Impacts of Tourism on the Economy of Ekiti State

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Abstract

This study aims to examine the importance of tourism in the economy of Ekiti State, South West Nigeria. A survey was carried out in 6 local government areas in the state using multi-stage sampling approach. A sample size of 300 was used in line with recommendations in (Barrett and Kline, 1981; Aleamoni, 1976). 249 questionnaires were received and about 247 was validated after data clearing. The result reveals that the respondents did not perceive strongly on the contributions of tourism to employment generation, income provision and infrastructure development in Ekiti State. Practical and theoretical contributions of the study are discussed, with future research suggested.

Keywords: Tourism; Economy; Tourist industry; Infrastructure; Employment

Introduction

Tourism is an instrument of economic regeneration and stability, hence, if properly harnessed, it has the capacity to create wealth, empower the people and generate employment opportunities [1]. The sector has been the economy’s mainstay of many countries worldwide [2,3]. The authors affirmed that many countries, such as France, Egypt, Greece, Lebanon, Israel, the United States, the United Kingdom, Spain, Italy, Thailand, and many island nations, such as Mauritius, Bahamas, Fiji, Maldives, Philippines and the Seychelles are seriously reaping the benefits of this growing sector. In 2011, the economic contribution of tourism globally was put at about $6.3million in GDP with about 200 million jobs directly created, hence, showing that the industry is contributing significantly to the service economy of the world with enormous potentials for socio-economic development [4].

Ekiti State is greatly endowed with tourist resources relative to other countries of the world [1]. Travel and Tourism Economic Impact Assessment on Nigeria in 2012 by the World Travel and Tourism Council [5], revealed that the Ekiti State has the required tourist resources to enhance her economic landscape and hence, witness steady growth economically. The report affirmed that tourist resources in Ekiti State fall into hotels or resorts, recreational parks, wildlife, natural sceneries, cultural festivals, historical relics and monuments [1] hence, richly blessed with abundant tourist resources [3].

The state was created on the 1st of October 1996 by the then Provisional Ruling Council (PRC). Carved out of the former Ondo State, Ekiti State is made up of Ekiti Central, Ekiti North, Ekiti South and Ekiti West senatorial districts [6]. The state is located between latitudes 7Â°25’ and 80Â°5’N and between longitudes 4Â°45’ and 5Â°46 east. Thus, bound to the South of Kwara and Kogi States, Osun State to the west, Edo State to the East and Ondo State in the South [7]. The landlocked nature of Ekiti State made the state not to have coastal boundary. The apex of the administrative areas of the Ekiti State is the capital, Ado Ekiti as shown in Figure 1.

Apart from the unique location of the Ekiti State, she hosts major tourist resources such as: (i) Ikogosi Warm and Cold Spring Resort; (ii) Efon-Alaaye Waterfall; (iii) Oriole Hills, Ikere Ekiti; (iv) Olosunta Hills; (v) Ewi’s Palace, Ado Ekiti; (vi) Fajuyi Memorial Park; (vii) Ero Dam and Lake; (viii) Ipole-Iloro Waterfall; (ix) Erin Ayonigba Sacred Fish River and (x) Oroke Ewo War Centre to mention but a few [2].

Despite the abundant tourist resources in Ekiti State, the National Bureau of Statistics (2010) on the poverty profile for Nigeria ranked the state as the 14th state in Nigeria in terms of the incidence of poverty [8]. Olorunfemi conducted Ekiti state poverty headcount [9]. The study revealed that 48%, 71% and 62% share of the populace in Ekiti Central, Ekiti North and Ekiti South senatorial districts respectively are poor. The study further shows that about 61%, 55% and 67% of the rural populace in Ekiti Central, Ekiti North and Ekiti South senatorial districts respectively are poor. Sola in a study of the analysis of poverty in Ekiti Central revealed that the state has a very high dependency ratio in her three senatorial districts [10]. The percentage of household member that are 12 years or less of age in the state was high in all the three senatorial districts. The study further shows high income gap disparities.

Figure 1: Showing the Map Ekiti State.
Furthermore, on the issue of unemployment, the episode has continued to pose so many challenges to the survival of Ekiti State, hence the state was rated the highest in terms of unemployment in the South West Nigeria as shown in Table 1

Source: (NBS, 2010)

The index in the above information shows that the economic well-being of the people of Ekiti State is not healthy, hence, the practical gaps that necessitate the current study.

Limited studies have reported the impacts of tourism on the economy of Ekiti State [3,11] The few reported studies on tourism and Ekiti State assessed the various tourist attractions in the state [12-15]. Thus, the theoretical gap that calls for the current study, to examine the contributions of tourism to the economy of Ekiti State, South west, Nigeria.

**Literature review**

The role of tourism industry in the economic survival of countries and states had been stressed (Okoli, 2001). The industry is described as having economic regeneration and stability potential given its roles in employment creation, income generation and infrastructure development [16].

Three types of employment are being generated through tourism: direct, indirect and induced employment [17-20]. In terms of direct employment provision, tourism sector accounted for about 102 million jobs (3.4% of total employment) in 2012 [4]. This figure is expected to rise by 1.2% in 2013 and 2.0% pa to about 126 million jobs (3.7%) in 2023. According to WEF (2013), the total contribution of the tourism industry to the global employment, including jobs indirectly supported by the industry, was 8.7% of total employment put at 262 million jobs. This figure is expected to rise by 1.7% in 2013, estimated at about 266 million jobs and 2.4% pa put at about 338 million jobs in 2023 [16].

Burns and Holden [21] made further generalizations about tourism and employment generation. According to the authors, one of the strong arguments for the development of tourism in the developing countries is that it creates job opportunities for the local people and increases their income. Upenja, Shafer, SEO, and Yoon [22] emphasized that in Pennsylvania, sporting, fishing and angler wildlife-watching activities create more than 43,000 jobs. Bratek, Devlin, and Simmons [23] opined that the local population in the Sarawak region in Malaysia preferred tourism job over agricultural work because it was seen as clean and engaging work delivering immediate cash benefits.

The argument above reveals that tourism accounts for one in eleven jobs on the planet with the projection to rise to one in ten jobs by 2023.

Apart from the employment generation capacity of the tourism industry, its income provision potential had been stressed [21,23]. The direct contribution of the tourism sector to the global GDP in 2012 was put at about US$2, 056.6 billion (2.9%). This figure is predicted to rise to about US$2, 107.1 billion [4]. However, the total contributions of the tourism sector to the global GDP was put at about US$6, 630.4 billion (9.3%) in 2012, and are forecast to rise by 3.2% in 2013, and 4.4% pa put at about US$10, 507.1 billion [4].

Previous studies on the impacts of tourism on the economy and well being of the people revealed that the net income from tourism ranges from 25% to 90% of the total receipts, depending upon the share of national and local interest in the tourist business [24].

In studies on the economic contributions of tourism, it was evident that tourism provides an improved standard of living [25-27], increase income and investment [28-31], and enhance more business activities [31].

The argument above shows that tourism contributes to income provision, enhance business investment and improve the standard of living of the people.

Previous literature identified the infrastructure development potential of the tourism industry [4,11]. Public infrastructure refers to the building and other permanent installations necessary for the support, redeployment and operation of businesses and other social services [3]. It provides ease of access to and from countries, as well as movement within the destinations [5]. Quality infrastructure is needed for the operations of any tourism business or society, hence, its provision as a result of tourism competitive index of a country directly contributes to infrastructure development [3,32-35].

Foreign ownership of tourist facilities and dominance in tourism investment are common features of tourism, particularly in developing countries [34-39]. According to Turner [37], foreign control over the tourism industry is a normal phenomenon, although it is also undesirable especially from the perspective of developing countries. Developing tourism infrastructure requires huge capital investment, which developing countries rarely possess [39]. Chase and McKee [32] established the role of tourism establishments in infrastructural development through social responsibility.

**Theoretical orientation**

Various economic models had been used to explain the impacts of tourism on the economy of countries [40]. The cost-benefit analysis model was used to explain the economic impacts of tourism on countries that have large quantities of relatively reliable and comparable data [33]. Adoption of this model (cost-benefit analysis model) is not feasible in this study due to poor and unreliable data bank that characterized the tourism sector in Ekiti State.

Economists have traditionally used input-output (IO) model to examine the impacts of tourism on the economy of countries and at the same time, have been cognizant of their limitations [41-48]. Other models that have also been used includes: multiplier analysis model, linear programming, and general equilibrium models [41-44]. However, despite the growing sophistication of the models and the availability of large data set, the data are often inadequate or inappropriate. This is because, detailed data about the beneficiaries of tourist spending, transactions between industry sub sectors and their payments for production, levels of employment and sales to other industry sectors are usually not available in the forms needed for analysis [41].

Furthermore, constant adaptation of existing data or new data at great expense has often diluted the accuracy of the model output. Therefore, the results may be unreliable and difficult to use to support policy and planning decisions. In this study, major economy measurement indices such as: (i) employment; (ii) infrastructure.
development and (iii) income generation are used to measure the impacts of tourism on the economy of Ekiti State.

Research Methodology

In line with the philosophy of critical rationalism and positivistic assumptions, a non-experimental design (Survey) was applied in this study. Items used to measure the 3 dimensions variable are adopted and modified based on previous study in [45]. All the variables were placed on the five-point Likert scale where 5 indicates strongly agreed and 1, strongly disagreed. The Cronbach’s a for all the 11 items was tested for its reliability using SPSS window version 14.0 software. The result shows that the value of all the 11 items exceeded 0.7 thus, indicating that they are reliable as shown in Table 2 below:

The population used for this study is Ekiti State. Multistage sampling (Clustering) method was used to select six (6) local government areas in Ekiti State which include: Ikere, Efion-Alaaye, Ekiti West, Irepodun-Ifeoludun, Ijero, and Ado Ekiti local governments. The researchers gave preference to major tourist center towns / villages in each of the six (6) selected local government areas in the state. Thus, Ikere Ekiti, Efion-Alaaye, Ilogosi, Erin-Ijesa, Ijero, and Ado Ekiti was chosen. Guadagnoli and Velicer [49] conclude that absolute minimum sample sizes, rather than subject to item ratios, are more relevant. The sample size that ranges from an N of 50 (Barrett and Kline, 1981) to 400 [47] was recommended. Therefore an average of three hundred (300) questionnaires was used as the N size for this study.

The study evaluates 247 valid questionnaires after data cleansing from about 249 questionnaires received. Data analysis comprises descriptive statistic and inferential analysis. The data were analyzed using SPSS software, version 14.0. Frequency and simple percentage were used to present the demographic features of the respondents. Mean and standard deviation scores were used to report the findings of perceived employment, income, and infrastructure contribution of tourism in Ekiti State.

Findings

Demographic profiles

A total of 247 respondents were analyzed. About 40.48% (100), 33.60% (83), 20.24% (50), and 05.67% (14) were age ranged 20-34, 35-44, 45-54, and 55-above respectively. However, the majority of the respondents fell under the age group of 20-34 (40.48%) followed by 35-44, 45-54, and 55-above respectively. The result indicates that the respondents were of the view that the government of Ekiti State should formulate policy that will create a conducive environment for tourism business so as to attract tourism business investors hence, enhance the chances of getting her local being employed in the sector.

Perceived employment contributions of tourism in Ekiti State

The findings on the perception of the locals in Ekiti State on the employment contributions of tourism are tabulated in Table 4. From the Table 4 below, it is obvious that the respondents did not perceive strongly on: ‘tourism attributes to provide direct employment’ (3.25), ‘indirect employment’ (3.26), ‘enhanced entrepreneurial drive’ (3.25), and ‘induced employment’ (3.18).

Seeing that respondents had rated relatively poorly on the employment contributions of tourism in Ekiti State, it is suggested that the government of Ekiti State should formulate policy that will create conducive environment for tourism business so as to attract tourism business investors hence, enhance the chances of getting her local being employed in the sector.

Perceived income contributions of tourism in Ekiti State

The findings on the perception of the locals in Ekiti State on the income contributions of tourism are tabulated in Table 5. From the Table 5 below, it is affirmed that the respondents did not perceive strongly on: ‘income multiplier attribute of tourism’ (3.15), ‘business turnover’ (3.11), ‘import multiplier’ (3.04), and ‘enhances output multiplier’ (2.93).

The result indicates that the respondents were of the view that tourism did not enhance their income generation potential. The reason for this is obvious: since the employment contribution is directly related to income generation hence, poor employment opportunities will directly lead to poor income generation. In this case, the study suggests that while the government is improving on creating a conducive tourism business environment in the state, the media should also help sanitize the public on the income potential of this sector.

Perceived infrastructural development contributions of tourism in Ekiti State

The findings on the perception of the locals in Ekiti State
Tourism in Ekiti State.

Descriptive Analysis of the Perceived Infrastructure Contributions of Scale: 1=Strongly Disagree; 5=Strongly Agree

Note: A 5-point Likert scale was used to measure the employment contribution of tourism

Table 5: Descriptive Analysis of the Perceived Contributions of Tourism in Ekiti State.

<table>
<thead>
<tr>
<th>Income Contribution Attributes</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Multiplier</td>
<td>3.15</td>
<td>.930</td>
</tr>
<tr>
<td>Enhance Business Turnover</td>
<td>3.11</td>
<td>.928</td>
</tr>
<tr>
<td>Import Multiplier</td>
<td>3.04</td>
<td>.894</td>
</tr>
<tr>
<td>Output Multiplier</td>
<td>2.93</td>
<td>.899</td>
</tr>
</tbody>
</table>

Note: A 5-point Likert scale was used to measure the employment contribution of tourism Scale: 1=Strongly Disagree; 5=Strongly Agree

Table 6: Descriptive Analysis of the Perceived Infrastructure Contributions of Tourism in Ekiti State.

on the infrastructural development contributions of tourism in Ekiti State are tabulated in Table 6. From the Table 6 below, it is established that the respondents rated very poor their perceptions on: 'socio-cultural infrastructural contribution of tourism' (2.72), 'local transport infrastructure' (2.39), and 'social responsibility of tourism companies' (2.12).

The result indicates that the respondents rated public infrastructure enjoyed in their area through tourism very poor. This is expected as limited tourism establishments were attracted to the state, and the few existing ones are not socially responsible. In view of this, it is suggested that the tourism regulatory framework for the state should be developed. This will build investor confidence to be attracted to invest in Ekiti State.

Conclusion and Recommendations

This study investigated the economic contribution of tourism in Ekiti State using economic indices of employment, income and infrastructure. We observed that in view of the abundant tourist resources in Ekiti State, the state still ranked high in terms of incident of poverty, unemployment and poor infrastructural facilities. This indicates that if the touristic resources in the state is well harnessed, the economic well being of an average Ekiti person(s) would have been better enhanced in terms of employment opportunities, access to income, and enhance infrastructure development [1,4,5,16,45-54].

The findings of the present study show that tourism did not have a strong impact on employment provision, income generation and infrastructure development in Ekiti State. Since employment opportunities are directly related to income generation hence, poor access to gainful employment translate to poor income. Finally, the study also indicated that public infrastructure been enjoyed in Ekiti State courtesy the tourism investors are limited. This is expected as limited tourism establishments are attracted to the state, and the few existing once are not socially responsible.

In view of the above findings, we therefore recommend that the effort of the government of Ekiti State should be directed towards the provision of a conducive business environment for tourism investors to be attracted to the state. Hence, enhance the chances of getting her locals being employed in the sector. The media should also help sanitize the public, especially the tourism investors in the state on the need for them to be socially responsible. Thus assists provide basic infrastructure to their immediate host communities.

References