



South African Cultural Observatory

Research Report:

Regional Development - The Cultural & Creative
Industries in South Africa:

A case study of the Sarah Baartman District

March 2017

Submitted to the Department of Arts and Culture



arts & culture

Department:
Arts and Culture
REPUBLIC OF SOUTH AFRICA

Summary

There is growing international interest in how the cultural and creative industries can be used to drive regional economic growth and development. However, previous research has found that the cultural and creative industries (CCIs) usually form clusters in cities due to the benefits of established hard and soft infrastructure (Flew, 2010). To date, there has been little research on CCI clustering in rural areas and regions without large cities. This paper aims to fill the gap by demonstrating how mapping techniques can be used to identify regional clusters. Such information is important for the design of effective regional cultural policy.

The Sarah Baartman District (SBD) of South Africa's Eastern Cape is the largest district in the province yet it does not have any large urban centers. The district has nevertheless identified culture as a potential new economic driver (Sarah Baartman District Municipality, 2016). The identification and development of new economic drivers is necessary as the former economic mainstays of mining and agriculture in many small towns have declined (Nel and Binns, 2007). The potential exists for clusters to form in small towns as many CCIs do not require high technology inputs, extensive networks or long supply chains (Oakley, 2006).

There are several potential benefits of the CCIs to both economic and social development including job creation, income generation, the intrinsic value of cultural products and spillovers. To investigate whether clusters can form in small towns and the relationship of the CCIs to development, three maps were created for the SBD using geographic information systems (GIS) technology. By examining the number and type of CCIs (classified by UNESCO cultural domains), it was found that clusters can form in small town settings. These domains should be targeted for development as clusters that are already established have a greater chance of success. An economic welfare indicator was created with economic and social components to measure the potential development contribution of the CCIs to the municipalities within the district. The municipalities with larger numbers of CCIs tended to have better welfare scores. There is thus a positive relationship between the presence of the CCIs and development.

Key Findings

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- Findings show that CCI clusters can form in small towns and rural areas.
- Existing clusters should be targeted for development, as they indicate an existing comparative advantage.
- There is a positive relationship between the presence of CCIs and economic and social welfare performance.
- GIS is a useful tool in the analysis and presentation of results for culture related studies.
- The 2014 National Mapping Study is a valuable starting point for regional studies, but needs to be supplemented by regional data as the details of small town CCIs were not adequately captured

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1. Introduction

In 2002, Richard Florida published, “The Rise of the Creative Class,” which sparked a renewed interest in the cultural and creative industries (CCIs) as a means of promoting economic growth and regional development. In his book, Florida reverses the traditional theory in economic geography that people follow jobs and suggests that people can be attracted to a place and once there, will create jobs (Sacco *et al*, 2014). Florida’s work is controversial as it reverses a long established theory, and as such it has been hotly disputed and widely critiqued. Questions surrounding cultural policy and culture-led development based on Florida’s theory are of particular interest and importance given that governments around the world, including South Africa, are implementing culture-led economic growth and development strategies that have been influenced by Florida and his contemporaries (Sacco *et al*, 2014).

Other African and developing countries have also started to focus on the CCIs as important potential drivers of socio-economic development. For example, the Shanghai Municipal Government noticed a trend of creative individuals establishing cultural businesses in old abandoned industrial buildings in the inner city that they converted into studio spaces (Wang, 2009). Following the conversion, the renovated buildings acted like magnets to the creative classes and visitors who began to move into the decayed urban areas. The spillover effects were substantial and the Shanghai Municipal Government recognised this as an opportunity to push forward economic restructuring and urban renewal. Thus, in 2004, the Shanghai Sculpture Space plan was tabled for the renovation of non-functional industrial buildings that would also preserve China’s industrial heritage (Wang, 2009). Red Town is one successful example of a Creative Industrial Agglomeration Area that is designed to house large art exhibitions and provide working spaces for the creative industries in a former steel factory. The success of regeneration of urban spaces surrounding Red Town was noticed by the central Chinese government who launched a publicity campaign stressing that urban development occurs “when the creative industry dances with industrial heritage” and calls for “learning from Shanghai” (Wang, 2009: 319).

The United Arab Emirates and Qatar are two more countries that have identified culture as a means of diversifying their economies, as a reliance on oil, a finite resource, is risky as commodity prices are prone to frequent and sometimes drastic changes (Hazime, 2010; Sharpley, 2002). The two countries are following similar strategies in attempting to diversify through cultural tourism. Abu Dhabi and Doha, as the respective capital cities, are the subjects of vigorous place branding campaigns (Hazime, 2010; Sharpley, 2002). The place branding of Abu Dhabi and Qatar is based on aviation hubs (Etihad and Qatar Airways operate from the cities), prime real estate, high class events and exhibitions, cultural attractions (especially museums such as the Guggenheim Abu Dhabi and Doha’s Islamic Art Museum) and hosting international sporting events. The economic diversification through tourism has been successful as tourist numbers have increased substantially. For example, between 2004 and 2006, the number of visitors to Qatar increased by 113% (Hazime, 2010). The spillover effects from encouraging tourism, such as job creation, have also been substantial as the number of hotels, restaurants and other tourist facilities have increased rapidly (Hazime, 2010).

Questions relating to the suitability of policies that target the cultural and creative industries as drivers of regional growth for small town and rural development have also been raised. Most studies focus on urban areas and highlight the advantages of cities to cultural development, such as the established hard and soft infrastructure suited to clustering (Flew, 2010).

This research will focus on the Sarah Baartman District of South Africa's Eastern Cape as the district does not have any large urban centres but has identified culture as a potential new economic driver (Sarah Baartman District Municipality, 2016). Establishing a new economic driver is particularly important in small towns and rural areas due to the decline of the former economic mainstays of agriculture and mining (Hoogendoorn and Visser, 2015; Nel *et al*, 2011).

There are some examples of small towns, in South Africa and internationally, that have established successful cultural sectors. For example, Nieu Bethesda and Bathurst in the Sarah Baartman District have developed successful tourism industries based on arts and craft (Irvine *et al*, 2015). Internationally, the town of Tobermory on the remote Isle of Mull in Scotland has experienced significant spillover effects from the production of a children's television programme, "Balamory". These examples prove that it is possible for small towns to have successful cultural sectors and that policies aimed at the development of these regions can be highly rewarding. Perhaps one reason why small towns are often neglected is that it is difficult to capture the full extent of activity and benefits of cultural activity (Brennan-Horley *et al*, 2010).

This research seeks to help fill a gap in the literature by studying the extent to which cultural and creative clustering has occurred in a small town setting as well as to investigate the relationship of the CCIs to economic and social development.

Geographic information systems (GIS) can improve the scope of data and data capturing through enhancing qualitative interview data as well as bettering the communication of the study results and the identification of new potential development areas (Brennan-Horley *et al*, 2010: 92). For the purposes of this research, GIS will be used to map data collected by the Department of Arts and Culture Mapping Study (2014) which collected over 20 000 CCI data points for South Africa.

Culture has not been well studied in rural small town South Africa. Research is particularly lacking in the Eastern Cape where neither large urban centres, like Port Elizabeth and East London, or small towns, like those in the Sarah Baartman District, have been adequately studied.

The objectives of the study are as follows:

- Firstly, to use GIS to map the locations of the cultural and creative industries (CCIs) within the towns of the Sarah Baartman District and thereby establish whether clusters have formed.
- Secondly, to investigate the relationship between the CCIs and development through the creation of a composite economic welfare indicator which includes both economic and social development components.
- Lastly, to find out which cultural domains are prominent in the Sarah Baartman District so that a potential competitive advantage can be identified so that investment can be channelled into the appropriate domains through informed local economic development (LED) initiatives.

The research begins by reviewing the debates around defining the CCIs within the United Nations Educational, Scientific and Cultural Organization's (UNESCO) Framework for Cultural Statistics, which

was used to classify South Africa's CCIs in the 2014 national mapping study. Section 3 investigates regional development, while section 4 discusses how the value of culture can be articulated and measured. The debate around attracting the creative classes to cities is discussed in section 5. Spillovers from the CCIs into other parts of the economy and clustering are examined in sections 6 and 7. In section 8, small town economics is discussed, using national and international examples. Section 9 details the use and importance of GIS in cultural studies. The creation of the composite economic welfare indicator and other research methods is explained in section 10 and the results of the GIS analysis are presented in section 11.

2. Defining the Cultural and Creative Industries

A common definition and understanding of the CCIs, allows for research to be conducted in the area and cultural impacts, both social and economic, to be measured and compared on an international level (United Nations Educational, Scientific and Cultural Organization (UNESCO), (2009). UNESCO has produced a Framework for Cultural Statistics (FCS), which will be used to define the CCIs as well as their measurement for the purposes of the research. In the FCS, UNESCO attempted to produce an internationally recognized definition of culture, as well as a breakdown of the CCIs into a set of cultural domains. According to UNESCO (2009: 9), "culture is the set of distinctive spiritual, material, intellectual and emotional features of society or a social group, that encompasses, not only art and literature, but lifestyles, ways of living together, value systems, traditions and beliefs." The definition illustrates the intangible nature of culture as beliefs and values cannot be directly measured, but, it is possible to measure their associated behaviours and practices (UNESCO, 2009).

The definition of a cultural domain begins with a number of industries that can be formally defined through the use of existing international classification systems such as the International Standard Classification of Occupations (ISCO) for cultural employment and several other systems (UNESCO, 2009). Furthermore, a domain includes social and informal activity that occurs under its heading (UNESCO, 2009). For example, cinema statistics include the formal activities of commercial cinema production and ticket sales as well as the informal activity of producing and viewing home-made movies (UNESCO, 2009). The domains have an economic activity representation (the production of cultural goods and services) as well as social representation (participation in cultural activities) (UNESCO, 2009). The FCS follows a flexible approach and thus it uses a pragmatic definition of culture which is derived from the UNESCO definition of culture (UNESCO, 2009). The pragmatic definition is "based on the representation of culture by domains for which the purpose is to measure cultural activities, goods and services that are generated by industrial and non-industrial processes" (UNESCO, 2009: 22). Cultural goods and services are characterised by artistic, aesthetic, symbolic and spiritual values that differentiate cultural goods and services from other products as their process of valorisation is linked to pleasure and appreciation of the cultural product (UNESCO, 2009).

There are six main domains that the FCS identifies (Figure 1) which are mutually exclusive: Cultural and Natural Heritage, Performance and Celebration, Visual Arts and Crafts, Books and Press, Audio-visual and Interactive Media and lastly, Design and Creative Services. Thus, although music spans the domains of 'Performance and Celebration' and 'Audio-visual,' as it consists of both live performance and recorded music, it is placed in a single category, 'Performance and Celebration', as the FCS categorises items in accordance with the subject rather than the form in which it appears (UNESCO, 2009). Categorizing in this manner means that double counting is avoided, as each activity can only be categorized once (UNESCO, 2009). In addition to these, there is the Transversal Domain of Intangible

Cultural Heritage, which is linked to all six of the Sectoral Domains (UNESCO, 2009). These domains represent the minimum number of core cultural domains that UNESCO recommends for data collection (UNESCO, 2009). A sense of the structure of the CCIs is thereby provided in addition to specifying the breadth of the sector (UNESCO, 2009).

Three other Transversal Domains are included for their important role in the culture cycle: Education and Training; Archiving and Preserving; and Equipment and Supporting Materials. These occur across the range of the Sectoral Domains and are accordingly measured across them (UNESCO, 2009). Their inclusion is of vital importance to capturing the full extent of cultural expression (UNESCO, 2009). Allied to these are the Related Domains, which have characteristics of economic and social activities which are considered partially cultural or recreational or leisure activities (UNESCO, 2009). The Related Domains are Sports and Recreation as well as Tourism (UNESCO, 2009).

As an example, Nieu Bethesda (a small town in the Eastern Cape) has a thriving tourism industry that is promoted by the arts. Athol Fugard (a South African playwright) used the town as the setting for his play “The Road to Mecca” (1984) which sparked interest in the town that has since been sustained through local policies of tourism development (Irvine *et al*, 2015). The title references the sculptures of pilgrims and their camels facing Mecca in the “Camel Yard” of the Owl House museum which was created by and showcases the art of resident artist, Helen Martins, on whose life the play is based (Irvine *et al*, 2015). Visitors to Nieu Bethesda are drawn by the cultural significance of the town and engage with the cultural activities it offers such as the museum, artwork, craft markets and the play itself (Irvine *et al*, 2015). These aspects span several of the FCS Sectoral Domains and the Related Domains, which illustrates the connectivity between them.

The FCS has been beneficial in terms of delimiting cultural activities by defining what is to be included in the cultural domains as well as describing precisely which activities are included in each domain so that each activity’s economic and social impact can be measured (Usero and del Brío, 2011). The FCS has thus harmonized methods of cultural impact measurement as it clearly defines culture and the domains, which allows data to be efficiently gathered and statistical analysis to be conducted (Usero and del Brío, 2011). In light of the cultural sector’s growing importance, a common framework is all the more necessary as reliable data needs to be captured and compared so that the status of the cultural sector, its strengths and weaknesses can be ascertained and effective policies can be introduced, validated and reviewed based on robust data (Usero and del Brío, 2011). However, despite its advantages, the framework must evolve with the CCIs in order to remain relevant. Debates must also be conducted around definitions and best practice of data collection and statistics generation so that the framework becomes applicable to more countries (Usero and del Brío, 2011).

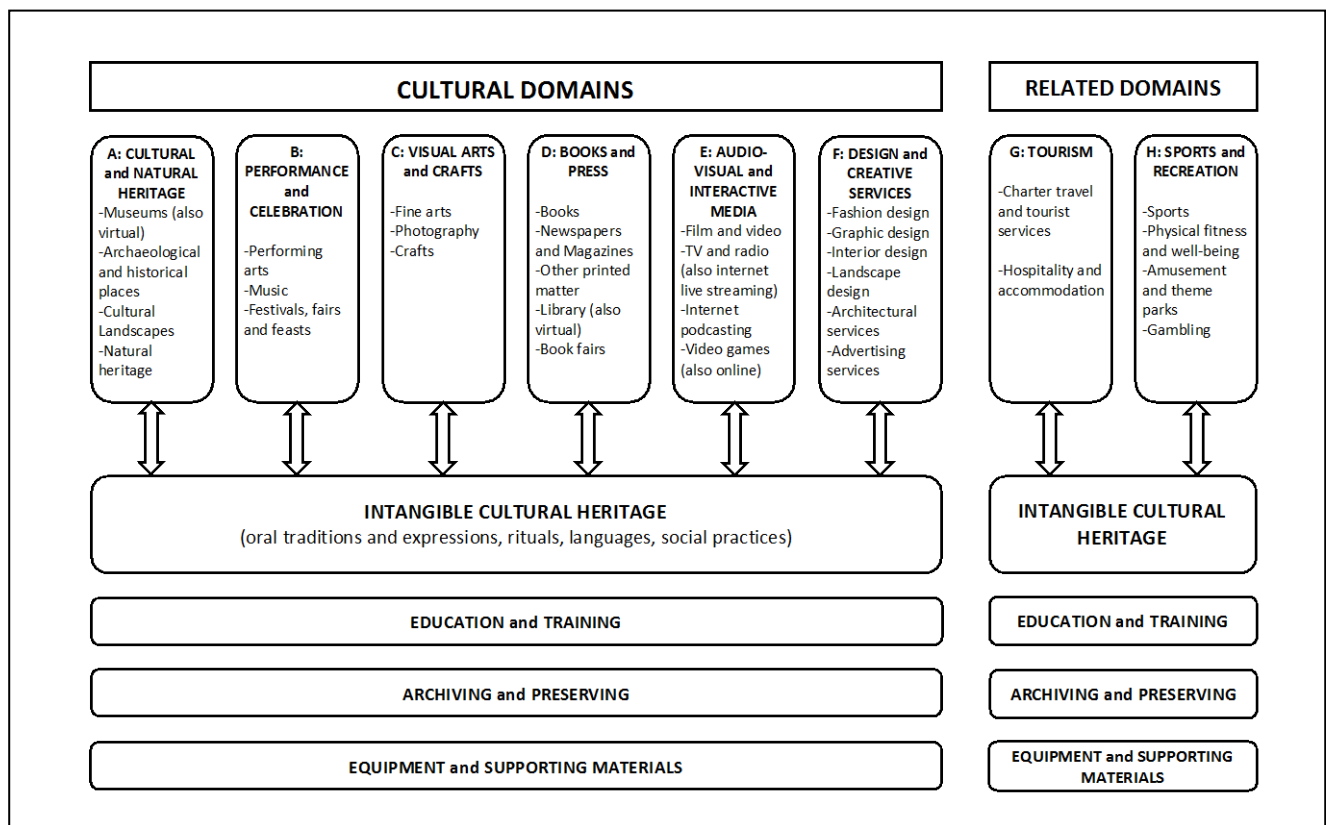


FIGURE 1: UNESCO FRAMEWORK FOR CULTURAL STATISTICS DOMAINS

(Source: UNESCO, 2009: 24)

3. Regional Development and Growth

Before a meaningful discussion can be conducted about the CCIs and their potential impacts on social and economic development of a region, in this case the Sarah Baartman District of the Eastern Cape, the concept of development must first be defined. The term “development” has been applied to a range of different principles, but perhaps the most important in recent times has been that of human development, which came to prominence with the publication of the first Human Development Report in 1990 and subsequently the Millennium Declaration in 2000 and the introduction of the Millennium Development Goals in 2001 (Thérien, 2012). The concept of development can be traced back to President Harry S. Truman’s inaugural address in 1949 in which he states that the benefits of industrial nation’s scientific advances and industrial progress should be shared with “underdeveloped areas” (Truman, 1949). Since then, the concept has been evolving and it became globally significant when the United Nations (UN) made a definite move towards pursuing human development after the United

Nations Development Programme (UNDP) released the 1990 Human Development Report (Thérien, 2012).

The UNDP Report identified “people [as] the real wealth of a nation” and defined human development as “a process of enlarging people’s choices” related to health, income, education, political, economic and social freedoms as well as opportunities to be creative (Thérien, 2012: 3; United Nations Development Programme, 1990: 10).

The UNDP definition suggests that there is more to development than just economic growth – human development is multidimensional (Alkire, 2002). The definition has continued to evolve over time but elements have remained the same in that economic expansion is not the only concern, but equally important are social progress and the improvement of human welfare (Alkire, 2002). The definition encompasses a number of different dimensions relating to development that are beneficial to a study of the impact of culture on regions; namely, economic growth, human welfare, and sustainable development (Alkire, 2002).

With the current emphasis on sustainability, the CCIs are an attractive path for development as they promote economic growth and do not have the harmful environmental effects of traditional industries like mining. At the same time, these industries will also promote human welfare through poverty reduction as jobs are created, and by improving quality of life as people engage with the expanding CCIs which also have intrinsic value (UNESCO, 2009). It is for this reason that human development is an important aspect, when considering the effects of the CCIs. Like the CCIs, development encompasses both social and economic aspects, where the economic should not be considered more important than the social (UNESCO, 2009; Alkire, 2002).

The CCIs are increasingly viewed as a means for a country/region/city to develop (UNESCO, 2009). In terms of regional development, which is what this research is based on, it refers to what has been described as human development except that it is restricted to a geographical area – the region (Cooke and Leydesdorff, 2006). Thus, within a particular administrative division of a country, in this case the region being the Sarah Baartman District, policies relating to regional development will still be aimed at what human development attempts to achieve (Cooke and Leydesdorff, 2006).

4. Measuring the Value of Arts, Culture and Heritage

In order to ascertain the importance of the contribution made by the CCIs to development, their impact must be measured. It is necessary to put a value to their impacts so that their inclusion in development agendas may be considered, as decision makers often rely on monetary values to make decisions relating to funding and policy (Snowball and Antrobus, 2002; Snowball, 2008; Willis *et al*, 2012). However, measuring the value of the CCIs to society and the economy has challenges. The social, intrinsic and economic effects of culture are closely intertwined, so that one cannot be considered as completely separate from the other (SACO, 2016). However, the social and intrinsic elements of the CCIs are often neglected in economic analysis, as it is much more difficult to measure these than the financial or economic contributions made by this industry (UNESCO, 2009). Despite the difficulties of measuring the social impacts of culture, it is of great importance that an attempt is made to do so, as human development does not just refer to economic matters but also to the progression of society.

Economic impact studies represent the most common method of valuation that is applied to cultural events (Snowball, 2008). These studies attempt to identify and calculate the additional economic activity that occurs within a defined impact area due to an event or institution. The attraction of impact studies lies in its ability to produce a quantifiable monetary measure of a project or event's value (Snowball and Antrobus, 2002). However, there is a considerable amount of concern over using a market-based approach to assign value to the arts, because they concentrate on the private good aspect of cultural activities that can be captured in market transactions while neglecting the merit/public goods aspect.

Building on the SACO (2016) *Framework for the Monitoring and Evaluation of Publically Funded Arts, Culture and Heritage*, intrinsic and social values can be associated with the CCIs as well. McCarthy *et al* (2004) define "intrinsic" value as the pleasure you get from viewing artwork, and "instrumental" value, which is a by-product of artistic output and includes the economic and social values. Despite the popularity and usefulness of economic impact studies, they measure only partial value, since the intrinsic value or the social aspects are neglected.

One of the most important values associated with the CCIs, which are not captured in most studies, are so-called "spillovers" or, what economists would refer to as positive externalities. Spillovers refers to "the process by which an activity in one area has a subsequent broader impact on places, society or the economy through the overflow of concepts, ideas, skills, knowledge and different types of capital" (Cultural and Creative Industries Spillovers Report, 2015:8).

According to a recent report (CCI Spillovers Report, 2015), there are three spillover categories associated with the CCIs that accrue to the regions in which they operate: knowledge spillovers, industry spillovers and network spillovers (see Figure 2).

Knowledge spillovers refer to the "new ideas, innovations and processes" produced by cultural industries that spread through the wider economy and society without directly rewarding the innovators themselves. Industry spillovers relate to the "vertical value chain and horizontal cross-sector benefits" to the economy and society of innovation, entrepreneurship and economic multiplier effects due to having an active and expanding cultural sector. Finally, network spillovers relate to the "impacts and outcomes to the economy and society that spill over from the presence of a high density of arts and/or creative industries in a specific location" (CCI Spillovers Report, 2015: 8).

Network spillovers are associated with clustering and agglomeration and so the benefits are widely spread and include economic growth as well as regional attractiveness and identity. However, negative externalities, like exclusive gentrification, are also common (CCI Spillovers Report, 2015). Furthermore, because of the focus on location, network spillovers can be connected to the field of economic geography.

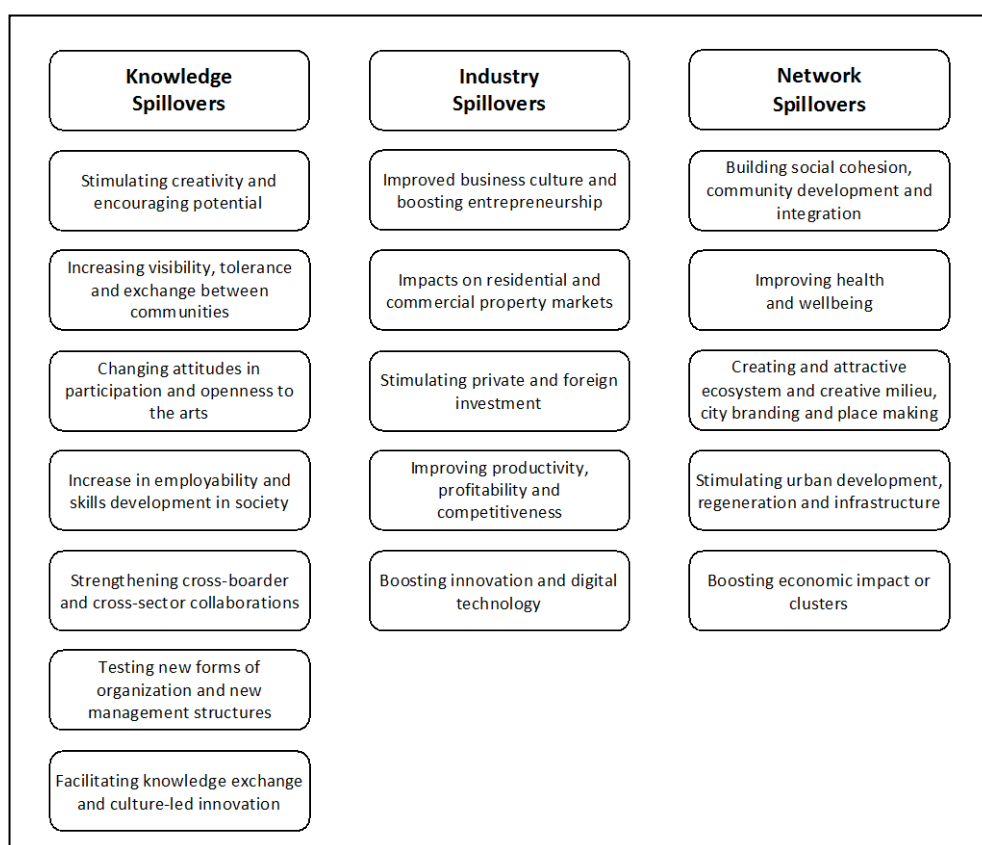


FIGURE 2: SPILLOVERS FROM THE CCIS

(Source: CCI Spillovers Report, 2015: 9)

5. The Culture/Growth Debate

The CCIs as a means of economic growth and development were brought to the forefront in 2002 with the publication of Florida's book "The Rise of the Creative Class". Florida drew attention to the fact that cities with better growth performance tended to have a high concentration of the "creative class" and CCI clusters (Sacco *et al*, 2014). He suggested that the drivers of growth have become knowledge, rather than production, driven and thus cities and regions should seek to attract members of the mobile creative class in order to be successful (Florida, 2003; Sacco *et al*, 2014). The people in the creative class are seen as a key factor of production in the knowledge economy and so the economic geography theory that people follow jobs is turned upside down (Houston *et al*, 2008). Instead, the presence of the creative class will attract high-tech industries that will result in the development of clusters and promote growth (Florida, 2003; Pratt, 2008). Florida's analysis of the role of the creative class has been hotly debated and contested on the grounds of the theory itself (is the creative class attracted by lifestyle?) and the questionable developmental impacts of the creative class on cities.

In the 1970s and 1980s, discussion in economic geography circles centred on the crisis of cities caused by the shift of manufacturing to lower-wage regions and the decline of the inner city (Flew, 2010). However, the rise of creativity has coincided with what Allen Scott termed the "resurgence of cities" as it is cities that play host to the majority of cultural and creative activity and thus cities that receive

the benefits of growth, development and renewal that creativity can bring (Flew, 2010). Cities can be centres for co-ordination amongst diverse knowledge bases due to the spatial agglomeration or clustering that often occurs in them, which enhances innovation and flexibility by promoting the flow of knowledge, the spread of ideas and network formation. Cities are especially suited to clustering due to the nature of work in the CCI which is often project based, contractual and time dependent (Flew, 2010).

Cities can act as talent managers in CCI clusters as work emerges on a regular basis and they also tend to be centres of what Charles Landry called “hard infrastructure,” such as CCI industry headquarters, theatres, museums, galleries and universities.

Hard infrastructure can act as a catalyst in the development of “soft infrastructure” (such as networks and knowledge exchange) that are associated with clusters (Flew, 2010).

Many cities and regions are adopting Florida-influenced talent attraction economic development strategies and so the question arises as to whether talent attraction is enough to turn around the fortunes of cities by promoting urban regeneration and economic growth (Houston *et al*, 2008; Findlay and Cranston, 2015). Florida suggests that members of the creative class choose to live in stimulating, tolerant and Bohemian locations and that creative individuals will seek cities with “lifestyle morph”, in which the lifestyle of people in their twenties, with a focus on leisure and personal development, is extended into their thirties and forties; as well as “plug and play” societies which are those with low barriers to entry like immediate acceptance of newcomers and new lifestyles (Houston *et al*, 2008). Lastly, informal “no collar” workplaces are thought to be important magnets to the creative class as they encourage autonomy, creativity and the free flow of ideas (Houston *et al*, 2008). If cities are to attract the creative class, then they will need to create these environments and sense of place. If this is done successfully, Florida suggests that creative individuals will not relocate, because the city caters directly to the lifestyle that they seek (Florida, 2003; Houston *et al*, 2008).

However, Florida’s statistical analysis did not prove causality, as it was not clear whether the creative class was attracted to a city because of the presence of the cultural sector, or whether the cultural sector developed because of their presence. A study of Scots living in Dublin, Ireland, a city that represents a cosmopolitan Bohemian location, revealed that the factors mentioned above, as well as a connection to the Celtic culture that Scots are familiar with, were important draw cards (Houston *et al*, 2008). However, these factors were not the main reason for relocating to Dublin, as job opportunities remained the primary driver of in-migration to the city. Furthermore, the lifestyle that Florida believes attracts the creative class is not enough to prevent relocation as many of the Scots expressed a desire to return to Scotland sometime in the future (Houston *et al*, 2008). Other labour migration studies have found that nothing is more discouraging to long term settlement of skilled transients than the belief that staying in one place too long will reduce their future prospects of international mobility and career advancement (Findlay and Cranston, 2015). Thus it is probable that people still follow jobs, and place attractiveness may not be as important as Florida claims.

Attracting talented individuals, perhaps by creating job opportunities, is however, beneficial to development. For example, the development of a cluster of high-tech industries in Silicon Valley was largely based on the contributions made by skilled transnational workers (Findlay and Cranston, 2015). Notably, it was the job opportunities that attracted these talented individuals to the area rather than

a lifestyle (Findlay and Cranston, 2015). This is an important finding that can be applied to the South African context, where small towns and rural areas would need to create job opportunities within the CCIs in order to attract talent and promote culture-led development.

A critique of the creative class attraction development method that is particularly worrisome for South Africa is that it tends to result in gentrification and the widening of socio-economic inequality (Peck, 2005). The crowding of creative individuals into neighbourhoods with affordable studio space and accommodation often results in their gentrification which increases rental and property prices, thereby driving out the previous occupants and, somewhat ironically, eroding the diversity that the creative class craves (Peck, 2005; Pratt, 2008). Furthermore, Peck (2005) criticises Florida's account as "fast policy" that shows little regard for those not in creative occupations or life situations that allow them to be spatially mobile, but instead pampers the creative class and attempts to change the city to better suit their needs and desires. In addition to this, both Pratt (2008) and Peck (2005) criticise Florida's creativity index as it simply ranks one city above another and proposes simple policy measures to improve a city's ranking. The index promoted "fast policies" as cities attempted to outdo each other by copying the policies of success cities, and thereby discouraging unique, localized paths of development based on creativity (Peck, 2005).

In conclusion, Florida's work renewed interest in regional development strategies and linked economic growth directly to the CCIs. While this acted as a powerful catalyst for regional cultural policy world-wide, it still needs to be carefully considered and researched, especially in developing country contexts.

6. Creative Clusters and Cultural Policy

The concept of clusters has been an important influence on thinking and policy in the creative and cultural industries. Porter (2000: 15) defines clusters as "geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (e.g. universities, standards agencies, trade associations) in a particular field that compete but also co-operate." The importance of location in clustering links this concept to economic geography.

International research shows that CCI firms tend to cluster around big cities. To use a UK example, London was shown to be the site of 70% of all UK jobs in film production and distribution and 55% of jobs in television (Turok, 2003). This is the result of the film and television cluster that has been established in London as major broadcasters, producers, studios, distributors and specialized suppliers are concentrated around the city. The cluster is further reinforced by the links to the advertising, publishing, music and entertainment industry clusters in London (Turok, 2003). The benefits of clustering include the development of a competitive advantage in a particular sector within a region through the grouping of firms, as the cluster will experience greater productivity and cost advantages, easy access to specialist skills and other inputs, group marketing and inter-firm trade, co-operation and competition, as well as a larger amount and faster pace of innovation due to spillovers (Porter, 2000; Florida, 2003).

CCI clustering has also been identified as a means of promoting regional development and urban renewal in South Africa. The Johannesburg Metropolitan Municipality identified urban culture as a potential driver of development and urban regeneration for rundown areas of the city (Pieterse and Gurney, 2012). The municipality implemented a strategy centered on the creation of a 'Cultural Arc' sweeping through the inner city with Newtown as the core. The Arc covers an area with a rich history that spans several stages of South African development from the discovery of gold and the creation of the city to the seat of colonial power as well as the apartheid struggle.

The Johannesburg Cultural Arc also includes well established artistic and knowledge institutions and spaces such as the University of Witwatersrand, the famous Market Theatre and Museum Africa (Pieterse and Gurney, 2012). According to Pieterse and Gurney (2012), the formation of a cluster of cultural activities in the Arc has been fairly successful. The Braamfontein node has experienced considerable development as Juta Street has become a hub of cultural activity and cultural institutions are moving to the area. Furthermore, visitor numbers between 2003 and 2009 tripled for daytime visits (240 000) and doubled for evening visits (150 000).

However, the 'Cultural Arc' is not without fault as it has been criticized for being overly designed and engineered, which has stunted organic creativity and resonance, thereby muting invention and innovation. In addition to this, the urban renewal approach that focuses on generating profitable property returns for investors is regarded by some as inappropriate as it cannot foster open-ended dynamics that draw on existing cultural entrepreneurs and informal economic groups (Pieterse and Gurney, 2012).

Despite the tendency for clusters to develop in big cities, the potential exists for them to be established around small towns and more rural areas, as not all CCIs require high technology inputs, extensive networks or long supply chains (Oakley, 2006).

Firms in the CCIs tend to be small, with a strong entrepreneurial drive (Turok, 2003). The small nature of cultural firms means that they would be well suited to smaller towns and rural areas, as they do not require large labour forces or large volumes of input materials. While there are few documented examples in developing countries, small town cultural development has already been shown to be successful in the UK (Oakley, 2006), which shows that it is potentially possible to apply regional cultural development policy to small town rural South Africa.

A study conducted by the Council of Europe/ERICarts (2013) illustrates the increasing importance of regional cultural policies in the division of cultural spending between levels of government (see Table 1). While some countries in the sample still allocate cultural spending exclusively through the central government, most are decentralizing spending to provincial/regional and municipal government, giving an opportunity for regions to begin to develop and implement their own regional cultural policies.

TABLE 1: SHARE OF SPENDING ON CULTURE BY LEVEL OF GOVERNMENT

Country	Central Government	Provinces/Regions	Municipalities
Austria	34%	38%	28%
Azerbaijan	37%	0%	63%
Croatia	41%	0%	59%
Denmark	62%	0%	38%
Liechtenstein	100%	0%	0%
Malta	100%	0%	0%
Monaco	100%	0%	0%
Poland	18%	46%	36%
Sweden	45%	15%	41%
Ukraine	37%	25%	38%

(Source: Council of Europe/ERICarts, 2013)

7. Small Town Economic Geography in South Africa

The Sarah Baartman District (formerly Cacadu) is the largest of the district municipalities in the Eastern Cape and has a population of approximately 450 584 (Statistics South Africa, 2016). It includes nine local municipalities which consist of rural areas and small towns like Bathurst, Nieu Bethesda and Port Alfred.

Small town South Africa is of interest to the field of economic geography due to its changing landscape of past affluence and relatively recent decline. For most of the 20th century, South Africa's population was predominantly rural, but by 1970, this situation had been reversed, as rural South Africa had entered into a phase of depopulation and small town economic decline while cities were experiencing rapid growth due to industrial and mining developments (Hoogendoorn and Visser, 2015; Nel *et al*, 2011).

The change is largely attributable to two factors. Firstly, the agricultural transformation through mechanization, exposure to global agricultural markets as well as changes in labour legislation (especially post-1994) and scales of production, and secondly, the shrinking of the mining industry due to lower commodity prices, resource depletion and changing regulatory frameworks (Nel and Binns, 2007). People tend to "vote with their feet" and as such areas that have better economic opportunities are also the areas that experience high in-migration and population growth (Harrison and Todes, 2015). Despite the net out-migration, small town populations have generally grown as displaced farm and mine workers have moved into these areas (Todes *et al*, 2010). In addition to the loss or contraction of the former economic mainstays, improved transport systems by-passed small towns that previously

benefited from being stop-over points and acted as rural service centres (Hoogendoorn and Nel, 2012). South Africa has followed the global trend of the growth of cities in terms of population, surface area and income per capita, spurred on by the driving forces of improved access to a wider range of amenities, agglomeration or clustering effects, especially related to human capital and entrepreneurship, and finally, better access to technology and better infrastructure (Duranton and Puga, 2014).

The decline of traditional industries has resulted in a shift towards post-productivism in small town economies, as activities like tourism are becoming increasingly prominent. In general, the small towns of the Sarah Baartman District have experienced a change in their fortunes. Following the national trend, many of these towns were established on the basis of prosperous agricultural sectors but have since moved into a state of decline as the agricultural sector has shrunk and populations have increased, in part due to farm worker displacement. There is now a large unemployment problem as 24,9% of people living in the district are unemployed (Statistics South Africa, 2016).

In order to mitigate the effects of the decline, small towns need to identify new development opportunities and take control of their own futures. In essence, they need to reinvent themselves.

Those that have been successful in this regard have relied more on the characteristics of the town itself rather than its rural hinterland to provide the much needed economic boost (Toerien and Marais, 2012). This relates to sense of place and the significance of place as local characteristics and assets, as well as cultural, historical and physical factors are given economic value (Halseth and Meiklejohn, 2009; Ingle, 2012).

Part of the solution for many towns has been the adoption of post-productivism which refers to the shift away from traditional economic activities towards consumption-based economies where culture, lifestyle, leisure and tourism become economic goods (Hoogendoorn and Nel, 2012). The rise of post-productivism in South Africa is linked to the phenomenon of counter-urbanization since the mid 1990s amongst professionals or the creative class (Ingle, 2013). The motivation behind counter-urbanization is to escape the pace of city life and to find genuine, peaceful rural lifestyles. This has been made possible through improvements in transport as well as internet connectivity and other telecommunications improvements (Ingle, 2013). An additional link can be made to the appearance of new economic activities and livelihood generation strategies that are attractive to the creative class and so-called bourgeois bohemians (Bobos) such as festivals and book tourism, second home developments and the advance of the creative city, albeit on a small town scale (Halseth and Meiklejohn, 2009; Ingle, 2013).

The post-productivist shift seems to have occurred in the Sarah Baartman District, as many towns in the region are promoting their cultural and creative industries. For example, Grahamstown markets itself as a “Creative City” and hosts the National Arts Festival annually, Bathurst has created a tourism industry based on its 1820 Settler history and “quirky” lifestyle and Nieu Bethesda has created a tourism industry inspired by the arts (the setting for Fugard’s 1984 play, “The Road to Mecca” which helped to iconize the Owl House museum) (Irvine *et al*, 2015). The potential of culture as a development driver has been recognized by the District authority as their Socio-Economic and Enterprise Development Strategy consists of several initiatives that directly target culture through supporting the arts and tourism that is based on history, festivals, fine arts and crafts and natural heritage (Sarah Baartman District Municipality, 2016). The extent of this post-productivist shift

towards culture will be investigated through the mapping of the locations of the cultural and creative industries using GIS in section 9 of this paper. The following section briefly discusses three of the few documented cases where the CCIs in small, and sometimes remote, towns have been linked to socio-economic development.

8. International Studies of the impact of CCIs in Small Towns

The following section presents three case studies of small towns, one in Scotland, one in Russia and one in Australia, that have used CCI clusters and cultural tourism to drive socio-economic development.

8.1 The Economic Benefits of Culture to Scotland

The potential of the CCIs to create growth and development can be recognised in Scotland, which, like South Africa, has identified culture as a growth driver. In 2003 Scotland placed culture at the heart of government policy in shaping Scotland's future and national identity, a position which was recently reaffirmed by Scotland's Minister for Culture and External Affairs (Archer, 2014). A national body, Creative Scotland, was established in 2010 to support the development of Scotland's arts, screen and creative industries (Creative Scotland, 2015a).

The economic benefits of the creative industries have been substantial. The CCIs had a turnover of £5,8 billion in 2013 and Gross Value Added stood at £3,7 billion, an increase of 23,8% in nominal terms from 2012. The creative industries account for 2,8% of employment in Scotland, approximately half of total employment in the creative industries for the United Kingdom as a whole (Office of the Chief Economic Advisor, 2016). Exports from the creative industries in 2014 were valued at £2,9 billion, accounting for 3,8% of Scotland's total exports (Office of the Chief Economic Advisor, 2016). The creative industries contribution to GDP increased by 4% from 2014 to 2015, which is greater than the economy as a whole, which experienced a growth increase of 1,7% (Office of the Chief Economic Advisor, 2016). Creative Scotland facilitated CCI development by a combination of information provision and policies that favoured emerging CCIs. For example, the Cultural Enterprise Office provides support, mentoring and guidance to new start-ups as well as helping them to create a professional network (Creative Scotland, 2015b). Small enterprises dominate the creative industries sector, with 98% of the 14 590 registered enterprises having less than forty-nine employees in 2015 (Office of the Chief Economic Advisor, 2016). Furthermore, the vast majority of enterprises in this sector are UK owned which means remittances abroad are lessened and Scotland retains most of the benefits (Office of the Chief Economic Advisor, 2016).

While the majority of jobs and firms in Scottish CCIs are concentrated in the major cities, the town of Tobermory on the Isle of Mull, which is a small, remote location, has been remarkably successful in leveraging cultural tourism for economic growth and development. The town has been used as a location for several popular television series, and careful place marketing and cultural policy has resulted in significant spillover effects: the town receives increased tourism from 400 000 to 550 000 visits per year which represent a substantial increase in income for the region (Connell, 2005; Connell and Meyer, 2009).

8.2 Cultural Economic Geography and the Use of GIS in Australia

Location is an important aspect in the formation, expansion and success of clusters. The spatial characteristic links cultural economics to geography and allows for an inter-disciplinary approach to cultural research. Locational considerations are important in regional development as cultural industries need to be encouraged to set up outside of big cities. If policies aimed at small town and

rural development through a focus on culture are to be implemented, decision makers and stakeholders need to know if the CCIs can be successful in these spaces. An investigation into the cultural industries in the town of Darwin, Australia, concluded that success is possible and indicated which areas of the town should be targeted for development. To arrive at this conclusion, GIS was used to analyse the spatial relationships of culture within the town.

GIS is a powerful tool in conducting cultural research, as the relationships between space and economics can be visually represented and analysed.

Interest in GIS is increasing as its capabilities and potential applications are becoming better known and as such, GIS has expanded from its original use in applied research in physical environmental science to applications in the social science and humanities spheres (Brennan-Horley *et al*, 2010). Since the potential of GIS in cultural studies is not yet well known, it has not been incorporated into cultural studies very often. One study on the presence and character of the creative industries in the small, remote town of Darwin, utilized GIS technology to enhance the ethnographic methodologies – specifically interviews – used in the study (Brennan-Horley *et al*, 2010).

Darwin is characterized as a “tourist gateway to the ‘Top End’ wilderness, and a focal point for post-colonial struggles over land rights and mineral extraction”, a highly transient professional workforce, a multicultural population and an absence of sites and facilities that usually indicate a potential for cultural development (Brennan-Horley *et al*, 2010). Darwin thus has a radically different set of geographical circumstances from traditional creative places studied in the literature which usually focus on “deindustrializing or prominent knowledge-economy cities in the Northern Hemisphere” (Brennan-Horley *et al*, 2010: 94). Despite its isolation, size (75 000 people) and geography, Darwin has a vibrant creative community with a creative workforce of approximately 1 800 people, as identified in a quantitative economic study of ‘Creative Darwin’.

Orthodox quantitative studies were however found to be insufficient in answering questions on where creativity exists in the city and how it relates to Darwin’s unique urban form. Qualitative data collected via semi-structured interviews proved to be much more valuable in generating geographically specific data on Darwin’s CCIs. The advantages of GIS in this case were its ability to broaden the scope of data generated through interviews as well as producing new innovative ways of communicating the results of the study to stakeholders (Brennan-Horley *et al*, 2010). For example, responses to a question about where creative individuals find inspiration in Darwin were mapped using GIS, with popular sites being represented as mountain peaks and rarely mentioned sites as low-lying plains (see Figure 4).

The geography of inspiration can be linked to other geographies such as creative epicentres, zones of recreation, types of work sites and relationships between work and home. Furthermore, the creative sites can be hyperlinked back to the qualitative interview data in order to add additional layers of detail to the map (Brennan-Horley *et al*, 2010). The interactive map can be used to design policies around the creative industries. For instance, the map shows that natural sites like beaches, gardens and parks were the most popular inspirational places, however, somewhat surprisingly, the largely industrial suburb of Winnellie was identified as a creative hotspot. When linked back to interview responses, the reasons for this became clear: creative individuals believe that the area has great development potential as a creative hub as it is easily accessible by car, has convenient parking space (unlike the CBD), is linked to the rest of the town by the intersection of major roads, has plentiful art storage space and accommodation for arts organizations, and the biggest attraction is affordable

studio space. Winnellie should thus be targeted for development as a cultural hub, while natural areas should remain relatively untouched in order to preserve the sense of place and inspirational qualities.

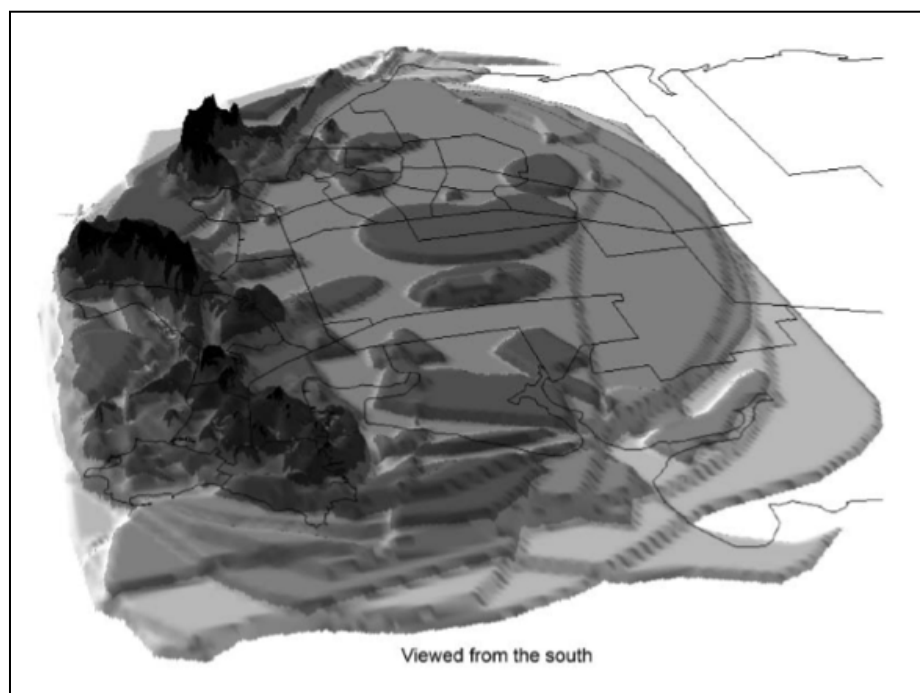
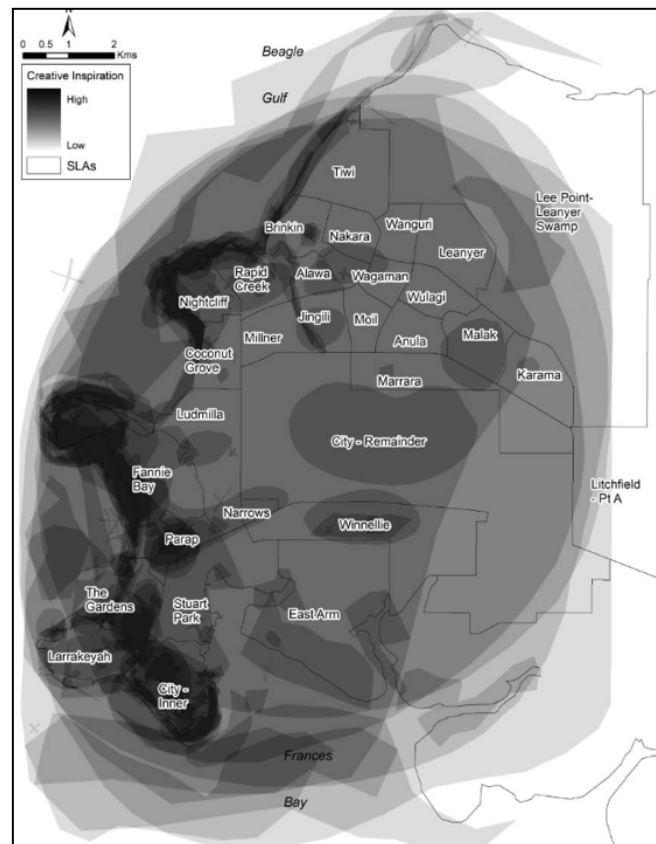


FIGURE 3: THREE DIMENTIONAL VISUALIZATION OF DARWIN'S CREATIVE INSPIRATIONAL GEOGRAPHY

(Source: Brennan-Horley et al, 2010: 98-100)

The Darwin study provides further evidence that vibrant cultural industries can exist in small towns and rural areas, and that it is possible for successful cultural hubs or clusters to form in non-traditional locations. The successful small town cultural development of Darwin proves that policies aimed at development through culture of small town, rural South Africa can be successful. The full value and complexity of the cultural industries in these places may not be captured using traditional quantitative economic data, especially when cultural production occurs in the formal and informal sectors, as is often the case in South Africa. GIS offers a method of overcoming the problems of relying solely on quantitative data to investigate cultural and creative activity within space. Mapping the locations of the CCIs in the Sarah Baartman District using GIS could bring to light the relationships between small towns and culture and the development potential of culture within the district.

8.3 Regional Creative Policy in Russia

Perm Krai is a region of the Russian Federation whose cultural policy changed in 2010 from the Soviet cultural policy model which was ideologically targeted, to a more flexible approach termed the Perm Project which seeks to use “available cultural resources for development” (Kochelyaeva and Fedorova, 2012). The Perm Project targets human potential development and so has an economic and social aspect (Kochelyaeva and Fedorova, 2012). It focuses on funding cultural initiatives that will contribute towards the region’s economic development, increase tourism and establish international cultural networks, as well as supporting creativity and striving to produce an attractive living environment (Kochelyaeva and Fedorova, 2012). The change has resulted in the alteration of the instruments of cultural policy including the emergence of the creative economy, the development of new art forms and the modification of information technologies and communication (Kochelyaeva and Fedorova, 2012).

The change in cultural policy was gradual and based on changes made within the region rather than a national policy change. The policy overhaul can be traced back to 2005 when theatres were reformed and began to receive state funding, and a new payment scheme for theatre employees was introduced (Kochelyaeva and Fedorova, 2012). The reforms and government support contributed towards the creation of high quality productions as well as a wider recognition, in Russia and internationally, of Perm Krai’s cultural achievements (Kochelyaeva and Fedorova, 2012). Cultural policy change continued when the city of Perm won the title of “Cultural Capital of the Volga District”. The Cultural Capital Project brought about more changes as cultural workers and academics were consulted about the project implementation which involved a rethinking of how cultural resources relate to regional development (Kochelyaeva and Fedorova, 2012). There was an explosion of cultural and creative activity during this time as performances, screenings and public art increased and events were held in spaces that had not previously been considered as cultural (Kochelyaeva and Fedorova, 2012). The Cultural Capital Project also promoted regional development of cultural and creative initiatives and

economic development through the introduction of various international festivals and competitions such as the Arabesque-2006 competition for young ballet dancers, the Rock-Line music festival, the Flahertiana festival of documentary films and the Ice, Snow and Flame festival of snow and ice sculpture (Kochelyaeva and Fedorova, 2012). Furthermore, festivals such as Jazz Fever and the Ethno-Futurist Festival Kamwa have become synonymous with the cultural brand of the Perm Krai region (Kochelyaeva and Fedorova, 2012). The foundations for further regional development through culture were thus laid as cultural and creative activity had expanded and the consolidation of administrative resources, civil participation, businesses and media involvement and artistic buy in meant that organisational success was ensured (Kochelyaeva and Fedorova, 2012).

Overall, the impacts of the cultural policy overhaul have been significant. Economically, the highlights have been regional job creation, especially youth employment, and the establishment of new cultural and creative industries (Kochelyaeva and Fedorova, 2012). The social benefits include improvements of cultural resources in the region as well as greater cultural variety and participation (Kochelyaeva and Fedorova, 2012). Spillover effects have also been significant as there has been an improvement in the quality of life in the region. In part, the success of the new cultural policy lies in the inclusion of social aims, not just economic ones, in the policy objectives such as “development and self-realisation”; “preservation of national and ethnic identity”; “appreciation of the dignity of the people of the Russian Federation”; heritage preservation and providing a space for debate and communication between various social groups (Kochelyaeva and Fedorova, 2012). The Sarah Baartman District should thus attempt to design cultural policies with both social and economic objectives if they hope to emulate the success of the Perm Krai region as it has demonstrated that both are important to regional development.

9. Identifying and Analysing CCI clusters in Sarah Baartman District: Links to Socio-Economic Welfare

Having reviewed the literature and some national and international case studies, the remainder of this report presents the methods and results of the research into CCI clusters in the Sarah Baartman District (SBD) of the Eastern Cape of South Africa. The SBD makes a good case study because it has no large cities, but the District Municipality has signalled their interest in developing a regional cultural policy, and sees the potential of the CCIs to drive socio-economic development in the post-productivist era. Section 9.1 describes the research method and data used, and section 9.2 presents the results, including several GIS maps.

9.1. Research Method and Data

In order to establish the locations of the CCIs within the district and to determine their relationship to development, a composite economic welfare indicator was created (see table 1 below). The indicator shows the relative economic and social development standings of the nine municipalities that make up the Sarah Baartman District. The human development aspects or economic and social aspects of development were considered in the creation of the composite economic welfare indicator which includes both aspects and is also expressly linked to culture as components were included based on what would influence the establishment of CCIs in a place.

All of the components are based on census 2011 data produced by Statistics South Africa. The first component is economic growth, which is the average growth rate of each municipality between 2001 and 2011. The growth rates of the municipalities were all quite low as they have been experiencing small town and rural decline associated with the contraction of agriculture. Economic growth is however an important aspect of socio-economic performance and so to ensure that the impact of this component on the indicator total was not given too little emphasis, the economic growth rates were transformed by multiplying each municipality's rate by ten. For example, an economic growth rate of 0,2160% for the Sundays River Valley was included in the composite welfare indicator as a value of 2,16.

The second component is employment. The narrow definition of employment is used and so discouraged work seekers are not included in calculating employment rates. These two components are the main economic aspects of the indicator as they serve to illustrate the health of the municipal economies as well as a higher living standard. Higher economic growth and employment levels are beneficial to the establishment of CCIs as higher incomes are related to increased purchasing power.

Education is important to both the economic and social aspects of the indicator and is highlighted as an important development aspect by the Human Development Index (UNDP, 1990). Employment in the CCIs is often more highly skilled and so cultural firms will be more likely to locate in areas where they have access to skilled labour (the creative class) (Findlay and Cranston, 2015). This means that higher education levels in a municipality are important to potentially attract CCIs to the area. The education component thus counts the percentage of people over the age of 20 who have completed secondary education.

The household composite is a measure of social welfare as well as access to culture. It includes the percentage of people who own a television, computer and cell phone as well as internet access. Access to media is not only important for access to the goods and services produced by the cultural industries, but is also instrumental in developing soft infrastructure and networks.

Population density accounts for differences in population sizes as municipalities with larger populations offer larger markets to cultural firms and so would be more attractive to potential new CCI development. Economic structure refers to the percentage of households that are not engaged in agricultural activity. Cultural production is related to secondary and tertiary production rather than primary and so municipalities with a less agricultural focus would be better suited to the establishment of CCIs. This illustrates the need for a new economic driver and this research seeks to investigate the potential contribution of culture. The components were equally weighted and then added to get a total score out of six. Based on their total, municipalities were then ranked from one to nine with one scoring the highest in terms of socio-economic welfare, and nine the lowest.

In terms of data, the DAC 2014 National Mapping Study data was reanalysed to extract only those CCI firms in the SBD. The Mapping Study collected data on CCIs nationally by using internet searches, snowball sampling methods, the purchase of databases, and information from CCI-related organisations and institutions. The data shows the GPS co-ordinates for each firm or organisation and classifies it by UNESCO Domain.

Esri's ArcGIS software was then used to display the locations of the district's CCIs in a manner that allowed for easy visual analysis and interpretation. Three maps were created to answer the research questions. In terms of clustering in small towns, the total number of CCIs in each town was counted and displayed using proportional circles so that comparisons could be made between the twenty towns that were surveyed in the district. The relationship between the CCIs and development was analysed through the creation of a heat map displaying the rankings of the municipalities in the composite economic welfare indicator overlaid with the total number of CCIs per municipality. The Mapping Study also documented the UNESCO domain that each CCI falls under. The domains were colour coded and displayed in pie charts per town to answer the question of what domains exist where. The pie charts were also useful in showing which domains were the most prominent in the individual towns as well as throughout the district.

TABLE 2: COMPOSITE ECONOMIC WELFARE INDICATOR

Municipality	Economic Growth	Employment	Education	Household Composite	Population Density	Economic Structure	Total	Rank
Sundays River Valley	0,2160	0,85	0,19	0,42	0,90	0,84	3,41	1
Kouga	0,3220	0,79	0,34	0,52	0,37	0,93	3,27	2
Camdeboo	0,1080	0,70	0,29	0,51	0,40	0,86	2,87	3
Ndlambe	0,1120	0,70	0,30	0,51	0,33	0,83	2,78	4
Makana	0,0650	0,68	0,35	0,53	0,18	0,86	2,65	5
Kou-Kamma	0,1660	0,85	0,22	0,43	0,11	0,82	2,59	6
Blue Crane Route	0,0170	0,69	0,25	0,43	0,30	0,82	2,51	7
Ikwezi	0,0160	0,82	0,21	0,45	0,20	0,81	2,50	8
Baviaans	0,0500	0,71	0,21	0,44	0,20	0,79	2,40	9

9.2. Results and Discussion

The composite economic welfare indicator as shown in Table 1, has generally low total scores. The Eastern Cape is one of the poorest provinces in South Africa and the low totals are indicative of the high average unemployment rates, low economic growth rates, and poverty in the region (Statistics South Africa, 2016). There was also not a large spread between the municipalities as they all scored within a range of 1,1. The low scores can be explained by the small town and rural decline that has been experienced in many parts of South Africa. The composite economic welfare indicator is represented by a colour gradient with darker colours indicating better rankings. This can be seen in the maps (Figures 4 and 5) below.

The map shown in Figure 4 overlays the composite economic welfare indicator with the total number of CCIs per town. This will establish whether it is possible for CCI clusters to form in small towns. When analysing this data, it is important to account for scale. In a city, 66 cultural firms (the highest number of CCIs recorded in a town in the district) is not a substantial number of CCIs and would not be considered as a cluster. However, in a small town, over ten CCIs would be considered a cluster. This is especially true when one relates the number of firms in other types of industries to the CCIs. For example, the food or apparel industries would be likely to exist in smaller numbers, probably less than twenty, depending on the size of the small town. Compared to these, CCIs would have quite a substantial presence in the town if they had over ten firms. Towns like Grahamstown, Bathurst, Port Alfred, Jeffrey's Bay, St Francis Bay and Graaff-Reinet have performed well in terms of clustering as they each have over ten CCIs.

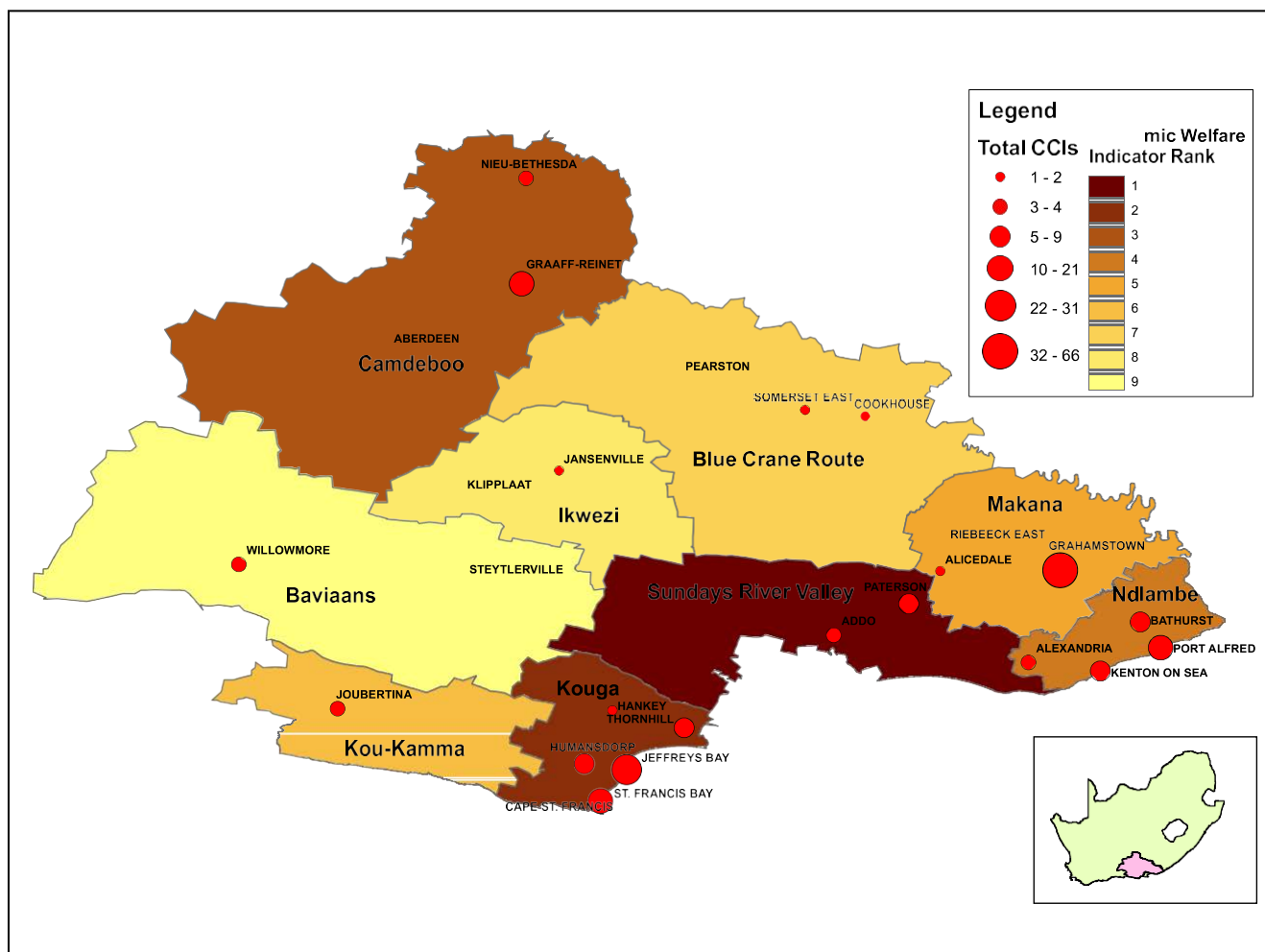


FIGURE 4: THE CULTURAL AND CREATIVE INDUSTRIES RELATED TO COMPOSITE ECONOMIC WELFARE INDICATOR RANKINGS IN THE TOWNS OF THE SARAH BAARTMAN DISTRICT

To establish the relationship between the CCIs and development, the composite economic welfare indicator rankings were overlaid with the total number of CCIs per municipality (see Figure 5 map).

There is a general positive relationship between the development performance of municipalities and the number of CCIs.

Baviaans, Ikwezi, Blue Crane Route and Kou-Kamma have small numbers of CCIs and lower levels of development as shown by their indicator rankings while Makana, Ndlambe, Camdeboo and Kouga have larger numbers of CCIs and better performances in terms of their indicator rankings. The Sundays River Valley is an anomaly as it has a small number of CCIs, similar to the four low scoring municipalities, and yet has the best composite economic welfare indicator ranking. This can be explained by the vibrant citrus agricultural sector as the municipality is home to the Sundays River Citrus Company which is the largest grower, packer and exporter of South African citrus (Sundays River Citrus Company, 2016).

Causality cannot be proven with cross-sectional data and so it cannot be said that having larger numbers of CCIs has caused higher levels of development in municipalities or that higher economic development levels are the cause of greater CCI presence. However, there is a positive relationship between them, which means that the two are associated. Almost certainly, the causality is bi-directional, that is, that better socio-economic circumstances encourage CCI cluster development, but at the same time, CCI clusters drive economic development. Based on their positive relationship, investment and local economic development (LED) schemes aimed at culture could be used as an effective post-productivist development scheme, but to be effective, it may need to be based on a certain existing level of economic development. Pre-existing development levels are probably necessary for the attraction and success of CCIs because markets, production networks and supply chains are either absent or under-developed, it is highly unlikely that the creative class will be attracted to the area as business success is doubtful.

The culture-development link could take the form of the benefits of cultural activities like job creation, income generation and spillover effects contributing towards development. Furthermore, CCIs are more likely to locate in municipalities with higher development levels as they are likely to have better infrastructure, associated institutions and more skilled labour which means that more developed municipalities would be well suited to pursuing LED initiatives that seek to attract the creative class to the municipality to start cultural businesses. This should then feed into improving development within the municipalities as the benefits mentioned above accrue to the municipality. These results suggest that stimulating the cultural and creative industries could be a viable development option for rural and small town South Africa, given certain levels of economic development.

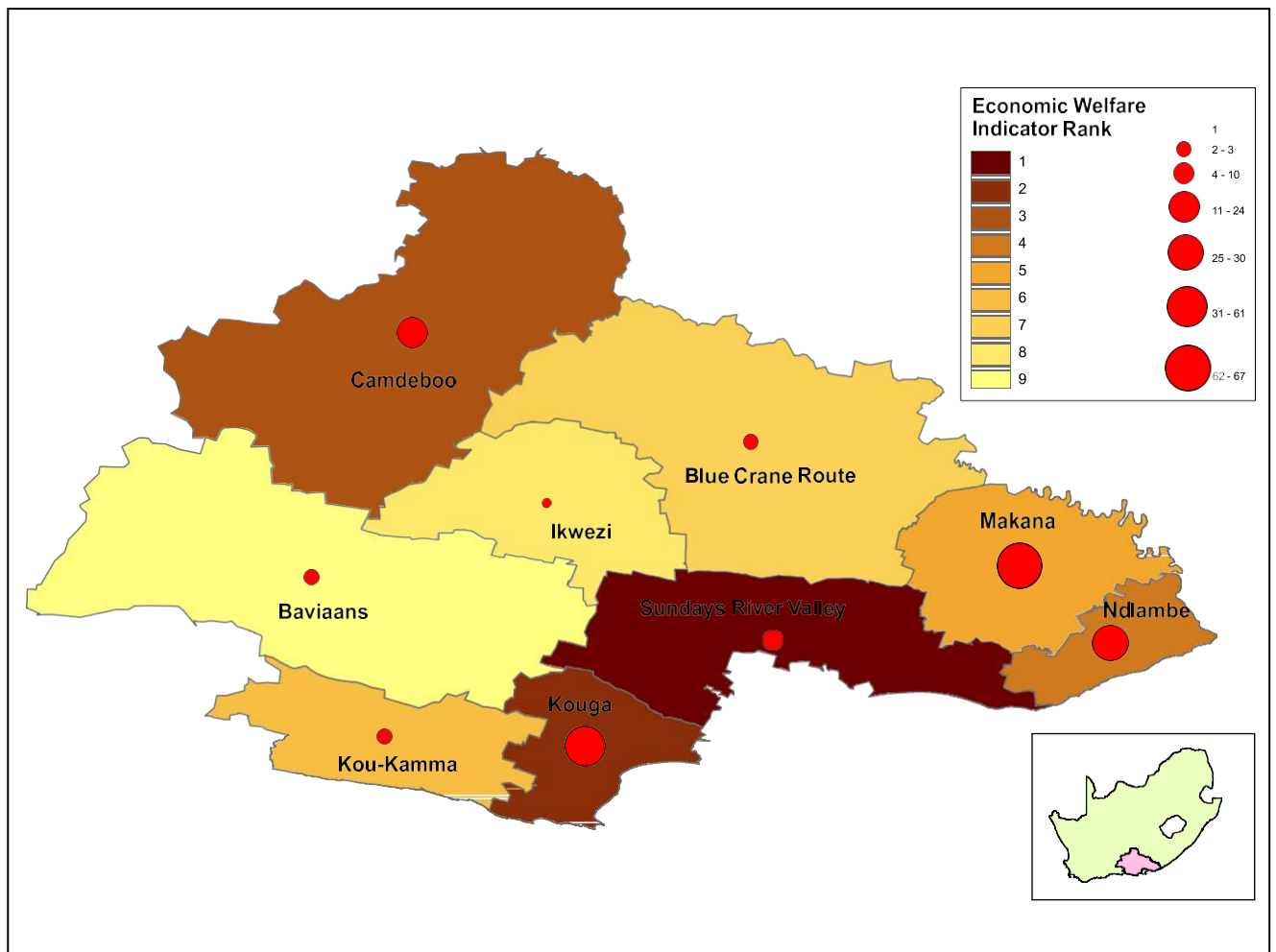


FIGURE 5: THE CULTURAL AND CREATIVE INDUSTRIES RELATED TO COMPOSITE ECONOMIC WELFARE INDICATOR RANKINGS IN THE MUNICIPALITIES OF THE SARAH BAARTMAN DISTRICT

Cultural production spans a wide range of activity as illustrated by the six main UNESCO cultural Domains and one of the related Domains (tourism), which the DAC Mapping Study (2014) used to classify the cultural businesses they captured. The question therefore arises as to what aspect (or Domain) of cultural production would be the best to invest in. To answer this, one must investigate which cultural domains already exist in the towns of the Sarah Baartman District. Clustering and agglomeration studies, such as Porter's diamond model, have shown that the development of clusters is more likely to be sustainable and successful if it is based on pre-existing infrastructure and networks, the presence of relating and supporting industries and institutions, access to inputs, and good demand conditions (Kamath *et al*, 2012). In addition to these, Florida identified the presence of the creative class as a determinant of cluster success (Kamath *et al*, 2012). If businesses in particular domains

already exist within the towns, then it is likely that there is already a certain level of soft and hard infrastructure, networks, supply chains and adequate demand.

Investing in existing domains to promote their expansion, and thus clustering, is likely to be more successful than starting anew by investing in a domain that has little to no presence and therefore limited foundations on which to build.

The map in Figure 6 displays the results of this investigation. There is not a particularly wide distribution of domains in the district. The most prominent domain is cultural and natural heritage (pink) as all but one town has this domain. Another prominent domain is design and creative services (purple) as eleven of the twenty captured towns have this domain. Due to the prominence of these domains in the district as well as in the individual towns (they make up a large proportion of the total CCIs in most towns), these domains would be good to invest in and promote. This recommendation is based on the strong presence that these domains already possess in the district which means that they would have pre-established infrastructure, industries and networks that are the foundations of cluster success and sustainability.

On an individual town level, a domain that is prominent within the town could be promoted. For example, the towns of Bathurst, Port Alfred, Jeffrey's Bay, Humansdorp and Willowmore have large proportions of the visual arts and crafts domain (orange). The town could thus pursue LED initiatives aimed at encouraging the growth of this domain.

Pursuing development in domains that already have a presence is likely to be more successful than attempting to introduce a new domain to towns and the district. For example, audio-visual and interactive media (yellow) exist in only Graaff-Reinet and Paterson and comprise a small proportion of the total CCIs in those towns. Attempting to create a cluster in a cultural activity that falls under this domain, like a film hub, would be unlikely to be successful. There are little to no foundation stones on which to build a film industry such as editing facilities, marketing networks, creative individuals involved in the domain or hard infrastructure like an airport from which supplies and products could be shipped.

The lack of soft and hard infrastructure does not make the district an attractive option to potential new film companies who would have to be tempted away from cities like Cape Town, which already have strong existing infrastructure, or even cities within the Eastern Cape, like Port Elizabeth, which offers both better markets and production networks. Furthermore, a new domain cannot take advantage of established networks or supply chains in the way that an already existing domain could. They would also have to carve out a piece of the market for themselves as, unlike established domains, they would have no market access to begin with.

If the district, municipal or local governments wish to promote the development of the CCIs, they would do best to base it on clusters that have already started to develop. These domains best represent the specific regional characteristics such as the pristine natural environment of the Baviaans municipality or the 1820 settler history of the Ndlambe and Makana municipalities, which gives their products and services a comparative advantage. Furthermore, Florida argued that the presence of the creative class is required for cluster success and sustainability (Kamath *et al*, 2012). Members of the creative class will already be working within established domains and so there is a level of human capital – skills, knowledge and experience – on which to build. These individuals will also be able to

advise policy and investment decisions as well as what their particular domain needs to thrive so that well-informed choices can be made and efficient LED schemes introduced.

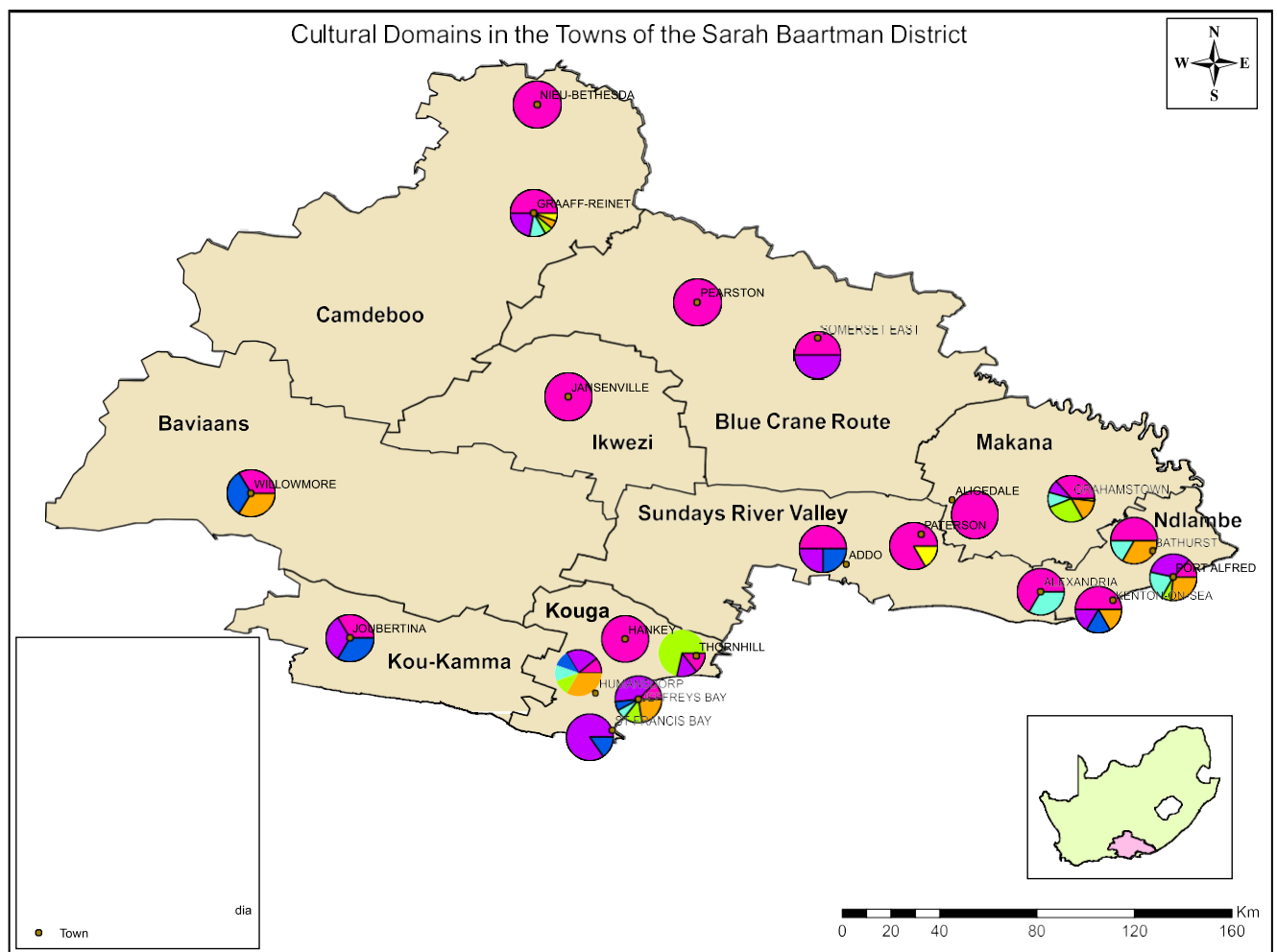


FIGURE 6: CULTURAL DOMAINS IN THE TOWNS OF THE SARAH BAARTMAN DISTRICT

9.3. Limitations of the study and Directions for Future Research

To the authors' knowledge, this study represents the first attempt to use GIS mapping to investigate the relationship between CCI clusters and socio-economic development in a regional setting. It adds to the growing body of work providing evidence of the spillovers, or positive externalities, that the CCIs provide to their host economies. Like all pioneer studies, it has its limitations, and has opened up further directions for ongoing research.

One of the major challenges was that the national Mapping Study (2014) on which the GIS maps are based was a country-wide study which did not always capture the details of CCIs within small towns.

For example, the data for Nieu Bethesda shows only three cultural businesses and all of them fall under the cultural and natural heritage domain and are listed as museums. However, a field survey of the town's businesses conducted by Irvine *et al* (2015) revealed a thriving tourism industry, including ten art studios, craft shops or galleries, as well as tourist infrastructure such as restaurants, and accommodation, and the Plains of Camdeboo Tourism Route. This illustrates the need for ground truthing as the total numbers of CCIs per town and per municipality as well as the variety of domains may well have been underestimated in the national study.

A challenge in accounting for the number of CCIs within each municipality is that the national Mapping Study (2014) also did not include data on all the towns within the district. For example, the municipalities of Baviaans, Ikwezi and Kou-Kamma have data for only one town each. CCIs that attempt to link smaller heritage sites or towns were also not included. For example, the Baviaans municipality markets itself as "nature untouched" and is attempting to build a tourism industry around this theme, which includes the Baviaanskloof world heritage site (Baviaans Tourism, 2012). There are also several game parks and nature activities around the towns of Steytlerville, Willowmore, Reitbron and Baviaanskloof as well as smaller cultural heritage sites (churches, town halls, memorials, graveyards, museums), which would be classified under the domain of cultural and natural heritage (Baviaans Tourism, 2012).

Another example of CCI activity that runs across four municipalities in the SBD (Baviaans, Ikwezi, Camdeboo and the Blue Crane Route) is the Mohair Tourism Route. The Eastern Cape is the capital of mohair in South Africa with the Karoo region producing 50% of global mohair supply. (Mohair South Africa, 2016). The Mohair Tourism Route seeks to exploit the production of mohair in the four municipalities to promote cultural tourism and provides farm stays, farm tours and the sale of mohair products including clothing, spun wool and soft toys, blankets and other crafts in small towns like Steytlerville, Willowmore, Jansenville, Graaff-Reinet and Pearston, which are the main stopping points on the route (Mohair South Africa, 2016; Baviaans Tourism, 2012). The low numbers of CCIs in Inkwezi, Blue Crane Route and Baviaans reflected in the national database may thus be an underestimate of CCI activity in these areas.

Informal economic activity in South Africa is substantial, in 2016 an estimated 2 573 000 people were employed in the non-agricultural informal sector (Statistics South Africa, 2016). The CCIs could potentially be a large employer within this sector. An example of informal cultural activity is the production of arts and crafts which are sold at street-side stalls or by mobile hawkers. One of the challenges noted by the Mapping Study itself was that informal business activity is difficult to capture, and the database may thus under-represent CCI activity.

In conclusion then, while the national Mapping Study database provides a valuable starting point for this kind of study, there is a need to supplement it with more detailed regional research.

10. Concluding Remarks

To the authors' knowledge, this study represents the first attempt to use GIS mapping to investigate the relationship between CCI clusters and socio-economic development in a regional setting in South Africa. It adds to the growing body of work providing evidence of the spillovers, or positive externalities, that the CCIs provide to their host economies.

This research has investigated the cultural and creative industries in a small town context by analysing locational data and through the creation of the composite economic welfare indicator. It was found that CCI clustering can occur in South African small towns in the Sarah Baartman District of the Eastern Cape province. This result corroborates the findings of the studies in other countries that showed small town cultural successes.

A positive relationship was found between the number of CCIs and the level of social and economic development in the municipality. This shows that there is a link between the CCIs and socio-economic development.

The total number of CCIs per municipality was overlaid with a heat map display of the rankings of municipalities by the composite economic welfare indicator.

Since CCI clustering is possible and there is a link between the CCIs and development, it is recommended that the CCIs be investigated as a potential economic driver and that local economic development policies that specifically target the CCIs should be introduced, even in regions without large cities.

The use of GIS mapping enables the transformation of CCI data into a visible format that can be used for a number of applications including policy analysis, LED scheme implementation and investment decision making. In addition to this, the GIS maps created in this research are easily interpretable and can be understood by a wide audience. There is thus great future potential for the use of GIS in demonstrating the relationships between the spatial distribution of the CCIs and their relationship with socio-economic development. In particular, GIS may be an effective tool to demonstrate the spillover effects of the CCIs.

It is argued that regional cultural policy is much more likely to be successful if it is based on already-existing CCI clusters. A map of the domains within each town was therefore created to answer the question of which domains would be best to invest in. It was found that the most prominent domain is cultural and natural heritage followed by design and creative services. Visual arts and crafts was also a prominent domain within some towns. The success and sustainability of forming or expanding clusters is more likely when there is a pre-existing level of hard and soft infrastructure and the

presence of members of the creative class (Kamath *et al*, 2012). Therefore, it is recommended that the district, municipal and local governments invest in domains that already have a presence in the district, municipalities and individual towns to build on already established comparative advantage and human capital.

One of the major challenges was that the national Mapping Study (2014) data on which the GIS maps are based was a country-wide study which did not always capture the details of CCIs within small towns, and some towns in the Sarah Baartman District were completely omitted. Thus, while national studies provide a valuable starting point for regional studies, there is a need to supplement this data with further research at a detailed regional level for a more accurate picture to emerge.

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