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The Promotion of Rural Tourism in Korea and Other East Asia Countries: Policies and Implementation

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**THE PROMOTION OF RURAL TOURISM IN KOREA AND OTHER EAST ASIA
COUNTRIES: POLICIES AND IMPLEMENTATION**

1. Introduction

Tourism is arguably the world's largest economic sector, accounting for over 10% of the world's GDP and employment (WTO, 2002). Moreover, world tourism is expected to continue to grow, creating 5.5 million new jobs annually until the year 2010. In contrast, many rural economies have suffered falling employment and income levels in traditional agrarian industries, contributing to wider economic decline and many social problems. The loss of public services, high unemployment levels and the consequential emigration of younger, better-educated community members have collectively endangered the fabric and structure of rural areas (OECD, 1993).

These factors have led policy planners and rural leaders to actively consider recreation and tourism¹ as an economic development base in many rural areas, with farm households in particular, standing to benefit from new demands, via local job creation, environmental protection and enhancement, relatively low investment cost, a wider role for women, and closer urban-rural contact (OECD, 1994; Sharpley and Sharpley, 1997; Sharpley, 2002). In particular, rural tourism may be able to develop remote and peripheral areas which find it difficult to obtain other development alternatives (Busby and Rendle, 2000; Kline, 2001). The extent of rural tourism is difficult to quantify on an international basis (OECD, 1994), but may comprise 10-20% of all tourism activities (Henegan, 2002).

¹ Together, recreation and tourism may be termed 'leisure'. Outside the home, the distinction between the two is not always obvious, but the first includes short-term and sometimes non-commercial activities (e.g. walking), while the latter is generally longer-term (e.g. 'day visitors' and overnight stays), and usually involves entry charges and/or service payments.

In most countries, tourism is perceived to be only one of a number of feasible options for effective rural development, and needs to be “integrated” with other activities. On the other hand, the remit of the Ministry of Agriculture often includes rural development, which may bias as well as complicate administration, for example focussing on the needs of farmers, rather than across the whole economy.

The striking urbanization of East Asia may be expected to lead to consequences in various forms of outdoor and rural interests, expressed in demands into, out of, and within the region itself². Most ASEAN states have tourism development programmes and/or projects (WTO, annual; Government of Japan, 2004; FFTC, 2005), many of which emphasise the needs of rural areas, such as the alleviation of poverty³. Although demand for rural tourism in these countries is growing, the sector may not, without guidance, develop in ways that can best meet wider policy goals - for example, it may concentrate on coastal areas, or in mountains with few farmers, or it may be dominated by national or international businesses which do not much engage the local population and its farm households. Some attractions in rural areas may be under-developed, with potential resources (e.g. farm labour) remaining unused, and local incomes non-maximised, while others may be over-exploited. More generally, the public-good aspects of tourism - good infrastructure and information, landscape beauty and wildlife preservation - require a degree of social organisation which governments can best provide, or at least encourage in its early stages.

The rest of this paper first discusses the economic characteristics of rural tourism and rural tourism policy in general, and then reviews the sector in East Asia, with special focus on the Republic of Korea. A 2004 survey of some 200 rural villages in Korea is described, before conclusions are drawn.

² Almost 40% of all tourist arrivals in ASEAN countries in 1996 came from fellow-member countries (ASEAN, 2005).

³ See e.g. WTO Press Release, *ST-EP Foundation Agreement signed by WTO and Republic of Korea*. Madrid, 29 September 2004.

2. The Economic Characteristics of Rural Tourism

Rural tourism has characteristics that set it apart from general tourism (e.g. Page and Getz, 1997; Howie, 2003; Swarbrooke, 1996):

- a relaxing environment, open spaces and traditional village charm
- outdoor activities, wildlife, and beautiful natural scenery
- opportunities for direct participation, e.g. fruit picking, eating at local inns.

According to Lane (1994), rural tourism is often functional, i.e. it relates to small-scale and traditional activities and enterprises, environmental aspects and heritage, and also non-uniform, i.e. it reflects the complexities of the rural environment. Tourists in rural areas tend to be middle class and older (Cavaco, 1995; Sharpley and Sharpley, 1997), and to engage mostly in informal and unplanned activities (Davison, 1998). It can be argued that these features do not offer many suitable opportunities for expenditure⁴. However, there is increased diversity of activities, and the potential for further expansion attributed to changes in consumer demand and the provision of various attractions.

With regard to demand, there are a number of specific factors in addition to rising incomes and populations. In many countries, a rapidly increasing elderly population⁵ has more free time to travel, and is often more interested in health-related and 'heritage' activities in rural areas than other age groups. There is increasing environmental awareness, and 'green' issues have raised the attractiveness of rural experiences in terms of ecologically sustainable tourism (Lanza *et al.*, 2005; Saika, 2005). Improved communications mean that many rural areas are no longer considered remote and difficult to access, either physically or for business or personal information. Further factors include better outdoor clothing, the growth of short-break holidays, and individualistic reactions to mass tourism (Shaw and Williams, 1994).

⁴ Rural tourists spend 20-30% less than at seaside or urban destinations (Opperman, 1996).

⁵ Currently, about one in six people in Japan are over 64 (Japanese Statistics Bureau website). Even in 'young' countries, the number of older people is increasing due to better living conditions and health services.

On the supply side, rural entrepreneurs, including farmers, have started up new businesses or diversified existing ones, and holiday and hotel companies have shown increasing interest in rural touring packages. The resources used by these providers vary enormously, from the electronic technology just mentioned to 'immobile' assets that nevertheless can find new uses as the locations for tourist attractions, accommodation or services. Longstanding buildings (temples, inns, farmhouses, etc.) or countryside features (paths, water areas, etc.) can sometimes be used or modified for tourism purposes; and similarly with human capital such as craftwork skills and local knowledge. Because jobs in rural tourism often do not always require advanced education or training, local inhabitants with relatively few skills (and often women) can work as waiters, retail assistants or accommodation personnel.

Nevertheless, there are barriers to overcome, including the costs of asset conversion from agricultural to tourist use (access; health and safety; modernisation; perhaps language), and many ways for markets to 'fail'. The latter include lack of information, local monopolies, and unclear clear property rights. Perhaps more fundamentally, some rural people may not be primarily profit-driven, with lack of entrepreneurship, pride in unmodified traditionalism, and acceptance of decline and inferiority. Potential consumers of rural tourism also need to be motivated (as well as informed) as to what is available, and how it can best be enjoyed.

3. Policy for Rural Tourism in Korea and Other East Asian Countries

East Asian economies vary greatly in size, structure and stage of economic development, but the above generalities apply there as much as in North America, Europe and elsewhere. However, the speed of development in East Asia is such that transformations are taking place much more quickly, due to:

- rapid agricultural modernisation, under the pressures of technological and social change, globalization and trade liberalisation

- accelerated urbanization and rising income levels
- improved rural infrastructure, physical and electronic.

Agricultural development in East Asia is often strongly linked to the decline in the traditional centrality of rice in farming and the national diet, and more recently to supplying “modern” farm and food products to the growing cities and to foreign buyers. Though rural populations may still be growing, some are falling in absolute as well as relative terms. The problems of urban congestion and inadequate services such as water supplies and waste disposal, as well as agricultural restructuring, strongly suggest the promotion of alternative occupations to slow down depopulation of rural areas and increase rural incomes.

As an example country, the rural population in Korea is now decreasing steeply, to below 8.5%, and the share of over-60s in the total rural population has risen to over 33% (KNSO, 2001). Thus, community vitality is also declining rapidly. On the other hand, the demand for out-of-home leisure by Korean citizens is likely to increase very sharply, from 273 million visits in 2001 to an estimated 606 million visits in 2011 (KTRI, 2001), of which rural tourism may account for about 10% (KREI, 2002).

The Korean government has been carrying out various schemes to develop rural tourism. In 1984, 12 tourism farms were established as a pilot project, which has since expanded to 491⁶. In 1989, the government began to establish Rural Resort Complexes with credit of 2.5 billion won (around US\$2.5 million) over 8 years. In 1991 it supported the Farm-Stay Village Project, whose main components are the construction of accommodation, restaurant and other leisure-related facilities for household visitors in 275 villages (MAF, 2002) recommended by provincial governments after an inquiry commission, a presentation session by the villagers, and expert inspection. Villages selected for development schemes were offered financial

⁶ However, only 331 tourism farms have actually been operating.

support consisting of central and provincial government subsidies, low-interest long-term loans of up to 200 million won (around US\$200,000) per village, and assistance in providing information and establishing a village website. Six rural development programmes between 2001 and 2005 involved a total of 419 village or other tourist-related area projects, and a further 1,234 are planned for the period up to 2014 (Park D.-B., 2005).

Some earlier pilot projects experienced poor results (Park S.-H., 2002; Hong *et al.*, 2003), for several reasons. Firstly, a facility-oriented development strategy provided the ‘hardware’ for rural tourism, but neglected the ‘software’ such as regionally appropriate visitor activity programmes, as well as marketing, education and information. In addition there was a lack of practical effort to use natural landscapes and other attractions as tourism resources. Secondly, rural residents were not utilized as a major force in developing tourism; the pilot projects were of the top-down type, the main plan being provided by central government. Residents also lacked the entrepreneurship and management skills to develop and manage tourism facilities. Thirdly, the pilot projects did not successfully establish the necessary urban-rural demand-supply links for rural tourism, particularly in the initial stages, when demand is weak.

The government has tried other measures for the development of rural tourism. For example, a national Internet website (www.greentour.or.kr) has been established to disseminate information on rural tourism, bona-fide competition between villages has been encouraged, and awards and publicity have been given to the best villages. Training and education for village representatives have increased, and personnel from provincial governments have been sent to investigate rural tourism in other developed countries. Deregulation to promote rural tourism has included the revision of farmland laws so that more capital can be attracted.

The main characteristics of the rural tourism development currently taking place in Korea are as follows. Firstly, from the initial planning stages, a thoroughly bottom-up approach is being adopted, with rural residents themselves making a development plan, assisted by relevant

experts⁷. Municipalities and non-government organisations such as cooperatives are becoming active, without financial or administrative assistance from central or regional government. Secondly, in contrast to the 1980s approach, which mainly offered assistance to individual farms, assistance is now given to the village or to a combined villages unit. Thirdly, rural tourism development should combine ‘hardware’ with ‘software’ (see above). Visitors are being encouraged to experience traditional aspects of farming and rural life, to purchase organic produce, and to stay overnight.

4. A Village Opinion Survey, Korea

In a nation-wide questionnaire sample survey carried out in Korea in 2004, people living in rural tourism pilot scheme villages (i.e. those assisted by support funding) were matched by those in non-scheme villages. Questions covered the village itself, the respondents’ opinions about the potential of rural tourism in the village, the local problems and opportunities of rural tourism, and personal characteristics (for fuller details, see Lee, 2005). In order to compare opinions, six different groups of rural residents were included in the survey: village leaders, farmers and non-farming businesspersons living in the same village. The total sample size was 606, based on 101 pilot scheme villages.

The number of usable responses was 127, comprising 80 pilot village residents (village leaders 61, farmers 15, non-farmers 4), and 44 non-scheme villages residents (30, 11, 3). Reasons for this low but not unexpected response rate probably included timing (in the planting season, and a typhoon), and the physical and cultural distance from the researcher.

⁷ However, the need for a strong national framework is argued (for China) by Baumgarten (2003).

All respondents in the pilot villages and a few (4) in non-scheme villages reported participating in rural tourism (Figure 1 shows widely differing ways of being involved in rural tourism in Korea), but the percentage of households in each village involved in rural tourism ranged from under 5% to over 50%. In many villages the participation rate was still quite low, at fewer than 30% of households in 66% of the surveyed villages.

Most respondents agreed that their villages participated in order to increase farm household income (69%), to exploit tourist attractions (13%), or because they had been influenced by the government or expert recommendations (10%). Thus, the main reasons for most villages participating in rural tourism are closely associated with increasing income. Due to the small farm sizes and limited opportunities for off-farm income in Korea, many respondents expected that rural tourism would be a new and promising source of off-farm income.

The majority of respondents (92%) in the pilot villages considered that their villages had tourist attractions, while only 56% of the non-scheme villages made the same response; this may be due to objective facts, or lack of appreciation in non-pilot villages. However, responses concerning the attractions were somewhat similar from both village types, many citing unspoilt natural scenery (61%), traditional food and special products (17%), famous temples and mountains (12%), and farming and traditional rural experience programmes (9%). A question whether rural tourism could help to improve their village's socio-economic situation received an average 68% "yes" response rate while only 3% recorded "no"; the rest were "don't know".

Thus, most respondents seemed to have quite high expectations about the role of rural tourism. In particular, pilot villages had a more positive attitude (85% said "yes") compared with the non-scheme villages (39%), where more than half of the respondents

(55%) did not express an opinion. Many non-scheme village respondents did not seem to understand the role of rural tourism.

Concerning the future possibilities of rural tourism in their villages, many respondents were positive, but much more so in the pilot villages (93%) than in the others (41%). It seems that the pilot villages, having experienced something of rural tourism, were more optimistic than non-pilot villages. The majority of respondents in pilot villages agreed that tourist competition existed between neighbouring villages. Although this may hinder inter-village co-operation, there can also be positive effects, e.g. incentives to build a high quality joint tourism product.

With regard to difficulties concerning the development of rural tourism in Korea, many respondents pointed to shortages of investment funds (30%), infrastructure (27%), and villagers' understanding of tourism (15%). The pilot village respondents believed that shortage of tourism infrastructure (35%) was the biggest factor while non-pilot village respondents cited shortage of investment funds (36%). Correspondingly, government support was sought for investment (50%), tourism infrastructure (25%), and education and training for village leaders (15%).

With regard to negative aspects of rural tourism, the majority of the respondents believed that the increased pollution in rural areas (60%), countryside congestion (18%), and the destruction of traditional culture (11%) were significant. Villagers seemed to believe that protecting the natural environment and achieving successful rural tourism development are incompatible. Non-pilot village respondents were more concerned about higher land and house prices (11%) than the pilot villages (4%).

More visits by urban people were thought to be mainly increased income and leisure time (33%), followed by seeking contact with the natural environment (18%), and nostalgia for one's home village (17%). Differences between scheme and non-scheme

village responses were probably rooted in differing circumstances and understandings of tourism by rural residents.

Most respondents thought that TV and radio were the most effective means of disseminating information about rural tourism (55%), followed by the internet (39%), and newspapers (4%). Pilot village respondents had positive opinions about the effects of government help: 89% considered it “very helpful” (strongly agree 33%, agree 56%).

5. Conclusions

In many developed countries, including those in East Asia, rural tourism is being increasingly promoted as an effective vehicle for the regeneration of rural areas. The sector has its own market and institutional characteristics, but many of these are positive, including growing demand, resource availability, and developing public-private partnerships. With rising urbanisation and incomes in most East Asian countries, rural tourism offers a promising response to agricultural difficulties caused by market developments and budget costs. However, the region needs to develop its own types of rural tourism, taking into account the demands of its domestic and international visitors, and its rural infrastructure and environment.

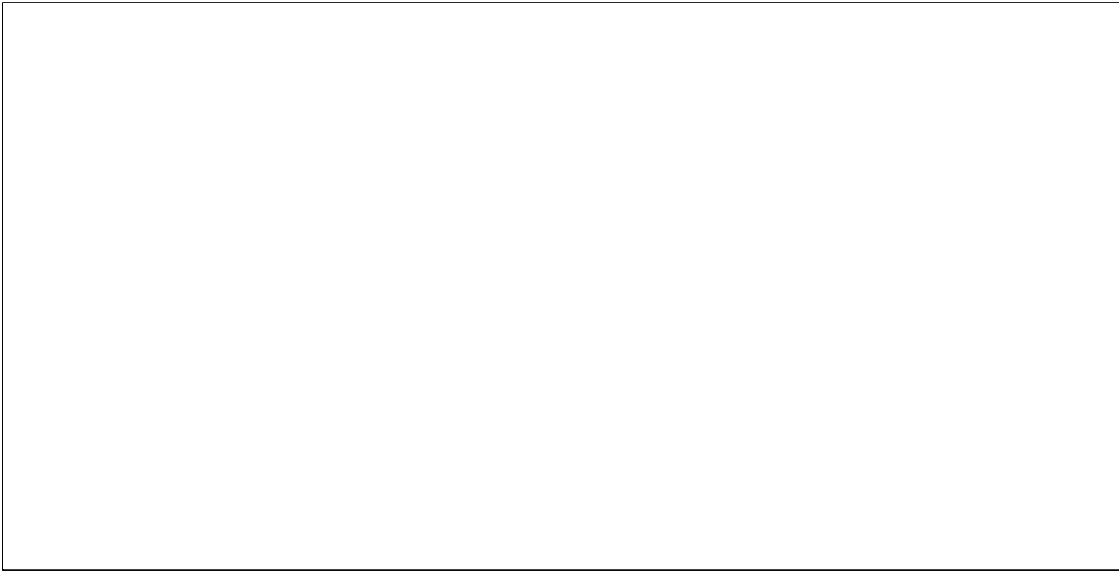
The Korean government has developed its rural tourism policy over some 20 years. The survey reported in this paper has thrown new light on the sector in this country, by investigating the attitudes of various groups of village stakeholders towards actual and potential tourist attractions of their locations. The main findings are that both policy support and the active participation of rural residents are needed for success. It is also important to investigate the opinions of stakeholders, whether farmers and other village residents, or others such as urban residents, tourism operators and tourism-related government officials.

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Figure 1: Main Ways of Participation in Rural Tourism, Korean Villages, 2004



Source: Korean Rural Tourism Survey, July-August 2004 (n=65).