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## **Willingness to pay taxes to support museums in Poland.**

### **The case of the Castle Museum in Łańcut**

(draft version of the paper for the 7th European Workshop on Applied Cultural Economics, Vienna, 4-5.09.2015, please do not distribute nor cite without the author's permission)

#### **Abstract**

As a specific type of heritage institutions, museums may represent a variety of meanings to their visitors and the general public, who may attach values to both museum buildings and surroundings, their collections as well as services provided by them. Referring to theoretical dilemmas and existing research linked with the use of the contingent valuation method (CVM) in valuation of museums and heritage sites, so far mainly done in Anglo-Saxon and Western European contexts, the paper presents preliminary results of a comprehensive research project on museum institutions in Poland. The main idea behind it is that in order to show as broad as possible variety of impacts and values attributed to museums and heritage sites there is a need to combine quantitative and qualitative research methods, take into account direct, indirect, induced and other potential impacts of such sites and include different stakeholder groups, as there are many actors who may express interest in heritage sites, value them or benefit from their existence.

Using the example of the Castle Museum in Łańcut – one of the best preserved and most outstanding former aristocratic residences in Poland, famous for its interiors and a very interesting collection of horse carriages – the author discusses selected results of a comprehensive questionnaire survey conducted among different respondent groups such as non-local visitors to the museum and its grounds interviewed directly at the site (N=350) and potential visitors – residents of a nearest larger regional urban centre (Rzeszów) (200) interviewed in 2014. Its purpose was to see what type of use and non-use values different actors and stakeholders attach to such heritage institutions (based both on their opinions and revealed behavior), whether their appreciation of such institutions translates into the willingness to pay an additional ‘museum tax’ for their conservation, maintenance and development. Last but not least to see to what extent certain socio-economic and demographic characteristics (such as age, education level, membership in non-governmental organizations, personal or family professional links with the cultural sector) impact on the WTP for museums in Poland and what are the reasons Polish citizens express lack of WTP for such heritage institutions.

As such the study seeks to address several gaps in existing CVM literature, namely:

- The issue of differences in valuation depending on different respondent groups (users, potential users, non-users, regional and non-regional respondents);
- The study used a mix of open and close-ended questions as well as threshold amounts determined in advance, repeated in a semi-auction format and continuous elicitation method to compare answers elicited by different question types;
- The study aimed to explore not only the willingness to pay taxes but also reasons for agreeing to or not willing to pay them as well as the general values people attribute to such sites;
- Apart from considering some ‘standard’ demographic characteristics such as age, sex, education level and income, the study adds several new possible socio-demographic features which may explain differences in answers (e.g. membership of associations and foundations as an indication of respondents’ social capital, importance of having closer knowledge of the cultural sector by being an employee of a cultural institution or having a relative working in one, subjectively perceived level of life);
- The CVM method is applied to a heritage institution functioning in a post-socialist context of south-eastern Poland, thus broadening the geographic scope of existing studies to see if and what type of impact this specific socio-cultural context may exert on heritage valuation;
- At a later stage results of this study will be compared to another CVM study done using the same questionnaire format and methodology in a different region in Poland to value a similar heritage institution (the castle and park complex in Pszczyna) in order to see if differences in valuation also exist depending on regional characteristics of populations and the regional context within one country.

**Key words:** valuation, CVM method, museums, heritage sites, Poland

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#### **1. Contingent valuation method and the valuation of heritage institutions and sites**

Despite the fact that market prices most frequently do not fully reflect cultural heritage values, it is often necessary to ascribe specific monetary values to benefits derived from preserving, conserving, using and providing the general public with access to particular heritage items and sites. Economic valuation of heritage goods seems to be beneficial for several reasons. Firstly, it can be used for more precise estimation of benefits and costs emerging in relation to heritage goods in case of implementing investment projects that exert influence on their state of preservation or repair, their appearance, and various ways of or possibilities for using them. Secondly, more precise assessment of potential and actual positive effects of implementing cultural heritage projects is frequently essential, in order to encourage private investors or public authorities to carry them out and to provide the general public with reasons for spending public funds. Such assessment can also be, to a certain extent, useful, when a choice has to be made between allocating financial resources (e.g. public financial means) for cultural heritage activities and other non-heritage related goals. Moreover, some specific cultural heritage projects need to be selected for implementation, e.g. choosing heritage properties in which conservation works are to be financed, determining the amount of financial resources spent on different activities or evaluating alternatives in terms of order, scope, character, and aims, as well as benefits from selecting different options of using cultural heritage, e.g. adapting a historic building to different possible functions. Frequently, it is also necessary to assess negative effects (loses), which are produced when certain cultural heritage activities are not undertaken, e.g. delayed conservation and lack of proper maintenance resulting in dilapidation of a listed heritage property or in its complete destruction and disappearance.

Translating broad social benefits (positive effects) resulting from carrying out certain investments and activities or supporting some heritage sites can provide strong economic arguments for the protection of cultural heritage. Economic valuation of heritage goods may also support transparency of public decision making, limit arbitrariness and increase rationality of proposed solutions as well as allow decision makers to learn about social preferences with respect to heritage. The latter reason refers to the possibility offered by valuation to public authorities to learn how different stakeholders perceive, assess and use cultural heritage, and how it contributes to individual and collective welfare. An additional motivation for conducting such a research is willingness to raise awareness of the need to protect heritage by providing different social groups with actual or at least approximate scale and range of benefits and costs related to cultural heritage.

Cultural heritage is a source of benefits for numerous active, passive, and potential users (current and future), e.g. local communities, visitors of historic buildings and sites, as well as legal owners and purchasers of historic properties. Since over two decades, attempting to comprehensively assess values of cultural heritage, economists have tested and applied new quantitative methods for valuing cultural heritage using environmental economics as inspiration. Benefit and damage estimation (BDE) methods and techniques initially developed as a necessary contribution to performing analysis of costs and benefits related with undertaking or abstaining from pro-ecological activities were subsequently adapted to valuation of cultural heritage (Navrud, Ready, 2002; Snowball 2008; Cuccia, Signorello 2002). Benefit estimation allows us to translate social values of a specific cultural heritage project, its components or services provided by it, e.g. recreational value of a cultural

property, into monetary values. Loss estimation in turn enables us to present monetary value of social costs of damages resulting from the decrease in cultural values or destruction of heritage items.

So far, contingent valuation method (CVM), which belongs to the group of stated preference methods, has definitely been the most popular method used by economists for valuing cultural goods, especially establishing passive use values and non-use values of heritage. This method is applied in valuing various heritage items which are not subject to market exchange (non-market goods) as well as in estimating effects of carrying out activities that improve access or state of repair of various heritage properties, institutions or sites. The method in question concerns creating a market by determining social preferences that have been unknown or of which the society has been unaware of so far. As a consequence of applying this method, consumers' preferences are revealed (depending on the choice of respondents: active users, passive users, non-users). For example, by applying contingent valuation method we can analyse local visitors' as well as national and foreign tourists' willingness to pay for accessing heritage sites, e.g. a historical town centre, as well as improving state of repair of heritage properties, e.g. carrying out preservation and restoration works. Another variant is the question about willingness to pay voluntary fees (donations) for a specific heritage site, heritage institution, a group of heritage properties of a certain character or the willingness to pay taxes to support activities involving the cultural heritage.

Contingent valuation method has been acknowledged as the most prominent achievement of neoclassical environmental economics with first uses of the method dating back to 1960s. This resulted in applying it in thousands of cases all over the world (Winpenney 1991; Smith 1996; Carson 2012). Cultural economists adopted the method from environmental economists and started using it very frequently as well (Noonan 2003; Snowball 2008, Willis 2014). A study by B. Frey and W. W. Pommerehne (1989) is considered to be the first example of applying the method with respect to cultural heritage. It concerned preferences of inhabitants of Basel as to the purchase of two paintings by Picasso and exhibiting them in a museum in this city. In the book published in 2002, edited by S. Navrud and R. C. Ready (2002), 27 analyses of this type were presented. In the literature review made in the same year, D. Noonan (2002) included even more, i.e. 64 publications on valuing cultural heritage using contingent valuation method (35 of them were devoted to historic sites, 8 to museums, 17 to cultural heritage in a broad sense, 4 to archaeological sites). In 2008 J. Snowball (2008) referred to 35 examples of applying the method until 2007.

Contingent valuation method requires conducting surveys to reveal respondents' willingness to pay for entering a cultural site or for achieving a specifically-defined aim related to a condition in which an artefact or immovable heritage property has been preserved, its accessibility, services provided by it, etc. Additionally, it is possible to apply the 'pessimistic' variant of the method. In this case respondents are asked about their willingness to accept compensation for restricted access to a specific site or even for accepting its complete destruction due to undertaking no conservation works. This method also enables to assess the willingness of respondents, e.g. inhabitants of a region, national and foreign visitors or citizens of a specific country, to pay for protection of culturally valuable objects, buildings or sites. Within the WTP, the maximum amount that respondents are willing to pay for a specific property is determined, e.g. covering costs of maintaining or improving the condition in which it has been preserved, or costs of extending the range of cultural, educational, or other services offered in it. Thus, this method among others allows us to determine values of public or non-governmental heritage projects, which are usually not profit oriented, do not result in provision of market goods and services or involve commercialization only to a limited extent. By adopting the WTA option, the minimal amount which respondents are willing to pay for resigning from access to a cultural property or for accepting deterioration of

or even complete destruction of heritage property is estimated. Hence, sometimes, this variant is also referred to as ‘willingness to sell.’

The key advantage of the contingent valuation method is its direct character, as it does not depend on prices of substitute goods. Moreover, it is very flexible and can be used for assessing values of different types of cultural goods and diverse aspects of their preservation, restoration, adaptation, as well as different scenarios of such activities. What is also important, the discussed method enables different types of values to be determined because apart from use values, it also includes option, existence and bequest values in the assessment. Deriving direct opinion from respondents can also help to include the general public in decision-making. It can be useful in educating the society and fostering its awareness of issues related to heritage as well.

However, the contingent valuation method is frequently criticised (Throsby 2003). Some sceptics emphasize that reliability of the obtained results is the fundamental problem related to its application. The surveys that concern willingness to pay provide information on respondents’ hypothetical behaviours, instead of the actual ones. Without having to immediately bear costs of consumption, passive use or preserving non-use values of heritage goods, respondents’ answers may be unrealistic as they may not consider their budget limitations thoroughly or objectively enough. Due to limited knowledge of specificity and real costs (of, e.g. preservation works or day to day maintenance of historic buildings), it is possible that respondents may underestimate or overestimate values of heritage goods by providing disproportionately low or, on the contrary, irrationally high scores. In addition some respondents can be tempted to show themselves in a good light. In literature this behaviour is referred to as ‘warm-glow’, i.e. posing as a sensitive and socially responsible person, keen on making ‘sacrifices’ for the public good. This factor can result in declaring incredibly high amounts they could be willing to pay. On the other hand, some respondents’ answers can be understood as a form of expressing dissatisfaction with the existing state of affairs (a protest against the current situation) or they can be a manifestation of lack of trust to those who manage the heritage. These answers involve such aspects as e.g. refusing to pay higher taxes which, in respondents’ opinion, are badly managed and, would be ‘wasted’ by authorities anyway. Moreover, some of the survey participants may claim that there is no guarantee that the money paid will be used for a specific goal presented in a survey. Furthermore, respondents may be keen on ‘shifting’ responsibility for the heritage onto other stakeholders. Similarly, some of them answer ‘strategically’ and do not reveal their real preferences or financial status, hoping to free ride on those who are really willing to pay. Finally, the suggestions concerning payment possibilities as well as the way of asking questions by pollsters can, to a certain degree, exert influence on respondents’ opinions.

Another challenge related to contingent valuation method involves providing respondents with sufficient information about the subject of the survey, i.e. to present them with unambiguous definitions of benefits and losses related to cultural heritage. A further problem concerns respondents’ limited knowledge on topics involving monument or heritage protection and their general lack of awareness of the complexity of heritage values. Lacking in such knowledge can considerably influence respondents’ willingness to pay (or accept compensation for losing a good). Surveys tend to be relatively time-consuming and they often raise touchy issues, e.g. payment of taxes, responsibility of authorities, etc. Consequently, it is frequently difficult for pollsters to receive answers. As a rule, better educated people with higher earnings are more willing to participate in such kind of surveys. This translates into tendency to base valuations mainly on opinions expressed by people coming from specific social groups consisting of disproportionately high percentage of active users of objects and places of historical value.

Furthermore, there is yet another issue, i.e. the scale of answers. Willingness to pay a specific amount can be similar, regardless of the number of buildings, the surface of a protected site or the number of features improved in cultural goods. For instance, assessment of the willingness to pay, which is expressed in respondents' willingness to accept higher taxes in order to support a single, most significant museum in a region, to develop all museums located in a region, or all heritage institutions of this kind in the whole country, may yield declarations of similar amounts in each of the said cases despite the fact that their scope differs significantly. Moreover, WTP is, as a rule, lower than WTA due to people's different approaches to deriving benefits and suffering losses. The so-called loss aversion manifested by attachment to the already owned items (endowment effects), e.g. specific degree of availability, condition in which a specific heritage site has been preserved, etc. can result in a situation in which answers referring to the same object or area will differ significantly, depending on whether they will be provided in WTP or WTA format. In case of WTA, declared amounts are usually significantly higher. Finally, it must be emphasised that costs of practical application of the method are usually considerable. The method requires conducting surveys, which are time-consuming and need to be explained to a large enough, representative group of respondents. What is more, existing studies using CVM often focused on one group of respondents (e.g. most often visitors to the site) which may obscure the fact that different respondent groups (e.g. users, potential users, non-users, local and non-local respondents) may value the heritage item or institution differently. Last but not least despite the popularity of the method it has not been up to date used to a larger extent to value heritage items or institutions in Central and Eastern Europe.

## **2. The case study and its methodology**

The paper is based on a CVM study done with respect to a specific, major heritage institution and site in Poland – the Castle Museum in Łańcut. Its preliminary results are presented and discussed, preceded by the introduction of the site, its qualities and contemporary functions and followed by some conclusions. The paper is a part of a larger, comparative study conducted in 2012-2016 within the framework of a research grant on '*Museum institutions: a perspective of cultural economics*' awarded by the National Science Centre of the Republic of Poland (grant agreement no. UMO-2011/03/B/HS4/01134). The main idea behind it is that in order to show as broad as possible variety of impacts and values attributed to museums and heritage sites there is a need to combine quantitative and qualitative research methods, take into account direct, indirect, induced and other potential impacts of such sites and include different stakeholder groups, as there are many actors who may express interest in heritage sites, value them or benefit from their existence.

Research done for the purpose of the project included review of relevant literature on heritage valuation using CVM as well as the case study of a selected heritage site, including a face to face questionnaire survey conducted in June-October 2014 among three different heritage stakeholder groups: 1) non-local visitors to the site – its direct users (N=350); 2) the local residents of the little town where the site is located (N=136) and 3) the non-specialist general public in a larger town nearby the heritage site, the capital of the Podkarpackie region – Rzeszów (the town's and the region's residents) (N=200). In each of the respondent groups, respondents were selected randomly from passers-by in Łańcut – local residents interviewed away from the site, passers-by present in public spaces in Rzeszów (squares, streets) as well as non-local visitors interviewed directly at the site, with attention paid to inclusion of respondents from different age groups. The three respondent groups seem interesting to study and compare as the first group will reflect the opinions of the local community – not necessarily customers of all services the castle offers. The second respondent group seems particularly well suited to study the valuation of heritage sites by the Polish general public as

their answers were not influenced by the daily, often casual experience of the site or living in its proximity (as in the case of local residents) or by the fact that they have just visited the site or were interviewed at the site (tourists, day-trippers). As such their assessment of heritage values may be interesting as a reflection of the general values attributed to major heritage sites by Polish citizens in the changed socio-economic context after 1989, particularly residents of the south-eastern part of the country. The last respondent group (non-local visitors, tourists) can on the other hand confirm (or lead to negation) of a frequent hypothesis that users and customers of heritage sites are prone to value them higher and more positively deriving direct benefits from them in comparison to other respondent groups<sup>1</sup>.

The inquiry about the willingness to pay specified the means of payment asking about the respondents' opinion on the introduction of a new museum tax allowing museums such as the Castle Museum in Łańcut to obtain additional money to support conservation activities and day to day operations of such institutions (in particular possibility of conducting more conservation works on buildings, interiors and artefacts, organizing more educational and cultural activities in such museums and purchases of new artefacts for the museums' collections). Two elicitation formats were used. First a dichotomous choice, close-ended questions were used, within a repeated semi-auction format (3 subsequent thresholds indicating rather modest amounts of proposed museum tax at the level of 2, 4 and 8 PLN a year (€ .5, 1 and 2 a year respectively) followed by an open-ended question on the maximum amount respondents' were willing to pay. The inquiry into the demographic and socio-economic characteristics of respondents included gender, age, education level, place of residence, perception of level of life and living conditions, form of employment, earnings, main source of income, cultural and recreational consumption habits, membership in associations and political organisations, links with the cultural sector by the virtue of working for it or having a family member employed in a cultural institutions, links with the tourism sector, frequency of cultural consumption. Precise questions on the willingness to pay were preceded by asking respondents about the reasons why financial means should be spent for preservation and maintenance of such sites (both an open-ended question and a close-ended subsequent questions to show the range of economic and non-economic values respondents attribute to such heritage sites) (Murzyn-Kupisz 2015).

As such the study seeks to address several gaps in existing CVM literature, namely:

- The issue of differences in valuation depending on different respondent groups (users, potential users, non-users, regional and non-regional respondents);
- The study used a mix of open and close-ended questions as well as threshold amounts determined in advance, repeated in a semi-auction format and continuous elicitation method to compare answers elicited by different question types;
- The study aimed to explore not only the willingness to pay taxes but also reasons for agreeing to or not willing to pay them as well as the general values people attribute to such sites;
- Apart from considering some 'standard' demographic characteristics such as age, sex, education level and income, the study adds several new possible socio-demographic features which may explain differences in answers (e.g. membership of associations and foundations as an indication of respondents' social capital, importance of having closer knowledge of the cultural sector by being an employee of a cultural institution or having a relative working in one, subjectively perceived level of life , etc.);

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<sup>1</sup> Questionnaires with tourists at the site were done on different weekdays – one weekend day (Sunday), when a greater share of regional visitors – day trippers was expected, two regular week days (Tuesday, Wednesday) and a working day when some museum services are not available but main museum exhibition is accessible free of charge (Monday) potentially drawing less wealthy visitors benefiting from free of charge access.

- The CVM method is applied to a heritage institution functioning in a post-socialist context of south-eastern Poland, thus broadening the geographic scope of existing studies to see if and what type of impact this specific socio-cultural context may exert on heritage valuation;

- At a later stage results of this study will be compared to another CVM study done using the same questionnaire format and methodology in a different region in Poland to value a similar heritage institution (the castle and park complex in Pszczyna) in order to see if differences in valuation also exist depending on regional characteristics of populations and the regional context within one country.

Accordingly, analysing questionnaire survey results with respect to the two earlier mentioned respondent groups (tourists at the site and residents of the region interviewed away from the site in the region's capital – Rzeszów) a number of hypotheses (expectations) will be tested in the following parts of the text:

1. Visitors (actual users) at the heritage site on average more likely to value such sites and institutions higher (express a positive WTP).
2. WTP positively correlated with having visited the site in the past (better knowledge of its cultural values, direct experience).
3. Oldest respondents are more 'heritage oriented', they appreciate heritage sites and museums more than younger generations and are therefore more likely to express a positive WTP.
4. Women are more likely to be expressing a positive WTP, particularly in Poland where they are often perceived as those who take care of the family's cultural education and heritage awareness.
5. WTP expected to be positively linked with higher educational attainment.
6. WTP expected to be positively linked with higher earnings.
7. WTP expected to be positively linked with optimistic assessment of level of life.
8. WTP expected positively linked with employment in the public sector (understanding its needs better).
9. WTP is positively correlated with employment or family links with the cultural sector (insider knowledge of its needs and importance).
10. WTP is positively correlated with links to the tourism sector (an employee of the tourism sector or having a family member working for it).
11. WTP is positively correlated with civic involvement (membership in non-governmental and political organizations).
12. WTP is positively correlated with higher frequency of cultural consumption (frequent visitors to museums as actual consumers of their offer more likely to be willing to pay more).
13. Geographical proximity of a respondent's place of residence impacts positively on WTP. Residents of Rzeszów and Podkarpackie region are thus more likely to be WTP the proposed museum tax than residents of other regions.

### **3. The Castle Museum in Łańcut – a unique heritage site in south-eastern Poland**

The castle and park complex in Łańcut, located about 190 km east of Krakow and 18 km east of the regional capital of Rzeszów in the Podkarpackie region in south-eastern Poland, is one of the most impressive and best preserved residences of Polish landed aristocracy (Pratt, Trumler 2008; Wojtowicz et al. 2009; Folga-Januszewska 2012) (Fig. 1). A settlement and a stronghold existing since the Middle Ages was first reshaped into an Italian style *palazzo in fortezza* in the early 17<sup>th</sup> century by the powerful magnate family of Lubomirski. In the late 18<sup>th</sup> century, its buildings and interiors were remodelled in the neo-classical style making it one of the most beautiful aristocratic residences in Poland. At the same time the castle lost its defensive functions. Its immediate surroundings within the former bastion fortifications were

filled with formal Italian and French style gardens, while around them, outside the former moat, an extensive English style romantic park was developed (Fig. 2). The castle was refurbished in the 19<sup>th</sup> and early 20<sup>th</sup> century to cater to the needs of its owners, since the early 19<sup>th</sup> century a powerful and influential family of Potocki, one of the largest landowners in Galicia in times of the Hapsburg rule who made Łańcut the main seat of the Potocki family inheritance trust (fee tail). Łańcut castle and park complex served as a lavish aristocratic residence until 1944 when its last owner fled to Switzerland before the approach of the Red Army. Although he took some art works and furniture with him, most of the castle interiors, fixtures and fittings were preserved and as such the castle presents an authentic, complete and integral site including original interiors (comprising of wall decorations, art works, furniture and original wooden floors) and exteriors (Fig. 3). Such residences are extremely rare in the context of Poland and other countries of Central and Eastern Europe due to war time destructions and frequent post-war misfortunes aristocratic residences suffered from.



Figure 1. The castle in Łańcut – a general view  
Source: photo by Monika Murzyn-Kupisz



Figure 2. The romantic park surrounding the castle in Łańcut  
Source: photo by Monika Murzyn-Kupisz

The castle and park complex survived until today in an almost intact form not only thanks to its uniqueness but to a large extent because it was a listed monument already in the interwar time and since almost immediately after the departure of its owner, in 1944 it was transformed into a public museum, which prevented its ransacking in the first months after the

war. It has since then been managed by the Castle Museum in Łańcut – an institution presently supported jointly by the Ministry of Culture and National Heritage and the Regional Authorities of Podkarpackie region. The site's uniqueness and authenticity was further confirmed on the national level in 2005 when it was included on the list of most valuable Polish heritage sites, so-called 'Monuments of History' as a prestigious form of heritage protection foreseen in Polish monument protection law.



Figure 3. One of the interiors in the castle in Łańcut  
Source: photo by Monika Murzyn-Kupisz

Museum Castle in Łańcut is foremost a museum of original, historic interiors. Visitors are able to see magnificent rooms from 17<sup>th</sup>-early 20<sup>th</sup> century, including a neo-classical ballroom, a unique 18<sup>th</sup> century court theatre and a sculpture gallery (lapidarium) from the same period as well as a hall with a piece of art the museum is most proud of 'Amorino Lubomirski' – an 18<sup>th</sup> century sculpture of a young boy by Antonio Canova (Fig. 4) Apart from older artistic treasures, the museum offers its visitors a rare possibility to get a glimpse of the life style of Polish aristocracy between the world wars by looking at numerous interiors fulfilling different purposes such as bedrooms, boudoirs, living rooms, bathrooms and a library.



Figure 4. The best known piece of art in the castle's collections - sculpture of a young boy by Antonio Canova  
Source: photo by Monika Murzyn-Kupisz

The museum also manages and maintains 31 hectares of extensive park grounds surrounding the residence and open free of charge to the general public. The romantic park includes numerous additional smaller pavilions and sculptures such as an orangery, an orchid house, a gloriette, a romantic castle, a riding school, a stables and carriage house complex and an estate governor's house (presently a public music school). The institution is also famous all over Poland for its collection of horse carriages and coaches (largest in Poland), linked with the Potocki family, enlarged and developed after World War II. In addition, the museum offers an exhibition of a unique collection of icons salvaged from Orthodox and Greek Catholic (Lemko) churches in south-eastern Poland after World War II, an exhibition on the history of the town and its famous cavalry regiment housed in the former officers' mess and an orchid house reconstructed in the castle park in 2008. Until 2009 the museum also managed a well preserved 18<sup>th</sup> century vernacular synagogue adjacent to its grounds, saved from destruction by Nazis in World War II by the last count Potocki.

At present visitors can see six different exhibitions of the museum in Łańcut, including a tour of historic palace interiors. The complex also houses a 'Castle' restaurant and a café in the orchid house as well as a visitors' complex in the renovated former manège (riding school) building, where in addition to ticket offices and a tourist information point, there are small souvenir shops and stalls as well as a fast food restaurant. Łańcut castle and park complex is also well known for its Music Festival taking place since 1961 – initially a chamber music festival, developing with time and recently expanded to include outdoor concerts, sometimes inviting to Łańcut such superstars as Jose Carreras. In the summer in the castle interiors, other park pavilions and green spaces another well known music event takes place – International Master Courses of Music Interpretation with over four decades of tradition.

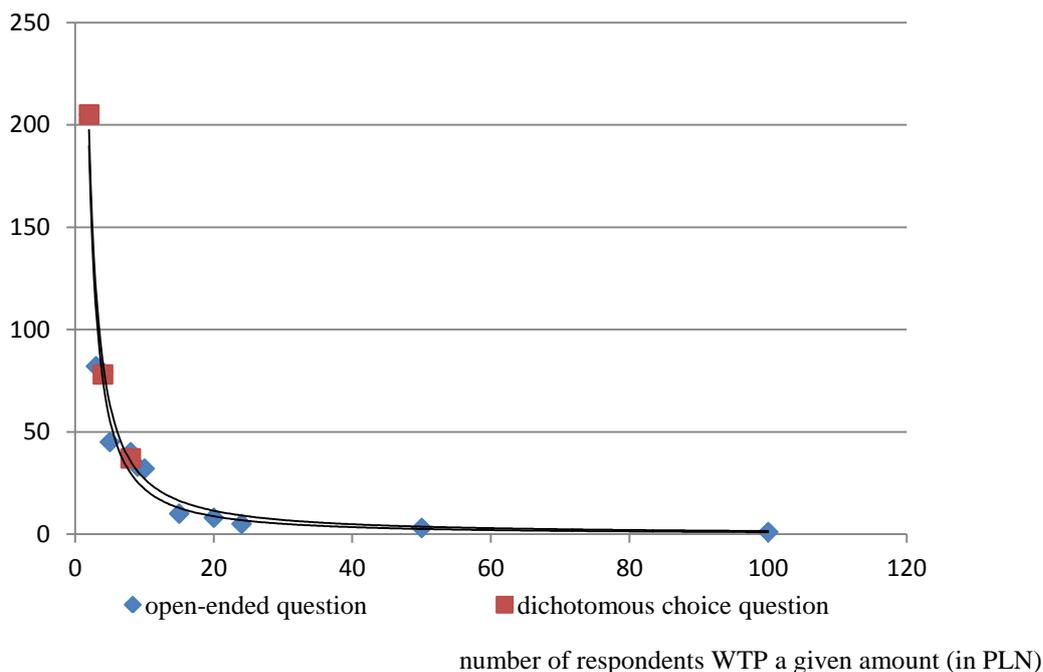
It is a major tourism attraction in the Podkarpackie region with 319 thousand visitors a year in a town with 18.2 thousand residents (2013). Apart from providing access and guided tours to its exhibitions, the museum's 'output' in 2013 included 477 museum classes attended by 11 209 students, 22 lectures for 802 participants, 35 concerts attended by 16 623 persons, 3 larger outdoor events attended by 550 persons and 7 conferences attended by 950 people. Its famous Music Festival attracted over 10 thousand participants, well known summer International Master Courses of Music Interpretation 5.6 thousand, making it a major cultural institution in the little town and the entire region. The museum does not only impact on the local cultural offer but also on the local and regional economy. According to the author's research, an average tourist who visits Łańcut and its castle spends PLN 55 (€ 14) per person in addition to payment for entrance tickets, 15% of tourists spend over PLN 100 (€ 25) per person. Visiting the castle and making use of its cultural offer also inspires the use of tourist accommodation. In the town every year over 12 thousand tourists stay overnight. The institution also provides significant employment possibilities in the context of a little town (171 persons employed on long term job contracts, i.e. 3% of all employed in the municipality, 191 persons working for the museum on short term contracts), acting as regular customer purchasing goods and services from 28 companies in the region and its investment related spending. In 2003-2012 the museum spent PLN 38 million (ca. € 10 million) on conservation, restoration and other construction and repair works on the site. The museum's yearly budget amounts to PLN 11.4 million (ca. € 2.7 million, data for 2013). PLN 4.2 million is supplied by the central government, a subsidy of PLN 3.5 million is provided by the regional government, while income from tickets amounts to 2.1 million.

#### 4. Selected results of the survey: non-local visitors to Łańcut

##### 4.1. WTP the proposed museum tax: reasons and expectations

In the sample of 350 interviewed tourists, 344 of them paid taxes in Poland therefore they could answer the question on the willingness to pay an additional museum tax to support museums in Poland such as Łańcut Castle Museum. Among the Polish taxpayers interviewed 59.59% were willing to pay higher taxes, 40.41% declined this idea. The willingness to pay is however rather low. The majority of those willing to pay agreed to the minimum possible amount of taxation – barely 50 €-cents a year (2 PLN). Only one in five respondents was willing to pay 4 PLN (1 € a year) above the minimum amount indicated, and only one in 10 respondents agreed to payment of 8 PLN a year (2 €). If we look only at those respondents who indicated their positive willingness to pay 38% of them were willing to pay more than the minimum threshold amount of .5 € and less than a fifth of them (18%) 8 PLN (2 €) a year. The amounts indicated in an open elicitation format (amounts proposed by respondents themselves) produced only slightly different set of answers, confirming WTP obtained earlier. In the open elicitation format only 33 respondents (16% among those willing to pay, 9.5% of the entire sample) were willing to pay more than 8 PLN (2 €) a year. The data do point however to the fact that there is a certain minority of visitors (ca. 1 in 10 of them) who would be happy to pay a higher museum tax than indicated in the close-ended format.

Fig. 5. Willingness to pay an additional ‘museum’ tax expressed by non-local visitors to the site

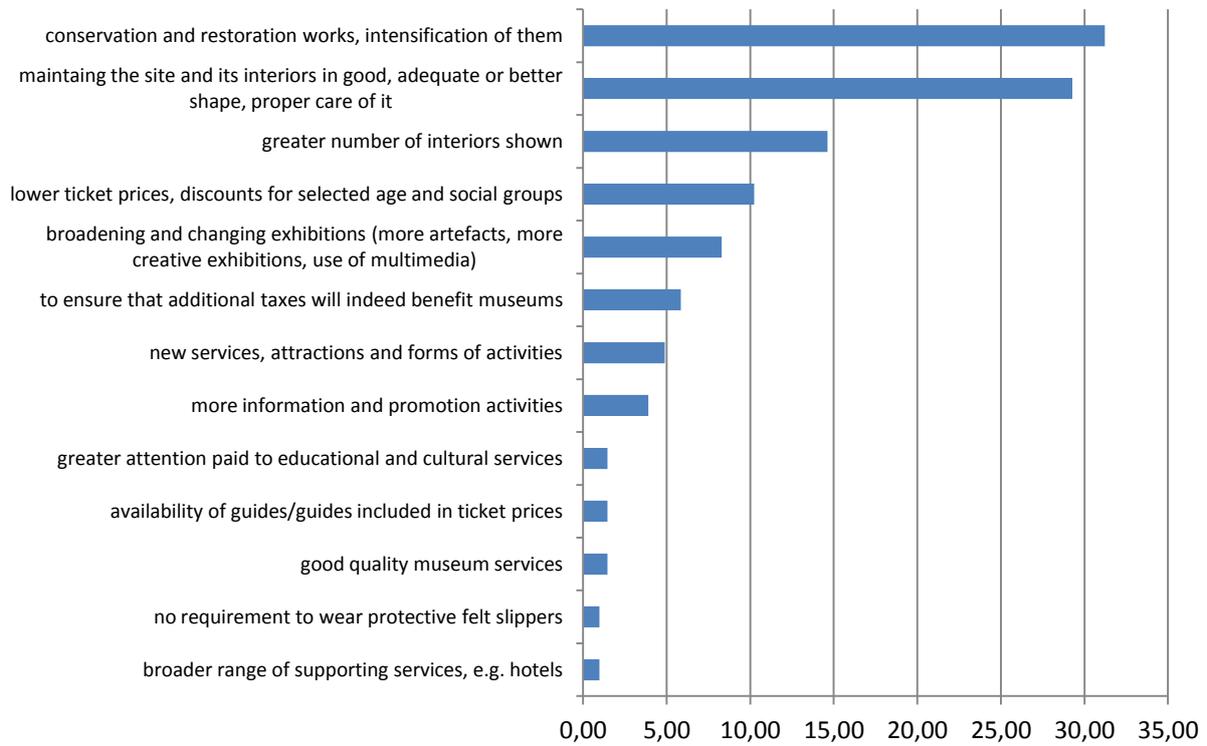


Source: own elaboration based on the questionnaire survey

Giving answer to an open ended question on expectations linked with paying the additional museum tax, almost two thirds of respondents would either like to see more restoration and conservation work done at this particular site, in the castle’s interiors, in its gardens or with respect to artefacts in its care. Among other most important expectations is opening to the museum public of more castle interiors, broadening and modifying the exhibitions and lower ticket prices and a system of discounts. Other suggestions are much less frequent, although they point to important areas of the museum’s activities which should be improved such as information and promotion or updating the exhibitions to make them more attractive to visitors. For 6% of respondents an important issue was to ensure that the additionally generated money is spent by the public authorities on museums to help them in their conservation works, investments and day to day operations. 5 % of those who expressed

a positive WTP do not know what they could expect, further nearly 4% don't expect anything in exchange.

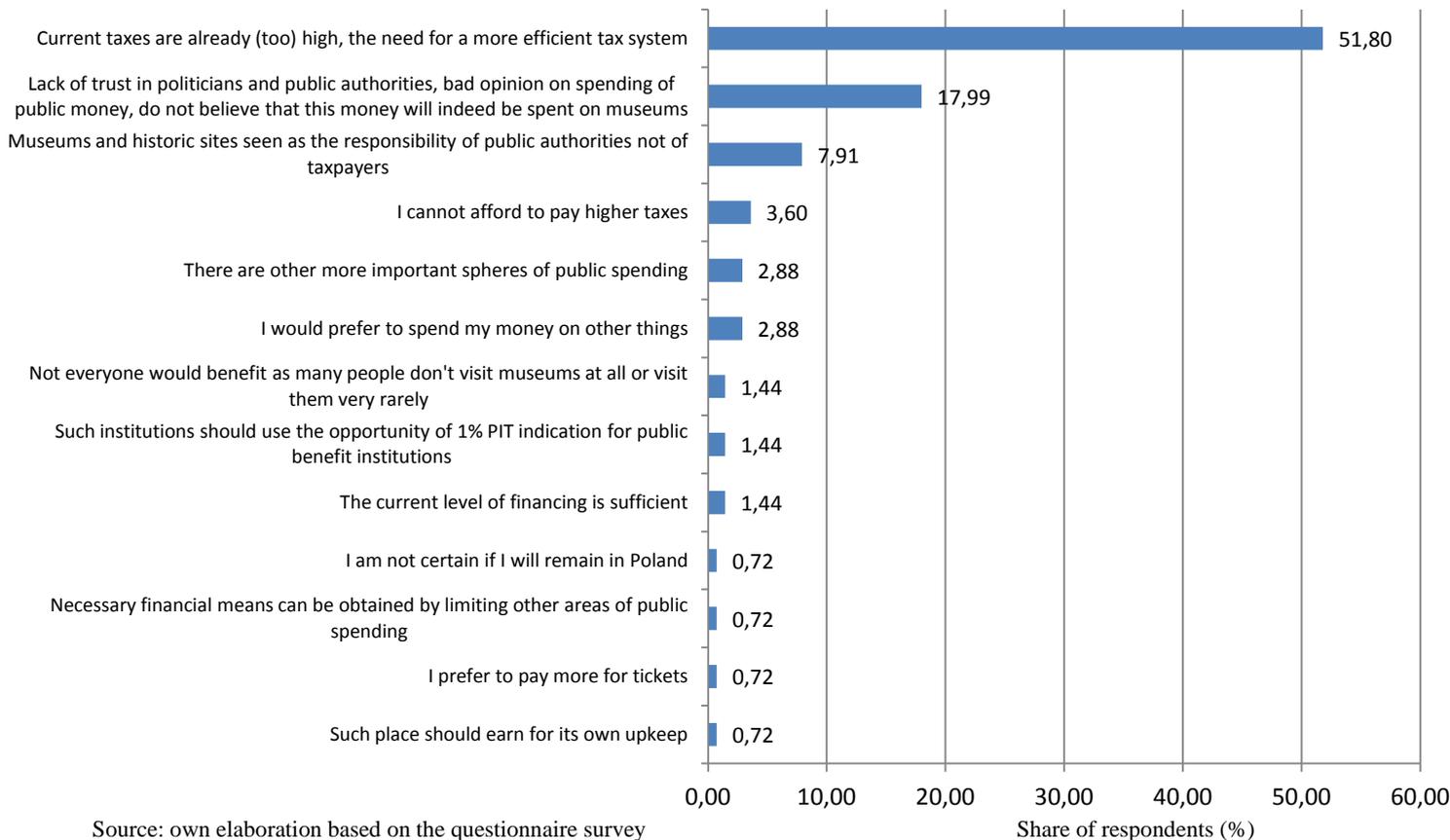
Fig. 6. Expectations of non-local visitors (tourists) willing to pay the proposed museum tax (share of respondents WTP higher taxes who indicated a given sort of expectations)



Source: own elaboration based on the questionnaire survey

Share of respondents (%)

Fig. 7. Reasons why respondents were not willing to pay the proposed museum tax (share of respondents who said no to the idea)



Source: own elaboration based on the questionnaire survey

Share of respondents (%)

#### **4.2. Selected socio-economic and demographic characteristics as possible variables impacting on respondents' WTP the additional museum tax**

The survey results also allow to consider to what extent diverse socio-demographic characteristics of taxpayers matter in terms of making them more or less prone to be willing to pay the additional museum tax. Age is the first possible variable. Over two thirds of tourist respondents are between 21 and 50, the greatest share of respondents fall in the 41-50 age category followed by 21-30 age category. Although over 9% of respondents are over 60 years old, their share in the total number of visitors is only half of their share of this age group in the total population in Poland – 17.5% (National Census Results for 2011, GUS 2014). What is interesting is the fact that both youngest (less than 20 years old to 30 years old) and oldest tourists – visitors to the site (above 60) are more likely to be willing to pay the additional tax than their counterparts from the 31-40 and 41-50 age group.

Women constituted 60.9% of visitors to Łańcut participating in the survey. If the impact of gender on WTP in this group is considered female tourists were less likely to be declaring a positive WTP (56.87% of women participating in the survey), while male tourists were declaring positive WTP of the new tax more frequently than the average for the entire group (64.66% men participating in the survey).

In comparison to the general population in Poland tourists visiting Łańcut are much better educated. The share of visitors who completed higher education (50.57%) is three times higher than the average for residents of Poland, the share of persons who completed secondary, non-vocation oriented education is by almost 10% higher (41.14% tourists to Łańcut versus 31.4% share in the general population in Poland), whereas lower shares of persons with vocational or basic educational attainment were noted than the average for the entire Polish population. Contrary to expectations however, level of educational attainment was not a good predictor of WTP in the case of tourists visiting Łańcut. WTP was similar for three out of four levels of education distinguished in the survey (higher, secondary, vocational), while the very small number of survey participants who completed lowest (basic) education level does not allow one to make any conclusions about this group's WTP. As follows formal education impacts on the likeness to visit heritage sites and museums, but once a person visits them it does not matter so much for their WTP for such sites.

Students, retired persons and freelancers as well as firm owners (entrepreneurs having their own firm) were more likely to be supporting additional museum tax (highest WTP among students – 73.1% and retirees 69.7%, above average among entrepreneurs – 62.1%). Employees of the private sector expressed WTP similar to average, persons employed in the public sector disliked the idea of additional tax most (only 53.85% with a positive WTP). As expected, among tourists at the site, persons at the lower end of income distribution are less likely to be willing to pay more taxes for the benefit of museums whereas those in the higher income brackets are characterized by a much higher willingness to pay (71.42% of persons in the highest income group defined in the survey in comparison to 59.59% for the entire surveyed tourist population). Positive and very positive assessment of level of life translates into higher WTP – visibly higher among persons who perceive their life situation as very good, slightly above average WTP for persons who declared it as good (two thirds in the sample of tourists). 'Average' or 'bad' assessment of level of life is likely to impact on lower or negative WTP.

Every tenth respondent (11.71%) had closer links with cultural institutions (being an employee of one or having a family member employed in the cultural sector. Importantly, almost two thirds of them (65%) expressed WTP the proposed museum tax. As follows, greater awareness of the specificity and needs of cultural institutions or perhaps the feeling of 'solidarity' with the cultural sector impacts very positively on WTP.

Out of 344 respondents paying taxes in Poland 61 persons (17.73%) indicated that they are members of some non-governmental organizations (associations, trade unions, cultural organizations etc.). If on average however 60% respondents expressed a positive willingness to pay in the group of association and political organizations members this share was slightly lower (59.01%) indicating that being a member does not make one more likely to support payment of museum taxes (one of possible explanations is competition between museum institutions and other public cultural institutions and non-governmental organizations for conducting heritage projects and getting financial support for them).

Over one fourth (29.4%) of respondents declare that they visit museums very rarely – once a year or less often or never visit them. The majority of respondents visit museums every half a year (39.8%), almost one in three respondents declared visiting a museum once a month or even a few times a month. Non-users seem to be slightly more prone to dislike the idea of the additional tax (greater share of persons refusing to pay than the share of non-users and very infrequent users in the total visitor sample).

In general, the analysis of survey results pertaining to WTP and respondents' place of residence supports the supposition that residents of the region where the museum is located are more likely to be willing to pay the proposed tax linking it with the site they already visit and located in their own region. Łańcut is a heritage attraction visited by tourists from all over Poland. Among survey participants there were persons coming from 15 out of 16 administrative regions of Poland including these located very far away from the town (e.g. in Zachodniopomorskie region). Almost half of visitors to Łańcut who participated in the survey (47.32%) come from Podkarpackie region however, including 11.41% from Rzeszów – the region's capital, 52.68% came from other regions in Poland. Most non-regional guests to Łańcut come from the neighbouring Małopolska region (9.73%), Silesian (6.38%) and Kujawsko-Pomorskie region (6.38% as well), followed by Mazowieckie region 6.4%. Residents of Podkarpackie region are on average more likely to be WTP than persons coming to Łańcut from other regions (67.29% of region's residents with a positive WTP in comparison to 57.96% share of residents of other regions). Among regional visitors however residents of Rzeszów are less likely to do so (by 1% lower share of those WTP than average for the entire sample of tourists interviewed). Persons who came to Łańcut individually (by car or public transport not by tourist coach as part of a larger, organized tourist group) are more likely to be willing to pay higher taxes than participants of organized tours (60.86% of individual versus 55.88% of group tourists), although these results have to be treated with caution as during the summer 80% of tourists come to Łańcut individually.

## **5. Selected results of the survey: residents of the region interviewed away from the site (passers-by in Rzeszów)**

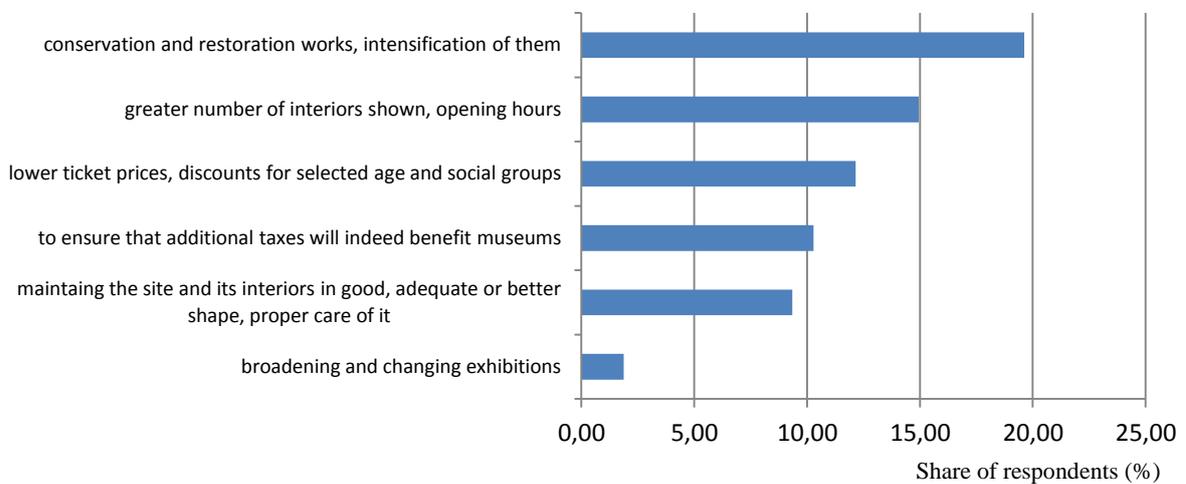
### **5.1. WTP the proposed museum tax: reasons and expectations**

In the residents of the region group interviewed away from the site in Rzeszów (N=200) a smaller share of respondents than in the case of active visitors to the site (tourists) supported the idea of the museum tax (53.5%, i.e. 107 out of 200 respondents agreed to the tax, 93 disliked the idea). In this aspect, results of the survey confirm the expectations that assessing WTP only based on opinions of visitors to heritage sites is biased as they are likely to overvalue sites in general experiencing them at the moment of making the assessment and being their more frequent users than the general population interviewed in other places. Results obtained in Rzeszów showed that similarly to tourists at the site the regional public's WTP was very low. Three thirds of respondents who agreed to pay anything pointed to the minimum amount per year (2 PLN, ca. 0.5 €). Only 12.5% of respondents were happy to pay 4 PLN a year and a miniscule amount of 1% respondents would like to pay 8 PLN a year. The

situation was almost identical when results of the close ended question were contrasted with the open-elicitation format.

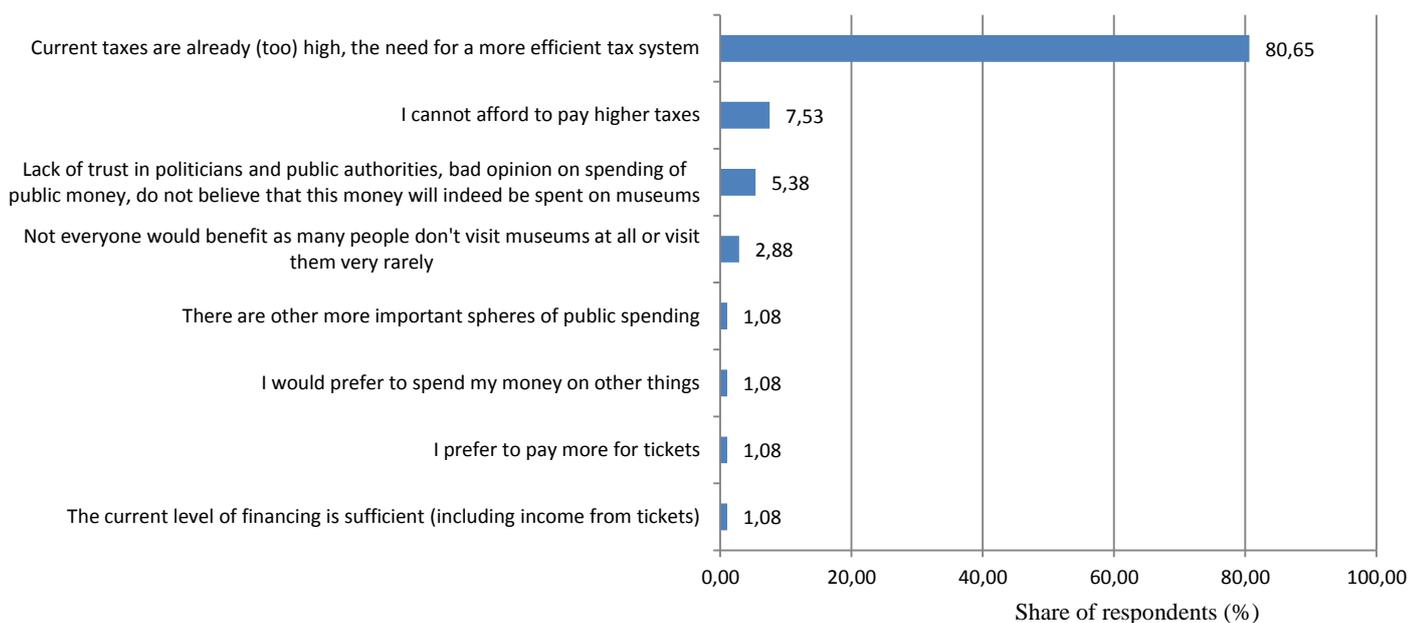
Among respondents WTP higher taxes a greater share than in the tourist group did not expect anything from the site in exchange for the payment of the new tax (29.91%). One in five respondents would like to see more conservation, restoration and repair works at the site (19.63%). For a significant share (14.95%) broader and better accessibility (number of rooms accessible to visitors, opening hours) is an important issue. Roughly one in ten residents of the region interviewed in Rzeszów wished for lower price tickets and concessions for selected groups (retirees, children and youth). A similar share required a proof that the additional tax will indeed be spent on museums and heritage sites, displaying a certain doze of lack of trust in public administration. Among other expectations only the issue of preserving the park and palace complex in good, better or at least not worse condition was the most important matter (9.35%).

Fig. 8. Expectations of residents of the region (Rzeszów sample) willing to pay the proposed museum tax who indicated a given sort of expectations



Source: own elaboration based on the questionnaire survey

Fig. 9. Reasons why respondents in Rzeszów were not willing to pay the proposed museum tax (share of respondents who said no to the idea)



Source: own elaboration based on the questionnaire survey

The main reasons for refusal of payment of higher taxes to support museums was the dominant opinion among respondents that taxes in Poland were already by far too numerous and too high (4 in 5 respondents who declined the idea of the museum tax). Others were not against museum tax as such but either felt they could not afford it (7.53%) or did not trust public authorities who collect and spend them having doubts whether the additional tax would indeed be allocated to museums and spent efficiently (5.38%). Other reasons for refusal well less frequently mentioned, among them the fact that not so many people would get any direct benefits from payment of the tax as they are not frequent museum visitors or don't visit museums at all (2.88%).

## **5.2. Selected socio-economic and demographic characteristics as possible variables impacting on respondents' WTP the additional museum tax**

There were 52% women and 48% men in the sample of region's residents surveyed in Rzeszów, the share of males among persons WTP any taxes was visibly lower (43.8%) than the average for the entire group (53.5%). One of the reasons may be that as shown in the previous section a greater share of women than men are visitors to such sites.

Unlike among visitors to the site, in this group youngest and oldest respondents were least likely to be willing to pay, while 21-30 and 31-40 age groups were more likely to be expressing a positive WTP. Despite expectations that higher education is conducive to higher WTP – in the Rzeszów sample people who completed education at the university level were not more willing to pay than other groups whereas people who completed secondary education were more likely to express a positive WTP. Least educated (primary, vocational level) persons were, as expected, less likely to support the idea of the museum tax.

Persons working for the public sector or still studying were more likely to be WTP, employees working for the private sector or retired persons less likely to agree to the proposed higher tax. Contrary to expectations, in the case of respondents in Rzeszów higher income does not necessarily translate to higher share of persons WTP the proposed museum tax. Unexpectedly, less wealthy groups (two lowest income groups distinguished in the survey were more likely to express positive WTP - above average share of willing to pay, while the third (quite well to do, 'middle class' income group is less likely). Subjectively assessed wellbeing and level of life does make one more or less likely to agree to additional taxes. Persons interviewed in Rzeszów who perceive their level of life as very good or good are much more likely to be WTP than those who perceive it as 'average'/'could be better' or bad.

Membership in non-governmental organizations affects WTP among the region's residents positively. Of even more positive impact is working for a cultural institution (being an employee) or having a family member working for one (the share of WTP 70.59% in this group, i.e. their share in the group of persons who WTP is twice as high as in the entire respondents' group). Working for the tourism sector or having a family member working for it also impacts positively on the WTP (66.67% among those with links to the tourism sector were WTP versus 52.89% among those who do not have any professional or family links with it).

Frequency of cultural consumption, as expected, was a good predictor of the WTP. WTP the additional tax was much more frequent among intensive or relatively frequent users (museum goers) and very low among rare users and non-users. Last but not least, the issue whether a respondent has already ever visited the site does matter for the WTP. On the whole 74.5% of respondents in Rzeszów have visited the Castle Museum at least once in the past, 84% have been to Łańcut. Among those who already paid at least one visit to the museum there is a higher share of persons expressing a positive WTP in reaction to the proposed tax, whereas a visibly smaller share of non-visitors who do not plan to ever visit the site (in the future) wishes to support the site as such respondents are less likely to support sites and services they do not ever plan to consume.

## 6. Conclusions

In considering the values of heritage sites several issues seem important. One of significant matters is who performs the valuation, to whom and in what ways may heritage be valuable and useful for diverse contemporary purposes (economic, social, cultural, spiritual etc.), taking into account different potential groups of heritage stakeholders. Of interest may also be the impact of respondents' socio-economic characteristics on WTP for cultural services, in particular heritage institutions such as museums. Do the general, traditional and long held expectations that more frequent visitors to heritage sites (active consumers of their offer), better educated, more wealthy and older persons are more likely to be willing to pay still hold true? Are there any other respondent characteristics that may be of importance? Are they valid in all national contexts?

The paper sheds some light on the willingness to pay, both expectations linked with paying higher taxes dedicated to museums and reasons why Polish citizens agree to them or are not willing to pay them. The following table summarises findings of the above described case study of two heritage stakeholder groups – the general regional public and visitors to a major site in the Podkarpackie region in Poland – with respect to confirmation or rejection of hypotheses presented in the second part of the paper.

In line with predictions, active consumers of services of heritage institutions and sites are more likely to value such sites higher and express a positive WTP. This pertains to both respondents interviewed at heritage sites and general public who already has some knowledge and awareness of them (e.g. has visited a major museum in the region). Being a resident of a region where the survey is conducted makes one more prone to agree to proposed museum tax as it is easier to imagine its direct impact on major heritage institutions in the region, particularly if someone comes from a smaller municipality – this may to some extent produced biased results of CVM surveys.

As expected, WTP is positively linked with optimistic assessment of level of life, subjective feeling of wellbeing and satisfaction but contrary to stereotypes or traditionally acknowledged tendencies not necessarily with more objective factors such as higher earnings and higher educational attainment. The traditional predictor of higher education as conducive towards having greater cultural capital, more intensive cultural consumption, particularly of high culture services and hence greater WTP for them may actually no longer hold true in the age of less elitist, mass university education, which is very visible in Poland after 1989. Working in the cultural or tourism sector or having family member employed in one of the two sectors positively affects WTP for heritage institutions such as museums which may be explained as having a better knowledge of its financial needs and socio-economic potentials, being more aware of its values.

Survey results do not bring conclusive, clear cut answers whether being employed in the public sector makes one more likely to be willing to support one of the important sectors of public spending (i.e. cultural institutions and heritage sites) or not. Similar ambiguity regards membership in non-governmental and political organizations. Such membership may translate to greater sensitivity to socio-cultural needs and institutions fulfilling them in general but also some non-governmental activists may see such institutions as important, not necessarily welcomed, competitors in the market for public grants and sponsorship. According to results of the study in general women are more likely to be WTP and visit heritage sites, however if they are interviewed within a heritage visitors' group and not in a general public survey they are no major differences between answers of men and women. The issue of respondents' age and its impact on WTP is also more complex than expected as in the study in the visitors' group both oldest and youngest respondents were more likely to be WTP whereas in the general regional population sample middle aged respondents were more prone to do so.

Table 1. List of hypotheses tested in the study and their validity

Hypothesis	Tourists	Region's residents	Confirmed by survey results in both respondent groups	Rejected by survey results in both respondent groups	Confirmed by comparison of two groups
Visitors (actual users) at the heritage site on average more likely to value such sites and institutions higher (express a positive WTP).	-	-	-	-	X
WTP positively correlated with having visited the site in the past (better knowledge of its cultural values, direct experience).	-	Yes	-	-	-
Oldest respondents are more 'heritage oriented', they appreciate heritage sites and museums more than younger generations and are therefore more likely to express a positive WTP.	Yes	No	Inconclusive		
Women are more likely to be expressing a positive WTP, particularly in Poland where they are often perceived as those who take care of the family's cultural education and heritage awareness.	No	Yes	Inconclusive		
WTP expected to be positively linked with higher educational attainment.	No	No	-	X	-
WTP expected to be positively linked with higher earnings .	Yes	No	Inconclusive		
WTP expected to be positively linked with optimistic assessment of level of life.	Yes	Yes	X	-	-
WTP expected positively linked with employment in the public sector.	No	Yes	Inconclusive		
WTP positively correlated with employment or family links with the cultural sector	Yes	Yes	X	-	-
WTP positively correlated with links to the tourism sector.	-	Yes	-	-	-
WTP positively correlated with civic involvement (membership in non-governmental or political organizations).	No	Yes	Inconclusive		
WTP positively correlated with higher frequency of cultural consumption.	Yes	Yes	X	-	-
Geographical proximity of respondents' place of residence impacts positively on WTP.	Yes	-	-	-	-

Source: own elaboration

All in all the results of the above presented research conducted in south-eastern Poland point to the need for greater caution and sensitivity in making predictions on the WTP for heritage institutions such as museums particularly in the dynamically changing socio-cultural context of the second decade of the 21<sup>st</sup> century.

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