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# Nigerian Tourism Industry: A Key Value Driver in Employment Generation

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## Abstract

The objective of this paper is to examine the role of the Nigerian tourism industry as a key value driver in employment generation. Some of the key areas the paper explores include: the Nigerian tourism industry, tourism destinations, influences on tourism development, sustainable tourism, challenges of the Nigerian tourism industry and the prospects for employment generation. The author observed that tourism should promote safe and friendly travel.

**Keywords:** Nigerian tourism industry, tourism destinations, sustainable tourism, tourism development

## 1. Introduction

Every tourist is different. Every tourist feels attracted by different tourist destinations, likes to engage in different activities while on vacation, makes use of different entertainment facilities and complains about different aspects of their vacation (Dolnicar, 2008).

Tourism over the years has proven to be a strong resilient economic activity and a fundamental contributor to economic growth of nations by generating billions of dollars in exports and creating millions of jobs (Yusuff and Akinde, 2015). Tourism helps to balance regional equalities and has been an integral part of developmental policy and economic strategy in many countries (Sharples, 1999). To bolster economic development, tourism make a major contribution to the income of the destination areas, creates employment opportunities, supports diverse range of industries, helps to diversify local economies and support existing infrastructure and help fund the development of new infrastructure (Shone, 2008). The downturn in nation's economies has made government to turn to tourism to stimulate development. This has resulted to overinvestment in infrastructure such as accommodation and scramble for profits by locals (Steinmetz, 2010).

According to the UN World Tourism Organization, UNWTO (2014):

“Over the last decade, tourism, spurred by foreign direct investment, has evolved into a key economic driver for many destinations, promoting income growth and job creation in local economies. While global tourism has grown rapidly, there is tremendous future potential: international tourist arrivals worldwide are projected to increase about 70% between 2013 and 2030, reaching 1.8 billion.”

The Travel and Tourism Economic Impact (2014) asserts “Tourism currently accounts for nearly 9.5% of the worldwide GDP and is projected to increase to 10.3% by 2024.”

The EY Global hospitality insights – *Top thoughts for 2015* opined that the hospitality and tourism sectors have emerged as key value drivers and differentiators in a competitive economy, including in emerging economies, where growth has shifted away from goods and products toward services, with tourism and hospitality accounting for a significant portion.

In the Guaranty Trust Bank report, *Nigeria: From Tourism to Economic Growth* (2017), “the total contribution of travel and tourism to the global economy was estimated at \$7.6 trillion in 2016, around 10 percent of the global GDP of \$75.6 trillion. In Nigeria, the contribution of the tourism industry is estimated at around \$1.5 billion, figures that are not only a tiny fraction of the global industry but also demonstrate the gulf between the present reality and the potential of tourism for Nigeria.”

The UNWTO (2016) postulated that tourism grew at around 4% per year for seven straight years and that international tourist arrivals reached 1.2 billion in 2016, presenting a sequence of uninterrupted growth not recorded since the 1960's with the strongest growth recorded for Africa, Asia and the Pacific regions.

In terms of absolute figures, international tourist arrivals rose marginally in 2001 from 850,000 to 1,550,000 in 2010 and fell down to 486,000 in 2012. This reduction was attributed to the Boko Haram insurgency in northern part of Nigeria. However tourism activities picked up in 2013 with 23 per cent increase over the previous year arrivals (Yusuff and Akinde, 2015).

The ability of a nation to compete in the tourism industry depends largely on the quality and prices of the facilities and services. The services being offered must be commensurate with or higher than other countries tourism areas and meet the standards and expectations of the tourists. There must be availability of good water supply, stable electricity, clean restaurants, and good sanitation facilities.

## 2. The Nigerian Tourism Industry

Tourism has been recognized as a pivotal and fast growing sector in the global economy. Ashikodi (2010) as cited in Yusuff and Akinde (2015), the Nigerian government demonstrated its commitment to promote and

develop tourism in Nigeria which led to the creation of a blueprint in 1992. Prior to 1992, organized tourism in Nigeria started in 1962 with the creation of Nigeria Tourist Association by the group of tourism practitioners. In 1976, the Nigeria Tourism Board (NTB) was established and in 1992, the Nigerian Tourism Development Corporation (NTDC) replaced NTB.

### **2.1. The Nigerian Tourism Development Corporation**

The Nigerian Tourism Development Corporation was established by the Nigerian Tourism Development Act of 1992, No. 81

1. Functions of the Corporation shall be:
  - (a) to encourage people living in Nigeria to take their holidays therein and people from abroad to visit Nigeria; and
  - (b) to encourage the provision and improvement of tourism amenities and facilities in Nigeria including the development of hotels and ancillary facilities.
2. The Corporation shall have power –
  - (a) to provide advisory and information services;
  - (b) to promote and undertake research in the field of tourism;
  - (c) to render technical advice to the states and local governments in the field of tourism;
  - (d) to register, classify and grade all hospitality and tourism enterprises, travel agencies and tour operators in such manner as may be prescribed.
3. The Corporation shall have power to
  - (a) carry on any undertaking which appears to the Corporation to be necessary for the promotion and development of a tourist industry.
  - (b) assist in the development of –
    - (i) museums and historic sites;
    - (ii) parks;
    - (iii) game reserves;
    - (iv) beaches
    - (v) natural beauty spots;
    - (vi) holiday resorts
    - (vii) souvenir industries
  - (c) advice appropriate authorities on ways of improving tourist facilities;
  - (d) publicise tourism; and
  - (e) do all such things incidental to the foregoing functions which in its opinion are calculated to facilitate the carrying on of the duties of the Corporation under this Act.

The regulations are as follows:

The Minister may with the approval of the President, make regulations generally for the purpose of giving effect to the provision of this Act and may in particular without prejudice to the generality of the foregoing provisions make regulations –

- (a) providing for the registration by the Corporation of any class of hotels and other similar establishments in Nigeria at which sleeping accommodation is provided by way of trade or business;
- (b) requiring the classification or grading of hotels, restaurants and night clubs and prescribing standards for their upkeep;
- (c) requiring hotels and other similar establishments to display information with respect to prices charged;
- (d) providing for camping, fishing and hunting within holiday resorts; and
- (e) prescribing standards to be observed by travel agencies and tourist guides.

### **2.2. Tourism destinations in Nigeria**

Nigeria has several rich tourist sites; Osun-Osogbo Sacred Grove, Olumo Rock, Mambilla Plateau, Oguta Lake, Ikogosi Warmspring amongst others, including festivals such as Ojude Oba Festival, Argungu Festival, Eyo Festival, Calabar Carnival etc.

Nwanne (2017) posited that “the richness and diversity of Nigeria’s culture has always been cited as strong reason why tourism should be a major foreign exchange earner for the country. From east to west, from north down to south, the country is naturally endowed with rich tourist sites.” However, Nwanne (2017) questioned how much of the opportunities have been fully developed to attract tourists. Esu (2015) proposed a tourism destination development model (TDDM) with the following components: invention of tourism entrepreneurial programmes, harnessing the potential of existing hospitality enterprises in creating a tourism value chain, promoting community based tourism (CBT) in tourism resource management and creating effective tourism

regulatory framework and infrastructural base.

### 2.3. Influences on tourism development in Nigeria

The UN World Tourism Organization (UNWTO) identified four factors as having continuous influence on tourism decade after decade as:

- i. Economic: The growth in tourism expenditure is greater than the overall rise in gross domestic product (GDP). The *Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC 2013)* opined that for each 1% growth in GDP, there will be a rise of between 2 and 2.5% in discretionary spending.
- ii. Technological: Rapid and advanced technological developments have revolutionized the tourism industry. Destinations that are not fully abreast of these technological changes and utilizing them will lose their potentials and be outperformed by competitors.
- iii. Political: Political environment play a vital role in tourism. A chaotic country will face drastic reduction in visits until normalcy is restored.
- iv. Demographic: Demographic factors such as age, sex, education, religion will have a positive impact on future travel volumes.

Kolawole (2017) identified 3 areas Nigeria can develop to improve the economy. The areas are:

- i. Ecotourism
- ii. Cultural tourism
- iii. Heritage tourism

Kolawole (2017) defined the concept of ecotourism as “responsible travel to natural areas that help to conserve the environment and help to improve the welfare of local people”. Ecotourism has the potential to contribute to environmental protection and sustainability.

Cultural tourism revolves around traveling to learn about the history and culture of a destination.

Heritage tourism offers opportunities for product development targeted at different market segments.

### 3. Sustainable tourism

Socio-cultural and environmental concerns must be focused upon to facilitate the economic development of local and national areas in a sustainable way. Johnston and Tyrrell (2007) suggest that the concept of sustainable tourism remains subject to substantial confusion, both with regard to precise implications and the specific patterns of resource use the concept implies. The duo however operationally defined sustainable tourism as “a level of tourism that may be thought of ... that may be realized, based on a sustainable or steady-state environment” (p. 472).

In the definition of Butler (1993), sustainable tourism is “tourism which is developed and maintained in an area (community, environment) in such a manner and at such a scale that it remains viable over an indefinite period and does not degrade or alter the environment (human and physical) in which it exists to such a degree that it prohibits the successful development and well-being of other activities and processes” (p. 29).

The UNWTO defined sustainable tourism as an enterprise that achieves a balance between the environmental, economic, and socio-cultural aspects of tourism development so as to guarantee long-term benefits to recipient communities.

The UNWTO furthered that sustainable tourism should:

- Make optimal use of environmental resources, maintaining essential ecosystems and helping conserve biodiversity.
- Respect socio-cultural authenticity, conserve built and cultural heritage, and contribute to cross-cultural understanding and tolerance.
- Ensure long-term socio-economic benefits, fairly distributed to all community stakeholders, including stable employment and income-earning opportunities, social services, and poverty alleviation.

Brown and Stange (n.d) suggested that the “triple bottom line” of sustainable tourism are the environmental, economic and socio-cultural aspects of tourism development. Howard (2001) emphasizes increasing visitor yield rather than simply increasing visitor numbers.

### 4. Prospects of tourism on employment generation in Nigeria

According to Yusuff and Akinde (2015), “the contribution of the tourism sector to employment generation in Nigeria is still very low. The percentage share of the sector to total employment ranged from 4.9% in 2005 and zigzag in the subsequent years to fall to 2.70% in 2014”. Wall and Mathieson (2006) asserted that “tourism should be encouraged more for the fact that it may contribute to the well-being of local people in destination areas (however defined) and less for the reason that it is good for the tourist industry (however defined) per se. Thus, tourism planning should be as much about planning for residents as it is planning for tourists” (p. 288).

According to the *World Travel & Tourism Council (WTTC)*: In 2016, travel and tourism directly supported

108,741,000 jobs (3.6% of total employment) and is expected to rise to 2.2% per annum to 138,086,000 (4.0% of total employment) in 2027. In 2016, the total contribution of Travel and Tourism to employment including jobs indirectly supported by the industry, was 9.6% of total employment (292,220,000 jobs) and expected to rise by 2.5% per annum to 381,700,000 jobs in 2027 (11.1% of total).

The WTTC in its *Travel and Tourism Economic Impact 2017 World* report captured the indirect and induced impacts of the economic contribution of travel and tourism.

#### INDIRECT

##### Travel & Tourism contribution

- T&T investment spending
- Government collective T&T spending
- Impact of purchases from suppliers

#### INDUCED

##### Contribution (spending of direct and indirect employees)

- Food and beverages
- Recreation
- Clothing
- Housing
- Household goods

The 'induced' contribution according to WTTC measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel & Tourism industry. To boost employment generation via the tourism industry in Nigeria, there is the need to ensure:

- i. The provision of super physical and soft infrastructure to attract domestic and foreign investors. Dilapidated infrastructures in the railway, deplorable roads, and epileptic power supply discourage tourists and invariably lead to loss of revenue for the country.
- ii. The legal environment of tourism must thrive so as to act as an institutional and regulatory framework to support tourism business and must be in tandem with the UN World Tourism Organization.
- iii. The budgetary allocation to the tourism industry needs to be increased substantially as tourism is a priority area in national development.
- iv. Tourism villages should be established to support small businesses; consultancies and cash and tax incentives offered to tourism related enterprises.

In 2015, world leaders agreed on 17 Sustainable Development Goals (SDGs) to guide world development until 2030 and tourism has a vital role to play in this mutual endeavour. The Sustainable Development Goals (SDGs) agreed upon in 2015 are:

- i. No poverty
- ii. Zero hunger
- iii. Good health and well being
- iv. Quality education
- v. Gender equality
- vi. Clean water and sanitation
- vii. Affordable and clean energy
- viii. Decent work and economic growth
- ix. Industry, innovation and infrastructure
- x. Reduced inequalities
- xi. Sustainable cities and communities
- xii. Responsible consumption and production
- xiii. Climate action
- xiv. Life below water
- xv. Life on land
- xvi. Peace, justice and strong institutions
- xvii. Partnerships for the goals

Tourism has a target in three out of the 17 SDGs:

- i. Decent work and economic growth: By 2030, the Nigerian government should devise and implement policies to promote sustainable tourism that creates jobs and promote local culture and products.
- ii. Responsible consumption and production: To monitor sustainable tourism, the Nigerian government should develop and implement tools that creates jobs and promotes local culture and products.
- iii. Life below water: By 2030, economic benefits should be increased to areas from the sustainable use of marine resources through sustainable management of fisheries, aquaculture

and tourism.

The UNWTO opined that tourism sector accounts for 10% of world GDP, 7% of global trade and one in 10 jobs, can contribute to all of 17 goals.

## 5. The challenges of the tourism industry in Nigeria

Nigeria faces some major constraints to tourism development such as security concerns, poor maintenance of tourist sites, and poor policies implementation.

**Security concerns:** Criminal activities in Nigeria have a negative impact on tourism development. Increased violent crimes, ethnic and religious conflicts tend to discourage tourists. Tourists are attracted to what is interesting and security problems put them off. International tourists are discouraged when travel warnings are issued by their countries on appalling events happening in Nigeria.

**Poor maintenance of tourist sites:** Nigeria has a poor maintenance culture of monuments and these monuments, if well maintained can generate huge revenue for the country. Historical and monumental sites in Nigeria are in a dilapidated state due to lack of quality maintenance.

**Poor policies implementation:** Adekiya (2013) admits that the processing of Nigerian visa for applicants including independent tourists can take up to four working days which is a sharp contrast to other countries that have been recognized globally for their sterling competencies in the tourism industry. Adekiya argued that a potential tourist can lodge a visa application to any Thailand embassy and get it next day of application.

The Nigerian tourism policy advocates that financial incentives must be made available to participants in the tourism industry but hotel operators still faces multiple taxation from Federal, State and Local governments.

## Conclusion

Tourism is one of the best positioned economic sectors to drive socioeconomic growth, promote peace and understanding, provide sustainable livelihoods for women, youth in local and regional communities and help to protect our environment. Tourism programmes needs to be developed to empower the tourism sector so as to benefit entrepreneurs and local communities. Strong partnerships with local and international organizations needs to be forge to transform the tourism industry and generate employment for reduction in poverty.

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