

Available online at [www.sciencedirect.com](http://www.sciencedirect.com)**ScienceDirect**

Procedia Economics and Finance 26 (2015) 914 – 919

---

---

**Procedia**  
Economics and Finance

---

---

[www.elsevier.com/locate/procedia](http://www.elsevier.com/locate/procedia)

4th World Conference on Business, Economics and Management, WCBEM

## The support of the cultural heritage utilization in historical town reserves

Martina Kalamarova<sup>a</sup>, Erika Loucanova<sup>b</sup>, Jan Parobek<sup>c\*</sup>, Mikulas Supin<sup>d</sup><sup>a</sup>Technical university in Zvolen, T.G. Masaryka 24, 960 53 Zvolen, Slovakia<sup>b</sup>Technical university in Zvolen, T.G. Masaryka 24, 960 53 Zvolen, Slovakia<sup>c</sup>Technical university in Zvolen, T.G. Masaryka 24, 960 53 Zvolen, Slovakia<sup>d</sup>Technical university in Zvolen, T.G. Masaryka 24, 960 53 Zvolen, Slovakia

---

### Abstract

The paper is focused on a cultural heritage. It reports a new perspective on the cultural heritage as a cultural capital, its perception as a bearer of cultural and economic values. The objective was to identify and evaluate, on basis of theoretical foundation of the cultural heritage as a development potential of the territory, which instruments the local governments use to regulate and support the utilization of the immovable cultural heritage in order to develop the territory. We analyzed the use of selected tools by local governments with declared historical town reserves in Slovakia. The overview of actual issues related to the state of the cultural heritage and the proposal of ways of the cultural heritage utilization support is also presented. Provided recommendations can serve as a basis for adopting measures to improve the operation of local governments in the cultural heritage support.

© 2015 The Authors. Published by Elsevier B.V. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of Academic World Research and Education Center

*Keywords:* cultural heritage, cultural capital, values of cultural heritage, support of cultural heritage utilization

---

### 1. Introduction

The cultural heritage is a set of tangible and intangible goods with a great historical and cultural value and features of people's identity, therefore it is worth of preservation for a next generation. The cultural heritage is conceived as a specific form of capital – a cultural capital. Many features of the cultural heritage can be identified as public good characteristics. The cultural heritage is extremely immutable and has an untransferable nature. An important feature that distinguishes it from normal economic goods is that it cannot be substituted in a case of loss

---

\* Jan Parobek. Tel.: +421 (0)45 5206 484; fax: +421 (0)45 5479 919.

E-mail address: [parobek@tuzvo.sk](mailto:parobek@tuzvo.sk)

or damage. It is specific because of its collective nature, in view of a large number of persons using it simultaneously. The main aim, as for example also in CRM strategy (Triznova, 2013) is to create a value. Cultural heritage has not only a value to individuals who own or live in a historic object, but it has also a value for a well-being and a quality of a community life.

A number of Slovak and foreign authors, as well as international organizations such as UNESCO, ESPON, ECON, ICOMOS deals with the cultural heritage in their papers. While in Slovak literature (Novy, 1996; Majlingova, 2002; Sokolovsky, 2000) is the cultural heritage perceived as a part of a culture and attention is focused on its historic monument nature, the cultural heritage becomes wider phenomenon in foreign literature. Machacek (2004) deals with the cultural heritage as a factor of local development and examine economics of the cultural heritage utilization. The theoretical papers of authors as Grazuleviciute (2006), Rypkema (2005, 2008), Greffe (2004), Silberberg (1995), Asworth and Larkham (1996) provide a basis for examining the cultural heritage utilization. The issue of the cultural heritage utilization is an interest of international organizations as ICOMOS (1979), ECON (2003) and ESPON (2004). They devote to promote a compatible cultural heritage utilization which means a use of a wide variety of opportunities offered by the cultural heritage respecting the preservation of the values.

An economic value of the cultural heritage is an amount of welfare that heritage generates to a society – material and immaterial forms of welfare. The welfare is more than financial benefits. The heritage also generates external benefits to an area of localization. The authors like Navrud and Ready (2002), Bedate, Herrero and Sanz (2004), Kurowski (2007), Riganti (2005), Throsby (2001, 2007), Sable and Kling (2001) conceive the cultural heritage as a cultural capital. The cultural heritage can be valued in a wide variety of ways (an aesthetic and emotional pleasure, a sense of place and identity, positive economic benefits as heritage tourism, job creation, household income creation, city center revitalization, etc.). This contribution of the cultural heritage to social welfare constitutes legitimate arguments for public support. The cultural heritage may have different forms of governance ranging from private to public ownership and management. Capturing the benefits, estimating and expressing values of the cultural heritage in monetary terms is recognized as a useful tool for policy-making.

Rate of the heritage benefits depends on effective cultural heritage planning, management and support at different levels. Local governments are responsible for all-round development of the territory. It is ensured through municipal policy, which is a set of activities aimed at providing purposeful economic and social development of a community. Local governments may apply a wide range of instruments to ensure a municipal policy. We approached to the instruments on the basis of the authors' definitions as Zarska (2006, 2007), Hudec et al (2009), Belajova, Balazova (2004), Tvrdón et al (1995), Bucek (2008), Papcunova, Balazova (2006), Hamalova, Belajova (2010) and Chlebovcova, Lorencova (2005). The instruments are generally divided into economic and non-economic instruments. For the purpose of the research a unique approach to these instruments was chosen and they were examined with regard to their application to the cultural heritage support.

## 2. Methodology

The main objective is to identify and evaluate, on basis of theoretical foundation of cultural heritage as a development potential of the territory, the current state of the immovable cultural heritage objects. We evaluate which instruments the local governments use to regulate and support the cultural heritage utilization in order to develop the territory. In determining these tools relevant to the research issue we use theoretical knowledge of the various tools of municipal policy, which we subsequently assess on the basis of their relation to the cultural heritage. We analyze the use of selected tools by local governments with declared historical town reserves in Slovakia. The fundamental target group of the research is comprised of seventeen towns with declared historical town reserves. They are subject of the secondary and primary research (a questionnaire survey).

We evaluate the current state of immovable cultural heritage such as ownership forms, building conditions and the main ways of its utilization. Secondary data obtained from The Monuments Board of the Slovak Republic and The Cadastral Office is analyzed to create an overview of the current state of the cultural heritage objects. Standard indicators of The Monuments Board for defining the structure of the cultural heritage in the historical town reserves by type, by ownership and by technical and building condition are used.

We assess the current state of use of local governments' instruments to support the immovable cultural heritage in the towns with declared historical town reserves in Slovakia. Within primary research we use the questionnaire survey techniques. The addressed respondents are employees of municipal authorities of municipalities with a

declared town reserves in Slovakia. Because of the broad range of issues questionnaire responses are detected in a number of competent departments (local taxes and economics, spatial planning and housing, culture and tourism).

The results of primary research are complemented by secondary research. Complete statistical examination of program development documents and internal documents of the municipalities is made to verify their use to support the cultural heritage in the town reserves. The results of the secondary research are confronted with the results of the questionnaire. Descriptive statistics is used to evaluate the data since we have information about all municipalities with declared town reserves in Slovakia.

Using mutual comparison of primary and secondary research results, we reach a comprehensive understanding of the aforesaid instruments use. Based on the analysis, we set the major issues and proposals of the cultural heritage utilization support.

### 3. Results

The terms of protection and way of declaring the set of sites for historical town reserves in Slovakia is governed by The Act No. 49/2002 Coll. on the Protection of Monuments and Historic Sites. Town reserve is a collection of architectural monuments, most of which has a character of a cultural monument, but their value is even higher, because they are concentrated in a historically formed urban area.

Slovakia is located in Central Europe, it disposes of limited volume of its own natural and energy resources (Palus et al., 2012; Jelacic et al., 2010), but on the other hand, the country disposes of wealthy potential of heritage sustainable managed and declared a historical town reserves. Historical town reserves in Slovakia can be characterized by multiple attributes. The results of the secondary research (Monuments Board data In Kalamarova, 2012) showed that the type structure of immovable cultural heritage in each MPR varied, but it is possible to state some basic tendencies. The predominant types are town houses which represent 75% of objects what is almost an absolute majority in every town reserve. The absolute majority (51%) of cultural heritage objects is privately owned by citizens. High number of objects is also owned by companies (14%), churches (12%) and government (12%). 75% of all objects are in a good or satisfactory condition. However, there is still a high number (16%) of objects in an altered state of need for renewal, of which 80% is privately owned by citizens. Although only a small number (8%) actually restores. Objects owned by the church (10%) and government (6%) are renewed at least. The underlying assumption of using cultural potential for the development is the maintenance of the cultural heritage objects in good condition. The problem is the unsatisfactory construction and technical conditions of immovable cultural heritage. The research results point to the fact that a high number of objects in historical town reserves is in a damaged state (16%), in a desolate state (1%) and on the contrary, a small number of sites (8%) is in the recovery.

In the context of cultural heritage, limitations concerning the methods of the cultural heritage objects reconstruction, conditional upon conservation nature of these objects, come to the forefront and give raise to costs of recovery for owners and users. The mentioned high costs of reconstruction are seen as major barriers to the use of objects (100%) and considered to be the main cause of the problem and the number of objects in bad technical condition. Form of ownership is an indicator to detect the causes of these problems, since most damaged (80%) and unused buildings (62%) are privately owned.

An appropriate use of the cultural heritage is important to preserve its values. In the past, the most important way of using objects as a housing function has a decreasing trend of occurrence. Currently, the main way of using the objects is to use them as retail facilities, whereas residential function has lost dominance in the historical town reserves. Construction of shopping centers has a significant impact to the decreasing activity in the town reserves, causing an outflow of original activities outside the city center. Unused objects also appear in the town reserves, most of them are privately owned (62%). High costs of recovery and high operating costs are most intensively perceived barriers by respondents and are considered as possible causes.

Unsatisfactory structural and technical conditions of the cultural heritage in the historical town reserves are also deemed as problematic. The best protection of the cultural heritage is the utilization in a manner consistent with the values in accordance with the original function and to carry out ongoing maintenance leading to the permanent preservation. Since the attractiveness of town reserves is based on an accumulation of cultural and housing functions, trade and services, the recommendation is to maintain the functions generating the identity of the town in mutually balanced proportions.

The municipal policy instruments used by local governments to regulate the development of the territory have the potential to support the cultural heritage utilization. The cultural heritage with its economic and cultural values is

part of the area potential. The utilization can be positively influenced by the legal instruments that are available to the local governments. Support of utilization and subsequent utilization of the cultural heritage produces economic benefits for local governments (Fig. 1).

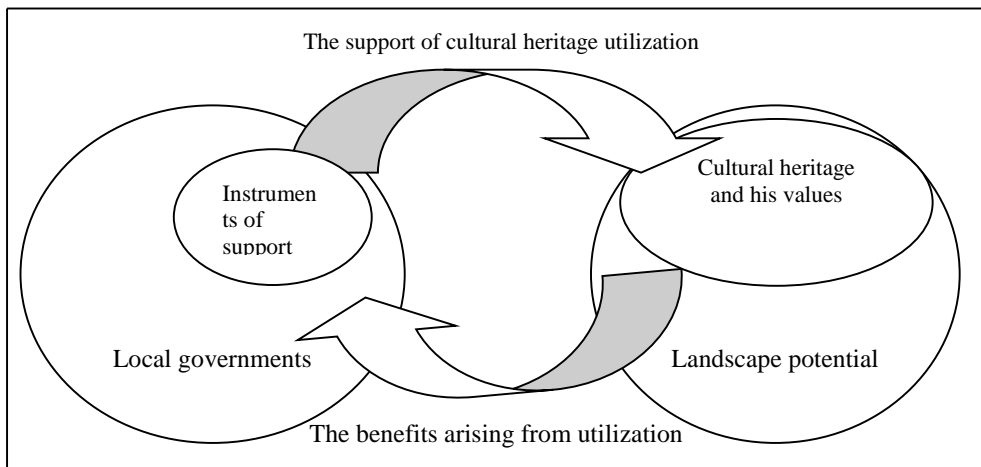


Fig. 1 Opportunities to use the potential of cultural heritage  
Source: Kalamarova, 2012

Analyzed local governments are characterized by different usage rate of these instruments (Fig. 2), as well as by different attitude to its application in order to support and regulate the utilization of the cultural heritage objects.

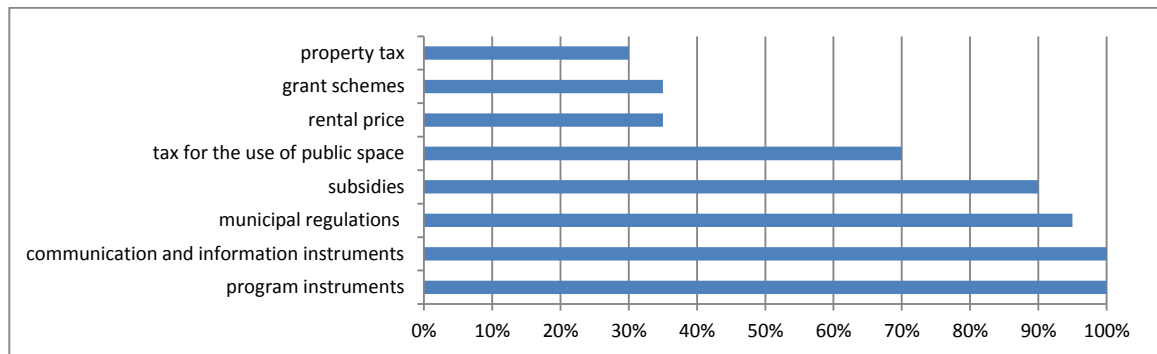


Fig. 2 The use of instruments to support the cultural heritage utilization by local governments in towns with historical town reserves  
Source: Kalamarova, 2012

Program instruments (Program of Economic and Social Development and Land Use Plans) are the most commonly used instruments due to the fact that their processing is a condition stipulated by law. Among economic instruments, subsidies are the most commonly used instruments. Other instruments (municipal regulations and local taxes) are used to a much lesser extent, as local governments consider the impact of these instruments as negligible in comparison to the impact of a financial incentive.

Program instruments have a major impact on overall regulation of the cultural heritage. The existence of a zoning plan of a town reserve is very important for regulatory and guidance activities. It contains more detailed principles and directions of height and layout, functional use of land and historical buildings inclusion to surroundings. Land Use Plan of town reserves has drawn only 18% of analyzed municipalities. Most of these plans are out-dated (1974 and 1977) and for the current conditions not actual. According to The Act No. 539/2008 Coll. on Regional Development, Program of Economic and Social Development should set the main directions of development and priority needs in the field of the cultural heritage. Then it designs the financial and administrative support based on the analysis of cultural and historic characteristics of the municipality. As the fundamental

problem, which concerns the processing of these programs, we consider the lack of comprehensive cultural and historic characteristics of the municipalities, which absent in absolute majority of surveyed municipalities (60%). Absent or an insufficient cultural and historical characteristic is subsequently reflected to the complicated setting of objectives and measures in the field of cultural heritage. Decision-making in relation to the use of the cultural heritage objects is significantly affected by property evidence. 47% of municipalities have not complex evidences and complex register of immovable cultural heritage in the town reserves with the necessary data for decision making.

Local government can apply preferential rental facilities at lower than market prices as a support tool and follow the above objectives, such as the restoration of immovable cultural heritage object or production of public services. According to the research only 33% of surveyed local governments use this option. Local governments may in setting property tax rates take account to the different functional use, social, economic context, local priorities, including spatial differences. It is important that local taxes should not constitute a barrier to the use of the cultural heritage objects in the historical town reserves. Analyzed local governments underuse the option of detailed territory and tax rates differentiation. They proceed schematically in determining zones with different rates of property tax by already established boundaries of cadastral or urban areas. The territory is divided only into two or three zones. The rates in the case of the historical town reserves differ from those in sub-central urban areas. That fact generates a difference in such taxes between adjacent office buildings, where one is located in the town reserve and the second immediately near town reserve. A result is an outflow of activities from the town reserves, since an amount of tax is a disincentive to placing them here.

Each object of the cultural heritage has its specific characteristics and position and therefore there is no standardized solution, in terms of its utilization. The focus is on finding appropriate ways of utilization, because there are several functions which application may more widely improve the economic situation of the cultural heritage. It is therefore desirable to consider the relevant possibilities of functional use. In this way, it is necessary to adapt the use of various instruments to support the cultural heritage.

For effective management and planning of the cultural heritage utilization in order to develop the territory by local governments, it is necessary to accurately identify cultural potential of the town. Therefore we recommend local governments to develop a comprehensive cultural and historical characteristic of the town in Program of Economic and Social Development and complex records of immovable cultural heritage objects.

The Historical town reserve as an area with a high concentration of the immovable cultural heritage requires a comprehensive approach in regulating its utilization. To achieve the abovementioned we recommend to local governments to finalize absent Land Use Plans of historical town reserves because of their high importance for area regulation. In the case of old-dated plans we recommend to give them an update in terms of functional use for the current conditions. Land-use planning documentation must be based on a zoning documentation prepared by the Regional Monuments Board - The Principles of Historic Sites Protection. To eliminate possible problems with incorporating these principles into planning documentation and reduction of the incidence of failure to include these principles, the cooperation of local governments and the Regional Monuments Board is important.

Since the basis of historical town reserve attractiveness is the concentration of cultural features, residential functions, trade and services, whereas these functions create a city identity, it is necessary to maintain them in mutually balanced proportions. We recommend to local governments apply relevant instruments to regulate the activities in the town reserves, such as differentiation of property tax and standpoints to the location of economic activities in historical reserves. Differentiated tax rates have the potential to support location of desired functions or eliminate certain activities in the reserves according to the local government preferences and the current economic development. A municipality can set lower tax rates for preferred activities in order to increase their location in the historical town reserve, thereby supporting their position in this area. On the contrary, a municipality can eliminate placement of undesirable activities by higher tax rates. We recommend the local governments to use more detailed zoning area thereby apparently large differences in various locations taxes should be partially removed.

#### **4. Conclusion**

The cultural heritage presents one of the local development factors and also a potential, which is present within the local area. The basic assumption of this potential utilization by local governments is to maintain good conditions of the cultural heritage objects and to provide the most effective support thereof. The use of the instruments by the researched local governments is associated with a number of problematic issues. Upon defining the major issues, we

introduced some of the possible solutions. Such proposals may serve as a basis for adopting measures to improve the operations of local governments in supporting cultural heritage and associated more economic and also non-economic benefits for local development.

As the cultural heritage includes objects of different natures, it brings different local governments approaches to it. To achieve a comprehensive approach in planning and decision making a general level of individual employees' knowledge and expertise is important. It involves a need to integrate conservation, planning, construction, marketing expertise and also knowledge in the field of tourism. The process of dealing with the cultural heritage, as well as the choice of different tools to support the utilization also depends on the motivation of individual employees. The motivation can help in assessing the cultural heritage position in the development context and avoid possible problems of marginalizing the issues of cultural heritage. The level of the cultural heritage protection and utilization at local level also considerably depends on creating sufficient systemic conditions at state level.

## Acknowledgements

The authors would like to thank the Scientific Grant Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic and the Slovak Academy of Sciences. This paper was elaborated within the frame of Grant project 1/0387/13 A comprehensive model of wood chain comparative advantages.

## References

- Ashworth, G. J., Larkham, P. J., (1996). Building a New Heritage. Tourism, Culture and Identity in the New Europe. *Geografiska Annaler* 78.
- Belajova, A., Balazova, E., (2004). *Ekonomika a manazment uzemnej samospravy*. Nitra: Slovenska poľnohospodarska univerzita,
- Bedate, A., Herrero, L. C., Sanz, J. A., (2004). Economic valuation of the cultural heritage, *Global public good*, 5, 101-11.
- Bucek, M. et al., (2006). *Regionalny rozvoj, novšie teoretické koncepcie*. Bratislava: Vydavateľstvo Ekonom.
- ECON. (2003). Cultural heritages and value creation. Estimating economic effects of cultural heritage in the city of Roros.
- ESPO. (2004). ESPON project 1.3.3 – The Role and Spatial Effects of Cultural Heritage and Identity (2004-2006).
- Grazulevičiute, I., (2006). Cultural heritage in the context of sustainable development. *Environmental research* 37, 74-79.
- Grefe, X., (2004). Is Heritage an Asset or a Liability. *Journal of cultural heritage* 5, 301-309.
- Hamalova, M., Belajova, A., (2010). *Komunálna ekonomika a politika*. Bratislava: Merkury spol. s.r.o.
- Hudec, O. et al., (2009). *Podoby regionalného a miestneho rozvoja*. Košice: Ekonomická fakulta TU Košice.
- Chlebovcova, H., Lorencova, S., (2005). *Postavenie obecnej samospravy v systéme verejnej spravy na Slovensku*. Bratislava: SOCIA.
- ICOMOS, (1979). *The Burra Charter*.
- Jelacic, D., Maťova, H., Bicanic, K., (2010). Perception of Corporate Identity in Croatian and Slovakian Wood Processing and Furniture Manufacturing Companies. *Drv. Ind.* 61, 103-110.
- Kalamarova, M., (2012). *Nastroje miestnych samosprav na podporu využívania kultúrneho dedičstva*. Banská Bystrica: Univerzita Mateja Bela.
- Kurowski, L., (2007). Selected methods of estimation of the cultural heritage economic value with the special reference to historical town districts adaptation. Conference Proceedings of the Urban Heritage: Research, Interpretation, Education. Scientific Conference, 13-18.
- Majlingova, L., (2002). *Verejné služby*. Banská Bystrica: Univerzita Mateja Bela.
- Machacek, J., (2004). *Ekonomické souvislosti využívání kulturního historických lokalit*. Praha: Vysoká škola ekonomická.
- Navrud, S., Ready, R. C., (2002). *Valuing cultural heritage*. Cheltenham: Edward Elgar publishing Limited.
- Novy, I., (1996). *Interkultúrní management*. Praha: Grada publishing, 1996, pp. 143.
- Palus, H., Maťova, H., Kaputa, V., (2012). Consumer Preferences for Joinery Products and Furniture in Slovakia and Poland. *Acta facultatis xylogologiae* 54, 123-132.
- Papcunova, V., Balazova, E., (2006). *Majetok obcí*. Nitra: Slovenská akadémia hospodárskych vied.
- Riganti, P., Nijkamp, P., (2005). Benefit transfers of cultural heritage values: How far we can go.
- Riganti, P., Nijkamp, P., (2004). Valuing cultural heritage benefits to urban and regional development.
- Rypkema, D., (2008). Heritage Conservation and the Local Economy. *Global Urban Development Magazine* 4.
- Rypkema, D., (2005). Urban Heritage as Engine for Economic Development. *Urban Age Magazine*.
- Silbelberg, T., (1995). Cultural tourism and business opportunities for museums and heritage sites. *Tourism management* 16, 361-365.
- Sable, K., Kling, R., (2001). The double public good. *Journal of cultural economics* 25, 77-89.
- Sokolovsky, L., (2000). *Kultúrne a kultúrne-historické zdroje – analýza. Národná stratégia trvalo udržateľného rozvoja Slovenskej republiky*. The Act No. 49/2002 Coll. on the Protection of Monuments and Historic Sites.
- The Act No. 539/2008 Coll. on Regional Development.
- Throsby, D., (2001). *Economics and culture*. Cambridge : Cambridge university press.
- Throsby, D., (2007). *The value of heritage*. Heritage economics workshop.
- Triznova, M., (2013). Current approaches to customer relationship management. *Intercathedra* 29, 89-95.
- Tvrdoň, J., Hamalova, M., Zarska, E., (1995). *Regionalny rozvoj*. Bratislava: Ekonom.
- UNESCO, 2003. *Database of National Cultural Heritage Laws*.
- Zarska, E. et al., (2007). *Komunálna ekonomika a politika*. Bratislava: Ekonom.