Local Government Administrators' Approval of Cultural Amenities: A Structural Equation Model

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Abstract

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This research uses a structural equation model to determine local government administrators' approval of existing cultural amenities. By using aspects pertaining to the social benefits and social costs as well as the economic benefits this research determines the approval level of cultural amenities by local government administrators. Amenities, especially cultural amenities have been gaining attention as ways to promote local economic development. The cultural amenities examined in this research are referred to as wall mural villages located throughout South Korea. The recent trend of government and local community groups to create these cultural areas in depressed neighborhoods has recently garnered some research and this research looks to add a new dimension. This research finds that social and economic benefits associated with the creation of an amenity directly affect the approval of amenities by local governments that are directly involved with their daily stewardship.

주제어 : 비용-편익 분석, 문화 어메니티, 구조 방정식 모델링

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I. Introduction

Local government administrators are the eyes, ears and noses of their neighborhoods and have their pulse on the community and residents. As stewards of the community they are in charge of the human and financial resources needed to ensure community prosperity. From getting welfare recipients off of welfare, making jobs in the community to getting better childcare (Wiewel, Teitz and Giloth, 2012) it is the local government's job to stop the drainage of resources from their communities. Nowadays with the changing society people are looking for different places to live in, work and play. Amenity centered development is one of these methods (Green, 2001), including that of cultural amenities (Santagata, 2002). This research is focused on the input of a cultural amenity into a distressed neighborhood and the local government's opinions (and intimate knowledge) as to its costs, benefits and eventual approval or disapproval of amenities in their neighborhoods.

Government workers at all levels are synonymous with the terms like red-tape, inefficient, rigid and impersonal to the citizenry (Mills, Simmons and Mills, 2005). Despite this animosity government workers still perform their jobs to ensure their constituents are satisfied using limited human and financial resources. Local government workers are especially sensitive to this as they are the street-level bureaucrats (Lipsky, 2010) in their localities even as the needs of communities change. The uprising of the creative class and the cultural interests of people have created a new city landscape (Florida, 2012). Some cities looking to bring in residents and visitors have taken to advertising and creating beneficial amenities for their citizenry. The benefits of amenities and amenity driven development ranges from rural to urban and when creating amenities, social costs and benefits and willingness-to pay are huge factors in the decision making process (Clark and Kahn, 1988). Cropper (1981) looked into the economic benefits of amenities and found that wages were not amenity specific and also that even marginal amenities benefit people's wage earnings. Lee (2012) found that for tourism amenities, community attachment strengthened a person's perceived benefit of tourism into an area. Amenities do not come without social costs as Marcouiller, Kim and Deller (2004) described in that these solutions to improving individual welfare actually shifts the ensuing responsibility to the local governments. The interests by government in creating cultural district clusters was talked about by Noonan (2013) in which the attempt to create an art district in a city, it does not always form organically and needs some assistance.

The current literature shows a need for more in depth research into government administrators' approval of amenities and their effects on communities. Though theoretical issues have been raised (Clark & Kahn, 1988; Hong & Lee, 2014), tourist perceptions (Green & Ko, 2016) and financial studies (Kitchen & Hendon, 1967) done on amenity research, there has been no work attempted on the local government's opinions and perceptions as to what the actual effects of providing amenities are unto the local community. By looking at a recent phenomenon of cultural amenities in South Korea known as wall mural villages, this study questions the benefits and costs of this phenomena, as seen through the eyes of the street-level workers. By using a structural equation model (SEM), this study attempts

to find out if these projects are worthwhile to the community and the local governments that must maintain them. Recent studies have focused on residents and visitors to the area (Cho, 2011; Cho & Seo, 2013; Green & Plese, 2014; Green, 2016; Green & Ko, 2016; Hong & Lee, 2014; Kim, 2011; Kim, 2010; Sung & Byun, 2013) and it has been concluded that more research is needed into the areas to which this paper attempts to close more of those gaps in the research.

The research questions posed in this study are whether local government administrators approve of cultural amenities of this sort and if they see any benefit in them at all for future use. Therefore, the objective of this inquiry is to find local government administrators approval of the social and economic benefits of their areas implementation of a wall mural village and whether the costs outweigh the benefits. The findings of this research hope to help future local governments determine if they too will encounter success or failure when beginning a cultural amenity such as this.

II. Literature Review

1. Theory

In order to highlight the importance of the latent variables used in this study, social exchange theory was chosen as the best driver to attain the necessary formulation of the hypotheses. Social exchange theory has been used by anthropologists, sociologists and economists to posit human behavior into an exchange of goods or services that minimizes costs and maximizes benefits (Lee, 2012; Loots, Ellis and Slabbert, 2011; Gursoy and Rutherford, 2004). In the theory, human relationships are therefore formed by the use of a kind of cost-benefit analysis to find the least opportunity cost when deciding whether or not to interact with one another. When a community decides to create or utilize an amenity for economic or social gain, the decision to do so has costs as well as benefits. Social exchange theory can explain why a local government would implement the usage of an amenity for these benefits and if it is worth it or should they disband or find an alternative. Local governments are often times the stewards of disparaged and depressed areas and have a decision to make for their constituents. In this instance, the local government posits the citizenry as its clients to help (Alford, 2002). This exchange may

not be seen as beneficial to both sides, but when looked on as a client, as in the case with public schools or welfare recipients, the exchange takes on a different character. In this case costs are seen both economically and socially, but when an amenity is to be implemented in an area, economic costs are minimal but social costs become the largest factor. Based on this theory local government administrators should believe that the affected residents will benefit from the implementation of an amenity both socially and economically and should therefore investigate to whether the social costs that may be associated with its implementation do not impede in the populace daily lives.

2. Local Government Administrators

Local government administrators, otherwise known as front-line workers or street level bureaucrats, deal with the public daily (Lipsky, 2010). These front-line workers significantly contribute to public policy making through tedious discretion in their everyday work. This discretion involves policy delivery and also involves engaging with service users and the community (Durose, 2011). Scholars have argued that bureaucratic systems tend to discourage workers, both rank-and-file and management, from changing the nature, direction or even the culture of their organization (Kaufman, 1977). Traditionally in politics, the interconnection between the politicians and public administrators has been neglected and scholars have tended to look upon the political system as a single unit in a way that reinforces the bifurcation between policy and administration where the role of the administrator is to carry out policies formulated by the decision makers (Hupe & Hill, 2007). Therein, having some responsibility for the delivery of policy and services particularly at the local level and having to engage with the community in their day-to-day work (Maynard-Moody & Musheno, 2003), public workers experience the awareness of front-line staff and community development after years of working with citizens as required from their jobs (Sandfort, Kalil & Gottschalk, 1999).

Local government administrators are involved in governance as well as government (Durose & Richardson, 2009), in that as front-line workers they are charged with the reconciliation of the emerging demands of government as it comes in today's changing environment (Durose, 2011). The empowerment of public sector staff as part of the development of an inclusively networked policy process can therefore add to the dimension of success within the community (Durose, 2009). Development ranges from initiatives that improve service delivery to a variety of wider package of reforms. A major change happening within local governance observed, has been the emergence of the local neighborhood as a key site for policy action and governance (Durose, 2009). Local government administrators therefore utilize local networks, to improve public services and tackle social exclusion which manifests openly to response at the neighborhood level giving exemplary examples of neighborhood-based community knowledge (Power, 2004: Durose, 2009). Therefore, congruence is necessary between the goals of neighborhood through the vision of front-line workers and their effect on policy is likely to be particularly important and especially difficult to achieve (Riccucci, Meyers, Lurie & Han, 2004) without utilizing the knowledge of the local government officials' eyes on the street.

3. Amenities

The use of amenities for economic growth and development has captured scholar's attention for the past several decades (Clark, Lloyd, Wong and Jain, 2002; Gottleib, 1994). Amenities can be vast and various, including but not limited to recreation areas, good schools, low crime, government services, culture, environmental as well as things such as cost of living and housing. Amenities draw not only people to an area for residential living but can also attract visitors from other areas to utilize or enjoy the amenities that are present in an area. Economic developers have looked into what attracts people to different amenities; such as natural environments for people to live and work near (Florida, Mellander and Stolarick, 2011), physical attractions that bring people to an area (Waltert and Schlapfert, 2010), fairs and festivals that attract tourists (Snowball, 2008) and cultural events and places that change the physical landscape by man-made ways (Noonan, 2013). Hall (2006), Florida (2012) and (Scott, 2008) have written that today's cities and urban areas are changing, from a focus on dirty employment to a culturally based feeling area. This new landscape should give the people that live and visit a sense of culture, creativity and have a brand unto its own - a brand that does not say 'dirty industrial area.' Clean, safe and stimulating areas with amenities, bring in the more skilled workers and that of the creative class (Florida, 2012). An amenity is an economic term that refers to a public good or something that cannot be wholly owned by an individual and has no explicit price (Clark, et al., 2002). Amenities such as education bring benefits of a more knowledgeable society and workforce, natural amenities bring the benefits of nature, recreation amenities bring the benefits of a healthier population, cultural amenities bring the benefits of art and mental stimuli and festival amenities bring tourists.

Cultural amenities, "… improve a cities competitive edge, create a foundation for defining a sense of space, attract new and visiting populations, integrate the visions of a community and business leaders and contribute to the development of a skilled workforc e…" (Murray, 2011). The shift to a creative economy has changed the way we look at cities and view amenities (Florida et al. 2011). The need for a place to simply work has taken a different direction in recent years and the cultural shift towards amenities has been acknowledged worldwide through organizations such as the OECD (Green, 2001).

As mentioned above many articles espouse the economic benefits (EB) of amenities. Machado, Simoes and Diniz (2013) write of the benefits to a community that cultural amenities bring in the form of clusters which help in the formation of creative regions throughout Brazil. Green and Plese (2014) went on to write that cultural amenities can be fruitful to lower income areas and bring in jobs, capital, investment, new businesses and tourists. The economic benefits tourists bring to an area by infusing outside cash as well as culture can be seen as a boon to an area that is desperately in need. There are also societal benefits (SB) to having amenities in cities distressed areas. To go along with those benefits mentioned above, the benefits of health and well-being (Bedimo-Rung, Mowen and Cohen, 2005; Trice and Wood, 1958), amenities ability to garner popularity and make an area that was once ignored or unknown, bring the good fortune of public infrastructure (Wolf, 2003; Camarinha-Matos and Afsarmanesh, 2002). Some neglected areas can receive new or renewed infrastructure such as roads, gas and water pipes (Clark, et al., 2002; Green and Plese, 2014) along with other necessities often overlooked by the outside. Another benefit is that the insertion of historical status can bring needed property assessment to an area that has otherwise been neglected for years by local government (Coulson and Leichenko, 2001; Asabere, Hachey and Grubaugh, 1989; Schaeffer and Millerick, 1991; Kitchen and Hendon, 1967; Noonan, 2103; Green and Plese, 2014).

There are numerous benefits both economically and sociologically to having amenities in a neighborhood, but one cannot overlook the possibility of negative externalities. The influx of population or tourists to an area bring beneficial aspects but also costs to an area. Administrators looking to use amenities should be aware of these social costs (SC). The cost of increased traffic to an area is a tremendous concern, especially when an area is not suited for mass quantities of people. Traffic concerns and parking become a serious problem to the local area (Anderek, Valentine, Knopf and Vogt, 2005; Bramwell and Sharman, 1999). With increased traffic flow also brings pollution and noise (Kavallinis and Pizam, 1994; Mihalic; 2000; Gossling, 2002). Even the intention of government to creates or exacerbate local amenities the increase in population and tourists can bring crime (Cota, 2009) even if the amenity of low crime was the original draw to the area. Finally the increase in people, especially tourists, can bring an increase in the cost of goods and services (Ryan, 2002; Copeland, 1991; Varley, 1978). This negative affect cam harm local consumers and distract future business entrepreneurs from opening shop. All factors – economic and social benefits as well as the social costs –should be weighed before creating and maintaining the existence of an amenities life span.

4. Impacted Area of Amenity injection

As noted above amenities can have an impact towards economic and community gains in an area, and governments knowing this utilize them for said economic gains as well as helping communities thrive or survive. The country of South Korea is no exception and has done the same thing with cultural amenities in recent years. The recent trend of what are called a 'wall mural village' has have been injected into urban and rural communities throughout the country with mixed results. The first inception of the use of wall mural villages as cultural amenities for an area in Korea was not for economic purposes, the tourist draw that became of it, proved to be a positive eternality economically and by way of improved infrastructure. The actual project began with the Art in City project started in 2006 as neighborhood beautification process (Kim, 2010) in which certain areas of a city were beautified through using paint to paint pictures and artwork on the streets, erect sculptures and use creative designs for money and prizes. Therein a contest was spurned and each neighborhood took on a theme and began the competition (Kim, 2011). The initial effect was not to give each neighborhood, popularity but after the contest the art remained and the areas became hotspots for tourists (Cho and Seo, 2013). Due to this short term success, in 2008 through 2009 the wall mural village project was initiated by the ministry of arts, sports and tourism (Hong and Lee, 2014). Certain neglected and depressed areas or neighborhoods throughout the country were chosen and money was allotted to local governments who then garnered support from local universities, artists and community organizations to paint murals on homes (Kim, 2011). The residents did not take to the idea at first but after some convincing by the local governments, they accepted the offers to allow the project to go forward in their neighborhoods (Cho, 2011). Though initially started by the ministry through the national government, the successes spurned other areas to

follow and different forms of these projects commenced. These wall mural villages can be one of four forms, national government led, local government led, organization led and resident led (Sung and Byun, 2013). Currently there are approximately 31 wall mural villages the most common type is the fourth those initiated by local governments and the number is growing larger and larger as the trend continues to catch on. No matter what organization began the wall mural village in all cases each local government oversees their wall mural village and can see the overall benefits and costs to the communities they have been introduced into Weiwel, Teitz and Giloth (2012). As stewards, the local government officers have good insight and knowledge into each wall mural village's effect onto the community. Therefore for the purposes of this research local government workers are vital for the continuation or discontinuation of this trend of wall mural village inception which is discussed further in the data collections section.

III. Variables, Hypotheses, Model and Data Analysis

1. Variables

Variable Name	Operational Definition	Data Sources			
Administrator Approval	Approval of Amenity	Green (2016) and Green and			
(AA)		Ko, (2016)			
Economic Benefits (EB)	Perceived Benefit of	Yoon, Gursoy and Chen			
	Amenity	(2001)			
Social Benefits (SB)	Perceived Benefit of	Yoon, Gursoy and Chen			
	Amenity	(2001)			
Social Costs (SC)	Perceived Cost of Amenity	Gursoy and Rutherford			
		(2004)			

(Table 1) Latent Variable Names, Operational Definition and Data Source

To obtain a more in-depth analysis into the theory, a structural equation model was used to further explore the abstract (latent) variables of benefits and costs in society. The latent variables names, operational definitions and data sources can be seen below in Table 1 while the descriptions of the observed variables can be seen in the following $\langle Table 2 \rangle$. The first latent variable and the dependent variable is (AA) administrator

approval which was investigated by Green (2016) and Green and Ko, (2016) to test approval of visitors to similar sites. If administrators have experience in the community and can surmise the social benefits and costs - through contact with local constituent's complaints or the increase in visitors - and feel that the project has attained its goal, the overall project is worthwhile. The mediating variable is the economic benefits (EB) to the area. If the administrators feel that having a wall mural village is economically beneficial, they will be satisfied and feel the amenity have contributed to the area monetarily. The first independent variable is the social benefits (SB) as Yoon, Gursoy and Chen (2001) explored in their research and its effects onto economic benefits of tourism into an area and whether or not the area is fit for prosperity. As If the administrator feels that the social benefits of the amenity outweigh the social costs (SC) of the amenity intruding on the people's space it will positively affect the approval, as Gursoy and Rutherford (2004) explored in their research for tourism support of an area. Therefore, with this in mind, the social benefit is overall the main reason for the administrator's impression of the amenity and therefore has a relationship to their approval or disapproval of the amenity area.

2. Hypotheses

Three hypotheses between the latent variables social benefits, social costs, economic benefits and administrator approval are assumed as follows.

- H1: Social benefits (SB) indirectly and positively affect administrator approval (AA) through the variable economic benefits (EB).
- H2: Social costs (SC) indirectly and negatively affect administrator approval (AA) through the variable economic benefits (EB).
- H3: Economic benefits (EB) directly and positively affect administrator approval (AA).

3. Model

Linking all of the underpinnings from the literature on social benefits and social costs, economic benefits and administrator approval with how administrators' approval is affected by the independent variables, the following model has been created as shown in \langle Fig. 1 \rangle .



(Fig. 1) Conceptualized Model

At the time this study was performed there were approximately 31 recognized wall mural villages spread throughout the country. The sample for this study was office workers at Korea's Dong offices that the wall mural villages are within. Dong offices range in worker size depending on location and therefore average six workers per Dong office and an estimated 186 workers in total giving a viable (n) at 71.6. The survey took place at eight dong offices that serve the wall mural villages spread throughout Korea. Those offices were Joongang dong in Cheonan (Minarit Gil village), Taepyong dong in Tongyoung (Dongpirang village), Busan's Munhyeon 1Dong (Andong village), Dongdaeshin2 Dong (Dakbat gor) and Chilsan Dong (Chilsan village), Ya-eum Dong in Ulsan (Singhwa village), Hwawon Eup in Daegu (Mabi jung village), Woryoung Dong in Masan (Dangsan village) and Sinsae Dong in Andong(Sungjin Gor) with worker responses of 11, six, 10, six, nine, seven, eight, eight and eight respectively. The survey was conducted on site during the month of June 2015 at the Dong offices as they do not accept email surveys. A questionnaire was created which consists of 16 questions written in Korean was then translated into English for use in this research. The questions use a 5-point Likert scale, with completely disagree, at the low end and, completely agree, at the high end. The questionnaire includes questions about sex, age, occupation, city of residence, and wall mural villages the office is responsible for. The sex is broken up into male or female. The age was broken up into four categories of 20's, 30's, 40's and 50 years of age or older. Apart from the introductory section of the questionnaire, which was designed to characterize the visitors of wall mural villages. The questions were separated into four sections and asked in order from approval (I agree that; the area feels like a community,

the area has a creative feel, there is need for more cultural areas and it creates revenues for local government), economic benefits (I agree that; the area creates new employment, creates investment opportunities, creates more business and you will personally spend money in the area), social benefits (I agree that the area; preserves local community, is a park and recreation area, preserves historic buildings, and improves roads and infrastructure) and social costs (I agree that the area increases; prices, crime, traffic and noise and pollution). (Table 1) lists the latent variables, and their goodness-of-fit scores through a confirmatory factor analysis for validity of each latent variable, while $\langle Table 2 \rangle$ shows the Cronbach's alpha scores for each latent variable. Before beginning the estimation process data was analyzed for reliability and validity Cronbach's alpha was run and the test for scale if item deleted was run and the score showed if one variable was removed, economy4 (seen in $\langle Table 2 \rangle$ below) then it would improve the score from 0.75 to 0.84 and was therefore removed. The Cronbach's alpha scores for the variables of administrator approval, economic benefits, social benefits and social costs came out as 0.77, 0.84, 0.85 and 0.70 respectively and had equaled or exceeded the standard benchmark of 0.70 (Nunally and Bernstein, 1994). These scores prove that each latent construct and indicator are in fact reliable and valid and therefore are satisfactory for the purposes of this research.

4. Data Analysis

The descriptive statistics, Cronbach's Alpha and the exploratory factor analysis (EFA) were evaluated using AMOS version 22 of SPSS 22 to analyze the confirmatory factor analysis (CFA). First, the collected data were input into SPSS. The variables for social cost were recoded to denote their opposite tendency to a negative question. Then, the proposed theoretical model was examined to assess the effectiveness of the measurement model and the likelihood of the variables to be congruent. To examine the measurement of the model fit of the latent variables Administrator Approval, Economic Benefits, Social Benefits and Social Costs were assessed for discriminant validity. Lastly the SEM was performed using the maximum likelihood method to estimate all of the SEM parameters. SEM using AMOS and SPSS does have limitations, as statistical analyses they are limited to hypothetical situations as this study supposes. The limitations also come from the data itself which is explained further in the implications section.

IV. Findings

1. Descriptive Statistics

The data set used for this research consists of 75 respondents who are in charge of eight wall mural villages in seven cities, of which 57% were female and 43% male. The majority of Dong office workers or 40% are in their 30's and 30% are in their 40's, while 11% were in the 50's or above and the minority of workers were in their 20's at seven percent. All workers were of Korean nationality and the majority of the respondents were local government workers, while 10% were office workers and one percent was social workers or students. As seen in $\langle \text{Table } 3 \rangle$ the means of all of the answers are above 3 with the exception of the social cost construct that the area increases crime with a mean of 2.6. This was an outlier with 55% of the respondents answering that there was no increase in crime and 25% saying there was no change in crime.

2. Measurement Model for Confirmatory Factor Analysis

The properties of the four hypothetical constructs in Figure 1 were tested separately using a confirmatory factor analysis for validity and reliability before testing the overall model. Of the responses to the initial sixteen observed variables the outliers that came out in the CFA modelseen in $\langle Table 2 \rangle$.

Variable Label	Social Benefits (SB)	Social Costs (SC)	Economic Benefits (EB)	Administrator Approval (AA)
GFI	.986	.967	.985	.982
AGFI	.932	.834	.926	.909
CFI	.987	.931	.997	.986
RMSEA	.000	.152	.047	.082

(Table 2) Latent Variables Confirmatory Factor Analysis Goodness-of-fit indices

Note; all observed variables were used for analysis

In all of the observed cases in $\langle Table 2 \rangle$ the p-value did not reach the acceptable level of 0.05 but the rest of the goodness-of-fit (GFI) and root means squared error of approximation (RMSEA) numbers were fairly acceptable, allowing for the experiment to

still be acceptable (Yoon and Uysal, 2005). The next step was to make a total CFA using the reliable observed variables that were observed to fit well in the Cronbach's alpha in order to obtain an acceptable model. Reliability analysis was then performed to do the CFA omitting the econ4 and socost2 variables in order to the strength of the remaining variables (Anderson and Gerbing, 1988). As seen in $\langle \text{Table } 3 \rangle$, all factor loadings but one exceeded .50 (with the exception of econ4), meaning that they reached a level of convergent validity and most exceeded .60 showing a high level of consistency for the latent variables.

Factors and items	Mean	Regression weights	Cronbach's alpha
Administrator Approval (AA)			0.77
approve1: Area feels like a community	3.4	0.67***	
approve2: Area has a creative feel and creates culture	3.3	0.68***	
approve3: Need more cultural areas in the city	3.8	0.70***	
approve4: Creates revenues for local government	3.4	0.65**	
Economic Benefits (EB)			0.84
econ1: Creates new employment opportunities	3.6	0.85***	
econ2: Creates investment opportunities	3.7	0.84***	
econ3: Creates more businesses for local people	3.4	0.70***	
econ4: I will contribute monetarily to the area	3.1	0.33**	
Social Benefits (SB)			0.84
social1: Preserves local community	3.6	0.72***	
social2: Park and recreation areas	4.0	0.76***	
social3: Preserves historic buildings	3.8	0.73***	
social4: Improves roads and public facilities	3.7	0.82***	
Social Costs (SC)			0.70
socost1: Increases prices	3.2	0.51***	
socost2: Increases crime	2.6	0.80***	
socost3: Increases traffic	3.4	0.71**	
socost4: Increases noise and pollution	3.2	0.50**	

(Table 3) Descriptive Statistics and Results of Confirmatory Factor Analysis

Note: *** = p< 0.001; **=p< 0.01 or lower

Almost all of the regressions of the variables were significant at less than 0.001 except econ4, socost3 and socost4 at0 .006, 0.009 and 0.012, respectfully. The results of the goodness-of-fit test (GFI) can be seen in \langle Table 4 \rangle . Once the two factors, socost2 and econ4 were removed – due to insignificance-the GFI numbers indicate that the chi-square

value was 126.04 with 71 degrees of freedom and that the model p-value was less than 0.001. The ideal CMIN/DF should be less than 3 (Burn, 2009) and the model did achieve this level at 1.775. The GFI score was 0.819, the adjusted goodness-of-fit index (AGFI) was 0.732, which is lower than the 0.9, but if the GFI which is greater than 0.8 and the AGFI is above .7, it can be acceptable (Al-Refaie, Ko and Lee, 2012). The normed fit index was 0.764, the comparative fit index (CFI) was 0.876, and the RMSEA was .102 along with the PCLOSE at 0.004, all fairly good signs for the results of the final model. Any small sample size is possible to do SEM when omitting the unnecessary variables when finding a workable SEM (Bentler and Yuan, 1999).

(Table 4) Goodness-of-fit indices for the CFA

X ²	DF	Cmin/df	р	GFI	AGFI	PGFI	NFI	CFI	RMSE A	pclose
126.04	71	1.775	.000	.819	.732	.554	.764	.876	.102	.004

3. Structural Model

Following the completion of the CFA, the proposed SEM was run \langle Figure 2 \rangle .



The perceived social benefits of administrator approval and the social costs were mediated through the economic benefits variable. As observed, the identical measurements of CFI and AGFI were similar to the new SEM. The CFA levels and the SEM, GFI levels were also very similar but, the SEM was closer to a statistically significant model in several levels. First of all the chi-squared level increased to a 127.391 and the DF to 74 while the Cmin/df decreased to 1.722. As observed in \langle Table 5 \rangle the final GFI decreased slightly to 0.816 but the AGFI increased to a 0.739 as did the PGFI to a 0.575. As can also be observed the NFI increased to a 0.762 and the CFI increased to 0.880. Another observance is that the RMSEA also dropped to a 0.09 and the pclose increased to 0.006.

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X ²	DF	Cmin/df	р	GFI	AGFI	PGFI	NFI	CFI	RMSE A	pclose
127.39	74	1.72	.000	.816	.739	.575	.762	.880	.09	.006

(Table 5) Goodness-of-fit indices for the SEM

The observable paths between the latent variables seen in Fig. 2 showed that SB had a strong and positive effect at 0.80 on EB and was found to be statistically significant at the 0.001 level. SC did have a negative effect on EB but socost2 was eliminated to achieve the maximum effect of -0.22 but as was seen not as strongly statistically significant with the p-value of 0.072. Also, EB did have a strong and positive effect on AA with its estimate of 0.89 as seen in Table 6. The results seen in $\langle Table 6 \rangle$ indicate that the hypothesized linkages between all of the constructs in the model fulfilled the hypotheses H1, H2 and H3.

(Table 6) Results for the hypothesis Administrator Approval

Hypothesis	Relationship			Weight	S.E.	C.R.	Р	Result
H1	SB	÷	EB	.80	.191	5.625	***	Accepted
H2	SC	\rightarrow	EB	22	.233	-1.798	.072*	Accepted
H3	EB	÷	AA	.89	.102	5.620	***	Accepted

Note: *** = p< 0.001, *=p<0.1

V. Implications

Cultural amenity based development has been discussed in the research and the empirical implications have provided evidence of the perceived benefits. The social and economic benefits of creating cultural amenities in a depressed area of a city are shown to be approved by local government administrators in Korea. The new trend in cultural amenities of wall mural villages in Korea comes with mixed results. As overseers of this amenity, local government administrators have a direct stake in their community's well-being. Local government administrators have a difficult task in maintaining citizen's economic prosperity as well as dealing with the positive and negative externalities that occur with public actions. The statistical data collected showed local government administrator's opinions on this analysis. This study used a structural equation model to show the relationship between the social costs, social benefits, and economic benefits with overall administrator approval on an existing cultural amenity.

All public actions such as park and recreation areas, historic buildings, improved roads and attempts for economic development can cause social benefits as well as costs to citizens. These social benefits as well as social costs such as increased traffic, crime, pollution and adverse economic conditions have affects on decision making. As this research presents, the perceived social benefits and costs affect local government workers' approval on existing cultural amenities in their neighborhoods. The perceived economic benefits such as creating local employment, local investment, business and tourist revenues showed overall approval of the existing cultural amenity. As the data shows, in Table 2, all observed factors were significant through CFI's of 0.987 (SB), 0.931 (SC), 0.997 (EB), and 0.986 (AA), proving that the questions were well chosen for each latent variable. The relatively high means of the questions as to whether cities need more cultural amenities, cultural amenities create investment opportunities and new employment at 3.8, 3.7 and 3.6, respectfully show a good indication as to cultural amenity usefulness. The overwhelming positive response that cultural amenities preserve local community, improve roads and public facilities, preserve historic buildings and create recreation areas for the public at 3.6, 3.7, 3.8 and 4.0, respectfully also gives even stronger indication that these areas are a positive public good. Also the completely negative response to these cultural amenities that of increasing crime with a mean of 2.6 indicates that they are safe places for tourists to visit. This research then showed that the social benefits and economic benefits have an overwhelming positive effect on the local government workers' approval of the cultural amenity in their neighborhood with factors of 0.80 and 0.89, respectfully. There is also a definite negative perception of said amenities with a affect of -0.22, indicating that the costs are important to local government workers but not as strongly important as the social benefits. The final model did prove that all three of the hypotheses were statistically significant and the economic benefits and social benefits are a strong

indicator of approval of cultural amenities in a neighborhood.

The study did have several limitations to be discussed when doing further research on the subject. The model of the study was tested in a specific setting, the local government offices of wall mural villages throughout Korea. Though the model is meant for a general cultural amenity research, settings may change and different amenities attributes should be kept in mind. As local groups and governments look toward creating cultural amenities, they can look at this research to see how local government workers perceive of their use. Creating any amenity does not come without costs and local government workers are normally the first line in dealing with these and other externalities. However, as stewards, local government administrators have the street-level knowledge as well as the local public opinion to answer the question as to whether or not cultural amenities for economic development actually work. Though this research can be used for other groups, more research on local government administrators and their knowledge of the local community should be conducted.

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