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**Financial Management Policy and Governance for the Preservation of the UNESCO World Heritage Site in Malaysia as a Tourism Attraction**

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**Abstract**

Tourism in developing countries especially in Malaysia faces challenges between economic development and sustainable tourism, especially in promoting heritage assets and sites. A comprehensive policy together with proper governance needs to be revised to tackle this issue. It is necessary to analyse and understand the current policy and propose how the Malaysian government can establish a comprehensive method of managing heritage assets in Malaysia through sustainable UNESCO world heritage tourism. This study urges the proposed benchmarking study on Malaysia's documentation (to be compared to Indonesia) to assess the adequacy of the policy and governance in preserving the UNESCO world heritage site in Malaysia (Lenggong Valley Archaeological Heritage).

**Keywords:** Financial Management; Policy and Governance, UNESCO, World Heritage Site

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**1.0 Introduction**

Malaysia lacks standardized and detailed guidelines when managing heritage assets. Section 49 of the National Heritage Act does not clearly explain the role of the community when identifying and putting forward to the Commissioner. Other than that, the National Heritage Act also does not list any criteria on an object to be considered as having significant cultural heritage as compared to items that had been put on the list. There is also conflict between the federal and state governments regarding the term 'Heritage' (Mustafa, 2013). The Department of Museum of Malaysia and the Department of Heritage have different approaches when managing heritage items. The contrast of practices between these two departments shows that Malaysia does not have clear policies and guidelines when it comes to the treatment of heritage assets although both were under the same ministry which is the Ministry of Tourism, Arts and Culture.

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Not taking the current report of MPSAS 17 into factor, very little information was known regarding the current reporting of heritage assets status in Malaysia. This shows there is a lack of transparency when disclosing heritage assets (Hassan et al., 2016). Besides that, little was explained about the recognition and value measurement of heritage assets from the standard (Rosli et al., 2020). This happened due to factors which are interest value of protection, type of planning and management, and type of intervention were mainly considered when it involves heritage assets. Lack of consideration for community involvement affects the long-term management of heritage assets. It is not shocking when a report found out that almost 70 percent of heritage sites in Malaysia were abandoned or left in bad condition (Sinar Harian, 2017).

Tourism players in Malaysia do not focus equally when it comes to sustainable tourism. Economic and environmental concerns are some aspects that limit tourism stakeholders - from the government sector, industry, and civil society organizations - to achieve sustainable tourism. Loss of cultural heritage and historical buildings are some of the concerns, especially in bigger cities. Some were maintained badly, and some were given away for new development and high rises (Soriya, 2016). Smart tourism is also one of the foundations for sustainable tourism. Malaysia is not prepared to fully implement smart tourism due to existing challenges and gaps in its implementation in this country (Ab. Rahman et al., 2020).

Therefore, this paper proposes a benchmarking study to delve into Malaysia's documentation and assess the efficacy of existing policies and governance structures in conserving its World Heritage Sites, with a specific focus on the Lenggong Valley. By comparing Malaysia's approach with that of Indonesia, particularly examining iconic sites like the Borobudur Temple Compound or Sanggiran, insights can be gained into best practices, challenges, and potential areas for improvement. This benchmarking study aims to shed light on the strengths and weaknesses of Malaysia's heritage conservation efforts, facilitating the identification of strategies to enhance the preservation and sustainable management of its cultural and natural treasures. Through a comprehensive analysis of policy frameworks and governance mechanisms, policymakers can gain valuable insights to refine strategies and ensure the long-term safeguarding of Malaysia's World Heritage Sites for future generations.

## 2.0 Literature Review and Proposed Methodology

Physical assets that a group of people or community desires to maintain and conserve for an unlimited period due to factors such as historic or cultural importance, and recreational or environmental significance are considered heritage assets. This includes artworks, collections in libraries, museums, monuments, buildings, memorials, state and national parks archaeological sites, and so on (Barton, 2000). Cultural Heritage is recognized under section 2 of the National Heritage Act. Based on this act, heritage items refer to objects that include heritage sites, national heritage, heritage objects, or underwater cultural heritage which are registered and included in the National Heritage Registrar (National Heritage Act, p.12). In Malaysia, recognized owners of heritage items are the federal government, state government, and private. The Department of Museum of Malaysia holds some of the collection of heritage items and these items can be separated into three categories Natural History Collection, Archaeological Collection, and Ethnological collection. Besides, government bodies such as the Department of National Heritage also possess and govern heritage items. This department also has the authority to recognize cultural items as National Heritage and Heritage. These include heritage objects, heritage sites, cultural heritage which are underwater, and living individuals who under section 67 of the National Heritage Act 2005, can be declared as such (Basnan et al., 2015).

In developing countries such as Malaysia, the challenge between tourism development focusing on economic development and a plan of sustainable tourism is currently happening (Nair & Thomas, 2013). The concept of sustainability covers the aspect of cultural development according to the report of the World Commission on Culture and Development (WCCD). Cultural sustainability emerged due to the promotion of the report on the need for long-term access to cultural resources for future generations (Kausar, 2012). There are six principles in which sustainable management of cultural resources might be assessed: (1) material and non-material well-being; (2) intergenerational equity; (3) intragenerational equity; (4) maintenance of diversity; (5) precautionary principle; and (6) maintenance of cultural systems and recognition of interdependence (Throsby, 2003). Smart tourism is also one of the foundations for sustainable tourism. Introducing digital use in tourism and services is a game changer to the travel experience and can help to generate income (Ab. Rahman et al., 2020).

MPSAS 17 refers to the Malaysian Public Sector Accounting Standard 17. It is a set of accounting guidelines issued by the Malaysian Accounting Standards Board (MASB) specifically tailored for the public sector in Malaysia (Jabatan Akauntan Negara Malaysia, 2013). MPSAS 17 is titled "Property, Plant, and Equipment," and it guides the recognition, measurement, presentation, and disclosure requirements for property, plant, and equipment assets held by entities within the Malaysian public sector. This standard ensures consistency and transparency in accounting practices across various government agencies and bodies, helping to enhance accountability and financial reporting within the public sector. MPSAS 17 aligns with international accounting standards to facilitate comparability with other countries' financial statements and to uphold best practices in financial management within the Malaysian public sector.

### 2.1 World Heritage Site

World Heritage Site (WHS) listing started in 1972 when the demand for an international movement to protect the world's heritage increased after World War I, followed by the United Nations Conference on the Human Environment in Stockholm, Sweden (Zahari et al., 2022). This convention initiated the universal need to balance cultural heritage with the need to protect our natural heritage. The World Heritage Committee was also set up by the convention to manage the World Heritage Fund used for grants for "identifying, preserving and promoting" WHS (World Heritage, 2008). To be listed as WHS, the site, property or monument needs to have an

“Outstanding Universal Value from the aesthetic or scientific point of view” (Operational Guidelines 2012). Furthermore, it also needs to possess at least one of the six cultural heritage criteria which are: a) To represent a masterpiece of human creative genius; b) To exhibit an important interchange of human values, over a span of time or within a cultural area of the world, on developments in architecture or technology, monumental arts, town-planning or landscape design; c) To bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared; d) To be an outstanding example of a type of building, architectural or technological ensemble or landscape which illustrates (a) significant stage(s) in human history; e) To be an outstanding example of a traditional human settlement, land-use, or sea-use which is representative of a culture (or cultures), or human interaction with the environment especially when it has become vulnerable under the impact of irreversible change; f) To be directly or tangibly associated with events or living traditions, with ideas, or with beliefs, with artistic and literary works of outstanding universal significance (the committee considers that this criterion should preferably be used in conjunction with other criteria).

One of the WHS in Malaysia is in the Lenggong Valley, Perak. Its location includes four archaeological sites in two clusters which span close to 2 million years, one of the longest records of early man in a single locality, and the oldest outside the African continent. It covers open-air and cave sites with Palaeolithic tool workshops, evidence of early technology. The number of sites found in the relatively contained area offers the presence of a large, semi-sedentary population with cultural remains from the Palaeolithic, Neolithic, and Metal ages. The LV has been inscribed as a UNESCO WHS on 30 June 2012 under the joint effort by the Department of National Heritage Malaysia, Perak State Government, and Universiti Sains Malaysia. The LV is described in the nomination dossier as ‘[...] the remnants of cultural landscape comprising river gravels, open air stone tool workshop sites, limestone massifs and caves [...]’. It is a serial nomination formed by two major clusters and consists of seven individual archaeological sites. These comprise of three open sites and four cave sites, covering a core area of 399 hectares and a buffer zone of approximately 1,787 hectares (Goh, 2015).

The role of the Malaysian government in promoting sustainable tourism is evident in the existing legal and institutional frameworks. There is an evidence which indicates that Agenda 21 has been adopted in the national master plan (Obaid & Nobanee, 2020). Sustainable tourism aids in making a minimum impact on the local environment and culture as its essential tourism vision is narrower. Not only that, it helps generate income and brings employment to the local communities while conserving the local ecosystems (Choo & Halim, 2022). The tourism industry contributes to economic development through, among others, providing employment and business opportunities, infrastructure improvement, and an increase in foreign exchanges and tax revenues. Even though Malaysia is a relatively new entrant to tourism activities as compared to its ASEAN neighbors, the country’s tourism industry has grown tremendously over the years. By 2020, the tourism industry will be a key foreign exchange earner for Malaysia, contributing to over 42% of the country’s balance of payment. The industry has provided an important source of income, employment, and wealth to the country. Hence, the LV cannot be left behind in the agenda of World Destination of Tourism.

As outlined by Obaid and Nobanee (2020), tourism can be considered among the most coveted activities across the world due to its emerging number of destinations across the globe characterized by successive investment in the activity over the last few decades. Hence, tourism has been considered a major contributor to socio-economic development through job creation, infrastructure development, enterprise growth, and export revenues. This has led to growing expansion and diversification, positioning itself among the fastest-growing economic sectors across the world. Therefore, in Malaysia, the LV should be pushed forward to become the main factor for international tourists to visit the country, especially with the existence of Perak Man in the Museum of Lenggong.

### 3.0 Proposed Methodology

A comparative analysis will be conducted to document and analyse the policy and governance approaches of Malaysia and other countries, such as Indonesia, focusing on iconic heritage sites like the Borobudur Temple Compound in Central Java. Borobudur Temple, a renowned Buddhist monument dating back to the 8th century, was inscribed as a UNESCO World Heritage Site in 1991 (UNESCO, n.d.). This accolade underscores its global significance and the need for effective preservation and management strategies. The temple compound attracts over 5 million tourists annually, highlighting its importance as a cultural and tourism asset (The Jakarta Post, 2019).

One key aspect of Borobudur Temple Compound's success in tourism sustainability lies in its consideration of cultural sustainability. By preserving the site's historical and religious significance while engaging with local communities, the management ensures that tourism activities respect and enhance the cultural heritage of the area (UNESCO, n.d.). Additionally, the management has embraced innovative approaches, such as Augmented Reality (AR), to enhance visitor experiences and promote sustainable tourism practices (Kompas.com, 2021).

Assessing the policy documentation and governance framework of Borobudur Temple Compound provides valuable insights into its successful management. By comparing Malaysia's approach with Indonesia's, policymakers can identify best practices, challenges, and opportunities in heritage conservation and tourism development. This comparative analysis will inform the formulation of effective policies and strategies to ensure the long-term sustainability of heritage assets, not only in Malaysia but also in other countries facing similar challenges.

### 4.0 Findings and Discussion

This proposed work was based on the idea that heritage assets in Malaysia do not have a comprehensive policy, governance, or regulatory framework. Other than that, there is also no clear indication of how federal and states government plan and establish policies around heritage assets. Hence, this paper proposed to achieve a list of criteria for improving or revising policy and proposes how the

government can establish a comprehensive method of managing heritage assets in Malaysia through sustainable tourism. The following questions are set as guidelines to fulfil these objectives via checking on the documentation:

- 1) What is the current policy, governance, and approach to managing heritage assets in Malaysia and Indonesia?
- 2) What are the differences between regulatory frameworks or guidelines that can be established in implementing sustainable tourism in Malaysia as compared to Indonesia?

The Governance Institute of Australia defines Governance as a system which in it an organisation operates and is controlled and the implementation by which it, and its people, are accountable to it. Elements of governance include ethics, compliance, risk management, and administration. One of the best approaches in analysing policy is through the policy process approach. According to Hult (2015), this approach revolves around political processes and involves different stakeholders. The general purpose is to identify what processes, means and policy instruments can be used. It also tries to explain the role of stakeholders throughout the policy process. One of the methods to discover using this approach is by using a model called the policy cycle. The policy cycle is represented as a loop process from problem identification until implementation evaluation. Evaluating each stage of the policy cycle is a reasonable approach to identifying strengths, weaknesses, and improvements that can be made.

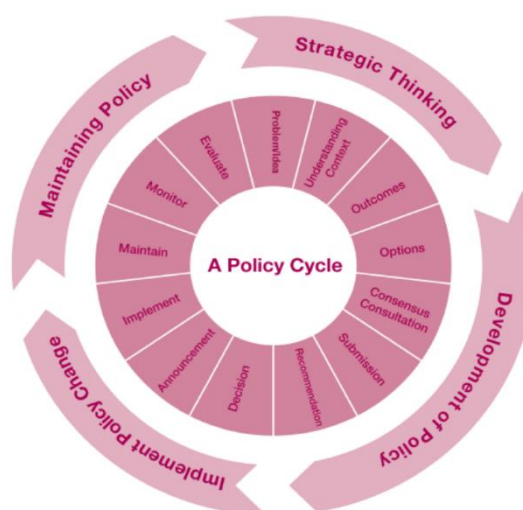


Figure 1: Policy Cycle using PROCSEE Approach.

Source: *Professional Higher Education in Central and South-Eastern Europe*

Comparing the government policy in conserving Borobudur in Indonesia to efforts in Malaysia involves considering various factors, including the effectiveness of policies, governance structures, resource allocation, and stakeholder engagement. In Indonesia, the conservation efforts for Borobudur Temple Compound have been notably successful due to several factors. Firstly, Indonesia has established robust legal frameworks and regulations specifically tailored to heritage conservation, providing clear guidance and enforcement mechanisms (UNESCO, n.d.). Additionally, there is strong governmental support and commitment to heritage preservation, with dedicated agencies and funding allocated for conservation projects. The involvement of local communities and stakeholders in decision-making processes has also been instrumental in ensuring the sustainable management of Borobudur. On the other hand, Malaysia's efforts in conserving heritage sites, such as Lenggong Valley, may face challenges in terms of policy implementation and stakeholder coordination. While Malaysia has made strides in heritage conservation, there may be gaps in regulatory frameworks, enforcement mechanisms, and resource allocation (Anthony et al., 2017). Moreover, the involvement of local communities and collaboration between government agencies, private sector entities, and non-governmental organizations (NGOs) may require further enhancement to ensure holistic and sustainable conservation efforts.

In Malaysia, the recognition and governance of heritage assets are facilitated through established provisions and governmental departments such as the Ministry of Tourism, Arts and Culture and the Department of Heritage dedicated to their preservation and management. These provisions encompass various aspects, including the identification, classification, and protection of heritage assets, ranging from historical sites and cultural landmarks to intangible cultural heritage. Furthermore, several governmental departments are entrusted with the authority to oversee heritage assets, ensuring their conservation and sustainable utilization. These departments often collaborate with stakeholders such as local communities, cultural organizations, and tourism authorities to formulate comprehensive policies aimed at conserving and promoting Malaysia's rich cultural heritage.

As the government plans to establish policies concerning heritage assets to enhance tourism and ensure their long-term sustainability, a thorough assessment of current policies and challenges is imperative. This assessment involves evaluating the effectiveness of existing frameworks, identifying gaps in conservation efforts, and addressing emerging issues such as urbanization, development pressures, and climate change impacts. By conducting such assessments, policymakers can gain valuable insights into the complexities of heritage management and devise strategies to overcome challenges effectively. This may involve integrating innovative conservation approaches, enhancing public awareness and participation, and fostering partnerships with the private sector to support heritage preservation initiatives.

Ultimately, a concerted effort to evaluate policies and address challenges will contribute to the better management of Malaysia's heritage assets, safeguarding them for future generations while harnessing their potential to drive sustainable tourism development and socio-economic benefits.

## 5.0 Conclusion

By comprehensively analysing the findings of this proposed research, invaluable suggestions can be formulated and conveyed to policymakers. These suggestions will aim at devising robust backup strategies for effectively managing and preserving heritage assets, ultimately fostering sustainable tourism development in Malaysia. Sustainable tourism not only presents an opportunity for Malaysia to cultivate a new generation of successful entrepreneurs within the tourism sector but also serves as a catalyst for bolstering the country's tourism revenue. The envisioned research endeavours to contribute significantly to advancing research methodologies by bridging the gap between fieldwork and tangible community impact. By engaging local communities, this research initiative will facilitate the acquisition of new skills and knowledge pertinent to heritage asset management and business administration. Empowering communities in this manner not only enhances their capacity to safeguard their cultural heritage but also stimulates economic growth through tourism-related activities.

Furthermore, the outcomes of this research are anticipated to yield substantial benefits for the tourism industry, particularly in heritage tourism planning. By identifying and implementing strategies to enhance visitor attractions and experiences, the research will fuel an increase in tourist numbers and revenue. Moreover, the primary objective of the study is to furnish evidence demonstrating that with sound policies and appropriate financial strategies, the preservation of heritage assets can be effectively realized through a documentation approach. Additionally, the research aims to serve as a clarion call to local governments, particularly policymakers, emphasizing the critical importance of allocating adequate budgets and exploring income-generating opportunities linked to the preservation of World Heritage Sites (WHS). By advocating for proper policies and financial sustainability mechanisms, the research endeavours to unlock the full potential of WHS as premier tourism destinations. Ultimately, by fostering a conducive policy environment and ensuring financial viability, Malaysia's heritage assets can thrive as sustainable tourism attractions, enriching both the cultural landscape and the nation's economic prosperity.

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