute to tourism education and training (Matthews & Richter, 1991). As most levels of government today have some agency in charge of tourism, personnel are needed for tourism administration positions (Matthews & Richter, 1991). In addition, understanding of international law, politics, and government are essential to successful tourism professionals. Insights on the intersection of political science and tourism will be required to guide the phenomenon of massive tourism in the twenty-first century (Matthews & Richter, 1991).

As a social and economic activity, tourism impinges upon a wide range of issues in which governments are normally interested (Airey, 1983). In European countries, governments had once been reluctant to involve themselves in tourism. However, as tourism had grown rapidly and impinged upon a great many aspects of national life, government intervention became inevitable in the interests of general, social or economic policy (Airey, 1983). In the past century, particularly in the 1980s, a number of studies has emerged that address governments' perspectives, roles and involvement in tourism (e.g. Airey, 1983; Akama, 2002; Clottey & Lennon, 2003; Elliott, 1987; Matthews, 1975; Jones, 1986; Powers, 1987; Richter, 1983a, 1983b, 1985; Hall, 1994; Mak & Moncur, 1998; Zhang, Chong, & Ap 1999; Hughes, 1984; Yang & Wall, 2007).

The cause of the increased interest in governments of all types and at all levels is the increased economic importance of tourism (Airey, 1983; Jenkins & Henry, 1982; Clottey & Lennon, 2003), or because of a "tourism downturn" (Elliott, 1987), or the social, and environmental implications of it (Airey, 1983), or sometimes equity consideration (Hughes, 1984). In the new millennium, international traveling and tourism have been involved in and affected by many global health events, such as the SARS in 2003, bird flu, H1N1 flu in 2009, and so on. There is a growing number of public health crises associated with global tourism (Richter, 2003). Public health crises have posed greater demands on the co-ordination of powers regardless the country boundaries and ideologies (Richter, 2003). All of these factors impinge upon, more or less, all types of government, and all of these factors call for more research into the political dimensions of tourism.

### **2.2.1 Government influences on tourism**

Governments must be involved in tourism, at least to provide macro-environment and to attain macro-objectives. Wood (1980) noted:

“Tourism represents a new relationship with both the national and world economy and, because of this, nearly always involves a greatly expanded role of the state. At a minimum, the state must cooperate with tourism development, for example, in visa policy, foreign exchange requirements, and import regulations” (Wood, 1980).

Jenkins and Henry (1982) concluded that in socialist countries, where the private sector was small or non-existent, the level of government involvement would be greater than in countries where a predominant free enterprise philosophy existed. In practice, when pursuing development, many developing countries face a scarcity of human and financial resources, and the inexperience of the private sector is visible (Zhang et al., 1999). In such a situation, governments in developing countries tend to be more actively involved and, on many occasions, take a key role in the operation of the tourism industry (Zhang et al., 1999). In addition, Jenkins and Henry (1982) suggested that the impact of tourism on a host country is primarily a concern and responsibility of government rather than the private sector. Private sector involvement in tourism is probably motivated by opportunities for profitable investment, and entrepreneurs’ priorities are likely to be related to financial and economic gains. They also pointed out that there are conflicts and problems relating to the development of tourism which can only be resolved by government (Jenkins & Henry, 1982), particularly when the interests of the private sector diverge from those of the community and country as a whole.

Political objectives also play a significant role in mature travel destinations, not only in developing economies. In a study of Hanauma Bay, Hawaii, Mak and Moncur (1998) found that environmental efficiency can be attained only when it is consistent with attaining political balance. The government desires all the goals of a quality environment, economic benefit, and a political equilibrium. However, the first two goals often conflict with political balance, resulting typically in a second-best outcome.

Hall (1994) also argued that state government often influences tourism administration, policy making, and the distribution of power amongst the people or businesses involved in tourism industry. In North Carolina, despite bringing in tremendous revenues to many destinations, financial support for tourism is, at times, overlooked by state legislators and/or policy makers (McGeheea, Meng, & Tepanob, 2006). McGeheea et al.’s study (2006) examined the knowledge and opinions of North Carolina legislators regarding the tourism industry in the 1990s and the beginnings of new century. Their findings suggest that legislators generally hold a positive attitude toward the economic importance of tourism. Even so, their knowledge, image, and attitude toward the tourism industry still need improvement.

Cultural heritage tourism products are inter-related with politics and government, as noted by Hall (1994) and Elliott (1987). Tangible tourism products can carry specific social values. Dialogues about the role of culture and the significance of tourism continue daily in the countries of Central and Eastern Europe (Hughes, 1984). In some Central and Eastern European countries, both culture and tourism have been used as a tool to display a disconnection with the past. The willingness and eagerness to embrace wider European identities have been conveyed. Intention to establish a particular national identity has been emphasized, as Hall (1999) pointed out that post-communist governments are keen to construct a national identity free from any connection with communism.

China's tourism policies have a profound impact on tourism industry. Gao and Zhang (1983) demonstrated that "such policy has made China's tourism take on a new look". China is a developing country which experienced a planned economy after 1949. Starting in 1978, China began to adopt a market economy. Until the 1980s, China's interest in tourism was primarily driven by political motivations (Richter, 1983a). At the end of the 1980s, following the progress of China's economic reform, the tourism industry began to be transformed into a market economy (Zhang, 1997) although, in the 1980s, tourism was regarded as a sector allied to Deng Xiaoping's "Four Modernizations" campaign (Richter, 1983a). Although China has gradually moved towards a market orientation for some time now, in many areas of China, characteristics of a planned economy still exist (Zhang et al., 1999). After three decades of reform, the eastern coastal areas are more open and free in economic activities; however, in areas in the inner part of China, the private sector remains largely inactive. In these areas, the government's role, at all levels, has been found to be decisive in guiding tourism development (Zhang et al., 1999). Visa policies significantly influence the accessibility of a destination and thus influence the volume of international tourism (Xie, 2001). Based on studies done in the 1990s in Guilin, Suzhou and Beidaihe, China, Xu (1999) pointed out that companies in public ownership dominated the economy and state interventions in tourism development were pervasive. On an administration level, governments acted as regulators, planners, and co-ordinators and arbiters among competing interests. On an investment level, the state was directly involved in key business areas, such as the government's exclusive control over air transportation, the large state-owned sector in travel services (Qu, Ennewb, & Sinclair, 2005), and the considerable involvement in hotel businesses (Xu, 1999). Nevertheless, on the whole, non-central and non-state investment was taking an important role in the tourism marketplace. In general, non-state tourism investment was composed of foreign direct investment in joint ventures, principally in the international

hotel sector, and the investment made by individual households and “small collectives” in accommodation, restaurants, and souvenir businesses (Xu, 1999).

A market orientation is becoming increasingly desirable in China. For some time, a market orientation in tourism has been promoted to improve the competitiveness of businesses (Qu et al., 2005). In contrast to the planned economy, advocates of a market orientation in tourism espouse limited government influence and enhanced entrepreneurialism to increase product quality, fair competition and consumer protection (Qu et al., 2005).

Regarding the position of the government in tourism development, scholars have expressed different arguments. Choy (1993) argued that there was no “a priori” reason for believing that the government of a developing country would have sufficient expertise to develop tourism successfully when a strong and tourism-experienced private sector did not exist. However, in the case of China, government has been successful in expediting the development of tourism from its initial stages to the present day (Zhang, et al., 1999). In the 1980s, the Chinese government was credited with doing a good job in the economic organization of the tourism industry, since it avoided many of the glaring social and economic mistakes of earlier third world tourism (Richter, 1983a). In the 1980s, China’s potential for healthy tourism development was predicted to be far greater than that of most third world societies (Richter, 1983a).

Although reaping the political and economic benefits of a government-led tourism industry reform, China’s essentially top-down system also has been criticised. Zhang, Chong and Jenkins (2002) pointed out that the tourism policy implementation pattern involved traits of a top-down process. Specifically, to a large extent, tourism policy decisions have been made in the top level of tourism administrations (Zhang et al., 2002), as influenced by other strong bureaus. Once the decisions have been made, the administrations implemented those policies and then observed responses from the enterprises. If no strong resistance was received from enterprises, the policies would continue to be in effect; however, if resistance was strong, the administrations often needed a long time to revise the policies (Zhang et al., 2002).

Although defects of the Chinese government’s control over tourism have been pointed out, a number of tourism academics have still suggested that it was necessary for China to adopt a “government-led” strategy in many aspects of tourism development (Deng, 2000; Zhong, 1999; Jiang, 2008). They believe that in a transitional socialist country, like China, without government involvement, tourism development would have lacked direction, coordination

and cohesion, and many tasks relating to public interest should be done by the government instead of individual firms. The rapid and continuous tourism development in many areas of China since 1990s is a good proof for “government-led” tourism development strategy. However, the guiding and restricting policies also have the potential to bring about unintended adverse consequences (Akama, 2002).

Given the influence of government policies, the examinations of government’s perspectives on tourism development are needed, particularly in sensitive areas such as heritage tourism.

### **2.2.2 Government roles in tourism development**

In practice, the government may take very different roles in different socio-economic situations. Some scholars, such as Hall (1994) and Zhang, et al. (1999) have probed the types of roles that government may take in tourism. Jenkins and Henry (1982) proposed passive and active government involvements, presented the case for active government involvement in the development of tourism and examined the need for active involvement by governments in developing countries. Tourism has the potential to generate foreign exchange earnings as well as cause economic leakages which jeopardize the economy. To reduce leakages, the carefully review of the nature and level of tourism-related imports are necessary and a substitution strategy should be purposefully encouraged (Jenkins & Henry, 1982). Large amounts of foreign capital for infrastructure may be borrowed by many developing countries to initiate tourism development. In order to make the best use of this type of long-term and probably risky investment, governments should ensure that the incentives offered to investors can attract the right type of infrastructure that meets the objectives of the tourism development plan (Jenkins & Henry, 1982). Job creation is often advocated to be an advantage of tourism development. However, active government intervention is required if the potential of local employment is to be realized to the fullest possible extent. In the short term, the employment is observed as low-skilled and low-paid type. In the longer term, government must provide suitable education and training to ascertain that nationals take advantage of career opportunities in tourism (Jenkins & Henry, 1982). Tourism development also poses particular environmental risks, and land use tensions. In areas where the natural environment comprises the main tourism attractions, uncontrolled tourism development can result in serious environmental problems, and thus erode attractiveness. The role of government is to establish appropriate land use policies and protect the rights and interests of local people otherwise small, local grievances can worsen into major social and political problems (Jenkins & Henry, 1982). It should be noticed that, government is also dynamic, and the focus of the government on tourism can change because of changing priorities. As

observed from Africa, government roles in tourism change with new conditions in international inbound tourism (Dieke, 2003). The nature of tourism governance changes by its constant interaction with political, social and economic components of the polity. In some countries, like Turkey, a fashion of transformation in the nature of tourism governance is observed since the 80s, from a basically state-sponsored and managed development to different forms of public-private partnership. However, this transformation is under the restriction of Turkey's political culture (Goymen, 2000).

Zhang, Chong and Ap (1999) identified the roles played by the Chinese government in developing foreign inbound tourism. They categorized the Chinese government's roles into six categories: (1) Operator, (2) Regulator, (3) Investment stimulator, (4) Promoter, (5) Co-ordinator, and (6) Educator. In their view, an operator role indicates ownership, provision of infrastructure, and operation of tourism business activities; a regulator role involves the formulation and implementation of regulations; investment stimulator means accelerating tourism investment through the provision of financial incentives; a promoter role mainly refers to spending money on the promotion of tourism in the marketplace; a co-ordinator role means co-ordinating the work of different government and non-government agents for tourism; the educator role is to establish tourism education institutions and to provide training programs (Zhang, et al., 1999).

Noticeably, Zhang et al.'s analysis (1999) refers to China's international inbound tourism. In addition, as their work heavily relies on government documents and literature, the analysis remains on the policy level with little indication of what is actually happening on the ground.

To date (2009), much of the academic work on China's tourism has devoted mainly on the national and macro context, such as the dissolving of barriers to China's foreign inbound tourism (e.g. Lew & Yu, 1995; Zhang, 1997; Sofield & Li, 1998; Zhang, Chong, & Ap; 1999; Oosterhaven & Fan, 2006), national level tourism policies and situations (Gao & Zhang, 1983; Sofield & Li, 1998), regional economic analyses (e.g. Wen & Tisdell, 2001; Xu, 1999), market transition of tourism sector (e.g. Cai, 2004; Qu, Ennewb, & Sinclair, 2005), and the unfolding of the rapid domestic markets (e.g. Wu, Zhu, & Xu, 2000; Gao, Huang, & Huang, 2009). There has also been some case study investigation into the effects of tourism on the cultural commodification and on ethnic minorities (e.g. Swain, 1990; Li, 2002; Yang, 2007; Cable, 2008). In recent years, a number of studies has been undertaken of tourism development in the heritage towns (e.g. Fan, Wall, & Mitchell, 2008; Huang, Wall, & Mitchell, 2007), and of the journey to and from tourism destinations (Su & Wall, 2009). In common, most of these studies, except the last one, notify the importance of the government.

In addition, while these studies contribute to the understanding of the changing situation of tourism development on the macro-level, the small tourism areas have not received enough attention.

Several studies have mentioned Chinese government's involvement in ethnic tourism. In Xie's study in Hainan (2003), governments were found to accord a great deal of attention to economic development through mass tourism and commodification of tourism resources. At the same time, cultural preservation and sustainable tourism development had not gained much attention (Xie, 2003). An examination of ethnic tourism in Xishuangbanna, China, suggests that different levels of government play key but different roles through regulation of production, consumption and investment (Yang, Wall, & Smith, 2008). In promoting ethnic tourism as Yunnan's development strategy, government decisions tend to create tensions, because of regulation contradictions, issues of residents' rights and the relationships of government agents with entrepreneurs (Yang et al., 2008).

### **2.3 Tourism impacts**

Since the end of World War II, tourism has flourished and spread to all corners of the world. The popularity of tourism has been made possible by higher levels of productivity, advancements in transportation and telecommunication technology, and enhanced international relations (Timothy & Boyd, 2006). Tourism is one of the most powerful economic, social, cultural, ecological and political forces in changing the world today. Tourism is so powerful that it touches every nation, either directly or indirectly, and influences decision making at even the highest national levels (Timothy & Boyd, 2006).

Tourism can be an important part of the tertiary sector, especially in relatively small areas, such as specific towns and villages. Recent studies in China suggest that tourism can have multiple roles in a local economy that vary with the mix of sectors and the area. Tourism impact also varies with the types of tourism. According to Zhang et al. (2002), different types of tourism and investment structure have significantly different impacts on the well-being of local residents. To the people living in the tourism areas, the source of investment is a means to meet the goal of local development; however, the means do affect the end (Zhang et al., 2002). The ownership structure of enterprises is a vital determinant of the distribution of tourism revenues in Guilin, China, and one reason why Guilin does not retain much of its tourism income is because the enterprise structure is dominated by external capital (Zhang et al., 2002). The over-dependency on external capital and skills is a reason for the reduced revenue base of Guilin's local economy (Zhang et al., 2002). It can be concluded that the

source of investment and the style of development do have an impact on the effects of development.

Some scholars (e.g. Richter & Richter, 1985; Zhang et. al, 2002) have attempted to explore the formation of types of tourism development. Since tourism occurs in the context of human society, the style of tourism can be tied to particular social, economic and political environments. When making a tourism policy choice, government may consider many factors. They involve themselves in tourism development to varying degrees and respond to policy choices in different ways (Richter & Richter, 1985). Richter and Richter (1985) examined tourism policy choices in South Asian countries on such policy options as public versus private tourism development; domestic versus international tourism; niche versus mass tourism; centralization versus decentralization; and integrated versus enclave tourism. Richter and Richter (1985) found that governments made tourism policy choices based on political and cultural considerations, as much as on economic factors.

In a socialist country, the formation of tourism development style can be closely related to government behaviour and tourism policies, thus government is a clue for the tourism development styles. A range of exclusive relationships exist in tourism, like the choice between having and not having tourism, between cultural commodification and preservation, between the desire for foreign exchange and local needs for increases in incomes, and so on. These choices can result in significantly different effects of tourism development, thus they deserve careful assessment of economic feasibility, and potential social cost, environmental durability, cultural impact and so on. However, local decision-makers have not paid much attention to the consequences of these choices and they are often particularly interested in international, big and modern projects (Zhang et al., 2002). Since only limited literature is devoted to such topics, local government's perspectives on tourism are not well understood.

In the tourism literature, local residents are thought to be among the most important stakeholders in tourism development. Based on the fact that local residents have inherent connections to their homeland, there are grounds to argue that local residents have good understanding of their homeland and their understanding sometimes exceeds the understanding of outsiders, even experts. Local people's participation can either foster or undermine the tourism development in their area. Hall (2000) commented that the involvement of local residents in the area is critical for tourism planning to succeed.

However, residents' opinions on tourism development are not self-evident, subject to their personal conditions, and change with the evolution of stages of tourism development (Doxey,

1975; Cooke, 1982; Spears & Boger, 2003). If they perceive tourism as beneficial to them, the chance for them to have a supportive attitude towards tourism is greater. Further, Cooke (1982) argued that when local residents perceived themselves as being able to influence decision making regarding tourism development, then they will show a more supportive attitude to it.

Doxey's (1975) Irridex is often used to describe residents' attitudes toward tourism development. Since this model is the most widely discussed one, it is introduced here. Irridex model was established based on the research on the Caribbean island of Barbados and in the Niagara Falls area in Canada. Doxey (1975) pointed out that residents' reaction to tourists change over time depending on the level of tourism development. The model described a sequence of residents' perceptions through four stages: euphoria, apathy, annoyance, and finally antagonism.

According to Doxey (1975), "euphoria" occurs in the initial stage of tourism development. In this stage, visitors are welcome; there are opportunities for local people, and new money flows in; but there is little planning or control mechanism. Then, residents' attitudes proceed to the second stage where visitors are taken for granted; they become targets for profit-making businesses, and contacts between residents and tourists become more commercial. The characteristic of the following stage is "saturation". There are too many people visiting the destination. The experience in the destination becomes unpleasant, especially in the peak season. This causes the local residents to begin to doubt the value of tourism. But tourism is still thought to be necessary, and planners seek to resolve problems by improving infrastructure rather than by limiting growth. But the situation gets worse. Open irritation against tourists, sometimes including strong levels of dislike, can be found. Tourists are seen as the cause of all problems. Planning is still undertaken. Besides, promotion is increased to offset the declining reputation of the destination. Tourists are now being (and are probably feeling) cheated, yet are also being blamed for increased crime and taxes, and for all sorts of everyday problems. This model may be logical but it shows only one direction of residents' attitude changes which is getting worse and worse. There are grounds to believe that there is a two way process between stages. For example, through counter measures in the antagonism stage, the reputation of the destination may be restored. Besides, there are likely to be other factors that will affect or determine the transition between stages; for example, the residents' benefit level will obviously affect their perception of tourists. Furthermore, communities are not homogeneous and in any stage a diversity of opinions may exist. However, Irridex is also criticized for its oversimplified generalization.

There are other ideas concerning change of time, such as Butler's life circle theory and Mitchell's heritage creative destruction model. In Mitchell's creative destruction model, the driving force for the investment in the production and promotion of heritage products is the desire to accumulate capital (Mitchell, 1998). This model assumes that modern people have a nostalgic appreciation for the simple, happy, and healthy life in the rural communities, and this appreciation motivates them to visit the heritage community and to consume heritage products (Mitchell, 1998). The consumption of heritage provides entrepreneurs with profits for further reinvestment. As investment grows bigger, the commodification of heritage also grows (Mitchell, 1998). Ultimately, the overly commodified heritage will result in the loss of appeal of the heritage, and the valued small-town "idyllic" atmosphere is consequently destructed (Mitchell, 1998).

The demographics of respondents can influence residents' attitudes toward tourism; for example, Spears and Boger (2003) found that gender, age, employment status, and income were strongly related to the perceived impacts of residents. However, it would be wrong to expect identical findings to occur across very different places for opinions are likely to vary with the nature of tourism, the stage of development, the state of the economy and many other factors.

## **2.4 Gaps in the literature**

The above sections have reviewed the tourism literature about types and effects of tourism development, decentralization of tourism policies, previous studies on government influence and roles, and the relationship between entrepreneurship and tourism, and the empirical studies that have been undertaken in recent years. Gaps in the literature will now be identified.

First, some scholars have noticed that a relationship exists between the type and the effects of tourism development. Their studies have focused mainly on investment structure and have examined the situation from a business perspective. Some scholars do offer a hint that government behaviour and tourism policies can influence the form that tourism takes, but the literature does not elaborate on it. Literature on this relationship is limited.

Secondly, some scholars have pointed out an important change in China's tourism policy after 1978 - decentralization. Studies have been undertaken to depict the consequences of this policy. Generally, scholars find that decentralization provides more room for local intelligence to play a part in the tourism sector. They have also found that decentralization has prompted differentiation of tourism supplies. However, the degree of decentralization is

not much addressed, leaving rooms for further studies.

Thirdly, government influence and government roles are addressed to a certain degree. Government's influence is found to be substantial. Some early studies asserted that without an experienced private sector, tourism could not succeed. Other studies asserted that tourism can progress well under the leadership of government, even though an experienced private sector may be absent. The government's roles in China's international inbound tourism have categorized as Operator, Regulator, Investment stimulator, Promoter, Co-ordinator, and Educator. This study made the attempt to summarize government's roles. These six roles are briefly explained and giving readers a brief impression of them. However, the study was based on analysis of government document and did not address the topic empirically.

More empirical studies of China's tourism have been conducted in recent years, which have pushed tourism research to a new level. There are now detailed studies of many areas of China. Interestingly though, only limited study has been done on Guilin and vicinity, one of the most renowned and classic tourism destinations in China, where there has been a great deal of tourism experience.

Finally, entrepreneurship was found to play a key role in tourism success. But the intricate relationships between government involvement, entrepreneurship and style of tourism development have been inadequately addressed.

A number of researchers (e.g. Airey, 1983; Akama, 2002; Clotey & Lennon, 2003; Elliott, 1987; Matthews, 1975; Jones, 1986; Powers, 1987; Richter, 1983a, 1983b; Hall, 1994; Mak & Moncur, 1998; Zhang, Chong, & Ap, 1999; Hughes, 1984; Yang & Wall, 2009) have addressed aspects of government involvement in tourism, mostly on the macro-level. However, the role of local government involvement in developing tourism, including township and county level governments, has not received much attention commensurate with its importance. Very few studies have referred to the local government's perception and roles in the tourism (e.g. Wheeler, 1993; Dredge, 2004), either in China or elsewhere, and even fewer studies have focused specifically on this topic.

Macro-level research alone risks misrepresenting the real influences on development (Marton, 2000; Milne & Ateljevic, 2001). Furthermore, the best level to understand the intersection between tourism and development is at the level in which tourism product planning and development are routinely undertaken (Clancy, 2001). Detailed comparative case studies of these themes are rare, if they exist at all. Without further examination of the specific ways

that governments influence the tourism sector, the nature of government involvement cannot be understood, nor can future trends be forecasted.

In an attempt to remedy these deficiencies, this paper examines and compares tourism development in Daxu town and Yangshuo town, Guilin city, Guangxi province, China. This will be done through the comparative examination of tourists' experiences, residents' perceptions of tourism impacts, entrepreneurs' motivations, situations and expectations, as they reflect the performances of governments.

## **2.5 Chapter summary**

This chapter reviewed previous research on the relationship between the types and effects of tourism development, China's tourism policy decentralization, and government influence and government role in tourism. Studies on residents' attitude and tourism development, issues in heritage tourism, recent empirical studies on China's tourism were also reviewed. Finally, gaps in the literature were pointed out.

### 3. Methodology

This chapter describes the research methods used in this study. Firstly, background information on Daxu ancient town and Yangshuo town is provided. Then, the research methods are presented and justified. Details of questionnaire surveys, government interviews and entrepreneur interviews are given. Supplementary methods, such as on-site observation and the use of secondary data, are also introduced. Then, details of the research procedures (pilot tests, operation of surveys and timing of field research) are given followed by an explanation of data analysis procedures.

#### 3.1 Introduction to the study areas

The research examines heritage tourism in two towns in the Guilin area, which was one of the first areas of China to be opened to tourism and is one of the most renowned tourism areas of China. Figure 3.1 presents Guilin City's location in China and Figure 3.2 further shows the location of Guilin City in Guangxi Zhuang Autonomous Region.



Figure 3.1: Location of Guilin City in China

(Source: <http://www.chinahighlights.com/citytour/>)



Figure 3.2: Location of Guilin city in Guangxi Zhuang Autonomous Region  
 (Source: <http://www.chinatour360.com/guilin/>)

The locations of Daxu and Yangshuo towns are shown in Figure 3.3. Lijiang River flows from north to south. Both Daxu and Yangshuo are on the Lijiang River Golden Waterway. They are located close to each other with about 50 kilometers' distance between them. One is the boarding area and the other is the debarkation point of the Lijiang River cruise ship.

There are obvious similarities and differences between the two towns. Both are on the Lijiang River. In terms of tourism attractions, a well-known attraction of Daxu is a stone-paved ancient street that runs through the town, while one of the most renowned attractions of Yangshuo is also an old street. For this study of heritage tourism development, Yangshuo town was chosen because it is a historic town, its tourism is renowned, and it is a good example of recent, apparently successful, tourism development. Daxu was chosen because it is also a historic town, it is also beside Lijiang River and it has taken a different direction in tourism development. Daxu and Yangshuo in Guilin, Guangxi, China, both have great potential for heritage tourism and, as such, are good places to compare.

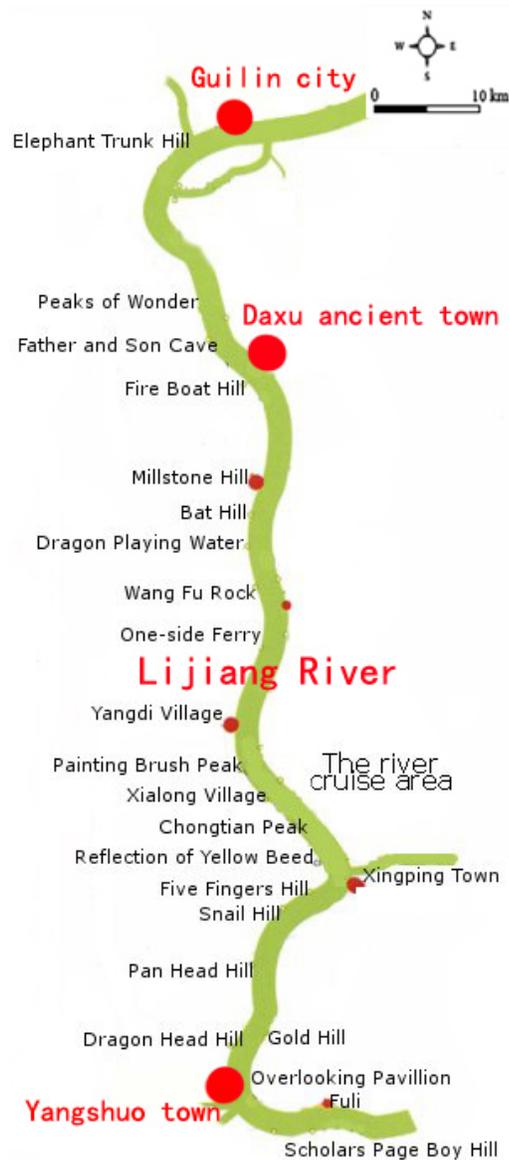


Figure 3.3: Location of Daxu and Yangshuo on the bank of Lijiang River  
 (Source: <http://www.chinatrekking.com/maps/guangxi-maps/li-river-cruise-maps>)

### 3.1.1 Daxu ancient town

Daxu town, approximately 19 kilometers south-east of Guilin City, covers an area of 194 square meters, with a population of 52,300 in 17 natural villages and 1 urban community. Daxu dates back to 200 B.C. In the Qin and Han Dynasties (B.C.221-A.D.220), Daxu became the uniting point for land and waterway transportation. Around 1400 A.D., Daxu grew into a big market extending for about 5 kilometers, and became the leader of four renowned ancient towns in Guangxi Province. Because it was such a big market, the town was named “Daxu”,

meaning a big market.

Daxu was an important harbor on the Lijiang River since ancient times. In the Ming and Qing Dynasties (1368-1911), commerce boomed and the narrow Lingqu channel and the following part of the Lijiang River could not satisfy the needs of bigger ships. So the government and business people paved an on-land pathway to by-pass the narrow waterway. Business people transported their goods by road from Hunan's Lingling to Guangxi's Daxu. From Daxu, they used the waterway again because, starting from Daxu, the river was broad enough for big ships. From this time, Daxu became the junction of the waterway and road, a critical place for commercial transportation between south and central China. This commercial way was vital for goods transportation, and was called China's "Southern Silk Way". After Daxu, the waterway went to by Yangshuo and Wuzhou, to Guangzhou sea port.



Figure 3.4: Handicraft product shop in Daxu's ancient street  
(Source: Photo taken by the author)

Daxu Ancient Town began to flourish during the Ming Dynasty (1368-1644) when it became the commercial leader in the area (China Highlights, 2009). Most of Daxu's inhabitants were traders and Daxu's market was well-known all over southern China. The town was built according to commercial considerations. The docks were built along the Lijiang River and shops (including resident houses) were built beside the docks for the convenience of shipping and unloading goods. Commerce was prosperous in Daxu and a complete range of products

were sold. According to government document, in *Minguo Times* (1911-1949), the “eight big streets” were formed, namely Laoxu Street, Diling Street, Long’an Street, Xinglong Street, Tangfang Street, Gulou Street, Siying Street and Jiangshe Street (Lei, 2009). There were grain shops, salt shops, wine shops, goods stands, poultry shops, fabric shops, fruit shops, grocery shops, medical clinics, handicraft shops and so on (Xie, 2008). Figure 3.4 shows one handicraft product shop. There are still 13 docks along the old street from which the prosperity of the old days can be imagined. Daxu was a busy trading centre, and the connecting point of Hunan, Guangxi, Guangdong, and Jiangxi Provinces. The thirteen docks along the old street are still there, and the tradition of going to market is still practiced on every date of 2, 5 and 8 (Interviews with residents in Daxu ancient town, 2009).

The town’s Ming and Qing (1368-1911) architectures are distinguished by their magnificence, refinement and practicality, presenting a special commercial townscape (Xie, 2008). The wooden architecture is decorated with colorful eaves, intricately-carved doors and windows, and still forms the homes of many local residents. Daxu has kept an approximately 2.3 kilometer long stone-paved old street. The old streets were paved with 15,000 pieces of dark green limestone and were worn smooth by shoes, carts and rain. With old residences, shops and stalls, the ancient town keeps its ancient style Figure 3.5 shows a view of Daxu’s ancient street.



Figure 3.5: Daxu’s ancient street

(Source: Photo taken by the author)

Over the past centuries, Daxu had been one of Lijiang River’s four most important harbours (Xie, 2008). In 1930, when the Hunan-Guangxi railroad and the Guihuang high-road were built and put in use, river shipping was replaced (Xie, 2008). Starting from this time, the

thousand-year-old commercial centre retreated out of mainstream society and the town became quiet (Xie, 2008). But many local residents still keep their traditional handcrafts and businesses, such as home workshops producing rice wine, carpentry, bamboo baskets and traditional Chinese medicine. There are about 20 clinics along the street, some of which specialize in gynecology and some in pediatrics (China Discover, 2009). Upon entry into a clinic, the scent of medical herbs and time-worn medicine chests tell the history of the clinic. The rice wine workshop keeps the old way of brewing wines by using old barrels, baskets and a distillery.

With a long history and enchanting scenery, the area is popular with makers of films and TV serials. Many scenes of the famous Chinese film “Liu Sanjie” were shot on location in the town. The local food, customs, entertainment and traditional culture give a lasting impression to tourists.

Daxu ancient town was entitled “Cultural Heritage Town of China” in 2005. Cultural Heritage Towns of China are selected by the Ministry of Construction and the National Cultural Heritage Bureau of China, to honour the towns that have outstanding heritage resources, have significant historic and commemorative values, and can fully reflect the traditions of local ethnic characteristics (Baidu Baike, 2009).

### **3.1.2 Yangshuo town**

Similar to Daxu, Yangshuo town was also a harbour on the Lijiang River. Yangshuo town, now the centre of Yangshuo County, covers an area of 76.5 square meters, with a population of 44, 276 in five natural villages and 6 urban communities (Yangshuo town government, 2009). With over 1400 years of history, Yangshuo town is now a tourism destination and distributing centre (Yangshuo Tourism Bureau, 2002). The town has numerous hills dotted irregularly, a street with an antique atmosphere, and a serene and elegant environment.

Yangshuo town is the “county-seat” of Yangshuo County (Xu, 1999) and it has gained tourism prominence. Early in the 1980s, many foreign backpackers were drawn here by the introduction in the ‘Lonely Planet’. Since then, Yangshuo town has become an international town, nestled in one of the most dramatic karst landscapes in China.



Figure 3.6: Foreign tourists in Yangshuo town  
(Source: Photo taken by the author)

Although having a long history, Yangshuo is now more of an international backpacking destination than a Chinese ancient town (Xie, 2008). Diverse ethnic minority groups, including Yao, Zhuang and others, enrich it with special folk cultures represented by their various festivals; while the many foreign tourists add an international exotic flavor. Figure 3.6 shows some foreign tourists in Yangshuo.

Streets in Yangshuo town are well kept in the original style, presenting the simple atmosphere of the ancient town (Travel China Guide, 2009). West Street is the most exciting one that locals call the “Global Village”. Figure 3.7 provides a view of West Street. On West Street, there are not only many foreign tourists, but also quite a number of foreign residents running cafes and restaurants. Figure 3.8 shows Jimmy’s Cafe and Bar on 101 West Street in Yangshuo. The exotic atmosphere, combined with the traditional culture, has given West Street an international reputation.

Yangshuo also attracts tourists with its delicious specialty foods, such as Beer-fish, Niang dishes and special snacks, including rice noodles and various glutinous rice cakes. Tourists can taste foods in most streets of the town. Local products, such as kumquats and Chinese chestnuts, are also available. Souvenirs, such as painted fans, embroidered balls and painted shirts, are sold. Tourists can buy these articles both in the tourist spots and in the town’s malls.



Figure 3.7: A view of West Street in Yangshuo town  
(Source: Photo taken by the author)



Figure 3.8: Jimmy's Cafe & Bar at 101 West Street in Yangshuo town  
(Source: Photo taken by the author)

## **3.2 Research methods**

As Babbie (1989) stated, field research is a social research method that involves the direct observation of social phenomena in their natural settings. Field research is an umbrella of activity under which many techniques may be used for gaining the desired end (Schatzman & Strauss, 1973). In order to have a systematic understanding of the process of tourism development in Daxu and Yangshuo, qualitative field research was employed in addition to quantitative surveys, as qualitative field research is well suited to the study of social process over time (Babbie, 2001). This research has used both qualitative and quantitative methods of data collection and analysis. In-depth interviews were conducted with tourism entrepreneurs, and with government officials and residents. By doing so, a balance and synthesis of the viewpoints could be achieved.

In June and July 2009, intensive field research was conducted in Daxu and Yangshuo, Guangxi Zhuang Autonomous Region, China. Data were collected using a variety of methods during the two months' period. All the surveys, interview questions, participant recruitment materials, introduction letters and thank-you letters are provided in the appendix of this thesis.

At the beginning of the author's return to China, it was suggested that she stay indoors for health observation for seven days, because the author arrived from an H1N1 flu affected area. China was very cautious about the possible spread of H1N1 flu. During the seven days, some pilot tests were conducted; questionnaires were modified, translated and printed. After seven days, the author was able to actually start the surveys and interviews.

### **3.2.1 Questionnaire survey**

Between June and July 2009, a total of 400 questionnaire surveys were distributed in Daxu and Yangshuo, 200 for residents, and 200 for tourists. The resident survey was designed to understand local residents' perceptions of tourism impacts. Their judgments on the local governments' performance in tourism administration and promotion were also covered in the survey.

In Daxu, 100 resident surveys were conducted in the Central Square and on its ancient streets. In Yangshuo, 100 resident surveys were conducted in Yangshuo Park, on Pantao Road and surrounding areas. The virtually same survey, with minor variation for local reality, was used in Daxu and Yangshuo for the purpose of comparison. Also for the same purpose, the number of surveys was the same for the two towns (100 in each town). However, differences were found in response rates and usable survey numbers. In Daxu ancient town, only 54 resident

surveys are usable, while in Yangshuo town, 85 surveys are usable.

Like resident surveys, a total of 200 tourist surveys were distributed in Daxu and Yangshuo (100 in each town). In Daxu, tourist surveys took place at the entrances of tourist attractions: Daxu ancient streets, Maozhou Island and Gudong waterfalls. In Yangshuo, tourist surveys took place in Yangshuo Park, on West Street, and on Guihua Road. In Daxu ancient town, 76 tourist surveys are usable, while in Yangshuo town, 90 tourist surveys are usable. Again, for the purpose of comparison, a virtually same set of survey was employed in the two towns. Table 3.1 summarizes the resident and tourist surveys.

Table 3.1: Details of surveys

	Daxu		Yangshuo	
	Resident	Tourist	Resident	Tourist
Sampling locations	Old street, Central Square	Old streets, Gudong waterfalls etc.	Yangshuo park, Pantao road etc.	West Street, Yangshuo Park Guihua street
Number of surveys distributed	100	100	100	100
Number of surveys usable	54	76	85	90
Percentage of surveys usable	54	76	85	90

### 3.2.2 Interviews

#### Interviews with government official

Seventeen government officials were interviewed. As the research direction involves “government perspectives”, interviews with government officials are an indispensable part of the research. After initial on-site investigation, the researcher found the hierarchical system of tourism governance in the two towns. Daxu town’s local tourism administration is under the charge of Daxu township government which, in turn, is under Lingchuan County government. In the same pattern, Yangshuo town’s local tourism administration is under the charge of Yangshuo township government which, in turn, is under the charge of Yangshuo County government.

The author interviewed personnel from both town and county levels of tourism administration to learn their views on, and experiences in, the policy, planning, regulation, management and development of the tourism sector. The current situation of tourism, roles of the state, the existing problems, and challenges for future progress were also explored with government officials.

In Daxu ancient town and Lingchuan county, 7 government officials joined the in-depth

interviews; In Yangshuo town and Yangshuo county, 10 government officials joined the interviews. Interviewees included the towns' heads, tourism planning offices, tourism regulators, and so on. In practice, each interview spanned from 20 minutes to 60 minutes, while most interviews lasted around 40 minutes. Like the surveys, all the government interviews were conducted in June and July, 2009. Table 3.2 gives more details about the government interviews.

Table 3.2: Details on the 17 government interviews

Location	Work position
Daxu ancient town	Vice-director of Daxu Town
	Daxu Town CCP Administrator
	Daxu Villager Administrator
	Residents Association Administrator
Lingchuan county	Vice-director of Lingchuan Tourism Bureau
	Chief Administrator of Lingchuan Tourism Bureau
	Tourism Industry Regulation Office
Yangshuo town	Vice-director of Yangshuo Township
	Vice-director of Yangshuo Township
	Yangshuo Town Tourism Station
	Yangshuo Town CCP Administrator
	Assistant in Yangshuo Town Environmental Protection
Yangshuo county	Vice-director of Yangshuo Tourism Bureau
	Vice-director of Yangshuo Tourism Bureau
	Chief Secretary of Yangshuo Tourism Bureau
	Yangshuo County Business Bureau
	Yangshuo County Business Bureau

### **Interviews with entrepreneurs**

In addition to government officials, 30 entrepreneurs were also interviewed. They were not only an additional source of information; they were used as a triangulation strategy to complement the interviews with government officials. In the two months of field research, 30 entrepreneur interviews were conducted, 13 in Daxu ancient town and 17 in Yangshuo town (Table 3.3).

Table 3.3: Details on the 30 entrepreneur interviews

Location	Name of shop	Type of business
Daxu ancient town	Ancient Town Drink Bar	Drinks
	Xiu Gong Fang	Embroidery workshop
	Rentai Hall	Herbal medication
	Huangs' Herbal	Herbal medication
	Ancient Town Fish Restaurant	Chinese restaurant
	No. 28 Rural Eating	Chinese restaurant
	Li Baoyi Arts	Arts workshop
	Ma's	Chinese painting workshop
	No name shop	Bottled drinks
	No name shop	Bamboo-strip spinning mill
	Liao Jiuli	House-seeing
	Li Wanyuan	House-seeing
	Jiu Fang	Rice wine
Yangshuo town	Ali Red Star Express	Western restaurant
	Sunshine Cafe	Western restaurant
	Yi Kui Wa Lijiang River Beer Fish	Chinese restaurant
	Shouzi Rice Noodles	Chinese restaurant
	Mango Travel	Tourism agency
	Yangshuo Tourism Information Service Center	Tourism agency
	Guishu	Rock climbing agency
	White Lion Hotel	Hotel
	Qinling Luguan	Resident Hostel
	Luchen Kezhan	Resident Hostel
	Xijiechuanren Hotel	Resident Hostel
	Mrs Candy's	Snacks
	Huangs' Maid Juice	Drinks
	Yunhong Chopsticks	Souvenir
	Yishuyiguo Notebooks	Souvenir
	No name booth	Souvenir
	Liu Huansong's	Office supplies

For the field research, one advantage of the author is that she is culturally close to the societies of Daxu and Yangshuo. After the interviews / discussions, some entrepreneurs were glad to be photographed by the author. One example is “Mrs. Candy”. She has been running her snack business in Yangshuo for 8 years. With the growth of her small business, “Mrs. Candy” has seen and experienced the path of tourism growth on West Street, Yangshuo.

### **3.2.3 Other methods**

In addition to the formal surveys and interviews, many informal discussions with residents, tourists and entrepreneurs were conducted.

Useful statistics were obtained from tourism bureau offices and township governments. Scholarly publications on tourism of Daxu and Yangshuo and the government's role in tourism were obtained. These secondary resources provide useful information on the history, current situation, and magnitude of heritage tourism and the changing roles and objectives of the government in directing heritage tourism development.

On-site observation is another method employed in Daxu and Yangshuo. Many pictures and notes were taken to record the operations of shops, residents' lives and tourists' activities. Pictures were taken also to demonstrate the heritage value of the two towns.

## **3.3 Research procedures**

The research began with a review of academic articles, released government documents, newspaper reports, and online information. Then, questionnaires and interview questions were designed and discussed with the help of the author's supervisor.

Through pre-research, it was known that residents and tourists in Daxu and Yangshuo are both Chinese and international. Therefore, both kinds of questionnaires were prepared in Chinese and in English.

### **3.3.1 Pilot tests**

Before the actual survey with residents and tourists was undertaken, pilot tests were carried out with Chinese-speaking and English-speaking participants. The purpose of the pilot tests was to ensure the clarity of the questionnaires, for example, to see if the wording of the questionnaire accurately conveyed the intended meaning. Pilot tests were also useful in measuring how long it would take to complete a questionnaire. Pilot tests were done with both English speakers and Chinese speakers. As the English version of the questionnaires was approved by my supervisor and ethnic clearance officers, one British tourist was selected to test it in Yangshuo. Four Chinese speakers of different educational background and age were selected for the pilot tests in the University of Waterloo and in China. Adjustments on questionnaires were made based on the feedback of the pilot tests.

### **3.3.2 Operation of surveys and interviews**

From June to July 2009, resident surveys, tourist surveys, entrepreneur interviews and government official interviews were conducted in Daxu and Yangshuo, Guangxi Zhuang Autonomous Region, China.

The field research began with the surveys of local residents to collect data on their perceptions, assessments, satisfactions and expectations in light of the specific styles of tourism development in their towns. At the same time, surveys of tourists were on-going, in order to understand tourists' characteristics and activities. Demographic information of residents and tourists were collected as well.

Residents and tourists surveys were done on a random basis, which means the author approached every fifth person that she saw and invited this person to join the survey. If she was declined, she just looked for the next fifth person. This approach was applied in both Daxu and Yangshuo.

At the same time as the surveys progressed, a sample of tourists and local residents were interviewed on specific topics in more depth in order to better understand their perceptions of the impacts of tourism and the government's involvement.

Then, key-informant interviews with government officials and tourism entrepreneurs were conducted in order to understand their attitudes towards heritage tourism, and to identify the roles and objectives of government in heritage tourism development.

### **3.3.3 Timing of field research**

The field research was conducted in Daxu ancient town and Yangshuo town in June and July, 2009. This period in the summer time is the peak tourism season of the two towns, when the weather is pleasant and students and professionals have vacations.

## **3.4 Data analysis**

Qualitative and quantitative analytical methods were used in the research. The author learned to use the method of content analysis in the previous term of her study in Waterloo. Content analysis is a common technique for drawing conclusions by systematically identifying and

grouping the characteristics and patterns from qualitative data (Marshall & Rossman, 1989). A qualitative content analysis was carried out on interview scripts and official documents.

Quantitative methods such as frequencies, averages, and percentages were employed to analyze the quantitative data from surveys. In the survey, closed questions were coded into SPSS. Since the majority of the questions were answered on a 5-point Likert scale, 1 was coded as strongly disagree, 2 as disagree, 3 as neutral or don't know, 4 as agree, and 5 as strongly agree. For the sake of data analysis, all the incomplete questionnaires were put aside. Means and standard deviations were calculated. T-tests and Chi-square tests were conducted at appropriate places. Qualitative data in the surveys were analyzed through Content Analysis approach. Content Analysis, according to methodologists, involves the discovery of patterns and categories in the data (Luborsky, 1994). It has also been described as “a method for objective and systematic description of the manifest content of a text” (Berelson, 1952), to be carried out on the basis of “explicitly formulated rules and procedures” which aims for generalization from the analyzed text (Holsti, 1969).

### **3.5 Chapter summary**

In sum, questionnaire surveys and interviews were employed as the basic data collection approach. Questionnaire surveys were used to collect quantitative data on Daxu tourists, Daxu residents, Yangshuo tourists, and Yangshuo residents regarding their perspectives on the two towns' tourism situation. Interviews were conducted to explore further the two towns' tourism development mechanism. Government documents, scholarly articles and personal observation provided useful supplementary sources of information. SPSS software and content analysis techniques were used for data processing.

## **4. Findings**

Through quantitative and qualitative analyses of the data collected in Daxu and Yangshuo, this chapter summarizes the findings pertaining to tourism development in Daxu and Yangshuo. Tourists' experience, residents' view, and entrepreneurs' situation and expectation are stated. Then, government management is also analyzed.

### **4.1 Tourists**

In this section, results of analyses of survey data and interview data are presented to examine profiles of tourists and their attitudes toward heritage tourism. Tourists are one of the critical stakeholders in heritage tourism, and their behaviors and perspectives are central to examining the style of tourism development. Their assessments of the towns' attractions and satisfaction with their experiences are important indicators of the towns' tourism success.

#### **4.1.1 Profiles of Daxu and Yangshuo tourists**

The comparison of tourists starts with examination of respondents' demographic characteristics, which include gender, age and education level. There are 76 usable surveys with Daxu tourists, and 90 with Yangshuo tourists, and the demographic characteristics are compared using Chi-square tests.

The demographic characteristics of Daxu and Yangshuo tourist respondents are presented in Table 4.1. Chi-square tests are employed to examine significant differences for each demographic character. Results show that the Daxu and Yangshuo tourist samples are particularly different in age, and in all other aspects are not found to be statistically different.

Table 4.1: Demographic characteristics of Daxu and Yangshuo tourist samples

		Daxu (%)	Yangshuo (%)	
<b>Gender</b>	Male	43	32	
	Female	57	68	
		Chi-square= 2.208	D.F. = 1	Sig. (2-sided)= .137
<b>Age</b>	18-40	17	91	
	41-60	67	8	
	61 and above	16	1	
		Chi-square= 92.278	D.F.= 2	Sig.(2-sided)= .000*
<b>Education</b>	Middle school	1	4	
	High school	24	20	
	Univ./college	67	66	
	Master Degree & above	8	10	
		Chi-square= 1.814	D.F.= 3	Sig.(2-sided)= .613
<b>Monthly Income (RMB)</b>	Less than 1000	38	47	
	1001-2000	20	17	
	2001-3000	22	13	
	3001-4000	13	9	
	More 4000	7	14	
		Chi-square= 5.881	D.F.= 4	Sig.(2-sided)= .208

\* Statistically significant at .05 level

In terms of gender, both town have more females participating in the survey, and no significant difference is detected for the two samples, as Chi-square= 2.208, P= .137. In Daxu, the proportion (57%) of female participants is higher than males (43%). The proportion of females (68%) is even more pronounced in Yangshao. The gender distribution is most likely explained by the fact that females are more likely to participate in a female researcher's survey.

Age differences appear as Chi-square=92.278, D.F. =2, Sig. (2-sided) =.000 (P<0.05). Daxu tourists tend to be middle-aged, and Yangshuo tourists tend to be younger. In Daxu, the majority of tourists' ages (67%) ranged from 41 to 60, which may imply that Daxu ancient town's Ming and Qing style architecture is more interesting to middle-aged adults. Yangshuo tourists are predominantly young. Almost all (91%) of them are 18 to 40 years old, which may indicate that Yangshuo, as a "Global Village", is particularly interesting to young people who can speak more or less English. This finding is consistent with Yangshuo Tourism Bureau official's comment that "there is no place like Yangshuo that is favored by independent young travelers" (interview with official in Yangshuo Tourism Bureau, 2009).

In terms of education, both town's respondents reported a high education level, and no significant difference is found between them in education (Chi-square=1.814, D.F.=3, P=.613). In Daxu, most respondents received post-secondary education (67% had university/college degrees and 8% had graduate degrees). The education level of Daxu tourists is higher than that of Daxu residents. In Yangshuo, similar to Daxu, most tourists had post-secondary education experience, as 66 percents of them have received university/college degrees and 10 percents have graduate degrees. The education level of Yangshuo tourists is also higher than that of Yangshuo residents.

Education levels are presented in Figure 4.1. Similarities are observed in the graph, as the two curves almost overlap with each other. In both towns, the majority of tourists are university/college degree holders. This finding indicates that tourists tend to have a high education level.

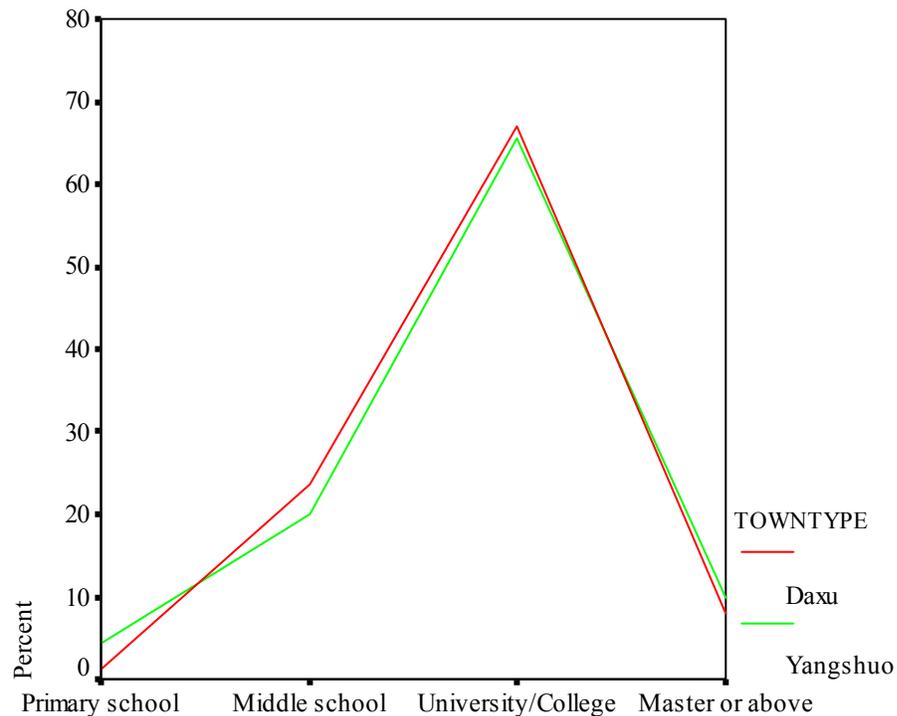


Figure 4.1: Contrasting tourists' education level

The monthly income of respondents varies greatly from less than 1000 RMB (CAD\$ 167) to more than 4000 RMB (CAD\$ 667). A Chi-square test did not indicate significant differences in tourists' income. In Daxu a big proportion (38%) of the tourists' income is below 1000 RMB, one fifth (22%) is between 2000 (CAD \$333) to 3000 (CAD\$ 500), another one fifth (20%) is between 1000 and 2000, and a small proportion (7%) have a monthly income above

4000 RMB. Daxu tourists' income level is higher than Daxu residents' income level. In Yangshuo, close to half (47%) of the tourists have an income below 1000 RMB, 17 percents are between 1000 and 2000, 13 percents are between 2000 and 3000, 9 percents are between 3000 RMB to 4000 RMB, and 14 percents have a monthly income above 4000 RMB. Yangshuo tourists' income level is also higher than residents' income level.

Tourists' income patterns are presented in Figure 4.2. Daxu tourists show a more flat income distribution, while Yangshuo tourists show a more split distribution. In Daxu, the proportion of medium level incomes is slightly bigger, and the proportion of high level income makers is smaller. In Yangshuo, the pattern is the reverse. The proportion of high level incomes is bigger and the proportion of medium level income is smaller. However, these differences are small and they are not statistically significant.

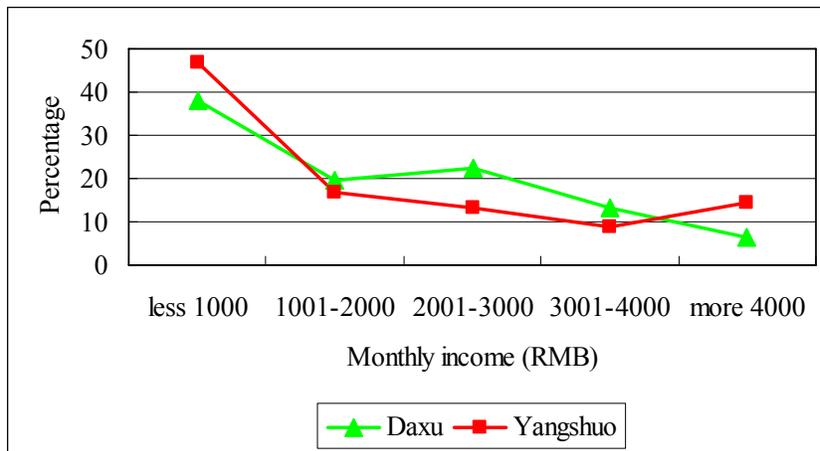


Figure 4.2: Monthly income comparison of tourist samples in Daxu and Yangshuo

In summary, in Daxu, the majority of tourism respondents are well educated people between 41 and 60 years old, with relatively high incomes. The finding suggests that middle-aged, relatively high-income people are the driving force of Daxu's tourism market. The majority of Yangshuo's tourists are also well educated. They are generally young, between 18 and 40 years old. Most of them do not have a high income, but a substantial proportion of them are high income makers. It can be concluded that Yangshuo's tourism market is driven by young people and a small number of high income individuals.

#### 4.1.2 Trip attributes

Trip attributes include tourists' information source and times of visitation.

Table 4.2: Information sources comparison for tourists in Daxu and Yangshuo

	Daxu	Yangshuo	Total sample	T-value	Sig. (2-sided)
Information sources	76	90	166		
Friends/family	33(43%)	48 (53%)		-1.271	.205
Book/brochure	35(46%)	31 (34%)		1.518	.131
Internet	10(13%)	24 (27%)		-2.215	.028*
TV	9(12%)	15 (17%)		-.877	.382
No. of Sources					
One	66	69			
Two	9	16			
Three and more	1	5			

\* Statistically significant at .05 level

Information sources (Table 4.2) are derived from the question “How do you know about Daxu/Yangshuo?” Respondents could choose from among “from friends/family”; “from a book/brochure”; “from the Internet”; and “from TV”. This study finds that Daxu and Yangshuo tourists have similar sourcing patterns except for use of the Internet.

Through T-tests, tourists are found to have similarly known Daxu or Yangshuo from friends and family (T-value=-1.271, P=.205), from book/brochure (T-value=1.518, P=.131), and from TV programs (T-value=-.877, P=.382). However, a significant difference is found when examining the use of Internet (T-value=-2.215, P=.028). More Yangshuo tourists are found to be using the Internet as a source of knowledge about their destination. This finding can be explained by their age: Yangshuo tourists are predominantly young while Daxu tourists tend to be older. Young people are more experienced in using the Internet, so proportionately more tourists in Yangshuo access tourism information this way.

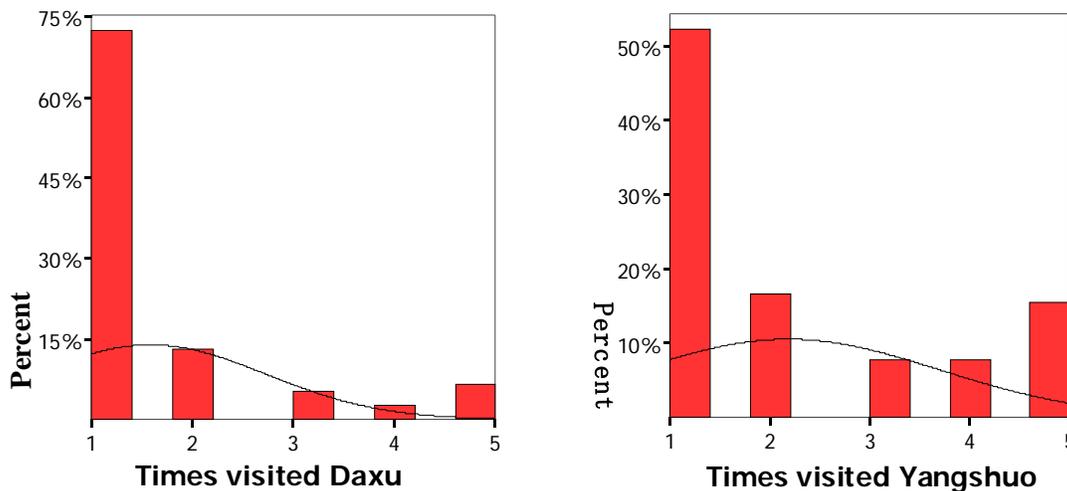


Figure 4.3: Visitation Times of tourist samples

Tourists were asked to reveal how many times they have visited Daxu/Yangshuo. Survey results have been converted into graphs as shown in Figure 4.3. Yangshuo has more return visitors than Daxu. Though the biggest group of tourists is visiting Daxu and Yangshuo for the first time, return visitors are more prominent in Yangshuo. In Daxu, the majority (73%) is visiting for the first time and only a quarter (27%) is made up of return visitors. In Yangshuo, about half of the tourist are return visitors, with a large portion, about one fifth (20%), who are visiting for a second time and another fifth (20%) who are third and fourth time visitors, and yet another 20 percent who are visiting for a fifth time. These statistics may well indicate the attractiveness of the two towns. Based on the fact that half of the tourists are returning, it can be concluded that Yangshuo is a more attractive destination and it has also been involved in tourism for a longer time.

### 4.1.3 Length of visit and trip expenses

The success of tourism from a destination perspective can be reflected in the tourists' consumption traits. Consumption traits here refer to tourists' length of stay, their amount of expenditures and their activities.

Table 4.3: Tourists' length of visitation

Length of stay	Daxu	Yangshuo	Mean Diff.	T-value	Sig. (2-sided)
Sample size (n)	76	90		-2.976	.004*
Mean	2.78	7.67	-4.8904		
S.D.	3.36	15.15			
Mode	1.00	1.00			
Minimum	0.00	0.00			
Maximum	14.00	90.00			

\* Statistically significant at .05 level

In the survey, tourists in both towns were asked to indicate how many days they planned to stay in Daxu/Yangshuo. Yangshuo tourists stay longer in their destination. A T-test indicated a significantly different length of stay between Daxu and Yangshuo tourists, with T-value=-2.976 and P=.004 (P<.05). As shown in Table 4.3, an average tourist spends eight days (7.67) in Yangshuo, and three days (2.78) in Daxu i.e. tourists stay substantially longer in Yangshuo than in Daxu.

Notably, the biggest group of tourists spend just one day in either town. This finding corresponds with other research on China's domestic tourism, which indicates that domestic

tourism is apparently dominated by one-day activities (Xu, 1999) and “a significant contribution to the growth of domestic tourism was from day trips and weekend outings” (Wu & Cai, 2006).

Trip expenditures are also an indicator of tourists’ consumption behaviour and the success of a town’s tourism. The average expense and most frequently mentioned expenses are shown in Table 4.4, which also shows average length of stay.

Table 4.4: Frequency Rank of tourists’ expense in Daxu and Yangshuo

	Daxu (N=76)		Yangshuo town (N=90)	
	Expense (RMB)	Duration Day	Expense (RMB)	Duration Day
Mean	850.99	2.78	1341.67	7.67
S.D.	1251.43	3.36	2214.67	15.15
Mode	100	1	1000	1
	200	0.5	500	2
	500	3	100	3
	1000	10	200	7
	50	5	2000	10

Expenses are examined from the perspective of the mean value. As shown in Table 4.4, in Daxu, the mean expense for the trip is 851 RMB (CAD\$ 142). In Yangshuo the mean expense is higher, at about 1342 RMB (CAD\$ 224). The two mean values indicate that Yangshuo’s tourists spend more than Daxu’s tourists.

The, mean values only reveal part of the story. When frequencies are examined, tourists’ consumption levels are found to be substantially different. As can be seen in the Table 4.4, in Daxu, the largest group of tourists budgeted 100 RMB (CAD\$ 17) for his/her trip, and the second largest group of tourists budgeted 200 RMB (CAD\$ 33). Most tourists spend only 100 RMB in Daxu, and a few spend 1000 RMB (CAD\$ 167). This finding indicates that most Daxu tourists spend very little.

In Yangshuo, tourists spend a lot more money. As shown in Table 4.4, the largest group of tourists budgeted 1000 RMB, and second largest group of tourists budgeted 500 RMB (CAD\$ 83), and a few people budgeted 2000 RMB (CAD\$ 333) for their trip. This finding indicates that most tourists spend a substantial amount of money in Yangshuo. However, the length of stay is longer in Yangshuo, making the average daily expenditure smaller.

Table 4.5: Tourists' activities in Daxu (N=76) and Yangshuo (N=90)

	Visit old streets	See nature	Taste local food	Purchase souvenirs	Lijiang River cruise	Learn local style
Daxu (%)	57	75	42	15	38	20
Yangshuo(%)	76	80	51	24	54	27

Daxu and Yangshuo tourists' activities are listed in Table 4.5. As shown in the table, Yangshuo's visitors appear to be much more active than those in Daxu but the greater participation rates probably reflect the much longer length of stay in Yangshuo. Thus, this finding is consistent with the previous findings that tourists stay longer and spend more in Yangshuo. The activities that are participated in the two towns are very similar. By far the most common activities in both places are viewing the natural scenery and visiting the historic streets. Visitor's favour on viewing natural scenery does not seem to have changed over time, since Xu's study (1999) in the 1990s which asserts that China's domestic tourism is sight-seeing in nature, and is different from industrialized country's holiday-making dominated recreational activities (Xu, 1999). Approximately half of those in Yangshuo and slightly lower proportions in Daxu taste local food and participate in the Lijiang River cruise. Smaller but substantial proportions at both places learn about the local culture and buy souvenirs.

#### 4.1.4 Tourists' preferences and judgment on public service

Tourists' were asked about their preferences for international companies, state-owned companies or private companies. In both towns, international companies are least favored, and the other two types are preferred. A Chi-square test shows that Daxu and Yangshuo tourists have similar preferences (Chi-square=3.283, D.F.=2, P=.194).

Table 4.6: Tourists preference for three types of tourism companies

	Daxu	Yangshuo	D.F.	Chi-square	Sig. (2-sided)
Buy from (%)			2	3.283	.194
International companies	12	21			
State-owned companies	51	44			
Private companies	47	54			
No. of Preferences					
One	71	80			
Two	2	4			
Three	3	6			

As shown in Table 4.6, close to half of the respondents chose state-owned and private

companies in Daxu. Also half of the respondents chose state-owned and private companies in Yangshuo, although private ones are a little more popular than state-owned ones. It can be concluded that both towns' tourists equally favour private and state-owned companies.

Table 4.7: Public service comparison between Daxu and Yangshuo

	Daxu		Yangsho		Mean Diff.	T value	Sig. (2-sided)
	Votes	Mean	Votes	Mean			
Sample size (n)	76		90				
Impression (n)							
The town is clean	32	.42	53	.59	-.17	-2.173	.031*
The town is safe	17	.22	33	.37	-.15	-2.038	.046*
Traffic is good	14	.18	23	.26	-.08	-1.109	.269
Total		.82		1.22	.40		

\* Statistically significant at .05 level

Table 4.7 shows tourists' impression on the public facilities in Daxu town and Yangshuo town. Yangshuo is perceived by tourists as cleaner and safer. With the T-value=-2.173, P=.031 (P<.05); T-value=-2.038, P=.046 (P<.05), cleanness and safety are found statistically different between Daxu and Yangshuo. Traffic is not found to be statistically different between them. Adding up the mean scores for each category, Daxu is found to be lower than Yangshuo in terms of providing a clean, safe and good traffic public environment (Figure 4.4).

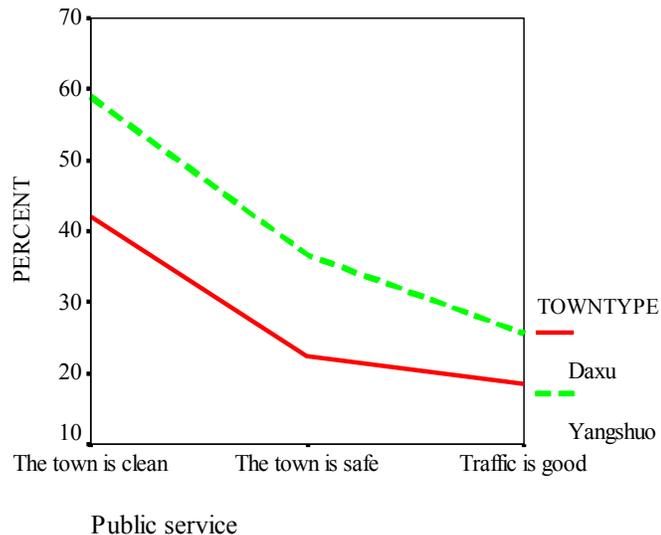


Figure 4.4: Tourists' impression on public service in Daxu and Yangshuo

Table 4.8: Tourists' judgment on heritage protection

	Daxu	Yangshuo	Mean Diff.	T-value	Sig. (2-sided)
Sample size (n)	76	90			
Mean	1.79	1.92	-.13		
S.D.	.618	.622			
Heritage preservation (%)				-1.374	.171
Good	32	23			
Ordinary	58	61			
Bad	10	16			

Table 4.8 summarizes tourists' judgment on the heritage preservation of Daxu town and Yangshuo town. A good job is set for 1 point and a bad job for 3 points. The mean scores are only slightly different at -.13, meaning tourists perceive Daxu's heritage preservation is a little better than that of Yangshuo. However, no statistical difference is found, as T-value=-1.374, P=.171 (P>.05).

#### 4.1.5 Summary

This section examined tourists' demographic characteristics, trip attributes and consumption traits in Daxu and Yangshuo. Yangshuo tourists tend to be younger, but they have similar education and income levels as Daxu tourists. Yangshuo tourists more often use the Internet to know about their destination, but both groups also draw upon word-of-mouth (friends/family) and published (book/brochure) sources of information.

It is noteworthy that half of Yangshuo tourists are returning while most Daxu tourists are first-time visitors. Yangshuo tourists stay longer, participate in more activities, and consequently spend more for their trips. However, expenditure per day is greater in Daxu. Both towns' tourists equally favor private and state-owned companies.

## 4.2 Entrepreneurs

This section examines the roles of tourism entrepreneurs and their perceptions of heritage tourism development. Tourism entrepreneurs are one of the key stakeholders in heritage tourism, and their motivations, circumstances and expectations are crucial to understanding the style of tourism development. Tourism entrepreneurs play a powerful role in developing heritage tourism and they are crucial to the presentation of cultural heritage and branding of the destination. In this study, "entrepreneurs" is interchangeable with "business people".

The perspectives of tourism entrepreneurs were derived primarily from interviews with 30

entrepreneurs, 13 for Daxu and 17 for Yangshuo. Interviewees include owners of chain stores, owners of individual shops, hostels and booths, and a manager of a hotel. Some of the entrepreneurs are local and some have come from elsewhere, including from outside of China. For each town, this study first introduces tourism business in Daxu and Yangshuo, and then examines tourism entrepreneurs' motivations, the current situation of their business and their expectation for the government. A comparison is then provided and, finally, a summary of the section is presented.

#### **4.2.1 Daxu**

The perspectives of Daxu tourism entrepreneurs were derived primarily from 13 entrepreneur interviews. The interviews took place in the renowned part of Daxu ancient town, the historic zone. Shops in Daxu historic zone are mostly owned and run by local residents. Since no big companies are found in Daxu ancient town's historic area, all of 13 entrepreneurs own small shops and do not hire a staff. Some of the shops do not even have a name. According to the entrepreneurs, tourism business is not very good.

One owner told the author,

“We are not making more money than to cover the cost” (Interview with entrepreneur in Daxu ancient town, 2009).

Another said,

“The income can just cover the cost and my living expense” (Interview with entrepreneur in Daxu ancient town, 2009).

During the field research in Daxu, the researcher did not observe much consumption occurring in the ancient streets. Tourists walked in and out, looked at the ancient structures, took pictures, bought little and most of them left within one hour. According to one tour guide, tourists often spend 30 to 60 minutes in Daxu ancient town. This period is too short for tourists to make significant expenditures.

The businesses in Daxu ancient town are locally owned and run. All the entrepreneurs in Daxu have some kind of tie with the ancient town. Some of them grew up in the neighborhood and some of them grew up in another part of the town. Most of them have spent a large part of their life time on the ancient street.

When asking about their motivation for running the business, some said that they had retired and had much time on their hands, so they opened a small business to subsidize their livelihoods. One entrepreneur said that she is the only daughter in her family and her parents

do not want her to be far away (Interview with entrepreneur in Daxu ancient town, 2009). Some entrepreneurs say that other places are very expensive and require a great amount of investment. They do not have that much start-up money, so they chose Daxu where the cost of real-estate is low.

In addition, Daxu is their home town and things are easier with the help of relatives, friends and local customers. One Chinese medication physician, whose antiquated clinic often attracts curious tourists, said Daxu's clinics have fame over the neighboring area, and he has many loyal customers, so he does not want to move (Interview with entrepreneur in Daxu ancient town, 2009).

Actually, many people are essentially retired: "The air is good. No cars' honking, have old friends" (Interview with entrepreneur in Daxu ancient town, 2009). They think the ancient town is a good place for retired people to have an unsophisticated and quiet life. Daxu has some tourists, so they open a small business and make pocket money. Some others say "This house is a family heritage, so we shouldn't sell it or just leave it there. But young people don't want to live here, so we have to live here"; "When tourists come, I will let them view the house and charge a nominal fee" (Interview with entrepreneurs in Daxu ancient town, 2009).

Generally, Daxu entrepreneurs' motivation to run the tourism business is not solely an economic one. Mixed motivations, such as family reasons, retirement preference, and expectation about Daxu's future tourism are all commonly involved.

One characteristic is that all of the shops are "half residence, half business". All the shops are attached to the owners' residence, meaning the front part of the house functions as a shop and the back part as living space. In this sense, the shops are not run primarily to make a profit. Rather, running the shop is just part of the owner's life. For example, in an arts workshop, the owners, two elderly couples, often do other work. Only when a visitor comes in, will one of them appear and offer help. The same situation happens in other shops when the owner leaves the shop to do house work in the inner area. To them, making big money is good. But the current situation is also not too bad. They just regard the business as an additional part of their lives and business success does not matter much to them. Talking with curious tourists and letting them admire the charming and intricate houses and the history of their ancestors is a pleasure thing to them.

Nevertheless, they do hope that more tourists will come. In their mind, Daxu deserves the

visitation and appreciation of more tourists. Every one of the interviewed entrepreneurs sees great potential in the ancient town, but entrepreneurs also feel incapable of releasing the potential as, individually, they are small investors. They hope that the government can take a leading role to bring in tourists. They also hope that the government can build a better environment for tourism, like improving the old houses, building public facilities like washrooms, and co-operate with big travel agencies to bring in groups of tourists.

They blame the government for setting the boarding point of the Lijiang River cruise on the other side of the river. An entrepreneur in an embroidery mill commented,

“If the boarding port was on this side of Lijiang River, tourists would be a thousand times more than now” (Interview with entrepreneur in Daxu ancient town, 2009).

An artist also commented that the ancient streets always had the docks for boarding and tourists boarding from Daxu ancient town would not be a problem. He felt that the government was silly to put the boarding site on the opposite bank (Interview with entrepreneur in Daxu ancient town, 2009).

#### **4.2.2 Yangshuo**

As in Daxu, interviews with entrepreneurs also took place in the historic zone in the centre of Yangshuo town: West Street.

The commercial centre of Yangshuo town is West Street. West Street is an old street extending about 1000 meters in the centre of Yangshuo town. The tourism business in West Street emerged in early 1980s (Bao & Qiu, 2006). By 2006, there were some 200 tourism small businesses in West Street, including all kinds of small inns, cafes, restaurants, pubs, boutique shops, foreign language training institutions and so on (Bao & Qiu, 2006). West Street is a dense linear tourism business area.

Entrepreneurs' investment sources are varied. By 2008, among the some forty cafes and western restaurants, approximately twenty of them were owned and operated by foreign bosses (Mo, 2008). Through the authors' interviews in June and July, 2009, it was discovered that only a few of the shops (about 30%) in West Street are owned by locals.

Through the author's interviews and academic articles (Xie, 2008; Wang, 2006; Qin & Zhang, 2008), entrepreneurs are found to have two kinds of motivations. The two types are not completely exclusive to each other. The majority of entrepreneurs on West Street are

profit-oriented i.e. their main purpose for running an enterprise is to make money. For example, when asked why they had come to Yangshuo to do business, one stone gift entrepreneur stated,

“Yangshuo is a good place for tourism businesses, because tourists are very dense on West Street. Almost every tourist to Yangshuo will visit West Street. There is a good chance for us to market and sell my products” (Interview with entrepreneur in Yangshuo town, 2009).

Somewhat similarly, a wooden and cloth handicraft entrepreneur stated,

“I can’t remember why I first chose Yangshuo to sell my handicraft. But business is fine here, so I have stayed until now” (Interview with entrepreneur in Yangshuo, 2009).

This group of entrepreneurs is comfortable with their businesses and always welcomes tourists. According to the authors’ interviews and observations, they are the major force driving tourism businesses in West Street. They sell many kinds of tourism products, including souvenirs, wooden handicrafts, fashion clothes, painted paper fans, gift chop sticks, and snacks, and there are also cafes, restaurants, night clubs, hostels, and so on. This type of entrepreneur is smart and highly responsive to the market. Because of their efforts, West Street has spawned many distinctive, like gourd carvings, ginger candy, laurel-flower-and-lily-fruit cake, corn juice and so on. West Street is an attractive shopping area for tourists.

Corn juice is an example of a local innovation and it is a popular kind of juice in Yangshuo. It was first introduced to the market by Mr. Huang. According to him when interviewed by the author, this type of fresh juice was invented by his mother. It is made of fresh corn and the taste is mild. Mr. Huang came from Liuzhou. He started his business in Yangshuo because he saw the opportunities in West Street. Mr. Huang said in the interview,

“My reputation was established by the spontaneous recommendation of tourists... especially by Taiwanese tourists.... A Taiwanese traveler recommended my corn juice in a travel book... Many Taiwanese tourists come to Yangshuo and look for my shop.... One tourist even showed the travel book and the article to me.... Yangshuo is where I first started my corn juice business. Now I have two corn juice shops in West Street and a couple of corn juice shops in other places of China.” (Interview with entrepreneur in Yangshuo town, 2009)

These businesses mainly serve tourists and the “profit rate is high” (Interviews with entrepreneurs in Yangshuo, 2009). In an interview, one former boss said,

“Don’t think they are just small businesses. The smaller, the higher profit rate

would be... Taking the Gender candy as an example, the cost for producing the candy is very low... the pubs are also making good money. Beverages can make high profit..." (Interview with entrepreneur in Yangshuo town, 2009)

However, from the interviews with entrepreneurs in West Street, it is known that tourism is a vulnerable industry, because tourism can be easily affected by external factors. If the number drops, as in the SARS period of 2003, they have very hard time. Another example is the market decline of 2008 which had multiple components. The year 2008 was a "recessionary year" for many tourism entrepreneurs in Yangshuo because of both natural and human factors. At the beginning of 2008, a snow disaster devastated the northern part of China. The unprecedented snow falls made many tourists cancel their trips and the tourism sector was severely impacted. In May, 2008, floods took place in Yangshuo, reduced people's interest in traveling to Yangshuo and causing some losses. Also in May, an 8.0 scale earthquake took place in Sichuan Province. In August, the Olympic Games were held in Beijing, shifting people's interest to Beijing. And then the global economic recession started.

"The year 2008 has been a bad year. Tourists were so few that some shops had to close." (Interview with an entrepreneur, Huang, 2009)

A hostel manager commented,

"Customers are fewer in 2008. I don't know where the tourists have gone" (Interview with an entrepreneur, Xu, 2009).

Currently, entrepreneurs are on their own for their existence, development or failure. Entrepreneurs indicate that the government's support for their businesses is insufficient. They do not see supportive policies from the government and this is not a good situation in the minds of most entrepreneurs interviewed. The majority of the tourism businesses in Yangshuo are small in scale and they are neither capable of launching big marketing campaigns, nor are they able to withstand large market declines. According to the entrepreneurs, even in the worst time of 2008, the government did not reduce taxes or fees, nor did the government give any subsidies to help businesses. Since tourism is so vulnerable, entrepreneurs think the government should have more nuanced policies to help tourism business to face bad times. In addition, the availability of unique products is parts of the attraction of Yangshuo. It was suggested that government's support of these products could help the branding of Yangshuo.

"West Street could have become more prosperous with stronger back-up from the government" (Interview with an entrepreneur, Huang, 2009).

There is another group of entrepreneurs who are less commercially-oriented and are,

therefore, less sensitive to the market. Although they are also concerned about costs and revenues, they are more interested or equally interested in Yangshuo's ambience, including pleasant scenery and the relaxing way of life. Examples of such entrepreneurs are the proprietors of Ali Red Star Express (a western restaurant) and the White Lion Hotel. Ali came from Singapore. He likes traveling and "has traveled around half of China." He first arrived in Yangshuo in the early 1990s and decided to stay. In the interview, Ali stated,

"At that time, I noticed that there were good Chinese food restaurants in West Street, but there was not good western restaurant.... My initial motivation was not to make money from this restaurant but to simply find myself a place to stay.... I calculated, at that time, that my money spent on accommodation could cover the cost of running a restaurant. So why not use the money to rent the place and start a western food restaurant? I tried to serve good western food and many foreigners came...." (Interview with an entrepreneur, Ali, 2009)

Now Ali still travels around China, but for at least 10 months of the year he stays in Yangshuo. "I like Yangshuo" Ali said. His family has also come over from Singapore and resides in Yangshuo.

A similar story was told at the White Lion Hotel. The owner is a traveler from the United States. The executive manager, Anne, was also once a traveler. In the interview with Anne, she told the author that Jeff liked Yangshuo very much when he first came in 1998. He is a Christian and is compassionate to the poor people in rural Yangshuo. He donated money to help with the schooling of poor children and wanted to provide a channel for more people to offer help. Anne told the author,

"The reason why Jeff opened the hotel is to use it as a window to help poor children and the disabled in the community" (Interview with an entrepreneur, Anne, 2009)

So he started White Lion Hotel. The name in Chinese is "Wei Lai En", meaning children are the hope of the future, and God bless children. The White Lion Hotel calls for its customers to donate and to volunteer to teach English in rural schools. With the arrival of international tourists, the hotel and the charity project became successful. Every year, the White Lion Hotel uses a portion of its income to support rural schools and poor children. They also donated money to improve the water supply system of surrounding rural communities. Now, their program has been running for 8 years and has donated about 50,000 US dollars to help more than 600 people (CRI, 2008).

When asked why she stayed in Yangshuo and take charge of the hotel's operation, Anne told the author,

“I traveled to Yangshuo. I like Yangshuo's leisurely and slow life and the pleasing scenery. I also appreciated the White Lion Hotel's mission of helping poor children.... If an American can do it, I, as a Chinese, think we should take more responsibilities to help others...” (Interview with an entrepreneur, Anne, 2009)

From the interviews and literature (Xie, 2008; Wang, 2006; Qin & Zhang, 2008), this found that this type of entrepreneur came to Yangshuo mainly in the 1980s or 1990s. One character of these early entrepreneurs is that their primary purpose was not purely making money, although, of course, it is a practical consideration. Different from the typical business people, their purposes are multiple, like having a pleasant and slow-paced life, getting way from the city, enjoying the natural scenery, making friends and spending time with easy-going people, falling in love with local women or men, helping poor children, finding a base for traveling in south China and so on. To them, the boom of tourism Yangshuo is not an unmitigated blessing. They miss the Yangshuo that existed before the large numbers of tourists came. They are in a dilemma now since, on the one hand, business is good but, on the other hand, the town that they liked seems to be getting away from them.

When asked about plans for future, Ali said,

“I like the relaxing way of life in Yangshuo. But now, business is perhaps too good and I got too busy with the restaurant. In the past, I could make lots of friends with customers but, now, I can't.... Perhaps I will move to the rural area. There are fewer tourists and the environment is better” (Interview with an entrepreneur, Ali, 2009)

Anne told the author,

“Yangshuo has changed.... Now it is not quiet and slow.... The pubs on this street are shouting until two or three o'clock.... I may leave Yangshuo... but I haven't decided yet” (Interview with an entrepreneur, Anne, 2009)

### **4.2.3 Summary**

This section has examined Daxu and Yangshuo entrepreneurs' motivations, situation and expectations regarding heritage tourism development. The prominent differences that exist are summarized in Table 4.9.

In terms of motivations to start a tourism business, Daxu entrepreneurs tend to have mixed

motivations. Most of them are local residents. One big reason for staying in the ancient town is to be with family. Selling products and providing services to tourists is a pleasant part of their lives and making big money is not their expectation. Some of the old people are retired. For them, doing tourism business is not a hard job and enables them to make some pocket money.

Table 4.9: Comparison between Daxu and Yangshuo enterprises

	<b>Daxu town</b>	<b>Yangshuo town</b>
<b>Business trait</b>	<ul style="list-style-type: none"> <li>● Mainly local investment from residents</li> <li>● Half residential, half commercial</li> <li>● Small investment, small revenue, low cost</li> <li>● Individual shops</li> <li>● Enterprise character is not apparent</li> </ul>	<ul style="list-style-type: none"> <li>● Mainly external, including international investment</li> <li>● Highly commercial</li> <li>● Big investment, high revenue, high cost, greatly affected by real estate prices</li> <li>● A number of chain stores</li> <li>● Characteristic enterprises are a selling point</li> </ul>
<b>Consumer</b>	<ul style="list-style-type: none"> <li>● Prefer foreign tourists</li> </ul>	<ul style="list-style-type: none"> <li>● Shifted attention to domestic tourists</li> </ul>
<b>Product</b>	<ul style="list-style-type: none"> <li>● Only a small range, duplicate tourism products</li> </ul>	<ul style="list-style-type: none"> <li>● Offer a wide range of diverse tourism products</li> </ul>
<b>Market</b>	<ul style="list-style-type: none"> <li>● Tourism potential of ancient town</li> <li>● Market affected by government behaviour</li> </ul>	<ul style="list-style-type: none"> <li>● Big prospect of “Global Village”</li> <li>● Affected by fluctuations in tourist numbers</li> </ul>
<b>Entrepreneur</b>	<ul style="list-style-type: none"> <li>● Owners operate shops</li> <li>● Dependent on tour guides for language, etc</li> <li>● Receiving tourists is a pleasant part of life</li> </ul>	<ul style="list-style-type: none"> <li>● Owners hire staff to operate shops</li> <li>● Independent from tour guides</li> <li>● Mostly aim at making money from tourists, while some of them are less economically driven</li> </ul>
<b>Expectation</b>	<ul style="list-style-type: none"> <li>● Expect government marketing</li> </ul>	<ul style="list-style-type: none"> <li>● A growing desire for market regulation</li> </ul>

In Yangshuo, there is also a group of entrepreneurs who are less economically-driven. Most of them are the early investors in Yangshuo’s tourism, like the Ali Red Star Express, White Lion Hotel and Rosewood. Their operators like the beautiful scenery of Yangshuo and the relaxing way of life. Doing business in Yangshuo has enabled them to live in Yangshuo. They started western restaurants, cafes, nice hotels and so on. Now, as Yangshuo’s tourism has boomed, these early investors are facing a dilemma of whether to stay or leave, because the commercialization of West Street is undermining the ambience of West Street which is the attraction.

There are also profit-seeking entrepreneurs in Yangshuo and they are the major part of the

business community. This group of entrepreneurs was attracted by Yangshuo's tourism opportunities. They have invested because they believe in Yangshuo's promising market. They are more entrepreneurial and have contributed to Yangshuo's tourism supply and provide many unique products that attract large numbers of tourists. However, they are very vulnerable to the vicissitudes of tourism. If the number of tourists drops, they have hard time paying the costs, particularly the rent. They hope the government can do more to regulate the market and help to promote their distinctive products.

The most prominent difference is that Yangshuo's tourism business is more prosperous, provides a full range of products and services, the qualities are better, the prices are higher and the costs are higher too.

In Daxu, local expectations regarding the future of tourism are high. However, since public heritage is involved, residents are hesitant and do not have the ability to promote the heritage persistently to build a competitive tourism brand. Residents are weak in financing which is often required at the beginning stage of heritage tourism development. External capitals might be sought but their major interest is in generating profits for themselves, thus they are hesitant to greatly invest in infrastructure improvement and heritage protection. However, investors do care about infrastructure, because it does affect the coming of tourists and provision of services. Developers will regard infrastructure to be an important factor. Lacking the basic condition for the large-scale production, few external investors are interested. Daxu's tourism supply is only provided spontaneously by some interested residents.

## **4.3 Residents**

This section compares Daxu and Yangshuo residents' demographic characteristics (gender, age, education, and income), their perception of tourism impacts (economic, social, cultural, and environmental), their attitudes toward tourists, their overall judgment on tourism development and government performance. Residents were surveyed using 5-point Likert scale questions.

### **4.3.1 Profiles of Daxu residents and Yangshuo residents**

The demographic information (gender, age, education and income) of Daxu and Yangshuo resident respondents is presented in Table 4.10. Chi-square tests are employed to examine if significant differences exist in each category. Results show that the Daxu and Yangshuo

resident samples are different in age, and all other aspects are not found to be significantly different.

Table 4.10: Demographic characteristics of Daxu residents and Yangshuo residents

		Daxu (%)	Yangshuo (%)
<b>Gender</b>	Male	33	44
	Female	67	56
		Chi-square= 1.436	D.F.= 1
<b>Age</b>	18-40	35	78
	41-60	43	16
	61 and above	22	6
			Chi-square=25.410
<b>Education</b>	Middle school	48	44
	High school	41	42
	Univ./college & above	11	14
			Chi-square=.406
<b>Monthly Income</b> (RMB)	Less than 1000	61	54
	1001-2000	39	38
	More than 2000	0	8
			Chi-square= 4.745
			Sig.(2-sided)= .093

\* Statistically significant at .05 level

In terms of gender, among Daxu residents, the proportion of females (67%) is much higher than males (33%). This confirms the author's observation that more women than men live in the old heritage town. Among Yangshuo respondents, the proportion of females (56%) is slightly higher than male (44%). In both Daxu and Yangshuo, the majority of respondents are female, which might imply that females are more likely to participate in a female researcher's survey. No statistical difference is found in the samples' gender.

In terms of age, Yangshuo residents tend to be younger than Daxu residents. In Daxu, close to half of residents' ages (43%) range from 41 to 60, followed by one third (35%) of respondents younger than 41, and one fifth (22%) older than 61. In Yangshuo, the majority (78%) of respondents are quite young, between 18 and 40. A medium proportion are between 41 and 60 (16%), and only a small proportion are older than 60 (6%). A Chi-square test shows that significant differences exist in the samples' age distribution (Chi-square=25.410, D.F.=2, P=.000 (P<.05)). Figure 4.5 displays this visually.

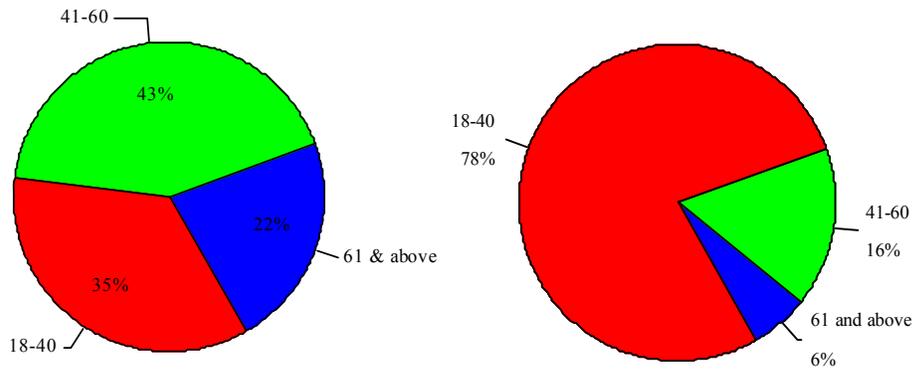


Figure 4.5: Age distribution of resident respondents in Daxu (left) and Yangshuo (right)

In fact, the proportion of old people in Daxu is likely to be higher than that in this survey, since old people may be under-represented in the survey. When sampling, the author encountered many senior residents in Daxu. However, because they had difficulties in reading the questionnaire, many of them gave up the chance to participate. In addition, the author's discussions with Daxu residents revealed that young people do not like to live in the ancient town. Capable young people seek higher paying jobs in big cities like Guangzhou and Dongguan. Young people do not like the heritage houses because the heritage houses are protected and are not equipped with modern facilities. In sum, it can be concluded that Yangshuo's population is younger than Daxu's.

As to educational background, the two towns' respondents reported a low level of education. In Daxu, only 11 percents of them have received university or higher education, 41 percents have high school diplomas, and a half (48%) has received middle school education. In Yangshuo, university/college and above degree holders are also small in proportion (14%). A Chi-square test reveals no significant differences in educational attainment between Daxu and Yangshuo resident respondents.

With respect to income, both towns' respondents reported a low income level. In Daxu, the majority (61%) claim a monthly income of less than 1000 RMB (CAD\$167), over one third (39%) between 1001 to 2000 RMB (CAD\$167 to \$333), and nobody reports an income higher than 2000 RMB (CAD\$333). In Yangshuo, about half of respondents (54%) receive less than 1000 RMB per month and a substantial proportion (38%) receive an income between 1001 to 2000 RMB. Notably, a small proportion of Yangshuo respondents (8%) make more than 2000 RMB (CAD\$333) per month.

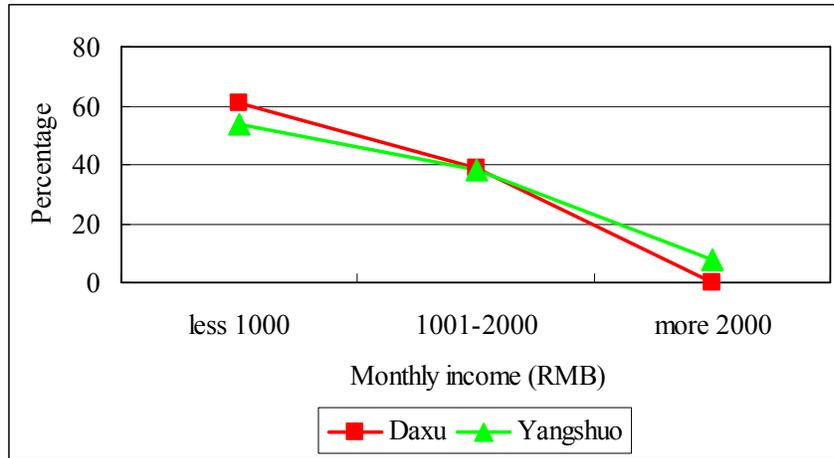


Figure 4.6: Monthly income comparison of resident samples of Daxu and Yangshuo

Figure 4.6 shows a small contrast between the two towns' income structure. Although in both towns respondents clustered in the low-level and middle-level income groups (1001 to 2000 RMB), the proportion of high level income makers is different. In Daxu, no-one claimed a high income, whereas in Yangshuo, a small proportion (8%) claimed a higher income (more than 2000 RMB). Thus, it can be concluded that Yangshuo has a small group of high-earning residents. However, the difference is not significant statistically, as Chi-square= 4.745, D.F.= 2, P= .093 (P>.05).

### 4.3.2 Economic impacts of tourism

Daxu residents and Yangshuo residents were asked to indicate their levels of agreement using a 5-point Likert scale on six statements: tourism has facilitated economic development; groceries are more expensive than before large number of tourists come; tourism has improved my living condition; external tourism businesses are losing the local flavor of Daxu/Yangshuo; I would like to see more foreign invested tourism companies; government invested businesses should be the leader of tourism market.

Table 4.11 presents the survey results. All statements received positive mean scores in both Daxu and Yangshuo although, in some cases, this was only by a small amount. In Daxu, strongest agreement was received in responses to "Tourism has facilitated economic development" and "I would like to see more investments by foreign tourism companies", and least to "External tourism businesses are undermining the local flavor of Daxu". In Yangshuo, very strong support was also given to "Tourism has facilitated economic development" and "I would like to see more investments by foreign tourism companies" and, least support was given to "External tourism businesses are undermining the local flavor of Daxu". Scores in

Yangshuo were generally higher in Yangshuo than in Daxu, suggesting stronger positive opinions, although standard deviations were often higher, suggesting greater divergence of opinions.

Table 4.11: Tourism economic impacts on Daxu and Yangshuo residents

Statement	Daxu		Yangshuo		Mean Diff	T-value	Sig. (2-tailed)
	Mean	S.D.	Mean	S.D.			
(1)Ecodeve	3.48	.91	4.15	.664	-.67	-4.704	.000*
(2)Priceup	3.04	.951	3.74	1.060	-.70	-3.971	.000*
(3)Lifegood	2.85	.960	3.45	1.097	-.60	-3.271	.001*
(4)Exbad	2.61	.811	2.69	.976	-.08	-5.210	.603
(5)Exinvest	3.91	.652	3.92	.876	-.01	-.740	.941
(6)Govbusi	3.06	.899	3.47	.995	-.41	-2.487	.140

(1)Ecodeve: Tourism has facilitated economic development

(2)Priceup: Groceries are more expensive than before large number of tourists come

(3)Lifegood: Tourism has improved my living condition

(4)Exbad: External tourism businesses are losing the local flavor of Daxu/Yangshuo

(5)Exinvest: I would like to see more foreign invested tourism companies

(6)Govbusi: Government invested businesses should be the leader of tourism market

Agreement scale: 1 = strongly disagree; 2 = disagree; 3 = neutral /don't know; 4 = agree; 5 = strongly agree

\* Statistically significant at .05 level

In Table 4.11, T-test results show significant statistical differences in terms of tourism's capacities to support the local economy, increasing living costs and improving overall living condition. No significant differences are found in term of residents' judgment on external tourism companies, their want for foreign investment, and their judgment on government-invested businesses.

In terms of tourism's ability to promote the local economy, both Daxu and Yangshuo residents gave high scores, with mean scores at Daxu of 3.48 and Yangshuo at 4.15, indicating positive assessments. This finding confirms a belief that tourism stimulates the local economy. Residents' opinion confirms government's assertion that tourism can help local economy (Interviews with government officials in Daxu and Yangshuo, 2009). However, a T-test reveals a significant difference between Daxu and Yangshuo residents' with the latter's mean rating being higher (T-value=-4.704, P=.000 (P<.05)) suggesting substantially stronger conviction of this in Yangshuo. Figure 4.7 gives a visual contrast on this point.

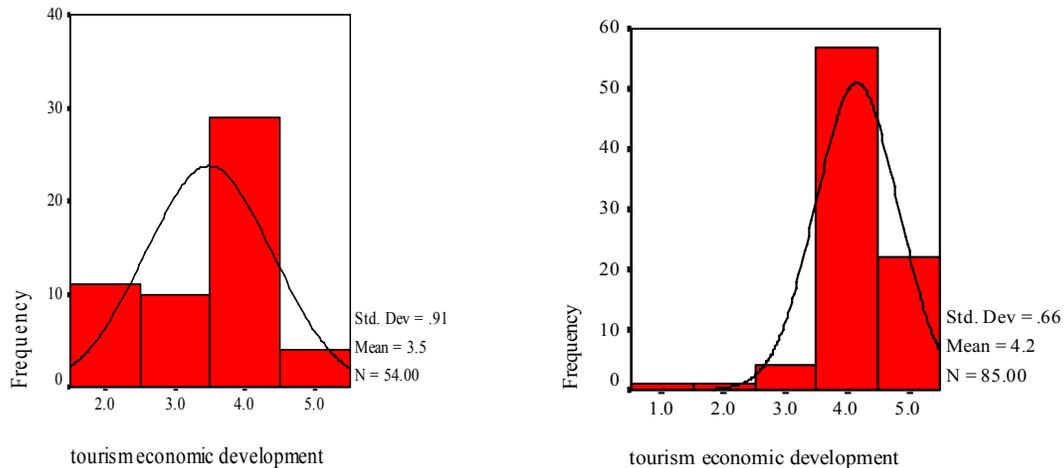


Figure 4.7: Residents perception on tourism's contribution to local economy

(Daxu town: left; Yangshuo town: right)

(Agreement scale: 1 = strongly disagree; 2 = disagree; 3 = neutral /don't know; 4 = agree; 5 = strongly agree)

This material has already been discussed

In Table 4.11, another significant difference is residents' judgment on tourism's ability to improving local living conditions (T-value=-3.271, P=.001(P<.05)). Daxu's mean score is 2.85, indicating a response that is only just above neutral / don't know, in contrast to a much more positive response in Yangshuo (mean=3.45). Daxu's tourism is not yet very big whereas in Yangshuo tourism is the leading industry of the town (Interviews with officials in Lingchuan Tourism Bureau, Daxu township government, and Yangshuo Tourism Bureau, 2009). Thus, Yangshuo residents' positive perception is consistent with Yangshuo's reputation as "China's Strong Tourism County". In sum, Yangshuo residents firmly believe tourism can help the local economy and upgrade living condition, but Daxu residents tend to be less affirmative about both aspects.

However, respondents perceived a negative consequence of economic success. In both cases there was agreement that grocery prices have increased, but residents of Yangshuo were more sure of this (T-value=-3.971, P=.000 (P<.05)). Interviews with Yangshuo residents confirm this finding. Interview results reveal that residents commonly feel the prices of goods in Yangshuo town are high. For example, in an interview, a young resident stated that "In Dongguan (an industrial city), I can spend 1 RMB on a breakfast. But in Yangshuo, a breakfast costs me at least 3 RMB." Another young man, stated that "In Guangzhou, I can easily find a job paying 2000 RMB (CAD\$333), and live easily on that money. Whereas in Yangshuo, my hometown, 2000 RMB spends quickly, because living expenses are so expensive." The low score of Daxu for price inflation is probably because tourism is in an

initial stage and is small, so the negative impacts are not prominent. Yangshuo's high score in price inflation is likely to be related to Yangshuo's tourism volume. Since tourism has developed for a longer period of time and is bigger, tourism's negative impact on price inflation is more prominent in Yangshuo.

Nevertheless, there is strong support for further development in both places and a high proportion of respondents would, similarly, welcome more foreign investment. With  $T = -.740$ ,  $P = .941$  ( $p > .05$ ), Daxu residents and Yangshuo residents showed similar opinion on their wants for foreign investment. High mean scores (3.91 for Daxu and 3.92 for Yangshuo) imply that both Daxu and Yangshuo residents welcome foreign investment, and the willingness is strong. This finding is not surprising, given both towns' residents' perception that the tourism expansion can help local economy.

In recent years, as tourism has been vigorously promoted by the Yangshuo government, residents of Yangshuo gained economic benefits. In an interview in Yangshuo Park, a resident born and grows up in Yangshuo gave his example. He stated that he leases his five-story building for hostel accommodation. He lives on the top floor and rents out other floors at an annual rate of 80,000 RMB (CAD\$13,333). He spends less than 20,000 RMB (CAD\$3,333) per year, remaining 60,000 RMB (CAD\$10,000). That is to say he has income even if he does not work. This kind of rental income is not uncommon in West Street and surrounding areas, especially in recent years when tourism businesses are expanding and new tourism zones are created. According to Yangshuo county government, the number of resident hostels around West Street area is 75 in 2004 (Wang, 2006).

In fact, people in Yangshuo do not live on rents. Yangshuo's tourism provided many jobs to common people, requiring limited skills; and the booming of tourism provided opportunities for capable people to succeed, especially in earlier years. During the past three decades, examples of poor people catching opportunities and becoming successful are ample. Su Xianzhou's experience is an encouraging story. In the 1980s, Su Xianzhou was a "problematic" young man who could not find a formal job (Wang, 2006). He started a small food booth on West Street to cook for tourists. He met many traveling chefs who gave advice for him to improve cooking skills (Wang, 2006). Now he has become a national Gold Medal Cooker, the boss of a renowned beer-fish restaurant and Guangxi's only appointed chef to cook for the 29<sup>th</sup> Olympic Games athletes.

Fishers also encountered opportunities when tourism was expanding. Huang Jinmei, an illiterate fisher girl, got off the boat and went into West Street in the 1990s. She worked as a

servant at the very beginning. After she gathered experience, she opened a food booth in 1995. She specialized in cooking beer-fish, and became Beer-fish Queen in 2004. Now she has three chain-restaurants with an asset of one million RMB (Wang, 2006).

Ethnic people enjoy equal opportunity with other ones. Lu Huiping, a Zhuang ethnic village girl, worked in West Street to serve tourists. After gathering experience she opened the famous Meiyou Cafe, and made friends with foreigners and was invited by them to visit their countries (Wang, 2006). Lu Huiping had traveled to Germany, United States, France, Belgium, and so on (Wang, 2006). Now she is married and resides abroad. Lu Huiping is a good example encouraging Yangshuo's common people. Through 30 years tourism development, residents have gained entrepreneurial spirit and are experienced in catching opportunities.

In sum, Yangshuo residents firmly believe tourism can help local economy and upgrade living condition, but Daxu residents tend to be less affirmative about both aspects.

### 4.3.3 Social, cultural and environmental impacts of tourism

This section examines the social, cultural and environmental impacts of tourism as perceived by Daxu and Yangshuo residents. In this study, tourism-related traffic conditions, heritage protection, environmental change, and cultural change are examined. Residents were asked to indicate their levels of agreement on four statements: the traffic has become worse than it used to be; tourism has helped to protect heritage in Daxu/Yangshuo; the environment is better than it used to be; and residents have adopted aspects of external culture. The results are presented in Table 4.12.

Table 4.12: Social, cultural and environmental impacts of tourism on resident samples in Daxu and Yangshuo

Statement	Daxu		Yangshuo		Mean Diff	T-value	Sig. (2-tailed)
	Mean	S.D.	Mean	S.D.			
(1)Traffbad	2.65	.974	2.40	.915	.25	1.519	.131
(2)Protheri	3.06	1.106	3.41	.942	-.36	-1.958	.053
(3)Goodenvi	3.26	.915	3.66	.920	-.40	-2.501	.014*
(4)Adoptext	3.78	.634	3.95	.722	-.17	-1.460	.147

(1)Traffbad: the traffic has become worse than it used to be

(2)Protheri: tourism has helped to protect heritage in Daxu/Yangshuo

(3)Goodenvi: the environment is better than it used to be

(4)Adoptext: residents have adopted aspects of external culture

Agreement scale: 1 = strongly disagree; 2 = disagree; 3 = neutral /don't know; 4 = agree; 5 = strongly

agree

\* Statistically significant at .05 level

As shown in table 4.12, T-tests do not find statistically significant difference in the samples' answers in terms of traffic situation ( $P=.131 > .05$ ), heritage protection ( $P=.053 > .05$ ) and cultural assimilation ( $P=.147 > .05$ ). Again, Yangshuo residents generally expressed stronger opinions than Daxu residents; perhaps because they had likely received greater exposure to tourism, but their mean scores can be ranked in a consistent manner in both sites. In both places, they are most likely to agree that residents have adopted aspects of external culture, followed by agreement that the environment had improved, and tourism had helped to protect heritage, with generally neutral responses regarding traffic.

No significant differences were found in evaluations of traffic, heritage protection or cultural assimilation. In both Daxu and Yangshuo, residents do not think traffic has become worse. In fact, many people think the traffic has become better recent years, because of the expansion and improvements of roads, especially in Yangshuo where the government has made an effort to improving infrastructure. Mean scores for judgments on protecting heritage are close to 3, but with quite high standard deviations, suggesting some disagreement on whether or not tourism can help to preserve heritage. Although Yangshuo's score is a little higher, the modest scores suggest a dilemma that heritage tourism is facing, in terms of heritage resource exploitation and protection. No significant difference was found in residents' perception of cultural assimilation. Cultural assimilation is obvious in both Daxu and Yangshuo.

The only statistically significant difference that was found in this section on impacts was with respect to environmental protection, where residents of Yangshuo had higher mean scores (3.66 to 3.26,  $P=.014$  ( $P<.05$ )). Perhaps the different perceptions relate to the fact that Yangshuo is a nature-based destination, where environment may have a higher priority than in Daxu ancient town, which is a cultural tourism destination.

#### **4.3.4 Overall judgment on tourism development**

This section compares residents overall judgments of tourism, their attitudes to tourists, and their judgments of government performance. Residents were asked to indicate their levels of agreement with four statements: "The number of tourists has increased in recent years"; "I would like more tourists to come"; "In sum, the benefits of tourism outweigh the shortcomings"; and "Overall, the government has done a good job in promoting tourism". Responses to these statements are presented in Table 4.13. Yangshuo's tourism is perceived as expanding by more residents. Both towns' residents would like to see more tourists coming in

and they all agree that positive impacts of tourism outweigh negative ones. Both towns' residents generally think their government has done a reasonably good job.

Table 4.13: Overall rating of residents' perspective

Statement	Daxu (N=54)				Yangshuo (N=85)			
	numbmore	likemore	goodmore	welldone	numbmore	likemore	goodmore	welldone
Mean	3.17	4.13	3.69	2.56	3.79	4.09	3.66	3.60
S.D.	.927	.674	.696	1.058	.874	.840	.867	.941
Rating 1	2	0	0	19	0	1	0	1
(%) 2	26	2	9	30	13	4	15	15
3	29	11	17	31	12	13	14	19
4	39	59	70	18	59	49	60	52
5	4	28	4	2	16	33	11	13

(1) numbmore: The number of tourists has increased in recent years.

(2) likemore: I would like more tourists to come.

(3) goodmore: In sum, benefits of tourism outweigh shortcoming.

(4) welldone: Overall, the government has done a good job in promoting tourism.

Rating: 1 = strongly disagree; 2 = disagree; 3 = neutral /don't know; 4 = agree; 5 = strongly agree.

In Daxu, thirty-nine percent of residents agreed that tourists number has grown bigger in recent years, while a substantial proportion (29%) don't know, and another substantial portion (26%) don't agree tourists has become more. The finding may indicate a slow tourism development in Daxu. In Yangshuo, more residents see tourist number has grown bigger. The majority of the residents (59%) agreed, and substantial proportion of residents (16%) strongly agreed tourists have become more.

In terms of receiving even more tourists, residents in both towns showed strong interest. In Daxu, the majority (59%) agreed and a large proportion (28%) strongly agreed. Similarly in Yangshuo, almost half (49%) agreed and a large portion (33%) strongly agreed. This two groups of numbers reveal residents' high expectation on the coming of more tourists, no matter the current numbers of tourists are big or small.

Table 4.13 also shows residents' judgment on the overall benefits and shortcoming of developing tourism. In the tourism under-develop town Daxu, most residents (70%) generally agreed tourism's benefits outweigh its shortcoming. In Yangshuo, a highly developed tourism town, the majority of residents (60%) also agreed. It is notable that in Yangshuo, a substantial proportion (15%) of residents disagreed.

The author proposed a question asking residents if they think government invested companies

should be the leader of tourism market. Responses are presented in table 4.14. Different attitude was detected through Chi-square test (Chi-square=12.476, D.F.=4, P=.014). Daxu residents cling to don't care/ don't know, while Yangshuo residents cling to agree.

Table 4.14: Daxu and Yangshuo residents' answers on whether state-owned business should lead market

	Daxu (%)	Yangshuo (%)	Chi-square	D.F.	Sig.(2-sided)
			12.476	4	.014
Strongly disagree	5	1			
Disagree	17	19			
Neutral/don't know	48	26			
Agree	26	40			
Strongly agree	4	14			
Total	100	100			

Looking specifically through table 4.14, Daxu residents do not seem to trust government in leading tourism market, with close to half of the respondents saying don't care/don't know, and 1/5 saying no.

Table 4.14 also shows Yangshuo residents' support to government-invested firms. Yangshuo residents are more trustful to the government, as only a quarter (26%) of the sample say "don't know/don't care", and the majority says yes (54%). This score may reflect residents' recognition of Yangshuo government's work in the past three decades. Figure 4.8 shows a visual contrast of Daxu and Yangshuo's answers.

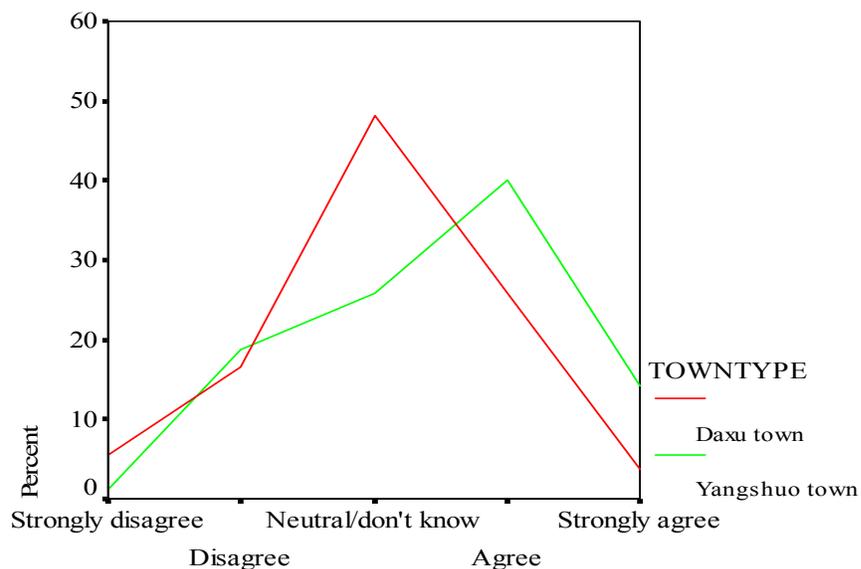


Figure 4.8: Contrasting residents' answers on whether government invested business should lead market

Residents' perception can reflect government's effort in heritage protection. Table 4.15 shows residents answers to "tourism has helped heritage protection". In Yangshuo obviously more people agree than don't agree; in Daxu, a little bit more people believe tourism can help heritage protection. Daxu and Yangshuo residents' perceptions are found to be statistically different through Chi-test (Chi-square=10.004, P=0.007 (P<0.05)), which may indicate that Yangshuo government's effort in heritage protection gained higher recognition by residents.

Table 4.15: Residents' answers to whether tourism has helped to protect heritage

Heritage protection	Daxu	Yangshuo	Total Sample	Chi-square	Sig. (2-sided)
Sample size (n)	54	85	139		
Respondents' answers (%)				10.004	0.007*
Disagree & strongly disagree	39	20			
Neutral/don't know	13	24			
Agree & Strongly agree	48	56			

\* Statistically significant at .05 level

In terms of government's overall performance regarding tourism development, residents' responses are presented in Table 4.16. Yangshuo residents appear to approve more strongly of their government's performance.

Table 4.16: Residents overall rating on government performance regarding tourism development

Government well done	Daxu	Yangshuo	Mean Diff.	T-test	Sig. (2-sided)
Sample size (n)	54	85			
Mean	2.56	3.60	-1.04	-6.075	.000*
Welldone (%)					
Strongly disagree	18	1			
Disagree	30	15			
Neutral/don't know	32	19			
Agree	18	52			
Strongly agree	2	13			

\* Statistically significant at .05 level

T-test has detected the statistical significance of the difference, with T-value =-6.075, P =.000. As shown in table 4.16, in Daxu, the biggest group of people (32%) gave up the chance to comment, and an equal group of residents (30%) doesn't think the government has done well. In Yangshuo, government's work has been recognized to a higher level, when half (52%)

agreed, and a good portion (13%) strongly agreed. Looking closer, the mean score given by Daxu residents towards their government is 2.56 while by Yangshuo residents towards their government is 3.60. The difference is 1.04, indicating a big difference. This group of numbers may well indicate that residents' satisfaction level towards government is in proportion with tourism development level. Figure 4.9 gives a visual contrast regarding residents' judgment on the governments' overall performance in tourism.

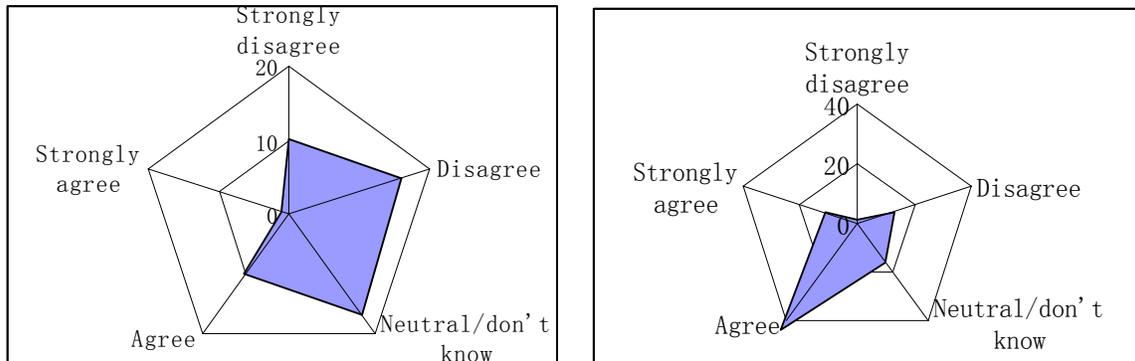


Figure 4.9: Residents overall judgment on governments' performance (left: Daxu; right: Yangshuo)

### 4.3.5 Summary

This section provided an analysis of surveys with residents in Daxu and in Yangshuo. The socio-demographic characteristics of Daxu residents and Yangshuo residents, their perception of tourism impacts, their attitude towards tourism expansion and government performance have been presented.

Yangshuo town's residents tend to be younger. Both towns' residents received low level education. Though having similar education levels with their Daxu counterparts, Yangshuo residents appear to be slightly better-off financially. This finding implies tourism's ability in helping local economy to some degree; however, the help is not statistically significant.

In sum, residents correctly perceive that tourism is expanding in Yangshuo as opposed to Daxu, and the economic impacts of tourism are more prominent in Yangshuo. On the positive side, tourism is widely perceived as being helpful to the local economy and the living condition of local residents. On the negative side, tourism is also seen as being responsible for price inflation in Yangshuo. Both towns' residents embrace external investment, including foreign investment, strongly desire more tourists, and support the expansion of tourism. Their desire for more tourists is not surprising, given their understanding that tourism development

can help the local economy.

Most Daxu and Yangshuo residents perceive that tourism can contribute to cultural change, but they tend to agree, more so in Yangshuo than Daxu, that tourism can contribute to heritage preservation. In terms of traffic, residents of both towns do not think that tourism has made the traffic worse, which is probably because of the governments' efforts in infrastructure improvement. Residents of both towns perceive some enhancement in environmental quality. This is probably because of the governments' long-term effort in environmental protection which will be further discussed in the next section.

Overall, both Daxu residents and Yangshuo residents believe that the benefits of tourism outweigh its negative consequences and they strongly desire more tourists and further support for the development of heritage tourism. Generally both towns' residents think the governments have done an acceptable job with respect to tourism.

#### **4.4 Government**

This study mainly focuses on the local level governments. This section analyzes the perspectives of Daxu government and its upper level Lingchuan County government, and Yangshuo government and its upper level Yangshuo County government on heritage tourism development. Data are from the author's interviews, government reports and scholarly articles.

No attempt is made here to provide any rigorous classification of governments' involvement in tourism, but rather to draw out some of the general themes within and across the two selected towns so as to provide an indication of the ways and differences in governments' perspectives to tourism. Nine prominent themes have been extracted from the qualitative data, using a qualitative content analysis approach. These themes include the working styles of officials, governments' involvement in infrastructure improvement (operator role), governments' attitudes towards tourism planning (planner role), their overall development strategy, their effectiveness in introducing investment (investment stimulator) and in providing training (educator role), and the origins of tourism development. To facilitate comparison, perspectives from the two towns are placed under similar sub-headings although, in Daxu, the contents under some sub-headings are limited. A summary of finding is provided at the end of this section.

## **4.4.1 Daxu**

### **4.4.1.1 Officials appear to be conservative**

One official in Lingchuan government indicated that the relationship between residents and investment was a concern that has delayed Daxu's tourism development. Because Daxu's population once lived on boats, according to him, they are very harsh and are not easy to cope with. Officials say that Daxu people are not relaxed and understanding, indicating that government work is not easy in Daxu. The government worries that problems might emerge because of conflicts of interest. Then, investors will be in a difficult situation and then the government will be involved in never-ending mediation.

Under China's political system, government officials think about personal benefits when assessing an investment project. Officials expressed that if investment is introduced successfully into Daxu, the officials will not get instant and significant benefit. The incentives for government officials are not strong. To the contrary, if the project fails, the leading officials will take responsibility for the failure. In such circumstances, officials have to be careful not to make mistakes, even though the cost is the loss of good opportunities. Thus, hesitance and risk-aversion are two prominent features of the working style of Lingchuan county government.

### **4.4.1.2 Officials' priority is to keep their positions**

Interview results indicate that the current work system of Lingchuan County government is not motivating. To many officials, their work philosophy is to do enough to keep their positions. Officials indicated that work has become more challenging for them during China's transformation. Now recruitment for positions involves public examinations, which means it more people are able to possibly enter the government positions, and the competition has become stronger. One official expressed that the older generation of officials are under greater pressure because now many young and well educated people are entering government positions through recruitment examinations. Considering the consequence of a failed project, officials are hesitant to begin. The current situation in Lingchuan county, a relatively less developed area in western China, does not motivate officials to be active leaders.

### **4.4.1.3 Difficulty in stimulating tourism investment (investment stimulator)**

In Zhang et al.'s study (1999), an investment stimulator role means the government stimulates tourism investment through the provision of financial incentives. This role of investment stimulator is taken by Daxu's governments, but this role does not appear to be

rigorously enforced. When trying to stimulating investment, local governments are expected to ensure a good investment environment, such as good roads, good traffic conditions, reliable telecommunication, electricity and water provision, and so on. These often require a large investment in infrastructure. External capital will not be attracted to such public facilities. Small companies do not have the ability to undertake these large tasks. As a result, the government is expected to undertake these pre-investment tasks, which require a large amount of financial input.

As observed in other developing countries, inadequate funding resource is a problem for many heritage sites (Nuryanti, 1996). The lack of financial ability is the difficulty of Daxu as is often the case in other places. “One difficulty is the lack of finance” (Interview with government official, 2009). Daxu officials indicated that they are just a small town and do not have the ability to improve the infrastructure, and Lingchuan county does not provide much money for tourism. In turn, Lingchuan county government also has the same difficulty: “the county government has to take care of so many things, like the Communist New Rural Construction, Health Insurance Reform and so on. The county doesn’t have money to cover everything” (Interview with government official, 2009).

#### **4.4.1.4 Difficulty in mobilizing residents**

The Daxu ancient town tourism project involves many heritage issues and associated tensions, such as consolidation of land, displacement of residents, and the tension between the preservation of the old houses and the installation of modern facilities. Most challenging of all, the ancient town is occupied by residents. These residents tend to be old and hold on tightly to their traditional ways of life. It is not easy to persuade them to move out, even with compensation. This is a concern for investors who want to commercialize the ancient town. The government understands investors’ motivations as profit-seeking. However, the government officials do care about the social stability of the town. They do not want to disturb the people too much, even though changes could benefit the residents.

#### **4.4.1.5 Uncertainty in tourism planning (planner role)**

Another official indicated that Lingchuan County government does recognize Daxu’s tourism potential; however, work on it has not been consistent.

One official from Lingchuan Tourism Bureau stated that officials’ work priorities profoundly influence a town’s development. Government’s work plans have an impact on development. Whether the government favours or disfavours the industry will greatly influence the development of that industry. Government administrations change every few years. The

government does care about many aspects of the society, including social stability, education, medication system etc, not only the economic aspects, and it may miss the best time for an industry's development.

In addition, the emphasis may change with successive administrations. Since governors may change every few years and the emphasis may shift, there may be a lack of continuity. If tourism development meets a bottle neck, the new governors may shift the government's attention to another sector, which is not good for the continuous development.

Zhang et al. (1999) did not incorporate planner as a role of the government when their study was conducted in 1999, which may imply that tourism planning was not popular in China in the 1990s and earlier times. However when this study is done in 2009, both Lingchuan and Yangshuo county governments mentioned planning as part of their responsibility. In another word, planning is a role played out by both county governments. The difference between them is that Lingchuan County government is much less committed to tourism planning. In the interviews with Lingchuan County Tourism Bureau, officials indicated that tourism planning does not help much. One official stated that the only good tourism plan that he saw was done in the 1990s, for Qingshitan Resort. Officials commented that nowadays, plans are done very fast and are superficial. So, Lingchuan government does not do tourism development planning for Daxu ancient town.

#### **4.4.1.6 No preferential treatment for tourism**

Daxu ancient town is one of six towns in Lingchuan County. For a long time, the county government sees secondary industry as the base of economy. Tourism is just a supplementary activity. Under this kind of strategic vision, development in tourism is not given priority. Although Lingchuan County has unique and valuable heritage resources, tourism has not been promoted as a source of income until recently.

At the local level government in Daxu town, tourism is seen as a catalyst that could assist the growth of other industries. Agriculture is the economic base of Daxu town (Interview with government officials, 2009). Most of the population in Daxu is farmers. Daxu is proud to provide one third of the vegetable supply for Guilin City. Since tourism can bring people to Daxu, Daxu town government sees tourism as a way to stimulate agricultural growth (Interview with government officials, 2009). Heritage tourism is not heavily promoted. Rather, Daxu town wants to utilize tourism as a catalyst for the development of other industries.

Daxu government has not given much attention to tourism until recent years when tourism has been advocated as a good economic growth strategy (Interview with government officials, 2009). Realizing the town's thousand year heritage value as the biggest ancient town in Guangxi province, in 2006, the government applied for Daxu to be one of the "Cultural and Heritage Towns of China". Based on its outstanding heritage resources, Daxu was listed in the same year, becoming Guangxi's first town to receive that title. This title enhanced Daxu's fame. However, government officials (Interview with government officials, 2009) admit that Daxu only has fame and the fame is not yet transformed into actual benefits. The reality is that Daxu ancient town is "undeveloped" at present (Interview with government officials, 2009). When asked about the impediment for tourism development, Lingchuan government pointed to the lack of financial resources and lack of continuity in work priorities.

Residents' spontaneous effort is not enough and supportive policies are required to foster heritage protection and new development. However, Lingchuan government does not seem to put much emphasis on Daxu ancient town's tourism. In essence, Lingchuan County government is not committed to Daxu ancient town's tourism development.

#### **4.4.1.7 Hesitance in introducing external capital**

The government is slow in introducing external capital for tourism development in Daxu ancient town. The ancient town has been trying to attract capital but has failed repeatedly. The most recent possible investor is a Singapore company, (Jinzhong Online, 2007). This investor planned to inject one billion Yuan for "Daxu ancient town cultural tourism preservation and exploitation" (Jinzhong Online, 2007). According to the Chairman of the Board, they are very interested in tourism in Guilin and have been doing pioneering research on Daxu ancient town since 2002. However, the implementation of the plan seems to be very slow.

"I don't see the company has much movement recently." (Interview with government official, 2009)

Residents say the infrastructure improvement is limited. As the author observed in June and July 2009, parts of the ancient streets' surface near Gulou port has been amended with limestone, but the lower part, especially after Taiping Gate, were not smooth or in the same style. The ancient streets are devastated by floods in the spring season, especially the lower Dongfang Street. A resident in Dongfang Street told the author that they had to move all the furniture, including bed, chairs and tables, to the second floor because the ground floor was flooded. On Lingchuan County's work plan, Daxu ancient town tourism project is still on the waiting list.

#### **4.4.1.8 Lijiang River cruise boarding point**

Lijiang River cruise ships take boatloads of tourists on their scenic journey. Tourists board the ship in Daxu town. This should be an excellent chance to generate tourism business for Daxu ancient town since so many tourists gather here. However, unfortunately, the boarding point is on the other bank of Lijiang River. Cruise tourists do not have a chance to enter the ancient town's heritage zone and appreciate the Ming and Qing dynasty architecture. When asked why tourists did not board on the town side of the river, officials blamed it on the City government. Officials stressed that they have suggested many times to locate the boarding point on the ancient town side of the Lijiang River, but the city government rejects this. Since the city government has a bigger say in deciding the issue, the county could not win over the city, although Daxu ancient town "enjoys intrinsic geographic advantage and tourism potential" (Interview with government official, 2009).

The political competition overrides market rules and residents' interests. In such a long-term political dispute, the biggest victims are the residents who have resources but do not have a chance to exploit them.

#### **4.4.1.9 Origin of tourism development**

Daxu town's reputation is high in Guangxi province. It was crowned as "a small Guilin" in the past. It is a favoured film-shooting place, since the architecture and ambience of an old town are well kept in the original style. Many film makers have chosen Daxu ancient town to shoot scenes of the old marketplace. Many scenes of famous Chinese film and TV series like "Liu Sanjie", "Tear of Flower-bridge (Hua Qiao Lei)", and "Enclosed City (Wei Cheng)" were shot on location in Daxu town. These films and TV series have enhanced people's awareness of the beauty and heritage value of Daxu ancient town.

### **4.4.2 Yangshuo**

#### **4.4.2.1 Origin of tourism development**

Before the late 1970s, domestic travel was confined to "business trips, visiting relatives, and traveling for study or health reasons" (Zhang, 1997). Domestic tourism was rare in China because people's movements were limited. The Marxist thinking that tourism was unproductive as a service industry also restricted tourism (Tisdell, 1993). Additionally, the country was economically poor at that time, so tourism was hardly visible across China.

Richter (1983a) commented that China's interest in tourism was previously motivated

primarily by political and diplomatic considerations. Yangshuo is an example for Richter's assertion. The origin of Yangshuo's tourism development was politically-oriented. When China was closed to outsiders in the middle of the last century, Yangshuo was opened to the world for tourists. Yangshuo's early tourists were mostly the leaders, ambassadors, and other high level officials of foreign countries. Their arrivals gave Yangshuo the earliest chance to develop tourism. And media reports on the leaders' trips helped Yangshuo to gain an international reputation.

In the middle of the century, when China had just become a socialist country, foreign inbound tourism to China was strictly restricted and international tourism was a political tool (Zhang, 1999). Prior to 1978, tourism in China mainly served the political purpose of promoting the achievements of socialist China (Han, 1994). The motivation was to expand China's political influence and to promote international understanding and friendship through receiving invited guests and selected tourists (Han, 1994). Before 1985, the Propaganda Division under the China National Tourism Administration (CNTA) regularly invited the foreign press to China (Zhang, 1999) and Yangshuo was one of the few places that they were able to visit. Thus, Yangshuo town was an exception and foreign visitors were not rare at all. These visitors were mostly "friendly country" "brother party" delegates and world's leading scholars. There are many examples. In 1960, Hu Chiming, the president of Vietnam visited Yangshuo and hand-wrote five Chinese characters "Yangshuo's scenery is good" (Yangshuo feng jing hao) to praise Yangshuo's scenery. In 1961, Denmark queen Margaret II took a tour on the Lijiang River and stopped at Longtoushan Port to sketch the landscape. In 1962, the premier of Nepal visited the Lijiang River on the cruise and highly praised Yangshuo's scenery. Around 1969, a number of delegates, including from Albania, Romania, 15 countries' embassies in China officials, 47 ambassadors, the American Democratic Party leader Michael Mansfield, and Ashraf the Princess of Iran, took the cruise ship, stopped at Yangshuo Port and visited West Street. Scholars like Nobel Prize winners Li Zhengdao and Yang Zhenning, British writer Ms. Han Shuyin and Mrs. Edgar Snow, an old friend of the Chinese people, also visited (Wang, 2006).

As Han (1994) noticed, the visits of the leaders, delegates and scientists were shown on the media, resulting in the enhancement of Yangshuo's reputation. In the 1990s, when tourism was in its infancy in most areas of China (Wang, 1997), Yangshuo became popular among foreign visitors. The international reputation and the valuable experience in receiving early tourists became a good foundation for the following speedy tourism rise of Yangshuo, when the central government started to vigorously promote tourism.

#### **4.4.2.2 An open and embracing environment for officials**

In the interviews, officials mentioned many times of the openness of Yangshuo. Local investment and external investment, including international investment, came into Yangshuo as early as the 1930s. Since then, the government has welcomed all kinds of investment and has co-operated with people from all over China and around the world. The existence of external resources also affects the government's working style. The government has long learned from the business community and is experienced in governing a town that is full of new ideas. External personnel, especially foreigners, have brought to Yangshuo many new ideas, needs and opportunities. The government learned of many new ideas before that have reached other places.

Government officials tend to be open and confident. Top level officials regard work as a career rather than just a task. One county head said,

“(Officials) must have an ambitious entrepreneurial spirit, must be in a motivated mood and strive for the better. Only when we have a striving spirit, can Yangshuo get strength for development...” (Liu, 2008)

The County Director said,

“All the county's officials should strengthen their understanding that we cannot afford to wait, cannot be slow, and cannot just sit down...” (Liu, 2008)

When asked about the future of the town, and improvement of tourism, officials have ready plans and ideas.

#### **4.4.2.3 Good opportunity for higher positions**

Since Yangshuo has good economic foundation, active residents and international reputation, the foundation for development is good. Since 1978, Yangshuo's government has done a good job in promoting the overall development. With titles and slogans such as, “Benchmark for the County-wide Economy”, “World Tourism Organization Recommended Good Leisure Place” etc, Yangshuo has become a good place to exhibit officials' leadership talents. Many former leaders have been promoted to higher levels, building on their achievements and experience in Yangshuo. To many officials, especially on the top level, Yangshuo is a good foundation for gaining a high position. Officials acknowledge that Yangshuo is “open” and offers a good environment for trying new things (Wang, 2006).

Since Yangshuo is such a good tourism platform to showcase their abilities, officials do want to distinguish themselves when they are in the positions in Yangshuo. According to a senior

official of Yangshuo town, Yangshuo has a good foundation for further development. Now the whole country is promoting tourism, treating tourism as a promising growth point for the next few decades. In such a situation, tourism expertise is needed across the country. Government also needs experienced officials to take important positions. If officials can do well in tourism promotion on Yangshuo's platform, they will have a good chance to take higher positions in other places, whether in the government or in the business world. In such a climate, Yangshuo officials are motivated to do their best so as to upgrade Yangshuo's development and demonstrate that they can facilitate progress.

#### **4.4.2.4 Active involvement in infrastructure construction (operator role)**

In a study (Zhang et al., 1999) of modern China's foreign inbound tourism development, the activities of providing infrastructure, operating tourism business and holding ownership are grouped into an "operator" role. Following their definition, an operator role, government's involvement in infrastructure in particular, is found to be played out by the local governments in Daxu and Yangshuo. In Yangshuo, because the government has paid great attention to the improvement of infrastructure, investment in it has increased. The improvement in infrastructure, such as transportation networks, telecommunications and urban development, has laid a solid foundation for rapid tourism development (Zhang, 1997). According to the Yangshuo County Director, the standard for the infrastructure improvement of Yangshuo town is high. The overall rule for tourism planning is the three highs: "high starting point, high taste, and high standard". In recent years, Yangshuo County Government has invited China's best planners and architects to make plans for tourism infrastructure and scenic areas. By the end of 2004, Yangshuo had completed 54 key projects, with an investment totaling of 1.3 billion RMB. The completion of these projects has improved the environment for tourism which is helpful for Yangshuo's tourism business as well as environment protection.

When improving the infrastructure, Yangshuo government takes the local character and local heritage into consideration. For example, when dealing with the road surface and water system in Xianqian Street, Fuqian Xiang, and Guihua Creek, care was taken to keep the North Guangxi architectural characteristics. The construction is restoration-oriented, emphasizing the restoration of the original structure and style. Care has been given to the protection and improvement of dozens of old streets in Yangshuo town, and reinforcement of the oriental, ethnic, and garden-like style of West Street scenic area. Now the West Street Scenic Area attracts numerous visitors. The mix of Chinese and western cultures has made this area a renowned "global village" and "foreigner street".

In addition to direct investment in the improvements of infrastructure, the government also

guides residents to utilize their spare resources for tourist development. For example, the government of Yangshuo supports residents to convert their spare rooms into hotel rooms, and grants business licenses for acceptable rooms. After proper examination of the rooms, the government grants licenses to acceptable “resident hostels”, so these rooms can be rented to tourists as hotel rooms. According to Tan, President of Yangshuo County, this strategy has greatly enhanced the reception capacity of Yangshuo (Wang, 2006). From 1997 to 2004, the number of beds in Yangshuo County increased from 2,000 to 10,078. At the end of 2004, there were 253 hotels in Yangshuo, 75 of which were “resident hotels” (Wang, 2006).

Along with the hardware upgrade, Yangshuo government leads and assists the upgrading of service quality. Basic rules, like the hostel check-out time, are uniform and publicized. In case of customer complaints, channels are available to listen to and deal with problems. During the days of field research, the author saw a complaint case against a “resident hostel” fairly dealt with under the help of Yangshuo Tourism Information and Service Centre, a government agency.

The government has realized that, in a tourism town, safety is an importance issue for both tourists and residents. According an interview with a hostel manager, Yangshuo government invited police from Guilin city to provide safety lessons to resident hostels, teaching residents how to protect themselves in case of crime, fire etc. At least one front desk receptionist is required to attend the lessons. The government helped hostels to install customer data devices in 2008 (Interview with Yanshuo residents, 2009). Using this device, each hostel is able to send consumer’s check-in information to the police data base every day. As Yangshuo town is a highly mobile place with tourists coming and going, the check-in information system can be useful in ensuring the safety in the town. According to the authors’ interviews with residents and entrepreneurs, Yangshuo’s safety is good. This system is also helpful for the collection of tourism statistics of Yangshuo.

#### **4.4.2.5 Little resistance from residents when stimulating external capital**

Yangshuo government has no concern over external capitals and they work on stimulating such investment. In Yangshuo, local residents get along well with external people and the government does not meet much resistance from residents when it is introducing external capital. From the author’s survey, residents do not favour or disfavour a particular source of investment. Yangshuo residents have built up a good relationship with foreigners. Actually, from the interviews with residents, the author found that residents welcome external investment, including international investment. Words of the good relationship between locals and foreigners are spreading and are a positive aspect of the mix of Sino-Western

culture.

In Yangshuo, a number of renowned restaurants are jointly owned or run by foreigners and locals. Examples include Meiyou Café, Seventh Heaven, White Lion Hotel and Yaxi English Training Centre.

In addition to business co-operation, external personnel have inter-woven with the local life. One romantic part of Yangshuo town is the cross-national marriages between foreigners and locals. Stories about foreign handsome men marrying local girls and foreign girls falling in love with local physicians are spread by residents. In the government documents, there was no record of cross-national marriage before the foundation of PRC in 1949. After that, a couple of women married abroad through their overseas relatives. From 1978 to 2004, the number of cross-national marriages in Yangshuo exceeded 300 (Wang, 2006). On West Street alone, the number of cross-national couples is more than 100 (Bao & Qiu, 2006). It is said that “Yangshuo is the most likely street for international marriages” (Mo, 2008).

To the government, the good relationship between locals and external people is a good base for their brave work. External resources have integrated well with local resources, no matter in the business community or in people’s lives. On the whole, residents do not have worries about external capital, and people are very adaptable to outside companies and possibly very different work styles. With support of its residents, the government has no concern with the resistance from residents when it is introducing external capitals.

#### **4.4.2.6 Planning and discussion (planner role)**

Previous studies have indicated that in the developing world, government intervention is visible in terms of tourism planning and promotion (Yang & Wall, 2009). In this study, Yangshuo government is found to be actively doing tourism planning and promotion.

Yangshuo government has worked with China’s leading tourism research institutions to make tourism plans. It started to make plans in the beginning of this century and revises plans periodically. The plans direct the government’s work and, importantly, the efforts of different government administration’s can be consistent under the guidance of the tourism plans.

In addition to inviting experts to make plans, Yangshuo government appears to watch closely the current situation and possible future of tourism. A series of seminars and discussion has been organized by Yangshuo government. For example, in 2008, a conference themed as “Yangshuo phenomenon” was held. Scholars, the press and government officials attend.

During the author's field research period, an international conference, with some of the world's leading experts, was held in Yangshuo.

#### **4.4.2.7 Priority to tourism industry**

To Yangshuo government, tourism is the leading industry. The government is dedicated to tourism development. Planning, investment mechanism, promotion, infrastructure improvements, regulation, training programs and so forth are all in place. In Yangshuo, tourism is regarded as the pillar among other industries, being expected to make a significant contribution to the local economy.

To the government, tourism is more than a supplementary way generating income, but is regarded as the base of Yangshuo economy. The fundamental strategy for Yangshuo's development is tourism (Yangshuo government, 2009).

“Utilize tourism resources, develop tourism as an industry, continuously expand the scale of tourism and raise the economic benefits of tourism.” (Wang, 2000)

“Through the big development of tourism, expand openness and prompt the development of industry, agriculture, and other economic activities...” (Wang, 2000)

To the government, this “positioning is right, the target is clear, and measures are strong” (Wang, 2004). Under the effective implementation of tourism policies, Yangshuo's tourism is developing very fast. In 2004, tertiary industry, led by tourism, contributed 44 percents of the local GDP and 51 percents of the government finance. These numbers indicate that tourism has become the basis of Yangshuo's economy.

The government has done much work to expedite tourism development. In order to keep the speedy development of tourism, Yangshuo County has striven for a high standard in the construction of infrastructure and, at the same time, heritage and local character are paid special attention. Both tourists' and residents' positive perceptions reflect the effect of the government's efforts in heritage protection

In order to enhance the town's attractiveness the government has also facilitated the development of a group of new tourism sites, like Liu Sanjie Singing Fair, Liu Sanjie Garden on Water, Julong Pool, Butterfly Spring, Jianshan Temple, Longjing River Rafting and so on. The aim is to make Yangshuo as a “poetic garden” for tourists. Because of the charm of

Yangshuo, many developers are interested in real estate business in Yangshuo. The government welcomes them because new buildings and facilities can upgrade Yangshuo's urban taste.

The government has realized that good hardware alone cannot make Yangshuo into a world-class tourism destination. Software is equally important. To acquire its standing in world tourism, Yangshuo has had to make continual efforts to improve its tourism supplies, major components of which are food and beverages, accommodation, transportation, communications, sightseeing, entertainment and shopping (Wang, 1997). The government aims for "standardized service, unified operation and professional management" (Wang, 2004).

The current theme for the government's work is to "strengthen advantaged industry, enhance the county-wide economy, and build a world-class tourism destination" (Yangshuo Government, 2009). In justifying this theme, Yangshuo government claims that Yangshuo's tourism resource is distinguished the natural scenery is something that distinguishes Yangshuo from other places, giving Yangshuo an intrinsic advantage for tourism. Responding to central government's call for differentiated development, Yangshuo has chosen its advantageous tourism resources as the foundation of its development strategy.

Officials indicate that other industries are not strong in Yangshuo. There used to be several factories but they were closed due to their inability in making money. Since tourism requires good environmental protection, Yangshuo has to restrict factories that might impair the natural environment. Establishment of new factories is not easy and there is no large factory in Yangshuo. Yangshuo has made a series of environmental regulations. Since the Lijiang River crosses Yangshuo, Yangshuo has also to comply with the regulations for Lijiang River environmental protection. From an interview with an official in Yangshuo Tourism Bureau Office, "tertiary industry, led by tourism, is the major source of finance."

#### **4.4.2.8 Stimulating investment (investment stimulator)**

In contrast to Daxu's counterpart, Yangshuo government appeared to have acted strategically in stimulating investment. Yangshuo government has been more attentive to the quality of investment rather than the scale of investment. From an economic standpoint, the arrival and growth of the right investment is not only helpful for the employees of just that company, but also for the economic climate over the whole town. For a long time, although Yangshuo has fabulous scenery, it was under the shadow of Guilin city. Yangshuo used to be just a stop on the Lijiang River tour. Tourists got off the cruise, wandered around on West Street for a

couple of hours, and went back to Guilin. “Yangshuo could not retain tourists” (Interview with government officials in Yangshuo town, 2009). Most of dining and accommodation expenses were spent in Guilin. This situation only changed in recent years, especially after “Impression Liu Sanjie”, a nightly show, started to be performed in Yangshuo.

Impression Liu Sanjie is a renowned cultural show presenting Zhuang ethnic folk songs and wedding culture. This show is performed on a boat-stage, attracting massive numbers of tourists. Every night, Monday to Sunday, some 2,000 tickets are sold. Since this show is performed at night, tourists have to spend at least one night in Yangshuo. According to the Yangshuo government, Impression Liu Sanjie changed Yangshuo’s status as a transfer point to an overnight destination.

Yangshuo is a county in Guangxi province. Since Guangxi is an ethnic region, and an area that is included in the country’s western development plan, investors can enjoy preferential treatment under this plan as well as the special treatment available for ethnic autonomous regions. Thus, in order to strengthen the growth and of investments, the government can grant individualized preferential policies (Yangshuo Tourism Bureau, 2009). From January to June, 2005, Yangshuo introduced 26 projects, totaling approximately 50 million RMB (Mo, 2008). These figures indicate the governments’ commitment to introducing external capital which strengthens the trust of external investors.

#### **4.4.2.9 Government investment in education (educator role)**

According to Zhang et al. (1999), the Chinese central government has assumed the role of educator in international inbound tourism development. Yang (2007) also noticed that government investment in education has been vital to the creation of long-term balanced tourism development. Jenkins and Henry (1982) also suggested government should provide training to locals in order to enhance local expertise to fill tourism positions. Tourism education and training are imperative for securing positive effects of tourism in destinations. Education is a difference between Daxu and Yangshuo governments’ behaviours, for Daxu Township government and Lingchuan County government do not seem to provide much training to the residents or business people there. However, Yangshuo government has provided training to residents and some business people. In 2007 Yangshuo government annual report, it states,

“...this year, one tour guide qualification training program was practiced. 200 people joined the training classes. Through training classes and other kinds of advocating and education, Yangshuo’s tour guides have upgraded their knowledge and skills...”

“...enhanced the education and training, upgraded the management level of managers, and improved the quality of tourism personnel. Firstly, (we) have organized owners of scenic spots, hotels and restaurants to participate in the training classes on how to apply “Star” and “A” assessment.... Secondly, (we) provided a tour guide training program in the first half of the year. We provided training on skills and ethics for over 400 tour guides. Through the Lijiang River Firework Festival tourism skill competition, the skills of service providers were trained intensively ....”

The training is provided by Yangshuo Tourism Bureau. In an interview, government officials said that training is about service skills, ethics, English language, fire alarm knowledge, crime alarm knowledge and so on. Classes are free of charge.

### 4.2.3 Summary

This section presented Daxu and Yangshuo governments’ perspectives on tourism development. Major findings are summarized in Table 4.17.

Table 4.17: Comparison between Daxu and Yangshuo governments’ tourism involvement

	<b>Daxu town</b>	<b>Yangshuo town</b>
<b>Policy</b>	<ul style="list-style-type: none"> <li>●Tourism value of ancient town was underestimated.</li> <li>●Starting point of Lijiang River Tourism Golden Waterway</li> <li>●Tourism to serve as a catalyst for other industries</li> </ul>	<ul style="list-style-type: none"> <li>●Promoted by Chinese central government as tourism destination from earlier times</li> <li>●Ending point of Lijiang River Tourism Golden Waterway</li> <li>●Tourism is preferentially treated</li> </ul>
<b>Planning</b>	<ul style="list-style-type: none"> <li>●Tourism planning is not well implemented</li> </ul>	<ul style="list-style-type: none"> <li>●Optimize tourism planning for stakeholders</li> </ul>
<b>Heritage</b>	<ul style="list-style-type: none"> <li>●Pleasant scenery</li> <li>●Government gradually realized its heritage value</li> <li>●Low level of commercial exploitation beyond heritage protection</li> </ul>	<ul style="list-style-type: none"> <li>●Outstanding scenery</li> <li>●Parallel emphasis on heritage preservation and economic development</li> <li>●Exploit heritage for commercial use</li> </ul>
<b>Investment</b>	<ul style="list-style-type: none"> <li>●Small and slow introduction of external capital</li> <li>●Small infrastructure improvement</li> </ul>	<ul style="list-style-type: none"> <li>●Strong, strategic introduction of external capital</li> <li>●Large and continuous investment in infrastructure improvements</li> </ul>
<b>Local resident</b>	<ul style="list-style-type: none"> <li>●No obvious effort in training residents with tourism knowledge</li> <li>●Residents benefit little from local</li> </ul>	<ul style="list-style-type: none"> <li>●Offer training to local tour guides and residents in upgrading services</li> <li>●Residents benefit more from local</li> </ul>

	tourism development	tourism development
<b>Official</b>	●Officials concentrate on maintaining current positions	●Officials focus on chasing higher positions

From the overall strategy perspective, Yangshuo regards tourism as the base of its economy, while Daxu only regards tourism as a supplementary source of income. Governments' commitment is also different, as Yangshuo government is more committed and Daxu government does not value its tourism resources as much as Yangshuo government does.

Since tourism development often requires improvement of infrastructure, a dedicated government like Yangshuo can respond to tourism requirement and invest actively in infrastructure construction. The not-so-dedicated government, like Daxu appears to be poor in addressing the needs of tourism. In this study, Yangshuo government is found to be active in infrastructure improvement, but Daxu government is passive.

Tourism planning is also differently treated by Daxu and Yangshuo governments. While Yangshuo trusts experts and values the plans, Daxu government officials doubt the usefulness of planning and do not really implement the plan. The problem with lacking a plan is the lack of a consistent direction. When the administration changes, Daxu government faces a new start but Yangshuo officials have ready plans to refer to.

Officials' working styles are also different. Yangshuo officials are more open and ambitious, while Daxu officials' general working style is more careful and conservative. Under such working styles, Yangshuo is very fast in catching opportunities and Daxu is slow in moving forward.

Yangshuo government plays the role of educator and provides training to tour guides and some business owners to assist the upgrading of service, ethics, and the capabilities of firms.

From the perspective of government, Yangshuo has been favored more by the central government since the 1950s and 1960s. At that time, Yangshuo was visited by many foreign countries' leaders and delegates. Their visits gave Yangshuo its invaluable reputation, which has been advantageous for its following tourism development.

A similarity between the two towns is that both township governments do not seem to have the actual authority to make key policies, even regarding their own towns. Key decisions are made by the county level governments. Towns just follow policies rather than make policies.

## **4.5 Chapter summary**

This chapter presented and interpreted the survey and interview results from the field research. All key stakeholders' perspectives, including tourists' experiences, entrepreneurs' situations, residents' views, and governments' involvement are analyzed and presented. The chapter is divided into four smaller sections according to the four different groups of stakeholders. In each section, a succinct statement of the findings is provided in a summary.

## 5. Discussion

Integrating findings in previous chapters, this chapter will discuss the levels of tourism development in Daxu and Yangshuo town. Then, government behaviour regarding tourism administration will be further explored. Practically, a solution to break bottleneck with Daxu tourism development will be proposed and discussed. Finally, tensions and dilemmas in heritage tourism development will be identified. It is suggested that special attention be given to the role of government when promoting heritage tourism.

### 5.1 Different situations in Daxu and Yangshuo

Under different government strategies and performances, Daxu and Yangshuo have very different in tourism situations. On the one hand, Yangshuo's tourist number and tourism income have been increasing. On the other hand, tourism development is very slow in Daxu. Figure 5.1 shows the growth of Yangshuo's tourist numbers in recent years and Figure 5.2 shows tourism income growth in Yangshuo.



Figure 5.1: Tourist number in Yangshuo County  
(Data from Yangshuo Tourism Bureau)

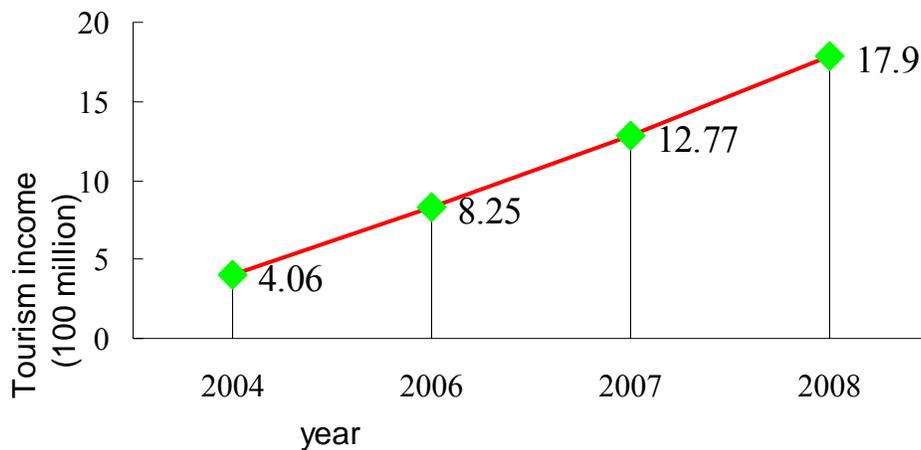


Figure 5.2: Tourism income in Yangshuo County  
(Data from Yangshuo Tourism Bureau)

It is concluded that Daxu’s heritage tourism is in the initial stage of development and that Yangshuo is in a highly developed stage. Daxu is generally dominated by local capital while Yangshuo has embraced external, including international, capital. Daxu is moving slowly while Yangshuo is becoming increasingly popular to tourists.

In this study, Daxu residents are found to be eager in developing tourism. Although the county government regards industry as the leading strategy for the whole county, Daxu residents expect heritage tourism to be promoted. This expectation is justified on the ground that Daxu, as a thousand-year-old commercial town, has outstanding heritage resources and its basic infrastructure is good. Perhaps the county government should make more nuanced policies to allow Daxu town to develop its own advantages.

This comparative study confirms scholars’ observation of government’s importance role in tourism development. In the Chinese context, “appropriate government strategies and policies will be key to the future success of the country’s tourism industry” (Zhang, Yu, & Lew, 1995), and tourism will not likely to progress rapidly without proper and wise government support (Deng, 2000; Zhong, 1999; Jiang, 2008). In the author’s research, it is found that the authority is in the hands of county government instead of the township government, so it is suggested for the Lingchuan county government to adopt a more nuanced strategy. Towns are the very basic units in the political map. The town should not be repressed to pursue other matters.

## 5.2 Government behaviour

Since government behaviour is the focus of this study, this section collates findings on tourists, residents, entrepreneurs and governments to try to look further into government mechanisms and tourism development.

As demonstrated in Daxu and Yangshuo, the development of heritage tourism is affected by the central government's decentralization policies. Notably, governments in Daxu and Yangshuo both promote tourism and have tourism policies shaped by the central government. Daxu and Yangshuo towns fully respect the instructions of the Lingchuan and Yangshuo county governments. It can be concluded that decentralization has only penetrated to the county level and the township level governments do not have much authority.

Since development has become a major target for all bureaucracies in China, not surprisingly, in both Daxu and Yangshuo, the governments hope tourism can develop. Also, in both towns, the governments assert that tourism benefits residents. Governments in both Daxu and Yangshuo have been involved in tourism development to some degree, but they have shown considerable variation in their responses to policy choices. In Daxu, the attitude of the government is passive encouragement, which means they do encourage tourism sector as a possible economic growth sector, but they do not specifically encourage tourism. In Daxu the government acknowledges that the principal role of tourism is to utilize it to drive the development of related industries. The government does not intervene much into tourism in Daxu ancient town. It can be concluded that, in the Chinese context, government support for tourism can accelerate its development substantially.

In Daxu, residents and entrepreneurs are struggling in promoting heritage tourism. Without government commitment, as it is in Daxu, heritage preservation is a problem and tourism is developing slowly. It confirms that without strong government support, it is hard to achieve success in heritage resource exploitation.

On the contrary, Yangshuo's governments accord great importance to tourism and actively support tourism development. They work as planners, investors, investment stimulators, and promoters. Yangshuo governments also take on the role of educator, a role that is not taken by Daxu's governments. Yangshuo governments are more responsive to the market and their officials are more ambitious. Daxu's governments passively support tourism and only regard tourism as a supplementary source of income.

In Yangshuo, tourism is strongly supported by the township and county governments. Consequently, tourism boomed and mass tourism has emerged where there was formerly a niche tourism market. Most tourism development projects, especially large ones, follow conventional paths and mass tourism dominates (Yang et. al, 2008). In Yangshuo, the government is interested in the numbers of tourists and income, indicating government's emphasis on the growth in scale. Focusing on expansion and economic gain, the associated effects on cultural heritage receive insufficient attention.

Yangshuo was once the favourite place of western tourists because of the fabulous scenery, the relaxing life and friendly people. Now, because of mass tourism and the commercialization, dissatisfactions are found against the over-commodification, crowding, high prices, and the loss of the original ambience. Some early entrepreneurs, since the atmosphere that attracted them has changed, are in a dilemma of whether to leave or to stay. Domestic tourists who are attracted by Yangshuo's unique character have started to complain about decrease of West Street's unique character. Additional complaints are heard about the scarcity of westerners and the loss of the western atmosphere. One reason for this is that the Chinese governments are particularly interested in growth. The expansion of tourist numbers and tourism receipts is helpful to showcase the administration and the leaders' achievements, but mass tourism is diluting the original character of the destination. It is important for the government to understand the idea and process of creative destruction.

### **5.3 Tourism enterprise**

Yangshuo has done well in promoting tourism with strong support from government. Yangshuo's tourism has grown rapidly. However, the rapid growth in quantity has resulted in problems in quality. Tourists complain "West Street has lost its ambience"; "I can hardly say Yangshuo is relaxing", "People only care about money" etc. Entrepreneurs complain they are under increasing pressure from the rising real estate prices and the low-price competition by illegal tour guides ("wild horses"). Residents' complaint about the increased living costs which put them under pressure to be a "wild horse".

The solution to these problems is in the hands of the government, because market regulation can only be done by the government. Yangshuo government should strengthen its regulatory rule, so as to ensure an orderly market. Laws and policies, and enforcement of them, could help to establish a better market order. Social policies can also help. The strengthening of wealth-sharing mechanisms could ease residents' pressures from the increased living costs which, in turn, would help to produce a more orderly market.

## 5.4 Heritage tourism

There is a wide range of motivations for creating the tourist-historic city (Ashworth & Tunbridge, 1990) and these diverse motivations predictably have the potential to give rise to tensions. “A large number of implicit tensions” exist, and there is more than one answer to the scope of heritage and the ownership of heritage (Ashworth & Tunbridge, 1990). After examining the 25 years’ experience (1978-2003) of tourism planning and management in Cambridge, UK, Maitland (2006) concluded that tourism management issues are rarely finally resolved in a historic city.

The cases of Daxu and Yangshuo manifest that heritage tourism is particularly difficult to deal with, because it involves tremendous tensions and dilemmas. The first and broadest dilemma is between preservation of structures and the atmosphere associated with them, and their use for tourism. How much modification and how many people can be accommodated before the atmosphere is undermined?

A second dilemma is the use of local or external capital. As demonstrated in Daxu, local capital may better preserve the original folk culture, perhaps because it is only available in small quantities, but is weak at generating revenue which could contribute to the physical preservation of heritage sites. As demonstrated in Yangshuo, external capital, together with external entrepreneurs, can possibly combine with the local culture to form a unique and attractive culture. The successful investment of external capital contributes to the heritage conservation to some extent but it also raises living expenses. As it is in Yangshuo, external capital is weak at benefiting local residents, and strong in changing folk culture.

The third dilemma is between active government support and passive government support. Active government support, as seen in Yangshuo, can effectively attract external capital and prompt the growth of tourism, creating economic growth. But it also brings the side-effects of rapid growth and physical and cultural changes. However, passive support is also problematic too. In the case in Daxu, without strong support from the government, residents are unable to vigorously promote tourism growth and effectively preserve heritage.

Fourth, many tourists do not seem to be very interested in heritage tourism. As shown in both Daxu and Yangshuo, tourists’ first activity is to see the natural scenery. Even in the more originally kept Daxu town, tourists’ first activity is to see the nature. The lack of interest may explain many entrepreneurs’ and the government’s hesitance in investing in heritage tourism. However, tourists do not simply dismiss heritage; rather, they have quite high requirements

for the quality of heritage preservation. In both towns, residents' concerns for the quality of heritage preservation are much lower than tourists'. As shown in Figure 5.3, in both Daxu and Yangshuo, the biggest groups of residents think the quality of their heritage preservation is good; however, the biggest groups of tourists think it is just ordinary. This further impedes investors' interest in heritage tourism.

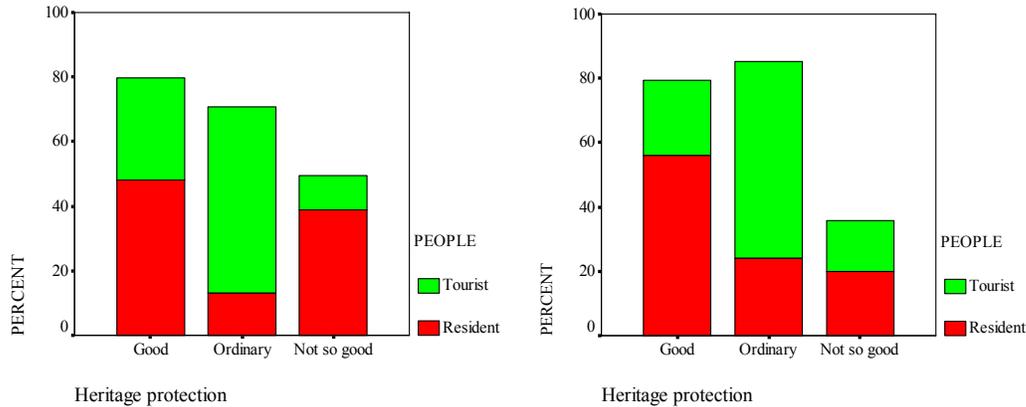


Figure 5.3: People's judgment on the quality of heritage protection in Daxu (left) and Yangshuo(right)

As Ashworth and Tunbridge (1990) have suggested, an organization, no matter whether it is governmental, commercial or non-commercial, a private association or an individual, is necessary to intervene in coordinating the functioning of so many different goals and tensions. Based on the fact the private sector and industrial associations are in their infancy in China (Zhang et al., 2002), currently, it is most likely for the government to take the coordinator role. In sum, heritage tourism is highly complex, and government, as investors, regulators, investment stimulators, public interest protectors and, perhaps, educators are facing challenges in heritage tourism development. Tourism, as it is in Yangshuo, has tremendously changed every aspect of Yangshuo town, and change is expected to continue.

## 5.5 Chapter summary

Based on the findings in previous chapters, this chapter first discussed the tourism development levels of Daxu and Yangshuo. Then, this chapter integrated findings on tourists, residents, entrepreneurs and governments and made some observations concerning the factors underlying government behavior. In addition, greater government regulation was suggested as a solution to the pressures experienced by entrepreneurs and residents. Finally, the complexity of heritage tourism is discussed with reference to the cases of Daxu and Yangshuo.

## 6. Conclusion

Heritage tourism has been controlled by many country's governments. For the state, heritage is viewed as an economic resource that can help economic development and enhance national identity (Lowe, 1993). So the central government often likes to formulate policies and determine what is heritage and what will be preserved and represented to tourists. However, local governments' perspectives are important because they are the ones that commonly implement tourism policies (Bouquet & Winter, 1987; Perce, 1989). In the literature, there are concerns on the extent to which the policies can help with "job creation, wealth growth, environmental and cultural protection" (Xie, 2003). The types and the extent of government involvement vary from country to country based on different situations in political, economic, and social systems. Even in a very similar context, different perspectives may be employed by the local governments.

It is argued that in socialist countries, the level of government involvement will be greater than that in countries where a predominantly free enterprise philosophy exists, and some problems in tourism development can only be resolved by the state (Jenkins & Henry, 1982). In the literature, previous studies are mainly concerned with national level governments (e.g. Airey, 1983; Akama, 2002; Clotey & Lennon, 2003; Elliott, 1987; Matthews, 1975; Jones, 1986; Powers, 1987; Richter, 1983a, 1983b; Hall, 1994; Mak & Moncur, 1998; Zhang, Chong, & Ap, 1999; Hughes, 1984; Yang & Wall, 2007) and limited research has been done to address the involvement of local level governments. However, local government is the one that usually makes tourism plans for the area under their jurisdiction (Clancy, 2001), and have direct interaction with tourism business players, residents and tourists. The limited knowledge of local government involvement in tourism hampers understanding of the nature of tourism development.

This research fills a gap in the literature. This study documented the context in which tourism has developed in the ancient towns of Daxu and Yangshuo. Tourists' experience, residents' view, and entrepreneurs' motivation, current situation and expectations are stated and compared. It also explored governments' involvement, roles, and performance in the forming of tourism developmental styles, and examined the implications of the ways and importance of governmental involvement.

The behaviour and challenges of the government identified in this study are not unique to the study sites but are common in places where the economy is originally backward, and the

expectation of development is high.

## **6.1 Major findings**

Over the past centuries, Daxu had been one of Lijiang River's four most important harbours. Until 1930, when several railroads and highroads were built, the thousand-year-old commercial centre retreated from business people's attention, and the town became quiet. In the years of opening and reform when tourism was vigorously promoted, the old town was re-discovered and exploited as a tourism resource. Daxu ancient town has become a good place to satisfy tourists' curiosity about the past (Hao, 2007). In contrast, the start of Yangshuo's tourism development was politically motivated. When China was closed to outsiders in the middle of the last century, Yangshuo was open to the foreigner countries' leaders, delegates and scholars. Their arrivals gave Yangshuo the earliest chance to develop tourism and establish a reputation. In recently years, as it has been vigorously promoted by the government, its tourism has boomed.

Tourists are younger, stay longer and consequently spend more in Yangshuo than in Daxu. Residents in both towns show high expectation for tourism development, but Yangshuo residents are surer about most of the impacts brought by tourism.

Entrepreneurs are often local investors and are struggling in Daxu, while Yangshuo tourism entrepreneurs include many from elsewhere, including foreigners. One big reason for entrepreneurs to do business in the ancient town is to be with family in an attractive environment. They do want to accelerate the development of tourism and they hope the government can do more work in heritage protection and tourism marketing. Yangshuo entrepreneurs have dual motivations. One group of entrepreneurs primarily aims at making money and they are highly responsive to the market and are quite successful. They hope the government can reinforce market regulation. The other group is less economically driven, and they are mostly early investors. They are motivated by their appreciation of Yangshuo's wonderful scenery and relaxing way of life. However, they are in a dilemma of whether to leave or not to leave since the town has become so much commercialized. These entrepreneurs contribute to the unique charm of Yangshuo.

Government attitudes toward tourism are found to be different. Yangshuo's governments accord great importance to tourism and work as regulators, investors, investment stimulators, arbiters and promoters and educators to help tourism sector to grow. Yangshuo governments are more responsive to the market and their officials are more ambitious. Daxu's governments support tourism too, but in a passive way. Daxu's governments only see tourism as a

supplementary source of income.

## **6.2 Implications**

This comparative study of Daxu's and Yangshuo's experience in the development of heritage tourism has both academic and practical implications. This study, in particular, has provided insights into how the roles and involvements of local government can significantly contribute to the style and pace of tourism development. For academia, it provides implications for studying the political dimensions of tourism, particularly in the context of socialist countries.

Roles of the government in tourism have been elaborated with large amount of details, providing a picture of these roles. In this study, it is found that both Daxu and Yangshuo governments take on a variety of roles such as investors in infrastructure, investment stimulator, educator, regulator and marketer. Further, it is found that the township level government does not have much authority, and strategies and policies are made by the county level government. The investment stimulator role is more vigorously implemented in the highly developed town, and this has been a foundation on which the government has been able to play other roles.

Tourism, as other economic sectors, is under the influence of a country's overall economic framework. Dredge (2004) pointed out that, in China, tourism development occurs within a distinct political, economic and cultural framework. China's reform and "opening up" since 1978 have contributed to the promotion of tourism. Decentralization of tourism policies has granted more space for local agents to develop their own tourism supply and to target the markets of their choice, resulting in a diversified and competitive tourism sector throughout the country. As observed similarly in several prior studies (e.g. Deng, 2000; Zhong, 1999; Jiang, 2008; Ying & Zhou, 2007), the case study of Daxu and Yangshuo concludes that government is an influential player in heritage tourism development. Without government's active involvement, interest groups are unlikely to make a serious of actions to foster the development of tourism. On the other hand, as in Yangshuo, with strong government support in growth and insufficient attention to social and cultural implications, a unique niche tourism market has been converted into a mass tourism market. When pursuing tourism growth, the government should be aware of the possible adverse consequences of tourism development. To the Yangshuo and other heritage destination's governments and residents, it would be useful for them to understand the process of creative destruction.

The case studies of Daxu and Yangshuo also imply that in the initial stage of tourism development, government's roles as planner and investor should be emphasized in order to

initiate heritage tourism, because heritage tourism involves public interest which cannot be dealt with readily by individual residents or private companies. The regulator and educator's roles should be reinforced when tourism has developed to a certain level, in order to ensure an orderly and healthy tourism market.

### **6.3 Future research**

More comparative case studies should be conducted in order to further confirm the typicality of this study's results, and to better identify the intricate interactions between government and business communities, so as to achieve better integration of governmental power and economical and social possibilities.

Firstly, in addition to governments' different attitudes toward tourism, there may be other factors contributing to the different situation of tourism in Daxu and Yangshuo, such as quality of scenery. It is risky to use government as the sole perspective through which to view tourism developmental dynamics within heritage areas, or as the deciding factor in residents' perception of tourism impacts or tourists' satisfaction. Other factors such as quality of scenery, history of tourism exploitation, existence of other industries, local people's knowledge of tourism, geographical location, could also play important roles in determining the direction that a place takes in tourism development. These factors deserve attention when comparing tourism in Daxu and Yangshuo. Further research could be done on these other factors to get a more complete understanding of tourism development modes.

Secondly, Daxu and Yangshuo are both towns in the Guilin area, in the southern part of China. While they have some characteristics of China's tourism development, they cannot fully represent all the places of China. To make a more complete evaluation of the influences of government, it is necessary to investigate government's roles in other parts of China. Through more case studies, government's roles in influencing tourism developmental style could be more completely understood.

Thirdly, this study focused primarily on local level governments at the township and county levels, excluding the perspectives of city and provincial governments. Since the lower levels of government in China generally follow the direction of higher level governments, additional research could be focused on the perspectives of higher level governments to get more systematic understanding.

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## Appendices

### Appendix A: Cover letter for resident and tourist survey



**Project Title:** Heritage Tourism in Daxu and Yangshuo, Guangxi, China

**Faculty Supervisor:** Geoffrey Wall, Department of Geography, gwall@uwaterloo.ca

**Student Investigator:** Qun Qin, Department of Geography, qqin@uwaterloo.ca

I would like to seek your help with a survey concerning tourism development in Daxu and Yangshuo. This questionnaire is designed for my master thesis research, namely Heritage Tourism in Daxu and Yangshuo, Guangxi, China.

The main purpose of this research is to examine Chinese government's perspective on ancient town's tourism development. It is believed that the research will provide valuable insight into governments' perspectives on heritage tourism development in China. The findings could provide practical implications for future governing of Chinese governments on heritage tourism development, which can benefit the residents and tourists in the long run.

Your participation in the survey would be appreciated. The survey should take between 10 and 15 minutes. Your participation is voluntary and anonymous. You may decline to answer any questions and may withdraw from the study at any time. Survey data will be stored at the University of Waterloo, Canada, for 1 year and then confidentially destroyed.

If you have any questions or concerns regarding the research itself, please contact either Dr. Geoff Wall at 1-519-888-4567 ext. 33609, or by email at gwall@uwaterloo.ca, or myself, Qun Qin by email at qqin@uwaterloo.ca.

The project has been reviewed by, and received ethics clearance through, the Office of Research Ethics. In the event you have any comments or concerns resulting from your participation in this study, please contact Dr. Susan Sykes at 519-888-4567, Ext. 36005.

Your participation is highly appreciated!

Best Regards,

Qun Qin

Master Candidate in Tourism Policy and Planning

Faculty of Environment, University of Waterloo, Waterloo, Ontario

## Appendix B: Resident survey

This Survey is for academic research only

### Local Residents Survey in Daxu Ancient Town

1. Do you live in Daxu?  Yes  No
2. How long have you been residing in Daxu?
  - Less than 1 year  1 to 3 years
  - 3 to 5 years  5 to 10 years
  - More than 10 years
3. Please circle the number that best describes your perceptions of tourism in Daxu.

Towards tourists	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. the number of tourists has increased every year	1	2	3	4	5
2. the town is crowded with tourists	1	2	3	4	5
3. tourist influx has brought inconvenience to my daily life	1	2	3	4	5
4. tourists get along well with local residents	1	2	3	4	5
5. I would like more tourists to come	1	2	3	4	5

Economic aspect	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. tourism has facilitated economic development in Daxu	1	2	3	4	5
2. tourism has created more employment opportunities in Daxu	1	2	3	4	5
3. groceries in Daxu are more expensive than before a large number of tourists come here	1	2	3	4	5
4. tourism has improved my living condition	1	2	3	4	5
5. I would like to work for state-owned tourism company	1	2	3	4	5

6. I would like to run my own small tourism business	1	2	3	4	5
7. the external tourism business are losing the local flavor of Daxu	1	2	3	4	5
8. I would like to see more foreign invested tourism companies	1	2	3	4	5
9. government invested business should be the leader of tourism market	1	2	3	4	5
10. I don't care if the town is dominated by external capital	1	2	3	4	5

Socio-cultural & environmental aspects	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. tourism has enhanced the awareness of Daxu	1	2	3	4	5
2. the traffic has become worse than it used to be	1	2	3	4	5
3. the public security is worse than before large number of tourists come here	1	2	3	4	5
4. tourism has helped to protect heritage in Daxu	1	2	3	4	5
5. there is more litter in my community due to tourism	1	2	3	4	5
6. the noise is too loud for my community	1	2	3	4	5
7. the environment is better than is used to be	1	2	3	4	5
8. residents have adopted aspects of external culture	1	2	3	4	5

Over all	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. In sum, benefits of tourism overweight shortcoming	1	2	3	4	5
2. I feel happy to live in Daxu	1	2	3	4	5
3. Overall, the government has done a good job in promoting tourism	1	2	3	4	5

#### 4. Demographic Information:

1) Age: \_\_\_\_\_ 2) Gender:  Male  Female

3) Monthly Income (RMB): \_\_\_\_\_

4) Education: \_\_\_\_\_

5) Occupation: \_\_\_\_\_

THANK YOU VERY MUCH!

This Survey is for academic research only
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**Local Residents Survey in Yangshuo Town**

1. Do you live in Yangshuo?  Yes  No

2. How long have you been residing in Yangshuo?

Less than 1 year  1 to 3 years

3 to 5 years  5 to 10 years

More than 10 years

3. Circle the number that best describes your perceptions of tourism in Yangshuo.

Towards tourists	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. the number of tourists has increased every year	1	2	3	4	5
2. the town is crowded with tourists	1	2	3	4	5
3. tourist influx has brought inconvenience to my daily life	1	2	3	4	5
4. tourists get along well with local residents	1	2	3	4	5
5. I would like more tourists to come	1	2	3	4	5

Economic aspect	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. tourism has facilitated economic development in Yangshuo	1	2	3	4	5
2. tourism has created more employment opportunities in Yangshuo	1	2	3	4	5
3. groceries in Yangshuo are more expensive than before a large number of tourists come here	1	2	3	4	5
4. tourism has improved my living condition	1	2	3	4	5
5. I would like to work for state-owned tourism company	1	2	3	4	5
6. I would like to run my own small tourism business	1	2	3	4	5
7. the external tourism business are losing the local flavor of Yangshuo	1	2	3	4	5

8. I would like to see more foreign invested tourism companies	1	2	3	4	5
9. government invested business should be the leader of the tourism market	1	2	3	4	5
10. I don't care if the town is dominated by external capital	1	2	3	4	5

Socio-cultural & environmental aspects	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. tourism has enhanced the awareness of Yangshuo	1	2	3	4	5
2. the traffic becomes worse than it used to be	1	2	3	4	5
3. the public security is worse than before large number of tourists come here	1	2	3	4	5
4. tourism has helped to protect heritage in Yangshuo	1	2	3	4	5
5. There is more litter in my community due to tourism	1	2	3	4	5
6. The noise is too loud for my community	1	2	3	4	5
7. the environment is better than is used to be	1	2	3	4	5
8. residents adopted external culture	1	2	3	4	5

Over all	Strongly disagree	Disagree	Neutral/ don't know	Agree	Strongly agree
1. In sum, benefits of tourism overweight shortcoming	1	2	3	4	5
2. I feel happy to live in Yangshuo	1	2	3	4	5
3. Overall, the government has done a good job in promoting tourism	1	2	3	4	5

4. Demographic Information:

1) Age: \_\_\_\_\_ 2) Gender:  Male  Female

3) Monthly Income (RMB): \_\_\_\_\_

4) Education: \_\_\_\_\_

5) Occupation: \_\_\_\_\_

THANK YOU VERY MUCH

## Appendix C: Tourist survey

**This Survey is for academic research only**

### **Tourists Survey in Daxu Ancient Town**

1. Where are you from? \_\_\_\_\_
2. How many times have you visited Daxu? (Please check)  1st;  2nd;  3rd;  4th;  
or  More.
3. How many days do you plan to spend in Daxu? \_\_\_\_\_ days.
4. The primary purpose of visiting Daxu is to (Multiple choices):  
 See the township                       Enjoy nature  
 Experience the culture/heritage       Visiting family/friends  
 Business travel                       Relaxation  
 Other (please indicate) \_\_\_\_\_
5. What do you plan to do on this visit to Daxu? (Multiple choices):  
 Visit the old streets  
 Sight-seeing in the natural scenery  
 Taste local food                       Purchase souvenirs  
 Lijiang River cruise                       Learn local living style  
 Other (please specify) \_\_\_\_\_
6. How do you know about Daxu ancient town?  
 From friends/family       From travel book/brochure  
 From internet                       From TV
7. In which type(s) of business would you like to consume?  
 International invested business  
 State-owned company  
 Private sector
8. Do you think the price of goods is high or low in Daxu?  
 High       Ordinary       Low
9. Do you think the level of local living standard is high or low?  
 High       Ordinary       Low

10. How do you evaluate the heritage preservation of the Daxu town?

- Good       Ordinary       Bad

11. Please comment on the overall impression of Daxu town (multiple choices)?

- Daxu is Clean       Daxu is safe  
 Daxu's traffic is good       Daxu's local residents are friendly  
 Other (please specify) \_\_\_\_\_

12. How much money will you spend in Daxu?

Overall US \$ \_\_\_\_\_ or RMB ¥ \_\_\_\_\_

13. What do you think are the differences between Daxu ancient town and Yangshuo town?

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14. Demographic Information:

1) Age:  18- 40;     41- 60;     61 and above.

2) Gender:  Male     Female

3) Monthly Income (RMB):

- 500 RMB or less     501-1000 RMB  
 1001-1500 RMB     1501-2000 RMB  
 2001-2500 RMB     2501-3000 RMB  
 3001-3500 RMB     3501-4000 RMB  
 More than 4000 RMB

4) Education level:

- up to Primary school       up to Middle School  
 up to University/College     Master Degree or above

5) Occupation: \_\_\_\_\_

Thank you very much for your help!

This Survey is for academic research only

### Tourists Survey in Yangshuo Town

1. Where are you from? \_\_\_\_\_
2. How many times have you visited Yangshuo? (Please check)  1st;  2nd;  3rd;  4th; or  More.
3. How many days do you plan to spend in Yangshuo? \_\_\_\_\_ days.
4. The primary purpose of visiting Yangshuo (Multiple choices):  
 See the township                       Enjoy nature  
 Experience culture/heritage               Visiting family/friends  
 Business travel                       Relaxation  
 Other (please indicate) \_\_\_\_\_
5. What do you plan to do on this visit to Yangshuo? (Multiple choices):  
 Visit West Street  
 Sight-seeing in the natural scenery  
 Taste local food                       Purchase souvenir  
 Lijiang River cruise               Learn local living style  
 Other (please specify) \_\_\_\_\_
6. How do you know about Yangshuo town?  
 From friends/family       From travel book/brochure  
 From internet                       From TV
7. In which type(s) of business would you like to consume?  
 International invested company  
 State-owned company  
 Private company
8. Do you think the price of goods is high or low in Yangshuo?  
 High       Ordinary       Low
9. Do you think the level of local living standard is high or low?  
 High       Ordinary       Low
10. How do you evaluate the heritage preservation of the Yangshuo town?  
 Good       Ordinary       Bad

11. Please comment on the overall impression Yangshuo town (multiple choices)?

- Yangshuo is Clean                       Yangshuo is safe  
 Yangshuo's traffic is good     Yangshuo's local residents are friendly  
 Other (please specify) \_\_\_\_\_

12. How much money will you spend in Yangshuo?

Overall US \$ \_\_\_\_\_ or RMB ¥ \_\_\_\_\_

13. What do you think are the differences between Daxu ancient town and Yangshuo town?

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14. Demographic Information:

1) Age:  18- 40;     41- 60;     61 and above.

2) Gender:  Male     Female

3) Monthly Income (RMB):

- 500 RMB or less     501-1000 RMB  
 1001-1500 RMB     1501-2000 RMB  
 2001-2500 RMB     2501-3000 RMB  
 3001-3500 RMB     3501-4000 RMB  
 More than 4000 RMB

4) Education level:

- up to Primary school                       up to Middle School  
 up to University/College                       Master Degree or above

5) Occupation: \_\_\_\_\_

Thank you very much for your help!

## Appendix D: Recruitment for entrepreneur interviews

### Verbal Script for Recruitment

Hello! My name is Qun Qin. I am a Master student from the University of Waterloo in Canada. I am conducting research on heritage tourism in Guangxi province.

The main purpose of this research is to examine Chinese government's perspective on ancient town's tourism development. It is believed that the research will provide valuable insight into governments' perspectives on heritage tourism development in China. The findings could provide practical implications for future governing of Chinese governments on heritage tourism development, which can benefit the residents and tourists in the long run. The study is for academic purpose only. As a member of the Daxu/Yangshuo community, your opinions are very valuable to this research. Your participation in an interview for this study would be most appreciated. The interview should take between 30 and 45 minutes. Your participation is absolutely voluntary, and you are free to not answer any question(s) during the interview. You may withdraw from the study at any time. With your permission the interview will be tape recorded.

All information provided will be kept confidential. Your name and job title will not appear in the thesis and any reports and/or publications; however anonymous quotations may be used. It will also be specified that the information presented is based on the researcher's interpretation. Tapes and data will not contain any personal identifiers and will be securely stored for one year and then destroyed.

This research has been reviewed by, and received ethics clearance through the Office of Research Ethics at the University of Waterloo. If you have any questions about your participation, please contact Dr. Susan Sykes in the Office of Research Ethics at 1-519-888-4567, ext. 36005, or by email at [sskyes@uwaterloo.ca](mailto:sskyes@uwaterloo.ca). If you have any questions or concerns regarding the research itself, please contact either Dr. Geoff Wall at 1-519-888-4567 ext. 33609, or by email at [gwall@uwaterloo.ca](mailto:gwall@uwaterloo.ca), or myself, Qun Qin at [qqin@uwaterloo.ca](mailto:qqin@uwaterloo.ca).

## Appendix E: Interview questions for entrepreneurs

### **Interview Questions for Tourism Entrepreneurs**

#### Daxu

The following eight questions will guide the interview with tourism entrepreneurs in Daxu.

1. How long have you been running this business?
2. Are you from the local community? How long have you resided in this area?
3. What do you expect from running your business?
4. Do you think you are a private investment, government investment, foreign investment or combination?
5. Is there any favorable policy to encourage entrepreneurs to invest in tourism business in Daxu now?
6. How do you feel the impacts of government policies on your business?
7. How do you comment on government's work in assisting tourism development?
8. What kind of support do you need from the government to assist your business in the future?

## **Interview Questions for Tourism Entrepreneurs**

Yangshuo

The following eight questions will guide the interview with tourism entrepreneurs in Yangshuo.

1. How long have you been running this business?
2. Are you from the local community? How long have you resided in this area?
3. What do you expect from running your business?
4. Do you think you are a private investment, government investment, foreign investment or combination?
5. Is there any favorable policy to encourage entrepreneurs to invest in tourism business in Yangshuo now?
6. How do you feel the impacts of government policies on your business?
7. How do you comment on government's work in assisting tourism development?
8. What kind of support do you need from the government to assist your business in the future?

THANK YOU!

## Appendix F: Study information letter



### **Study Information Letter**

Dear Sir or Madam,

My name is Qun Qin. I am a Master student from the University of Waterloo in Canada. I am conducting research on heritage ancient town's tourism in Daxu and Yangshuo, Guangxi, China.

The main purpose of this research is to examine Chinese government's perspective on ancient town's tourism development. It is believed that the research will provide valuable insight into governments' perspectives on heritage tourism development in China. The findings could provide practical implications for future governing of Chinese governments on heritage tourism development, which can benefit the residents and tourists in the long run. The study is for academic purpose only. As a member of the Daxu/Yangshuo community, your opinions are very valuable to this research. Your participation in an interview for this study would be most appreciated. The interview should take between 30 and 45 minutes. Your participation is absolutely voluntary, and you are free to not answer any question(s) during the interview. You may withdraw from the study at any time. With your permission the interview will be tape recorded.

The interviews will explore issues in and impacts of tourism, stakeholders' perspectives, roles and objectives in tourism development, and their involvement in planning or managing of tourism. All information provided will be kept confidential. Your name and job title will not appear in the thesis and any reports and/or publications; however anonymous quotations may be used. It will also be specified that the information presented is based on the researcher's interpretation. Tapes and data will not contain any personal identifiers and will be securely stored for one year in China and at the University of Waterloo in Canada and then destroyed.

If you have any questions or concerns regarding the research itself, please contact either Dr. Geoff Wall at 1-519-888-4567 ext. 33609, or by email at [gwall@uwaterloo.ca](mailto:gwall@uwaterloo.ca), or myself, Qun Qin by email [qqin@uwaterloo.ca](mailto:qqin@uwaterloo.ca).

This research has been reviewed by, and received ethics clearance through the Office of Research Ethics at the University of Waterloo. If you have any questions about your participation, please contact Dr. Susan Sykes in the Office of Research Ethics at 1-519-888-4567, ext. 36005, or by email at [sskyes@uwaterloo.ca](mailto:sskyes@uwaterloo.ca).

Thank you in advance for your assistance.

Yours Sincerely,

Qun Qin  
Master Candidate in Tourism Policy and Planning  
Faculty of Environmental Studies  
University of Waterloo, Waterloo, Ontario

## Appendix G: Government official interview questions

### **Guiding Questions for Government official interviews**

#### Daxu

The following ten questions will guide the interview with government officials in Daxu.

1. Could you please briefly introduce the history of tourism development in Daxu?
2. What is government's role in tourism development in Daxu?
3. What are the main motivations for developing tourism in Daxu?
4. Does the government have any favorable policy toward tourism development for Daxu?
5. Can you introduce the work that the government has done to assist tourism businesses?
6. Who are the key investors in Daxu now? Which are the major sources of investment (foreign investment/government funding/private sector)?
7. What are the challenges for promoting tourism in Daxu?
8. What do you think is the difference in the style of tourism development between Daxu ancient town and Yangshuo town?
9. How does the government think about heritage preservation in Daxu?
10. What do you think have been the consequences to the local community as a result of tourism development in Daxu?

THANK YOU VERY MUCH!

## **Guiding Questions for Government officials**

### Yangshuo

The following ten questions will guide the interview with government officials in Yangshuo.

1. Could you please briefly introduce the history of tourism development in Yangshuo?
2. What is government's role in tourism development in Yangshuo?
3. What are the main motivations for developing tourism in Yangshuo?
4. Does the government have any favorable policy toward tourism development for Yangshuo?
5. Can you introduce the work that the government has done to assist tourism businesses?
6. Who are the key investors in Yangshuo now? Which are the major sources of investment (foreign investment/government funding/private sector)?
7. What are the challenges for promoting tourism in Yangshuo?
8. What do you think is the difference in the style of tourism development between Daxu ancient town and Yangshuo town?
9. How does the government think about heritage preservation in Yangshuo?
10. What do you think have been the consequences to the local community as a result of tourism development in Yangshuo?

THANK YOU VERY MUCH!

## Appendix H: Letter of appreciation



### **Letter of Appreciation**

Dear Sir or Madam,

I would like to thank you for your participation in my research project. As a reminder, the purpose of this research is to examine the Chinese government's perspectives on heritage towns' tourism development. The data collected during interviews and surveys have contributed to a better understanding of economic and socio-cultural issues in heritage tourism and the facilitation of more effective policy-making in a developing country like China.

Please remember that any data pertaining to you as an individual participant will be kept confidential. Once all the data are collected and analyzed for this project, I plan on sharing the information with the research community through seminars, presentations and journal articles. If you are interested in receiving more information regarding the results of this study, or if you have any questions or concerns, please contact me by email at [qqin@uwaterloo.ca](mailto:qqin@uwaterloo.ca).

As with all University of Waterloo projects involving human participants, this project was reviewed by, and received ethics clearance through, the Office of Research Ethics at the University of Waterloo. Should you have any questions about your participation in this study, please contact Dr. Susan Sykes in the Office of Research Ethics at 1-519-888-4567, ext. 36005, or by email at [sskyes@uwaterloo.ca](mailto:sskyes@uwaterloo.ca).

With best wishes,

Yours Sincerely,

Qun Qin

Master Candidate in Tourism Policy and Planning

Faculty of Environmental Studies

University of Waterloo, Waterloo, Ontario