

# The significance of festivals to regional economies: Measuring the economic value of the Grahamstown National Arts Festival in South Africa

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## *Abstract*

There has been a significant increase in arts and cultural festivals and events over the last decade following a growing recognition of their value for enhancing a destination's image and appeal, improving quality of life, contributing to local and regional economies and enhancing local pride and culture. This paper estimates the economic value of South Africa's longest running national arts festival, the Grahamstown National Arts Festival in South Africa's Eastern Cape Province. The Eastern Cape is a middle-income province (6.6% of national GDP), settles 9.6 per cent of the South African population and has a high unemployment rate. Events are seen as one of the methods to generate revenue and to combat poverty in the region. In order to achieve this purpose a survey was conducted in July 2009 where 450 visitors completed a structured questionnaire at various sampling locations across the festival area. A social accounting matrix (SAM) for the province was used to estimate the economic value of the arts festival on the region's economy (using classical SAM's multiplier approach) using visitor depending data. The SAM model was then used to estimate spending, income and jobs attributable to the festival. The importance of this research lies in the contribution that this type of festival makes in terms of economic upliftment and poverty eradication. Research showed that the festival makes a significant contribution to revenue generation as well as to job creation. Thereby confirming that investments made by government in arts and culture can address economic objectives.

*Keywords:* Tourism, poverty, events, festivals, social accounting matrix, Eastern Cape Province, South Africa  
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## 0. INTRODUCTION

In developing countries aspects such as arts and culture are not regarded as main priorities since governments in these countries are more concerned with health, education, housing and job creation issues. However Bowitz and Ibenholt (2008) state that, economists are asking the question what is the positive effect for the local economy from investing in arts and cultural festivals? Although one might find that local or regional government agencies are occasionally sponsoring arts and cultural events in the case of South Africa most of these events are privately managed, sponsored and promoted. Therefore one could say that investment in the arts and culture sector is very dependent on private sector involvement. Despite the fact that Long and Perdue (1990)

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