

# Negotiating Conflicts Between Cultural Values and Economic Interests in The Development of Cultural Heritage Tourism Projects

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**Abstract.** Cultural heritage tourism inherently faces conflicts between preserving cultural value and pursuing economic interests. The research identifies three key conflicts hampering sustainable development: over-commercialization, which compromises cultural authenticity by prioritizing profit; unequal benefit distribution, reducing community engagement due to unfair economic returns; and governance fragmentation, stemming from ambiguous rights and responsibilities among stakeholders, resulting in uncoordinated efforts. Using stakeholder theory and public resource governance, the study uncovers root causes, including differing value perceptions among stakeholders—like government, businesses, and locals—along with insufficient communication and inequitable benefit-sharing mechanisms. To tackle these issues, it develops a 'system-behavior-value' framework, integrating systemic structures, stakeholder behaviors, and value alignments to address conflicts comprehensively. It also introduces a 'culture-economy' dual-objective model, aiming to balance cultural preservation with economic sustainability. The research suggests practical strategies to resolve these conflicts: graded assessments to customize preservation efforts based on cultural significance, community equity initiatives to ensure fair participation and rewards, and digital governance solutions to improve transparency and coordination among stakeholders. These findings provide actionable recommendations for achieving sustainable cultural heritage tourism, effectively harmonizing the preservation of cultural integrity with economic vitality, and offering stakeholders a clear roadmap to manage the intricate dynamics of heritage and tourism development.

**Keywords:** Cultural heritage tourism; negotiation; economic interest; cultural heritage protection; cultural values.

## 1. Introduction

Recent years have witnessed the cultural heritage tourism sector within the global tourism industry evolve towards greater maturity. Statistical analysis indicates that in 2024, the revitalization of cultural heritage, such as the Kaiping Diaolou in Jiangmen City, Guangdong Province, China, resulted in a 11.88% year-on-year increase in tourism revenue, with the number of tourists exceeding 25 million. This substantiates the substantial impact of cultural heritage tourism on the regional economy. However, this development also reveals an inherent contradiction. On the one hand, tourism provides financial support and dissemination channels for cultural heritage preservation. On the other hand, the problems of over-commercialization and the limited carrying capacity of tourism are threatening the authenticity and sustainability of cultural heritage. The large number of visitors is putting the UNESCO World Heritage status of some destination at risk; tourists are impacting negatively on the quality of life of locals; the environmental sustainability of destinations is being jeopardized [1]. The prevailing fundamental dilemma in the realm of cultural heritage tourism pertains to the discord between cultural values and economic interests.

The three main manifestations are as follows: Firstly, the excessive commercialization has resulted in the weakening of the historical connotations and spiritual symbols of cultural heritage. Secondly, the conflicts between developers and local residents over the distribution of benefits have led to a reduction in community participation. Thirdly, the blurring of rights and responsibilities in the management of cultural heritage sites has exacerbated the fragmentation of protection and development. Current research tends to focus on a single type of conflict and lacks systematic mechanism analysis of the conflict between cultural values and economic interests, in particular there

are insufficient theoretical explanations of the deep-rooted conflicts such as the dynamic game of stakeholders, knowledge governance and property rights.

This study focuses on the generative logic and coordination path of the conflict between cultural values and economic interests in heritage tourism development, and there are two key questions. The first of these is to look at what the root causes of the disharmony between cultural values and economic interests are. The second question is how to create a synergy between the preservation of the cultural heritage and the economic benefits.

The study will analyze the conflict dynamics through qualitative analysis and analyze typical cases such as the industrial heritage of Honghe Prefecture and the development of Suzhou embroidery. The study will encompass two primary dimensions, one is utilizing stakeholder theory and the public resource governance framework, the study will elucidate the driving factors of the dynamic interaction between the government, enterprises, and the community, among others. Another From is propose a development model with a dual-objective orientation of 'culture-economy' from the perspective of value co-creation.

This study will attempt to construct a 'system-behavior-value' theoretical framework for analyzing cultural heritage tourism conflicts. The objective of this study is threefold: firstly, to avoid the transformation of cultural heritage into a consumer product by achieving a balance between development intensity and the protection of authenticity; secondly, to explore the closed-loop model of 'protection-use-feedback'; thirdly, to promote the community to shift from a passive participant to a subject that shares in the benefits; and thirdly, to propose a dual-driven solution of 'knowledge-based governance + intelligent technology' to solve the dilemma of ambiguous rights and responsibilities in traditional governance. It also proposes a dual-driven solution of 'knowledge governance + intelligent technology' to solve the dilemma of ambiguous rights and responsibilities in traditional governance, thus providing experiences with both theoretical depth and practical feasibility for the sustainable development of global cultural heritage tourism.

## **2. Root causes of conflict between cultural values and economic interests**

### **2.1. Differences in Value Perceptions**

A significant underlying cause of the discord between cultural values and economic interests is the discrepancy in value perceptions. Analyzing the dilemma faced by the protection and use of China's cultural heritage of geographical names from the perspective of stakeholder theory, it can be found that due to the interests of different stakeholders in the protection and use of the game, resulting in the protection of the fragmented state, the failure to form a synergy, which has become the root cause of impeding the reasonable protection and use [2]. From the government's perspective, the most valuable aspect of cultural heritage is its potential to stimulate the regional economy. In contrast, communities prioritize the cultural authenticity and spiritual value of cultural heritage, while enterprises focus on optimizing the return on investment in cultural heritage protection. The theory of public resource governance posits that ambiguity in the definition of property rights can give rise to power struggles among these three actors. Larson and Poudyal posit that the management of cultural tourism resources necessitates a clear delineation of roles and responsibilities, underpinned by a shared objective of safeguarding these resources. They further contend that the institutions and entities involved must possess a profound comprehension of the value and significance of cultural tourism resources, adeptly balancing the pursuit of regional economic growth with the preservation of these assets [3].

### **2.2. Unequal Distribution of Benefits**

Comparison of the Chinese and Korean systems shows that the absence of a benefit distribution mechanism is the key to conflict.

**Table 1.** Comparison of benefit distribution mechanism in China and Korea

Country	Legal Provisions	Community Benefit	Percentage Conflict Incidence
China	Non-Heritage Law, Article 37	≤15%	43%
South Korea	Living Cultural Heritage Act, Article 21	≥20%	12%

As shown in the table, South Korean legislation mandates a higher proportion of community benefits, significantly reducing the likelihood of interest conflicts compared to Chinese policies. In China, the absence of substantial community benefits fosters a vicious cycle of diminished participation, undermining the collaborative potential highlighted earlier in the comparison of stakeholder dynamics. This lack of equitable benefit distribution, as seen in contexts like the Suzhou embroidery workshops, limits community engagement and exacerbates tensions between cultural preservation and economic interests.

### 2.3. Lack of Communication Mechanisms

According to Habermas' theory of interactional behavior, the rational interactional field is pivotal in achieving a balance between value rationality and instrumental rationality. A case in point is the project to construct a ropeway in the core area of Danxia Mountain, where the local government has adopted a strategy of economic stimulation through the development of tourism infrastructure, reflecting the prevailing logic of instrumental rationality. In contrast, the research team has voiced opposition to the project, citing the imperative to protect the geological heritage and emphasizing value rationality. However, due to an absence of an effective communication mechanism, the two sides were unable to engage in a rational dialogue in an equal field of interaction, and their respective positions were deadlocked.

Specifically, there is an absence of an institutional framework for collaborative decision-making between local governments and research teams, such as public hearings, cross-sectoral consultative meetings or stakeholder round-table discussions. The absence of such mechanisms for communication results in the inability of both parties to adequately exchange information, clarify positions or seek compromise. Consequently, communication between the two parties remains superficial and fails to result in a consensus-based solution. The case of Danxia Mountain not only reflects the inefficiency of communication, but also exposes the flaws in institutional design - the lack of a mechanism that can integrate multiple interests and promote rational consultation.

## 3. Manifestations of conflict between cultural values and economic interests

### 3.1. Consumerism-induced over-commercialisation

The alienation of cultural symbols by over-commercialization can be regarded as the deconstruction of the cultural heritage meaning system by capital. The study found that consumers have a limited understanding of the cultural heritage background of the Palace Museum's cultural and creative products, and that historical knowledge is rarely mentioned in online reviews, suggesting that they may be more concerned with fun than cultural depth [4]. Besides, the study suggests that commercialization of historic towns may reduce tourist preference, mediated by perceived loss of essence. The study suggests that commercialization of historic towns may reduce tourist preference, mediated by perceived loss of essence. Claudio Milano, Marina Novelli and Joseph M. Cheer argued that attractive tourist destinations should be places that meet the housing needs of the local population and should not be sacrificed to the needs of the economy [5]. A more profound sense of alienation stems from emotional abduction, as evidenced by the Hongxi Gerke consumer incident. As demonstrated in the relevant literature, following Erke's donation, a phenomenon of "excessive consumption" emerged, whereby consumers procured products primarily to demonstrate their support

for the brand, as opposed to utilizing them for their intended purpose. This has resulted in the diminution of cultural heritage to a reproducible consumer label, with its historical depth and community significance being utilized by capital to garner attention and profit.

### **3.2. Loss of cultural authenticity**

The essence of cultural distortion is the symbolic abstraction of cultural heritage from a 'bearer of meaning' to a 'performing landscape'. The World Heritage Committee has specified that authenticity is an important principle in the test of world cultural heritage [6]. Taking the Dai Water Festival as an example, its traditional connotations include praying for blessings, community mutual aid and wisdom in water management. However, the commercialization of the Xishuangbanna Scenic Area has simplified the festival into a daily 'water splashing battle', removing core cultural elements and adding paid program. As a result, most of tourists mistake the festival for entertainment. A deeper alienation is reflected in the disruption of the transmission of knowledge - the commercialization of cultural heritage can potentially disrupt the transmission of knowledge across generations. Empirical evidence suggests that such commercialization has been linked to a decline in individuals' propensity to pass on traditional musical practices [7]. When cultural heritage is reduced to a standardized exhibition template, its function as a link of community identity and a carrier of historical memory is completely dismantled by the logic of capital. Only by protect the authenticity under the important premise of protection and inheritance, and integrating and exploring various tourism industry models, can the sustainable development of intangible cultural heritage tourism be promoted [8].

### **3.3. Insufficient Civic Engagement**

The lack of community participation reflects the systematic exclusion of grassroots discourse by 'technocratism' in heritage management. In the development of the Fujian Tulou, a paucity of community participation in heritage development has been demonstrated to result in a decline in cultural identity. To illustrate this point, consider the case of Fujian Tulou, where external planning has been found to dominate, potentially resulting in a dilution of community identity [9]. Amartya Sen's 'viability theory' shows that participatory disenfranchisement is essentially institutional violence that deprives communities of the ability to develop cultural viability. Such governance deficits not only exacerbate cultural distortion, but also trap heritage sites in a dichotomous cycle of 'conservation-development'.

## **4. Ways to resolving conflicts between cultural values and economic interests**

### **4.1. Graded Assessment and Educational Empowerment**

The fundamental inconsistency in the development of cultural heritage stems from the incongruity of values between conservation and utilization. This necessitates the establishment of operational balancing criteria through institutional design. The four-level development model of the Yungang Grottoes provides a paradigm for this: differentiated development intensities for cultural sensitivity such as religious attributes and historical integrity, with economic activities strictly limited in highly sensitive areas, for example, academic visits are only allowed in Level I areas, and limited commercialization permitted in medium- and low-sensitive areas, like display through digital means in Level II areas. The theoretical basis of the model is derived from Ostrom's theory of public resource governance, which emphasizes defining the boundaries of the rights of multiple subjects through clear rules. The promotion of educational empowerment has been identified as a key factor in redefining the value of cognition. The Dunhuang Research Institute has employed augmented reality (AR) technology to facilitate a deeper understanding of the historical context of the mural paintings. This framework is driven by both institutional constraints and cognitive upgrading to reconfigure the public value consensus of cultural heritage.

#### **4.2. Innovate Benefit Distribution Mechanisms to Realize Community Equity**

The mechanism shows that the only way to achieve a fair turn in the distribution of benefits is to give communities substantial bargaining power through the property rights system. The imbalance in the distribution of benefits stems from the unequal bargaining power between capital and the community, and structural exclusion must be broken through the restoration of property rights. The community participation model of Kaiping Diaolou and the villages is a breakthrough: through the sharing of tourism revenues, for example, Zili village residents receive a share of ticket prices. As well as cultural employment, the community has been transformed from a passive victim to an active beneficiary. More systematic is the innovation of policy instruments - the World Bank-funded Guizhou Cultural and Natural Heritage Protection Project, which supports community infrastructure and heritage protection through a US\$60 million loan and uses a community-driven development approach, is considered a 'model of community empowerment' [10]. This mechanism demonstrates that only by giving communities substantial bargaining power through institutions can fairness in the distribution of benefits be achieved.

#### **4.3. Digital technology improves governance platforms**

To solve the problem of governance fragmentation, it is necessary to build a collaborative framework enabled by technology. The innovation of the Suzhou Embroidery Blockchain System is to encode the decision-making power of heirs, enterprises, and governments into executable digital rules through smart contracts. This behavior can be seen from the data of the Suzhou Intermediate People's Court, which significantly improves the transparency of copyright income distribution. The Danxia Shan Science and Community Co-Governance Committee demonstrates the value of knowledge-based governance: the team of scientists draws the development red line based on geological research, and residents supervise the implementation of the project based on local knowledge. As a result, the number of violations recorded by the Supervisory Committee has been effectively reduced. The two together reveal the governance logic of the digital age: using technology to solve information asymmetry and reshaping the power structure with the help of knowledge sharing.

### **5. Conclusion**

This study identifies three key manifestations of conflict: excessive commercialization eroding cultural authenticity, unequal benefit distribution diminishing community engagement, and fragmented governance stemming from ambiguous rights and responsibilities. To address these issues, we propose a 'system-behavior-value' theoretical framework to guide analysis and a 'culture-economy' dual-objective model for practical implementation. Our recommended strategies—graded assessment for balanced development, innovative benefit distribution for community equity, and digital technology for enhanced governance—offer a three-dimensional approach to conflict resolution.

The implications of this research are twofold: it enriches the theoretical understanding of cultural heritage tourism conflicts and provides practical tools for stakeholders to achieve a sustainable balance between cultural preservation and economic growth. These findings can inform policymaking and management practices globally, particularly in regions facing similar challenges. Looking ahead, future research should test the adaptability of this framework across diverse cultural contexts, evaluate the long-term impacts of the proposed strategies, and explore the evolving role of digital technologies in heritage preservation and tourism governance. Ultimately, this study contributes to the sustainable development of cultural heritage tourism by offering a pathway to reconcile cultural integrity with economic interests.

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