

International Cultural Festivals and Local Economic Stimulation: Insights from a Heritage City in Indonesia

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Abstract

This study examined how an international cultural festival stimulated local economic activity in a heritage city, using the Sawahlunto International Songket Silungkang Carnival (SISSCa) as a case study. The research addressed the limited understanding of how economic, social, and cultural impacts of festivals emerge and circulate beyond measurable expenditure outcomes. A qualitative case study approach was applied, with data collected through field observations, semi-structured interviews with key stakeholders, and analysis of official documents. Tourism System Theory was used to map actor interactions, while Multiplier Effect Theory guided the analysis of economic flows. The findings showed that SISSCa generated layered economic impacts through direct visitor spending, indirect supply-chain expansion, and induced household consumption. Policy interventions, including inclusive UMKM facilitation, cultural-based procurement, and free public access, played a critical role in amplifying these effects. In addition, the festival strengthened social cohesion, reinforced cultural identity, and enhanced Sawahlunto's position as a heritage tourism destination. The study concluded that cultural festivals can function as sustainable instruments for local economic development when supported by coherent policy design and active community participation.

Keywords: *cultural festival, heritage tourism, local economic development, actor-flow mapping, multiplier effect.*

INTRODUCTION

International cultural festivals have become strategic instruments for regional economic development, particularly in heritage-based destinations. They not only serve to preserve and promote cultural identity but also function as tourism catalysts that attract visitors, stimulate local consumption, and enhance destination competitiveness [1], [2]. These festivals play a crucial role in driving local economies by generating employment opportunities and promoting small-scale entrepreneurship within hospitality, retail, and creative industries [3].

In heritage-based destinations, festivals also activate the creative economy by linking intangible cultural heritage with creative industries, which fosters innovation and sustainable regional growth [4]. In developing economies, governments increasingly embed cultural festivals into public policy frameworks as tools for inclusive growth, cultural preservation, and community-based tourism [5], [6]. Such approaches empower local communities, strengthen social cohesion, and ensure that tourism development benefits are equitably distributed [7].

Indonesia has institutionalized festival-based tourism through the Karisma Event Nusantara (KEN) program, positioning selected cultural events as national tourism drivers. One prominent example is the Sawahlunto International Songket Silungkang Carnival (SISSCa) Figure 1, held annually in Sawahlunto, West Sumatra. Sawahlunto is a former coal-mining city that has repositioned itself as a heritage tourism destination. SISSCa showcases Songket Silungkang, the oldest traditional woven textile in Indonesia and an officially recognized Intangible Cultural Heritage [8]



Figure 1. Sawahlunto Internasional Songket Silungkang Carnaval
Source. Kemenparekraf [9]

In the era of globalization, cultural internationalization has become increasingly embedded in youth culture, influencing social values and public policy. This raises a key question: how can cultural festivals such as SISSCa remain sustainable amid changing cultural preferences? Previous studies indicate that modernization and industrialization can weaken public engagement with local cultural activities, causing festivals and carnivals to lose relevance and public support when social policies fail to address the socio-economic inequalities generated by globalization and modernization [10]. In Indonesia, shifts in youth consumption culture further challenge traditional cultural expressions, particularly when festivals lack clear economic value [10]. In this context, SISSCa stands out as a cultural carnival that has remained sustainable, even in the post-COVID-19 period. Its ability to combine cultural preservation with economic relevance demonstrates a successful adaptation to contemporary conditions. As such, SISSCa provides important lessons and best practices for other cities seeking to sustain cultural festivals in a rapidly changing era.

While prior studies on festival impacts largely rely on quantitative expenditure models, they often underexplore the mechanisms through which economic benefits emerge and circulate locally, as much of the existing literature tends to focus on measurable outcomes such as tourist spending and employment statistics without deeply engaging with contextualized socio-economic processes [11]. Recent scholarship highlights the need for qualitative descriptive methods approaches to better understand the nuanced ways in which cultural festivals shape local economic, social, and cultural systems, as these methods allow exploration of stakeholders' perspectives and the contextual mechanisms that quantitative models alone cannot capture [12].

Therefore, this study adopts a qualitative descriptive approach grounded in Leiper's Tourism System Theory [13], [14] to map actor flows within the festival ecosystem and Multiplier Effect Theory to examine how economic impacts circulate among local communities and other stakeholders [15]. This combined framework enables a contextual analysis of cultural festivals as integrated systems that link tourism activities and economic flows with broader societal outcomes. This study addresses that gap by applying a qualitative approach to examine how an international cultural festival stimulates the local economy in a heritage city context, focusing on interactions between tourism activity, policy intervention, community participation, and economic circulation an approach that aligns with current calls for more interpretive and holistic research in event and festival tourism studies [16].

This study provides managerial insights into how understanding actor roles and interactions within the tourism system can support the sustainable management of cultural festivals, that other cities can adopt to preserve cultural heritage while maintaining economic relevance.

METHOD

This study adopted a qualitative case study design to comprehensively examine the impacts of the Sawahlunto International Songket Silungkang Carnival (SISSCa). This approach enables an in-depth and context-sensitive understanding of a contemporary phenomenon in which the festival is closely intertwined with its surrounding socio-economic environment [17]. Data were collected through triangulated qualitative techniques, including field observations, semi-structured interviews, and document analysis, to ensure credibility, depth, and analytical rigor.

Field observations were carried out during the three-day festival period to document visitor behavior, UMKM transaction activities, service provision, labor absorption, and levels of cultural participation. These observations provided direct insights into how festival activities unfolded on the ground and how economic and social interactions occurred in real time. In-depth semi-structured interviews were conducted to obtain detailed perspectives on festival implementation and its impacts. Informants included officials from the Sawahlunto Tourism, Youth, and Sports Office as the main policy and event organizers, Songket artisans and UMKM actors involved in production and sales, event vendors and temporary workers supporting festival operations, as well as visitors and local residents who directly experienced the economic and socio-cultural effects of the festival. In addition, document analysis was undertaken by reviewing official government reports, tourism statistics, and festival documentation to support data triangulation and contextual interpretation.

Furthermore, data analysis was carried out using problem tree analysis to examine causal links between festival activities and economic outcomes (Figure 2). This approach involved systematically mapping observed activities, stakeholder interactions, and policy interventions as root causes, intermediate processes, and resulting impacts within the tourism system.

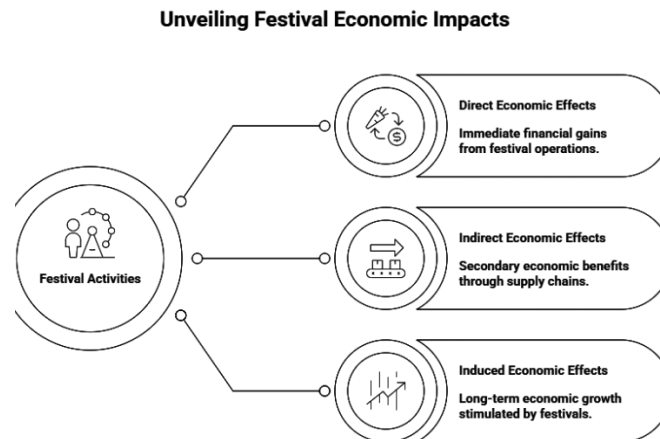


Figure 2. Problem Tree Analysis for Festival Economic Outcomes
 (source: Author's, 2025)

Through this process, the analysis was able to trace how tourist flows, institutional decisions, and community participation interacted to generate direct, indirect, and induced economic effects. By linking these relationships to Leiper's Tourism System Theory, the analysis helped identify the roles of different actors and the flow of activities and resources, clarifying how SISSCa operates as an integrated tourism system rather than a standalone cultural event.

RESULTS AND DISCUSSION

Direct Economic Effects

Direct economic impacts were primarily generated through visitor spending on food and beverages, songket products, souvenirs, accommodation, and local transportation. Qualitative findings indicate that these outcomes were strongly shaped by deliberate policy design. Strategic interventions, including the mandatory use and purchase of Songket Silungkang by participants and invited guests, the free provision of UMKM booths, and the implementation of a three-day festival without entrance fees, reduced barriers to participation for small businesses while simultaneously increasing demand for local products. As a result, direct economic turnover reached IDR 7.7 billion in 2023, increasing to IDR 9.5 billion in 2024. The growth reflects higher visitor spending and improved festival management quality.

Indirect Economic Effects

Indirect impacts emerged through expanded supply-chain activity. Increased demand encouraged UMKM actors to source additional raw materials, packaging, and logistics services. Event organization also stimulated demand for technical vendors, including lighting, decoration, sound systems, and stage production. The number of participating UMKM units increased from 400 in 2023 to 525 in 2024, indicating a clear *crowding-in effect*. Public sector facilitation successfully attracted private sector participation, expanding the local creative economy network.

Induced Economic Effects

Induced effects were observed after the festival through increased household consumption by artisans, UMKM actors, and temporary workers. Additional income was spent on fuel, local

retail, transportation, and household services. These spending patterns demonstrate that economic benefits continued beyond the festival period. The findings align with the concept of marginal propensity to consume within local economies, reinforcing the role of cultural festivals as generators of sustained economic circulation rather than one-off events.

Social and Cultural Spillovers

Economic impacts were closely linked to social and cultural outcomes. SISSCa involved more than 1,500 local workers, 175–250 artists, and numerous community groups. High community participation strengthened social cohesion and reinforced cultural identity. Cultural pride and intergenerational knowledge transfer enhanced the festival’s long-term sustainability as a development instrument.

Festival Performance and Tourism Dynamics

SISSCa demonstrated strong tourism performance, with visitor numbers increasing from 35,000 in 2023 to 40,500 in 2024. The festival attracted visitors from diverse age groups and encouraged longer stays through its multi-day format, free entry, and interactive cultural programs. These features improved accessibility and broadened participation across different socio-economic segments. SISSCa operated as a central node linking tourists, cultural assets, creative industries, and local services, thereby creating favorable conditions for economic circulation within the city.

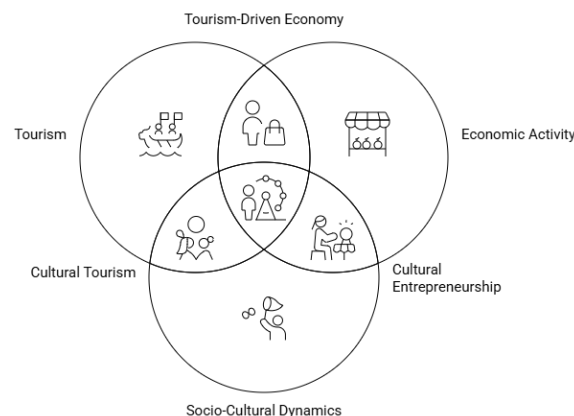


Figure 3. Holistic Impact of SISSCa
(source: Author’s, 2025)

Based on field observations, in-depth interviews, and analysis of official documents from the Sawahlunto Tourism, Youth, and Sports Office, the implementation of the SISSCa demonstrates a strong holistic impact across three interrelated dimensions: tourism, economic activity, and socio-cultural dynamics as illustrated in figure 3. The dynamic interaction of these dimensions creates an integrated impact ecosystem, illustrating how cultural festivals extend beyond cultural expression to support broader regional development.

Furthermore, Leiper’s Tourism System Theory conceptualizes tourism as an integrated system consisting of five core components: tourists, generating regions, transit routes, destination regions, and the tourism industry. In the context of SISSCa, this theoretical framework is operationalized through the actor–flow mapping presented in the table below which explicates

the structural roles of key actors and illustrates how economic, social, and cultural flows are organized within the festival-based tourism system.

Table 1. Actor–Flow Mapping of SISSCa Based on Leiper’s Tourism System Theory

Tourism System Component	Key Actors in SISSCa	Main Flows and Roles
Tourists	Domestic visitors International visitors	Tourist spending, participation in cultural activities, initiation of economic and social flows
Generating Regions	Cities and regions outside Sawahlunto	Visitor mobility and financial inflows to the destination
Transit Routes	Transport providers, fuel services	Movement of visitors, distribution of economic benefits
Destination Region	Sawahlunto City	Central space for interaction among tourism, cultural, and economic actors
Tourism Industry	UMKM, songket artisans, accommodation providers, event vendors	Conversion of tourist demand into direct, indirect, and induced economic impacts
Public & Community Actors	Local government, cultural communities, artists	Governance, cultural production, and social cohesion

Source. Author’s (2025)

Compared to regular tourism conditions in Sawahlunto City, when the festival is held, tourism flows become more concentrated and interconnected, involving a wider range of actors, including UMKM, artisans, event vendors, and community groups. This shift demonstrates how SISSCa temporarily transforms the tourism system from a routine destination-based model into an event-driven system, thereby strengthening economic circulation, community engagement, and the overall functionality of Sawahlunto as a heritage tourism destination. Through this integration, more favorable conditions for sustained economic circulation within the city are created.



Figure 4. Socio-economic Impact Transformation

Source. Author's (2025)

Synthesis of Holistic Impacts

Overall, SISSCa generates mutually reinforcing impacts across tourism, economic, and socio-cultural dimensions. Increased visitor arrivals stimulate economic activity, while dynamic economic circulation enhances community welfare. At the same time, intensive socio-cultural engagement consolidates local identity and elevates the festival's attractiveness as a flagship cultural event. These interconnected processes form a multiplier effect that positions SISSCa not merely as a cultural performance, but as a catalyst for local economic growth, cultural resilience, and the sustainable repositioning of Sawahlunto as a heritage tourism destination.

CONCLUSION

This study concludes that international cultural festivals can function as effective instruments for local economic stimulation when they are embedded within coherent policy frameworks and supported by strong community participation. Drawing on qualitative evidence from SISSCa, the findings demonstrate that the festival generates a layered multiplier effect through direct visitor spending, indirect expansion of local supply chains, and induced household consumption. These results are consistent with prior studies that identify cultural festivals as catalysts for tourism-led economic circulation and local income generation [18], [19].

Beyond economic outcomes, the study confirms that cultural festivals produce significant social and cultural spillovers. High levels of community involvement, artisan participation, and youth engagement strengthen social cohesion and reinforce local cultural identity. This supports earlier research highlighting the role of festivals in city branding, cultural sustainability, and heritage-based destination development [8], [20]. The integration of cultural authenticity with experiential tourism enhances visitor satisfaction and repeat visitation, which further sustains economic benefits over time [21].

Overall, the findings underline that the economic impact of cultural festivals is not automatic, but policy driven. Strategic interventions such as inclusive UMKM facilitation, cultural-based procurement policies, and free public access play a decisive role in amplifying multiplier effects. In line with previous literature, this study reinforces the argument that well-managed cultural festivals can evolve from symbolic cultural events into sustainable development tools that simultaneously promote economic resilience, cultural preservation, and regional competitiveness [6], [12].

Managerial Implications

The findings provide several managerial implications for policymakers, destination managers, and event organizers. First, cultural festivals should be managed as economic development instruments, not solely as cultural showcases. Strategic policy interventions such as free public access, mandatory use of local cultural products, and inclusive UMKM facilitation proved effective in amplifying economic circulation. This supports earlier evidence that targeted public-sector intervention can crowd in private participation and expand local supply chains [22]. Second, festival design should prioritize experiential and interactive programming. Activities that enable visitor engagement with local culture enhance satisfaction and increase repeat visitation, which is critical for sustaining tourism-led growth [20]. Third, strong collaboration between government agencies, creative communities, and local businesses is essential to ensure that economic benefits are widely distributed. Such coordination strengthens the creative ecosystem and reinforces heritage-based city branding [8].

Limitations of the Study

This study has several limitations that should be acknowledged. First, the research relies on a single case study of an international cultural festival in one heritage city, which limits the generalizability of findings to other destinations with different institutional, cultural, or economic contexts. Second, the qualitative approach emphasizes depth of understanding rather than statistical measurement. As a result, the study does not estimate precise multiplier coefficients or quantify long-term economic impacts.

Third, data collection was conducted during the festival period and shortly afterward. This temporal scope may not fully capture longer-term induced effects or structural changes in local economic behavior. Despite these limitations, qualitative design provides robust insights into the mechanisms through which festival-driven economic impacts emerge.

Opportunities for Further Research

Future research can build on this study in several ways. Comparative studies across multiple cities or festival types would enhance understanding of how contextual factors influence economic outcomes. Integrating mixed-methods approaches, combining qualitative insights with input-output or social accounting matrix models, would allow more precise estimation of multiplier effects. Further studies could also explore longitudinal impacts, examining whether repeated festival implementation leads to sustained income growth, business formalization, or structural transformation of local creative industries. Additionally, research focusing on stakeholder governance, digital promotion strategies, and environmental sustainability would provide a more comprehensive assessment of cultural festivals as long-term development tools,

consistent with the growing literature on sustainable tourism and experiential cultural events.

DECLARATION OF GENERATIVE AI

During the preparation of this work the authors used ChatGPT as a language support tool to assist with refining academic writing, improving clarity, and ensuring consistency in language expression. After using this tool, the authors carefully reviewed, revised, and validated all content and took full responsibility for the accuracy, originality, and integrity of the publication.

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