



Role of Government and Private Organizations in the Development of Micro Tourism Businesses in Peripheral Rural Areas in Nigeria

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Abstract

Micro and small tourism businesses are important component of tourism destinations. Their development is an effective way of empowering and revitalizing local communities in developing countries. Government and private agencies plays significant roles in stimulating their growth. In recognition of this, this study investigates the role of government and private agencies in supporting the development of micro tourism businesses in the local communities of Obudu mountain resort using a qualitative case study research strategy. The interviews with fourteen (14) proprietors of existing micro tourism businesses and ten (10) management staff of selected government and private organizations reveals that much has not been done to provide the needed support. The owners of tourism businesses lamented that they haven't enjoyed any government support in terms of easing their start-up through funding. They also express their displeasure with the unfavourable conditions attached to granting loans by micro finance banks, and considers it as anti-poor. We concluded this paper by stressing the need to review existing policies to the ones that guarantee easy accessibility of funds to tourism entrepreneurs in rural areas as a necessity to strengthen pro-poor tourism initiatives.

Keywords: Tourism business; Government agencies; Private organizations; Obudu mountain resort; Nigeria

Introduction

Micro and small businesses are known to be the prevalent ventures that occupy the business space in the peripheral tourism destination both in the developed and developing countries and they are mostly run by family members [1-4]. Their predominance in rural peripheral areas could be associated with the traditional land-owning patterns and the inability of owning and running larger firms by rural dwellers in deprived economies [5]. They have tremendous significance in job creation and economic regeneration of peripheral rural areas, and also contribute to the sustainability of tourism destination [6,7].

In the developed countries, promising business environment have been created for micro and small tourism businesses to thrive, leading to their high spring up in marginal areas. This is attributed to the role the government and the private sector have played hitherto in their development, survivability and sustainability. According to Gartner [8], the development of micro and small tourism businesses in less developed economies is constrained by a number of factors, many of which are not common in developed countries. For example, the informal enterprise dominated rural tourism sector of South Africa operates with minimal financial backing from government and the private organization, very little public support services in marketing and infrastructure [9,10].

In any case, the governments and private sector at all levels are important in tourism development, and in setting the context for entrepreneurship, which encourages micro and small businesses known to be drivers of activities of tourism destination [11,12]. As noted by Baum and Szivas [13], the main purpose behind government support for tourism in any country, be it a fully diversified developed economy or a less developed economy, is its potential in revitalizing the economy, and social wellbeing of a region through its varied creation of job opportunities. While government and the private sector role in developing tourism and in particular micro and small tourism businesses encouragement in many developed western countries, and few Asian countries is well documented in the literature, academic research regarding their role in the development of micro and small

tourism businesses in Sub-Sahara Africa is conspicuously scanty, and fragmented. Thus, this paper presents the scenario in the local communities of Obudu Mountain resort, which is a tourism destination located at an altitude of 1,575.76 m above sea level [14] and hosted by seven local communities in Obanliku local government of Cross River State in Nigeria

Literature Review

The relatively significant supports for tourism development in few developing countries have been on the provision of infrastructure in tourism destinations. Those efforts have been seen to be little when compared to the overall demand of the tourism sector that brings about effective destination competitiveness. It's apparent that the overall contribution of micro and small tourism firm in many rural peripheral in developing countries have been neglected, and so also is the needed support for their growth and development.

As part of efforts by the government of China to give backing to tourism development, having recognised its capabilities of job creation, and rural poverty reduction, [15] it has developed tourism infrastructure in rural areas to complement other rural economic development policies. According to them, the effort is meant to bridge the gap in income differences noticeable among the rural and urban populace in China. This support by the government has increased rural tourism steadily, and has resulted to the high influx of over 400 million of tourists received in China in 2008 [16]. Similarly, substantial efforts

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have been made by some South American countries in supporting tourism development through the provision of tourism infrastructures in marginal areas. A typical example is what is seen in the activities of the federal and state government of Brazil. It's on record that the government of Brazil have invested over US\$1 billion in regional tourism infrastructure in the North-Eastern part of the country [17].

In some African countries, reasonable and commendable considerations have been given to supporting the spring up of private small and micro tourism enterprises through financial support from some international donor agencies. Such is the case in Kenya where external interventions have brought about the establishment of community based tourism ventures driving by the activities of Kenya Wildlife Services (KWS) [18]. Also, the Khama Rhino Sanctuary Trust (KRST), a community-based tourism enterprise founded in 1992 is dependent on financial support from external donors such as African Development Foundation, Environmental Heritage Foundation of Botswana, and European Development Fund [19].

Even though tourism related micro and small enterprises have been recognised as an important and viable tool for poverty reduction in developing countries [20,21], and some countries have demonstrated commitment to supporting their establishment, very little is known about the support government and private agencies have given to the inhabitants of the local communities of Obudu Mountain resort to venture into micro and small tourism businesses.

Methodology

A qualitative case study research strategy was considered appropriate for the phenomenon investigated in this study, as the Obudu mountain resort have been identified as the only relatively developed, and managed tourism destination in Nigeria with the presence of the few active micro tourism businesses. To obtain information for the purpose of this paper, a key informant who is the proprietor of the first hotel (a family business) was identified in Apah-Ajilli community of the Obudu Mountain. He helped in locating other thirteen (13) micro tourism businesses through snowball sampling [22-24]. The key informant also suggested the relevant government and private agencies to be sampled. Purposive sampling techniques was used to select two government establishments (Cross River Sate Tourism Bureau and Obanliku Local Government Council of Cross River State) and three private agencies (African Sun Hotels, who are managers of Obudu Mountain Resort, FCE Micro-Finance Bank and Obudu Micro-Finance Bank), as they are adjudged to be the main agencies that will provide the required information [25,26]. From each of these institutions, two management staff were selected for interviews.

In-depth interviews were conducted with the proprietors of the fourteen (14) micro tourism businesses and ten (10) staff of the government and private agencies in their business and office premises. The interviews with the micro tourism business owners were conducted from 15th to 31st June, 2013 and lasted for 25 to 30 minutes. While the interviews with the staff of government and private agencies commenced on the 31st of June, 2013 ended on the 16th July of 2013, and they were for duration of 35 to 50 minutes each. In-depth interviewing was used to obtain information from the respondents as detailed information on the subject matter was needed by the researchers and it provides deep information and knowledge of a phenomenon of interest [27-29]. All of the interviews were recorded with a digital recorded with the permission of the respondents. The interviews were later transcribed verbatim with the aid of Dragon 12 voice recognition

software. The interview transcripts were analysed manually using thematic analysis approach.

Findings

Having recognised that the sustainability of a tourism destination to an extent depend on the involvement of the local inhabitants of its host communities in tourism development as employees in the destination, and most importantly as owners of micro and small tourism businesses, the first thing the researchers did in ascertaining the key role the government and private agencies have played in encouraging the development of micro and small tourism businesses in Obudu Mountain resort host communities was asking the proprietors of the existing tourism businesses about the support they received to commence business. The finding of this research revealed that all the tourism businesses in the local communities of the resort are micro businesses run by family members as none of the business have staff up to ten (10). The majority of the proprietor expressed that they have not enjoyed funding support from government and private organizations to start their businesses. Infact, the majority claimed they raised fund to start their businesses through personal servings. As a matter of fact, one of the proprietors of the tourism businesses commented that, "To be frank, our local government is not supporting u. I didn't get starting capital from the government and even micro finance bank around us. I raised my money from the savings of two years from my small farm (proprietor of a provision shop)". Additionally, another respondent stated that, "Although our local government built this small market, and I am fortunate to get a shop to sell food to local and international tourists who visit the Mountain Resort, I started my restaurant through personal savings. Nobody assisted me to start (proprietor of a restaurant)".

One would have thought that given the fact that there are micro financial institutions in neighbouring towns of Obudu Mountain resort; the owners of the micro tourism enterprise would have received some financial support. But that is not the case, as the majority of those who had approached them had unpleasant experiences, which are mostly related to the conditions attached to granting micro loans. As reported by a proprietor of a provision shop, "When I needed money to start my business, somebody ask me to try FCE micro finance bank in Obudu town, and I did. I did not get loan because they were asking me to open account and run it for three months. At that time I needed 100,000 naira. The bank also said I will start repayment immediately, and pay back in six months. With this condition, I got scared, and discourage".

Our first interview with the sampled government and private agencies was with the management staff of the Obudu mountain resort under African Sun Hotels. When we asked them on the support they have been giving to locals to venture into tourism businesses, it was evident that they have fairly supported the participation of the locals in tourism activities in the Mountain Resort by employing some of them. This was the claim of the general manager of Obudu mountain resort. She remarked that, "as a destination enjoying the patronage of both local and international tourists, we are doing our best here to promote tourism and ensure that the people of the host community benefit from the activities of Obudu mountain resort. At least almost 90% of the staff of the Mountain Resort are indigenes of the host local communities surrounding us. However, in terms of encouraging the locals to be owners of tourism businesses, the Resorts management staff have not come up with any initiative. In this regard, the chief accountant of the mountain resort commented that, "Apart from employing the locals surrounding us in the Resort and paying royalties, we have not done

much like given some money as loans to the locals to establish small tourism businesses”.

Similar to the report of the management staff of the Resort, the tourism officers of the council also stated that apart from the block of shops built for the locals to rent to run businesses, the council has not done much in terms initiating any loan scheme to ease the start-up process of micro tourism entrepreneurs. According to a senior tourism officer of Obanliku local government, “As far as I know, the council has only set up committees to take records of activities of the small hotels on monthly basis, but it hasn’t done anything to give financial support to encourage the local people in the Resort environment to venture into any business”. In addition to this statement, another tourism officer of the council also commented that, “Truly, the Obanliku local government council has not done anything to support the local communities in terms of providing capital for business start-up, and arranging things like workshop on how to manage tourism business. But the council built the small market close to the Resort for the locals to rent for business set up.

Furthermore, our interviews with the staff of the Cross River State Tourism Bureau shows that they have done much to improve tourism development in the state by encouraging the government to harness her tourism potential in urban and rural areas. What has not been given priority is the aspect of community participation in tourism development with respect to their involvement in tourism planning process and encouragement of local tourism entrepreneurs. To support this claim, one of the interviewee reported that, “we are doing our best to ensure that the tourism potentials of the state are harnessed into international standard. The bureau works closely with managers of Obudu mountain resort to ensure that the resort is kept to international standard. The only thing that I will be truthful to say is that we haven’t given much attention to the incorporation of the host communities of the Resort into the activities of tourism, such as bringing the communities together with the staff of Obudu mountain resort for integration (Senior Tourism Officer, Cross River State Tourism Bureau). Similarly to this comment is a statement by another tourism officer of the Bureau. He stated that, “I can only remember that the issue of helping the locals in Obudu mountain resort environment with some small loans for businesses through some financial institution was discussed two years ago, but I do not think we have done anything since then”. In addition, a respondent revealed that the staff of the Bureau are seldom sent to the resort environs to educate the owners of the micro tourism businesses by commenting that, “The Bureau do send her staff to the owners of small businesses to give them some seminars on business management. When inquiry was made on the frequency of training, he stated that, “The focus on training through seminar has not been regularized. We have not made the seminar a yearly activity of the Bureau”.

The micro finance banks are one of the main financial institutions that have been given the responsibility of stimulating micro business development in Nigeria today. The researchers’ conversations with their staff revealed that they have given out reasonable support to micro business development. Nonetheless, in terms of the monetary support the existing micro finance banks close to the resort have given to the inhabitants of its host communities, our findings indicates that much progress have not been made. As reported by a staff of one of the micro finance bank, “I cannot be specific about the number of people we have given small loans in Obudu Mountain Resort local communities. But I think that we gave at least one or two persons loan two years ago to start a business (Operation Manager, FCE Micro Finance Bank). A

similar expression was given by another staff of a micro finance bank as she reported, “We have supported small business development in the villages around here including the Obudu Mountain resort. If it is support in terms of given out loans to people around this environment, we have tried, and we are still trying (Operation Manager, Obudu Micro Finance Bank)”.

Beside these responses, the staff of the micro finance banks also claimed that the Obanliku local government council hasn’t played her complementary role, otherwise they would have been buoyant enough to give out lower interest rate loans to the local people. One of them reported that, “By the Central Bank of Nigeria policy on micro financing, the local governments are meant to deposit one per cent (1%) of their monthly allocation with micro finance banks, but they have not been doing so (Operation Manager, FCE Micro Finance Bank)”. Further investigation on the loan services of the micro finance banks revealed that the interest rate and other conditions attached to micro loans are not pro micro entrepreneurship. For instance a staff of FCE micro finance bank stated that, “we give loans to those that have operated an account with us for at least three month. For micro loans of 20,000 naira to 30,000 naira, it attract just 5%, while a loan of about 100,000 is been charge 20% interest (Obudu Micro Finance Bank). Given that the repayment schedule is a very vital aspect of loan services, our interview with the respondents signifies that loans of 20,000 to 50,000 naira, 100, 000 naira, and above are given when a person present a guarantor that must be a salary earner, and it must be paid in 3 months and 6 months respectively.

Discussion and Conclusion

This study investigates the role certain government establishment and private organizations have played in encouraging the development of micro tourism businesses in the host communities of Obudu mountain resort in Nigeria. As the result of this research reveals that the main player in entrepreneurship development in rural communities of Obudu Mountain have not done much to support local entrepreneurship, it suggests that bigger actors in tourism planning and development in sub-Saharan Africa are still lagging behind in incorporating local communities participation in tourism development in their agenda and initiatives, particular as its relates to local ownership of micro and small tourism businesses.

The evident of the finding that the Cross River Tourism Bureau, which is the agency of government in charge of tourism development is not doing enough to integrate the locals in Obudu mountain resort is not only unwise, but unfair to the host communities who bears the positive and negative impacts of tourism activities therein. This is also the happenings in Kenya and Bostwana [18,19].

A worrisome situation in this study is the poor attitude shown by the Obanliku local government council in the support of the locals with funding to venture into micro tourism businesses by not releasing 1% of their budget to the micro finance banks as directed by the Central Bank of Nigeria. Also, the unfavourable conditions for loan granting by the micro finance banks are anti-poor, and it needs to be reviewed.

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