

# An International Perspective on the Evaluation on the Value of Performing Arts

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**Abstract:** *The value of performing arts is intangible and difficult to assess in a quantitative way. However, economic value assessment is particularly necessary considering the practical need for specific assessment indicators and operational measurement boundaries for benefit assessment in the cultural field. Broadway plays an important role in the cultural and economic of New York City. It not only provides high-quality cultural and entertainment activities, but also injects strong economic vitality into New York City, fully realizing the function of a venue with a holistic character of interaction between the cultural level and the economic level. The analysis of Broadway's annual report helps to enrich the dimension of understanding of the performing arts by the public funding sector, private patrons, and the general public, and also helps arts production organizations to realize their broad and deep value as sites of cultural participation from a quantitative perspective.*

**Keywords:** *Value evaluation, Performing arts, International perspective, Broadway*

## 1. Introduction

Value evaluation in the field of culture and the arts is a widely discussed topic in domestic and international academia. Academics widely agree that the intrinsic and instrumental values of culture are complex and comprehensive, and so the core of their discussion lies in the age-old tension between its intrinsic and instrumental values.

## 2. Manuscript Preparation

Attention to evaluation on value of performing arts has been focused on the following three areas: Firstly, New Public Management, which has swept the world since the 1970s, has strongly advocated clear performance standards and performance evaluation. Under the quantitative paradigm that underpins New Public Management policies, governments are committed to maximizing the efficiency and effectiveness of the provision of public goods and services and to monitoring and evaluating funded organizations with performance indicators, which provide a bridge between the goals of cultural policy and the management of arts organizations. Funded arts organizations in many European countries use value assessment as part of their management practices in an attempt to prove their worth to the funding body. As the mainstream institutions of public policy and public service have evolved, a new paradigm of governance, New Public Governance, has emerged. Under the New Public Governance paradigm, the effectiveness of governance networks depends not only on tangible output performance, but also on intangible relational performance. The performance assessment of New Public Governance is more concerned with the results of the use of funds and focuses on the long-term effects, overall impact and public value realization of public services, which is different from the immediate output of short-term benefits and individual performance based on competition under New Public Management, and advocates the organic combination of performance assessment process and public value construction process. Secondly, under the influence of the macro environment of public cultural resource constraints and public cultural funding cuts, public and private funding agencies have increasingly high expectations for quantifiable outcomes. Attempts to demonstrate the value of arts and cultural activities by evaluating their impact are critical for cultural institutions whose primary source of revenue is grant funding. The insight of qualitative analysis is often subordinated to the accuracy of quantitative analysis, which is generally considered to be the only strong, appropriate, and sufficient "evidence" for measuring the impact (or cost-effectiveness) of cultural and artistic activities. Value assessment practices continue to focus on objective and quantifiable hard outcomes because, to some extent, these outcomes are not only easier to measure, but the measurements tend to be more popular, sought after, and respected by funders

than the assessment of soft outcomes, which tend to be more subjective and based on emotional and experiential dimensions.<sup>[1]</sup> Through a series of evaluation processes, grantmakers take measures against cultural institutions or arts organizations with the aim of achieving positive outcomes such as artistic quality assurance and positive returns. At the same time, arts organizations have many internal incentives to allocate resources to value assessment activities. In addition, it has also been suggested that assessment practices can be used as a management tool to provide arts organizations with references to management behaviors regarding the creation of value and exploration of internal organizational development.<sup>[2]</sup> Thirdly, the multifaceted validity of social impact assessments of cultural activities and products has been questioned. Many scholars have analyzed the rationalist and inheritanceist causality models on which many cultural policy analyses are based<sup>[3]</sup>, pointing out the limitations of social impact research, arguing that the main problem is that it can reach only the short-term impacts of artistic activities, while failing to identify their long-term effects. The most significant criticism of social impact research focuses on the researchers' inability to prove a necessary causal link between artistic participation and specific effects, and their lack of generalization, explanatory power, and complexity. Some researchers have even questioned the short-term impact of artistic activities, pointing to the fragility of value assessment in the arts and culture field, which has indeed been successful in interpreting audience experience, but still has limitations in bridging the epistemological gap between perception and actual cultural experience. One reason for this is that "the cognitive processes that take place when an audience attends a performance are largely beyond the reach of audience research, which by definition takes place after the event has occurred. Thus, in a sense, the primary experience can only be obtained through conscious refraction." Thus, the challenge for scholars of cultural value studies may not be to study what value is, but to study how precisely to represent it. That is, traditional research on social benefits has focused not on "what the social benefits of the cultural activity are," but essentially on "how to express the social benefits of the cultural activity," lacking a deeper understanding of the process of artistic participation (rather than the results of artistic participation). There is a lack of a deeper understanding of the process of artistic participation (rather than the outcome of artistic participation). The root of this problem is that the audience always plays the role of interpretation, and there is a delay and lag in linear time between audience experience and audience research, as well as a difficulty in approaching the experience and interpretation, so that cultural values are not only difficult to be quantified by nature, but also difficult to be accurately interpreted by the experiencing subject.

Similarly, scholars disagree about the validity of economic impact studies applied to cultural activities and products. Many academic studies have shown heightened scholarly concern about attempts to quantify the value of the arts and their own limitations, such as Carol Scott, who articulates a more qualitative approach to exploring the value of arts and culture, warning that when public funding decisions rely on measurable outcomes rather than valuable results, cultural policy risks falling back into "instrumental stranglehold." Some scholars have also addressed some of the problems with evaluation methods as well as conceptual flaws, arguing that economic impact studies may even be harmful if their primary purpose is to promote culture and the arts, as it may encourage inappropriate comparisons with other sectors, thus diluting the overarching goals of cultural funding activities.<sup>[4][5]</sup>

Crompton, Fletcher, Frechtling, and Vogelsong, on the other hand, argue that the economic versus social impact debate focuses primarily on a methodological vacuum, and that if a set of assessment methods and instruments exists that are appropriate for assessing different manifestations of cultural value, economic impact studies, if properly conducted and interpreted, can provide useful cultural activities and products and can be very effective in lobbying for public and community support.<sup>[6][7][8][9]</sup> The results of economic impact studies provide extensive support for decision-making by private donors, investors, sponsors, and policymakers. In addition, economic impact studies can help cultural institutions recognize the centrality of their economic role and their cultural role.

In light of this, economic value assessment is particularly necessary given the practical need for specific assessment indicators and operational measurement boundaries for effectiveness assessment in the cultural sector. In terms of specific value assessment practices, studies aimed at measuring the economic role of culture began with the analysis of employment and added value generated by cultural products and activities. One researcher analyzed the case of the 30th International Book Fair and Cultural Festival (Salone Internazionale del Libro), held in Turin, Italy, in 2017.<sup>[10]</sup> The researchers counted the direct expenditures of the organization in organizing cultural and artistic events as well as the local expenditures of visitors, school groups, participants and exhibitors, supplemented by a questionnaire survey of the public attending the event over five days and data from the Italian National Institute of Statistics (ISTAT) enterprise database and the Italian INPS database on the Piedmontese economic system, to identify the visitors' places of origin, the socio-demographic data such as motivation to visit, length of stay and consumption patterns. Overall, the study found that the festival generated

approximately €41.6 million in economic value in the Piedmont region of Italy over a five-day period. The local public sector invested €1.98 million to support the Turin Book Fair and Cultural Festival, ultimately generating €1.11 million in tax revenue. Combining public spending and economic value, every €1 invested by the local public sector generates more than €15 in the Piedmont region's economy. Combined with the return on public investment, for every €1 invested by the local public sector, more than €0.50 goes back into the public coffers. The results of the study show that the activities of the Turin Book Fair and Cultural Festival have a significant economic impact on the Piedmont region, creating jobs and resources for many local productivity sectors in addition to the cultural sector.

Broadway plays an important role in the cultural and economic lifeblood of New York City. It not only provides high quality cultural and entertainment events, but also injects a strong economic vitality into New York City, fully realizing the function of a venue that is holistic in its interaction between the cultural and economic dimensions.

In terms of employment, Broadway shows and theaters provide employment opportunities for a wide range of artists and professionals, including performers, playwrights, artisans, electricians, and more. In addition, these shows support other businesses including construction companies, advertising agencies, law firms, insurance companies, and more. According to statistics, in FY 2018-2019, Broadway provided approximately 96,900 full-time jobs in the City, consisting of approximately 13,300 jobs directly and indirectly provided by Broadway shows and theaters during this period and 83,600 jobs in local restaurants, stores, cabs, etc. supported by Broadway visitors' spending.

In terms of economic contribution, the total value of Broadway's economic contribution to New York City has been largely on a steady growth trend from FY 2008-2019. In FY 2018-2019, Broadway generated \$1.38 billion in box office revenue, while its total economic contribution to New York City was \$14.7 billion. The economic contribution consists of three components: (1) Broadway Tourist spending of \$11.5 billion (Note: Broadway Tourist in this context does not refer to all visitors to Broadway, but rather to visitors who do not reside in New York City and who use Broadway as a significant motivation for coming to New York), accounting for 78%; (2) producers' fees for producing and managing shows of \$3.1 billion or 21%, with a direct economic contribution of \$1.4 billion and an indirect economic contribution of \$1.7 billion; and (3) \$55.3 million or 1%, with a direct economic contribution of \$17.4 million and an indirect economic contribution of \$37.9 million, for theater owners to maintain and update their venues.

Broadway's annual report on its economic contribution to New York City is typical and persuasive, and is an important reference for funding bodies to understand the economic value of cultural activities and products supported by cultural policies in terms of promoting employment and adding value. The economic value assessment study of Broadway reflects two important features:

Firstly, Broadway does not count box office revenues as a direct economic contribution, but rather defines additional visitor spending as a direct economic contribution, a definition that reflects Broadway's focus on the radiating role of the performing arts. Broadway distinguishes between the direct economic contribution it generates and the indirect economic contribution, and includes both in its assessment. The direct economic contribution includes the costs associated with putting on a show, the costs of maintaining the theater, and the additional spending of Broadway visitors beyond the ticket price. These expenditures lead to subsequent rounds of indirect economic contributions, both in New York City and elsewhere. For example, in the second round of spending, an actor might use part of his salary to buy groceries at a local supermarket (money stays in New York City) and some of his salary to pay for a vacation in Europe (money leaves New York City). Similarly, a restaurant owner might use some of the money she earns serving tourists to pay for a local laundry service to clean her tablecloths (money stays in New York City) and some to pay federal taxes (money leaves New York City). In the third round of spending, the supermarket owner and laundry owner spend part of the actor's salary and additional spending by the tourist on local respending and part on spending elsewhere.

Secondly, Broadway attaches great importance to the analysis and study of tourists, analyzing Broadway visitors in terms of their attendance, regional distribution, and additional spending categories. The annual report shows that in the composition of Broadway visitors' economic contribution to New York City, Broadway visitors' spending accounts for the highest percentage, emphasizing the pulling effect of the performing arts on the tourism industry and its related industries. It is worth noting that Broadway pays great attention to the accuracy and relevance of its statistical objects, not including all the additional spending of visitors, but including the additional spending of core visitors. Broadway sets two qualifiers for its statistical target, and only the expenditures of visitors who meet these two qualifiers will be included in the economic impact statistics. One is a regional qualification, where visitors from

within New York City are not included in the statistics, but rather the suburbs of New York, other regions of the United States, and foreign countries are included in the statistics, highlighting the obvious tourism characteristics. The second is the motivation limitation, Broadway will be the part of tourists from outside New York City who have the main motivation and strong desire to Broadway for this trip as the statistical object, highlighting the strong attraction of Broadway for tourists. The selection of motives was done mainly by means of questionnaires, and Broadway conducted a questionnaire survey on the audience who attended the show, and the out-of-town visitors rated the importance of Broadway in their decision making, in which the scores of 8, 9 and 10 were classified as "very important", and only these visitors were considered as "Broadway visitors", whose additional spending is included in the report's statistics.

The annual report shows that in fiscal year 2018-2019, Broadway box office revenue was \$1.38 billion, while the direct economic value created by Broadway visitors was \$8.05 billion and the indirect economic value was \$3.45 billion. In other words, the overall economic value created by Broadway visitors is 8.3 times the box office revenue of Broadway. The total number of visitors received by Broadway in fiscal year 2018-2019 is 14.8 million. In terms of regional distribution, the number of visitors from abroad was 2.79 million, the number of visitors from other parts of the United States besides New York was 6.81 million, the number of visitors from the New York suburbs was 2.29 million, and the number of visitors from the New York City area was 2.88 million. In other words, the number of visitors from outside New York City (including New York suburbs, other parts of the United States, and foreign visitors) was 11.9 million, accounting for 80% of the total.

The value of direct economic contribution of Broadway visitors is \$8.05 billion. Combining the geographical distribution and economic contribution of visitors, visitors from the United States excluding New York and other countries create the highest value of economic contribution, with the combined share of the two exceeding 50%. Of these, 1.62 million Broadway visitors from the New York suburbs spent an average of \$237 per person, or \$385 million; 2.45 million Broadway visitors from the rest of the United States spent an average of \$1,945 per person, or \$4.76 billion; and 682,000 Broadway visitors from abroad spent an average of \$4,264 per person, or \$2.91 billion. Broadway statistics on visitor attendance found that in fiscal year 2018-2019, Broadway sold 14.77 million tickets and 8.46 million visitors attended shows, of which 4.75 million were Broadway visitors. Each visitor saw an average of 1.9 shows and stayed an average of 2.8 days. These figures further underscore the close association between the performing arts and tourism.

Broadway further analyzed the additional spending categories of visitors and found that accommodation and food and beverage spending contributed significantly to the additional spending structure of Broadway visitors, accounting for over 50% of the total. Specifically: \$1.05 billion, or 27.9%, for lodging; \$1.8 billion, or 22.4%, for dining; \$1 billion, or 13.3%, for long-distance transportation (New York section); \$1 billion, or 13%, for shopping; \$700 million, or 8.5%, for miscellaneous; \$600 million, or 7.8%, for other entertainment; \$500 million, or 6.7%, for local transportation; and \$500 million, or 6.7%, for daily spending on travel packages. 6.7 percent; \$37 million, or 0.5 percent, for daily expenses on travel packages

### 3. Conclusion

Although economic value is not a major outcome of cultural policy, at a time when the value of the performing arts is not yet fully understood, economic value assessment can help enrich the understanding of the performing arts by public funding agencies, private sponsors, and the general public, as well as help arts production organizations realize, from a more quantitative perspective, their own It also helps arts production organizations realize their broad and profound value as sites of cultural participation.

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