



Perceived economic impacts of the National Arts Festival on Bed and Breakfast establishments: A case study of Grahamstown, Joza Location

Dr. Dinesh Vallabh* and Hluliwe Kutsi
88 Buffalo Street, East London, East London
Walter Sisulu University
South Africa
Email: dvallabh@wsu.ac.za

Corresponding author*

Abstract

The Tourism and Hospitality industry continues to make a significant contribution to the development of the South African economy. Traditionally, there has been a growing demand for holiday properties such as Bed and Breakfast (B&Bs) operations. Since 1994 and the advent of democracy, the national government of South Africa has implemented a range of national support programmes that are designed to assist with the development of entrepreneurship and lead to the upgrading of small, medium and micro enterprises (SMMEs). The National Arts Festival in Grahamstown is one of the three largest festivals held in South Africa. Festivals and events are used to boost tourism, since tourists and visitors spend large amounts at festivals on a wide variety of products and services such as accommodation, restaurants, shows, curios and transportation. As such, the purpose of this paper is to evaluate in a limited scope, the economic impact of the National Arts Festival (NAF) on B&Bs in a case study of Grahamstown, Joza Location. The objectives of the study were thus to investigate the positive and negative impacts of the National Arts Festival on Grahamstown accommodation such as B&Bs; to investigate the impact on the economic development of Makana Municipality; and also to assess the local government involvement in businesses so as to ensure that Grahamstown attracts more tourists. The results indicate that owners of the B&Bs perceived the economic effect of the NAF to be relatively high on their agenda. It is recommended that the government be more involved with these businesses in order to improve the economy of the city. Furthermore, they need to continuously up-skill and train the owners of establishments, market the B&Bs and assist in funding so as to ensure good co-existence in economic efficacy of the B&Bs at the Joza location which is situated in Grahamstown, South Africa

Keywords: Accommodation, bed and breakfast, economic development, Grahamstown National Arts Festival and small, medium and micro-enterprises

Introduction

Tourism presents one of the fastest growing economic sectors in sub-Saharan Africa (Messerli, 2011; Twining-Ward, 2009). Tourism is also one of the most dominant industries in the global economy and is frequently promoted for its economic benefits through all countries (Henama & Sifolo, 2017). According to Ioannides and Timothy (2010) tourism is an invisible export, whose production and consumption are to the production and export of tangible goods. In addition, tourism has the wealthy visiting establishments and this generates jobs and ultimately growth of host populations and raises their living standards (Ioannidis & Timothy, 2010).

Kagermeier (2012) points out that in the global North, cities have rediscovered their cultural and art resources as presenters for economic regeneration and highly respected are the arts



festivals. Furthermore, local and international sports competitions and other high-profile events are broadly applied as levers and symbols for economic recovery and the renewal of city confidence (Kagermeier, 2012). Tourism is understood as a productive source of foreign exchange earnings and is a substantial generator of employment (Ramukumba, 2016). Currently, South Africa attracts more foreign exchange from tourism than gold mining, earning tourism the term 'new gold' (Henama, Acha-Anyi, & Sifolo, 2016).

Croucamp and Hind (2014) highlight that economic development is mostly driven by the tertiary sector, with tourism qualified as one of the key sectors with an important contribution of 9.5% of the GDP in 2016. According to South African Statistics (2017) the South African gross domestic product recovered with 2.5% growth for the second quarter of the year. Furthermore, this is a development from the reduction reported for two successive quarters. In addition, GDP dropped by 0.3% in the fourth quarters of 2016 and 0.7% in the first quarter of 2017, second quarter's displays year on year GDP growth was 1.1% and for the six months growth has been 1.1% with the nominal GDP is estimated at 1.14 billion Rands.

Events play an increasingly important role in the tourism industry from a development and marketing point of view. This resonates with the fact that South Africa has placed itself as one of the leading events destinations in the world (Saayman & Saayman, 2006). Kruger (2009) indicates that events are perceived as attractions that produce a flow of tourists and stimulate tourist activities, particularly throughout the off-peak seasons, thus curbing seasonality. South Africa has increased the number and mixture of events, such as major music events the 46664 Nelson Mandela Concert, the Southern Cross Music Festival, The Standard Bank Joy of Jazz Festival and the Cape Town International Jazz Festival. In addition, South Africa also hosts other National Art Festivals, where music plays an important role. In total, approximately 300 festivals are hosted per year (Saayman & Saayman, 2008).

According to Ramakumba (2016), tourism is a promoter for the development of other sectors in the economy because of its cost effectiveness and development of entrepreneurial endeavours. Entrepreneurship is a vital factor in the development of any country, specifically a developing country such as South Africa (Jonke, Saayman & De Klerk, 2009). Jonker *et al* (2009) point out that since 1994 the South African government has been dedicated to developing entrepreneurship through its strategies and has put a countless number of resources, financial support, as well as policies into the development of small, medium and micro enterprises (SMMEs). Furthermore tourism entrepreneurs encompass both direct providers of tourism products, such as accommodation and tour services while also providing indirect goods and services, like indigenous crafts and local foods.

The positive benefits resulting from tourism in local economies is job creation and small business development (Rogerson, 2012). Although the concept of B&Bs originated in Europe one hundred years ago, South Africa has seen a steady increase of small businesses in the B&B and hospitality sector over the past 15 years and these play a substantial role in the tourism industry of South Africa (Tichaawa & Mhlanga, 2015).

B&B establishments are one of South Africa's highest growth industries with the potential to possibly contribute to the economic development and employment generation (Nuntsu, Tassiopoulos & Haydam, 2004). The main aim of the current study was to investigate the economic impact of the National Arts Festival on Grahamstown's accommodation sector, primary focusing on B&B establishments, with the intention to determine strategies that could be used to improve B&B establishments in both Grahamstown, with the particular focus on Joza Location, and elsewhere.

Problem statement

According to Nuntsu, Tassiopoulos and Haydam (2004) B&Bs can have a concrete positive economic impact on the communities where they operate. This is particularly true in small



communities where motel and hotel accommodation are rare and B&Bs may lever a large percentage of visitors (Nuntsu *et al.*, 2004). In addition, their economic impact is in the form of increased earnings, foreign exchange, job opportunities, production, entrepreneurship and infrastructure. Monyaki (2016) suggest that small accommodation businesses mostly B&Bs in South Africa are faced with a number of challenges such as low income during off seasons as well as rivalry from large accommodation establishments.

Grahamstown accommodation establishments such as B&Bs are faced with economic challenges after and before the annual National Art Festival.

During the off season, the numbers of tourists visiting the city are few and far between which leads to low income generation. Though there are other activities in Grahamstown, such as school and university graduations and the National Science Festival, they do not compete with the tremendous positive impact on B&Bs and the economy of Grahamstown as evidenced by the National Art Festival. This is especially evident at Joza location. In Grahamstown, Joza location B&Bs establishments have the challenge of competing with the accommodation facilities that are operating in town, especially Rhodes University which charges cheaper rates and has extensive capacity. The other challenge faced by these B&Bs is the poor infrastructure in the location which prevents tourists from visiting and spending their money there. A shortage of water also seems to be the biggest problem posed Joza location.

Purpose of the study

According to Tichaawa and Mhlanga (2015) in small communities, where motels and hotels accommodations are limited, B&Bs may handle a large percentage of visitors which can have a substantial positive economic impact on the local economy. Their economic contribution is in the form of increased earnings, foreign exchange, job opportunities, production, entrepreneurship and infrastructure (Tichaawa & Mhlanga, 2015).Grahamstown is one of the smaller cities in the Eastern Cape Province that have a high unemployment rate. In addition, the people from the city mostly depend on social grants for income. Due to increased demand during the National Art Festival, locals saw an opportunity and turned their homes into B&Bs for tourist visiting the city during and after festival. However, this initiative has not been overly lucrative for township B&Bs as the National Arts Festival is the only attraction that attracts a huge number of tourists Grahamstown.

The researcher witnessed that the National Arts Festival is the only vital opportunity for B&Bs to function at Joza Location in Grahamstown, which makes them very reliant on the National Arts Festival. The findings of the study could assist the National Arts Festival organisers and Grahamstown tourism developers to ascertain the appropriate strategies for the B&Bs at Joza in Grahamstown to mitigate this extreme seasonality. Furthermore, the study can prove to be beneficial to accommodation businesses that operate at Joza Location in a way that the results might accommodate areas that need to be upgraded. The study may also assist B&Bs at Joza to get additional visitors through the off peak season period, resulting in possibly more income earnings and keeping the businesses successful while creating sustainable job opportunities.

Makana Municipality will have fewer unemployed in the community and more foreign exchange which can assist in efforts aimed at building infrastructure and increasing economic growth.

Literature review

According to Booyens and Visser (2010) tourism is touted as a practical avenue for local economic development. Additionally, small towns on the urban fringes have promoted tourism development in South Africa. Globally, rural and small town areas are undergoing



rapid changes on a number of fronts. Since 2000, the local tourism industry has experienced rapid growth, including an outstanding variation of tourism product offerings (Rogerson & Visser, 2011). South African cities have added tourism development as part of strategies for Local Economic Development in response to globalization pressures (Rogerson & Visser, 2011).

The World Tourism Organization is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism and it maintains that sustainable tourism takes full account of its recent and upcoming economic, social and environmental impacts, addressing the essentials of visitors, the industry, and environment and host communities. They go on to suggest that in South Africa the role of communities in sustainable tourism development has been powerfully endorsed in a number of national policies overtime. For instance, a 1996 White Paper encouraged communities to be involved in private sector partnerships in areas of sustainable tourism development (Department of Environmental Affairs and Tourism) and a 2002 United Nations Conference on Environment and Development World Sustainability Forum was hosted in South Africa and set sustainable development targets.

Dodds and Galaski (2018) contend that development practitioners have learned that community participation can instil the values of sustainable development and bring out changes to the lives of locals. In addition, tourism literature has focussed on local communities and their desires and capabilities as tourism stimulates conservation and community development. Community based tourism, therefore, is tourism that is community managed, including numerous locally owned businesses with the objective of providing benefits to the community, frequently with the goal of contributing to conservation (Tolkach & King, 2015). It is also recognised as a mechanism to increase livelihoods and create community development opportunities (Mtapuri & Giampiccoli, 2013). A variety of authors such as Trejos and Chiang (2009), Sebele (2010), Tolkach and King (2015) define community based tourism as owned and managed by the community which consequently receives an important share of the benefits.

Methodology

Sutrisna (2009) points out that research methodology can be measured as the general strategy to accomplish the purpose and objectives of the research. In addition, research methodology denotes the values and measures of rational thought procedures which are applied to a scientific investigation (Sutrisna, 2009).

This study focuses on the impact of National Arts Festival on B&B establishment in Grahamstown. Therefore, this section addresses the systematic processes and procedures that were followed in carrying out the study, providing clarity to the research design of the study. Further, the methods and tools of data collection are explained, as well as particulars of the sample followed. The methods of data analysis, the challenges faced during field-work, and the limitations of the study are discussed. The following subsection presents the research questions that were outlined for the study. To achieve these objectives, the data was collected by means of a survey, using self- administered questionnaires distributed to the randomly selected sample of owners of the B&Bs across selected areas of Joza Location in Grahamstown. A sample of 32 questionnaires was randomly distributed to the participants. The empirical findings were based on the economic impact of the National Arts Festival on B&Bs.

Results and discussion

The findings and analysis pertain to the economic effectiveness of the National Arts Festival on Bed and Breakfasts in Grahamstown, Joza location. In terms of the demographic profile of the 32 participants, the findings revealed that the majority (100%) of respondents running



B&B establishments were females, who fell into the age group of 50 and above were (62.5%). Moreover, (37.5%) respondents were between 35 to 50 years. According to the findings it was also disclosed that 83% of the respondents were full time B&Bs owners. It was also clearly indicated that (100%) of the respondents were born and bred in South Africa. According to the historical racial classification, all respondents were black people.

In terms of the Education level, the respondents were grouped into three different educational level groups. The results specify that a majority 53.2% were respondents that had obtained at least a secondary education level. They were followed by 25% of the respondents that had obtained a tertiary level of education and 21.8% of respondents obtained a primary level of education. The findings indicate that the respondents were a fairly educated group.

Table 1: Duration of business of the respondents

Length of the business	%
0-1	6.2
2-5	6.2
6-10	40
11-19	32
20 and above	15.6

Table 1 indicates the findings regarding the duration that the business had been in operation. The results revealed that the majority (40%) of the businesses had been running between 6-10 years, followed by 31.25% of the respondents whose businesses had been running for 11-19 years. A total of 15.6% respondents have been operating for more than 20 years and 6.2% of respondents indicated they have been operating from 0-1. Moreover 6.2% respondents had been operating from 2-5 years.

Table 2: Importance of the National Arts Festival in a business

Very important	78%
Not important	18%
Neutral	4%

Table 2 illustrates the findings of the respondents. The responses reveal that the majority of 78% respondents said NAF is of vital important to their business. Furthermore, 18% of respondents mentioned that the NAF is no longer important to small businesses such as B&Bs in Grahamstown, due to the increase of competition in the accommodation sector. The remaining 4% of the respondents felt neutral, as their operations are not affected by NAF.

The results elucidated that the majority of 50% do not, with a sizeable portion of 34.3% indicating that they do provide transport. The remaining 16% noted that transport is sometimes provided.



Recommendations

The recommendations should be considered in conjunction with the findings and discussion in the previous sections. It is evident that the economic effectiveness of the National Arts Festival in Grahamstown is of a positive impact as indicated by respondents. However, it does not end there:

- The National Arts Festival has to benefit other areas of Grahamstown. It must not disadvantage B&B's establishments that are surrounded by poor infrastructure.
- Defective roads in other areas at Joza Location need to be maintained in order for not disadvantaged small businesses in these areas when it comes to attracting tourists and generating revenue.
- The Grahamstown government must ensure that they create more ways of attracting tourists in the city in order to keep businesses booming. They have to ensure that all these small businesses benefit from other programmes, such as winter schools and graduations, which are occurring before the National Art Festival.
- The government needs to support institutions, such as the Ntsika enterprise, the Khula enterprise, Seda, Gear and ASGISA. An awareness program for the small business owners of Grahamstown is pivotal, in order for local residents to support and promote these enterprises.
- The local government of Grahamstown needs to play a meaningful role in supporting small businesses in ensuring that Grahamstown attracts more tourists.
- The local government of Grahamstown also needs to continuously train small business owners to ensure consistency in their service delivery and in seeking to raise customer satisfaction at all times. Furthermore, the municipality should assist these businesses in marketing themselves more effectively and thus greater value.

Conclusion

If the recommendations and the future research directions are followed, then analysing the economical effectiveness of the NAF is a vital aspect to consider in the national planning and formulation of future policies. This is because it can assist the relevant stakeholders to be aware of the efforts that they need to make in terms of tourism development in Grahamstown. Local government, bodies and support agencies, need to assist in making efforts in relation to training, skills development, marketing of B&Bs, and supporting entrepreneurs through workshops and seminars. Ensuring that Grahamstown has a proper infrastructure could assist in improving the economic sustainability of the accommodation businesses in Grahamstown. In addition, this could also contribute to the growth of the tourism industry, and the economic growth of South Africa as a whole.

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