

Tourism Development as a Catalyst for Sustainable Economic Growth in Nigeria (2000-2014)

Ogonu, G. C & Didia, J. U. D.
Department of Marketing
Rivers State University, Nigeria.
gibsonogonu@gmail.com

Abstract

This study focused on empirical investigation of tourism development as a catalyst for sustainable economic growth in Nigeria (2001-2013). The data used for the study were sourced from the Central Bank of Nigeria Statistical Bulletin 2013 and online from World Development Indicators of the World Bank. An ordinary Least Squares (OLS) technique was used to analyze the data. The findings of the study reveal that international tourist arrivals significantly contribute to real gross domestic product and employment in Nigeria, The study recommended that there is the need for Nigerian policy makers to pay more attention to the tourism sector.

Key words: *Economic growth, Global economy, Nigeria, Tourism development*

1. Introduction

Tourism is considered a multi- sector of activities that blends the offer of services and goods. It begets ample circumstance for economic and social development in the touristic destinations. Tourism is considered one of the consequential sectors of global economy, coming out with phenomenal growth throughout the 20th century and onward. Accordingly, Tourism is considered one of the consequential sectors of global economy. According to the WTO (2015), the 25 million of tourists worldwide in 1950 grew to 278 million in 1980, 674 million in 2000 and 1,186 million in 2015. Tourist arrivals of tourists internationally are expected to accelerate by an average of 3.3% yearly within the period 2010- 2030 and this directs an estimate of 1.4 billion tourists in 2020 and 1.8 billion in 2030 (WTO 2015)

The Tourism industry has currently matured to be the world's largest industries and one of its fastest growing economic sectors. WTTC (2014) noted that the nourished demand for travel and tourism, combined with its competence to procreate high levels of employment continues to substantiate the significance and worth of the sector as a driver of economic development and job creation. Tourism in cotemporary times has become one of the machineries of growth for Nigerian economy with a contribution of 3.20 per cent to national Gross Domestic Product (GDP) and furnishing 2.70 per cent of total employment in 2013 (WTTC, 2014). Tourism industry contribution to GDP, according to World Travel and Tourism Council (WTTC) is visualized to rise by 1.9 per cent in 2014 and rise by 6.1 per cent per annum from 2014 to 2024. Nigeria's tourism sector is consequently developing and it is competent of breeding employment and earning large amount of foreign exchange that coequal agriculture and petroleum sectors.

The extent to which tourism contributes to economic growth has been a substantive fountain of dispute in the tourism literature. One aspect of the controversial issues is the incertitude expounded about the limit to which tourism expenditure procreates secondary and tertiary incomes in a receiving country (Levitt & Gulati, 1970), considering that expenditure within the industry has tall import content with import coefficients that ranged from 40-40%.

Besides, issues such as opportunity costs, import leakages, and transfer of profits by multinationals have been the nexus of critique (Carey, 1989). Bryden (1973). In fact, Dekadt (1979) queried the social returns on tourism investment and accentuates the socio cultural effects of tourism development in this respect.

Drawing from resource based theory, Barney, (1991); Hart, (1995); Russo and Fouts (1997); Aragon-Correa and Sharma, (2003); Hart and Dowell, (2011), it is expected that Nigerians would maximize their resources (travels and tourism) in a manner that they can leverage on what they are doing to gain competitive advantage. This paper is inclined to believe that travels and tourism impacts economic development if the internal capabilities are used.

Currently, there are cream of literature on travels and tourism and how it has influenced economic development, for example, Eneji, Odey and Bullus (2016) investigated whether tourism subsector has any significant impact on the Nigerian economy. Again, Yusuf and Akinde (2015) study focuses on empirical investigation of the contribution of the rapidly developing tourism sector to economic. Mishra et.al (2011) investigated causality between tourism and economic growth in India. Kreisan (2010) also investigated the causality relations between tourism earnings and economic growth for Jordan. In their analyses conducted on a single country basis. Aliquah and Al-rfou (2010) determine the impact of the tourism sector on economic growth in Jordan during the period 1990 to 2008. Balaguer and Cantavell-Jorda (2002) examined the role of tourism sector in the long run economic development of Spain.

Interestingly, a look at the cream of literature however, appear to show that no empirical studies have investigated the economic contribution of travels and tourism on economic growth. This research interest is therefore informed by recognizing the unique nature of travels and tourism as engines for economic growth that is associated with positive impacts in terms of generating foreign exchange earnings, enhancing growth in GDP and creating employment. Therefore, our point of departure is to fill this gap by institutionalizing the economic contribution of tourism (International Tourists Arrivals) on economic growth in terms of total contribution to real GDP and employment. This is the background that motivated this study.

2. Literature review and hypothesis

This section reviews related literature on contribution of travels and tourism and economic growth in Nigeria. The first part is done on the bases of theoretical foundation while part two and three considers the scholarly views on the major concepts of the study. Part four of this section is dedicated to the reports of empirical literature on the linkages between contribution of travels and tourism (international tourists' arrivals) and economic growth (total contribution to GDP and total contribution to employment) in Nigeria.

2.1. Theoretical Foundation

The theoretical framework of this study is based on the resource based view theory (RBV). This theory postulates that organizational performance outcomes are dependent on its resources and capabilities. It further stresses that the basis for the competitive advantage of a firm lies primarily in the application of a basketful of precious tangible or intangible resources at the firm's disposal (Wernerfelt, 1984; Rumelt, 1984; Penrose, 1959). Capabilities often arise over time while the firm takes actions that build on its strategic resources (Hart & Dowell, 2010).

Analyzing the significance of this theory, Barney (1991) contends that a resource is strategic to the extent that it is precious, rare, not easy to imitate, and non-substitutable. It facilitates

improvement in organizational performance while counterbalancing the opportunities and threats of competitors.

Sambu (2016) argues that, new resource-based view (NRBV) now extends resource-based theory by highlighting that the environment should be another factor of consideration when appreciating the productiveness of resource-based theory. Sambu (2016) , quoting Hart (1995), posits that firms which manage environmental link, better than others, in terms of production of goods and services, might procreate more supportable competitive advantage. From the foregoing, resource-based theory holds that the possession of resources that is valuable, difficult to imitate, rare, and cannot be exchanged enables an organization to stand prominently in a competitive terrain. It then, insinuates that Nigeria should focus inward to discover the sources of economic growth through the contribution of travels and tourism. If Nigeria focuses on the utilization of her abundant resources and channels them to economic development through travels and tourism, the resultant effect of course is economic growth. Based on this theory, this study was interested in investigating the relationship between the contributions of travels and tourism to economic growth in Nigeria.

2.2. The concept of Tourism

Ladan (2003), adduced the definition of tourism from the International Association of Scientific Experts in Tourism (IASSET) as “the sum of the phenomenon and relationship arising from the travel and stay of non-residents, in so far as they do not lead to permanent residence”.

Tourism constitute a complex, global, social, cultural and economic phenomenon and doubles as a multi- level ground whither respective renditions of economic development are mutually joined with each other (Panagiotopoulos et al. 2016). The Tourism industry is a tectonic array of an indefinite number of other industries that straightway can supply goods or services to grease business, pleasure and leisure activities for people who are provisionally away from their home setting. Gee et al. (1997) defined it as the aggregate of organizations of private and public sector that play a significant part in bringing about the development, production, promotion and advancing of products and services that envelop the requirements of tourists. Tourism refers to the activity of travelers on trips outside their conventional environment with a lifetime of less than one year. Economic activity affiliated to all facets of such trips is thought-out within the exploration. The Travel and Tourism industry encompasses distinct aspects like: tourist accommodation, food and beverage sector, transportation companies, recreation facilities, places of unique natural beauty, intermediate tourism businesses, travel agencies, tour operators and public support services (Vasilakakis, 2014).

2.2.1. International Tourist Arrival

Developing countries' share of international tourist arrivals (TOAR) according to UNWTO, (2002), has duplicated from 1973 to 2000. Tourism constitutes a consequential part of the world's expanding service sector; in sub-Saharan Africa, tourism reckons for almost 55% of service sector exports (UNWTO, 2004). Nigeria stands as the second largest economy in Sub Saharan Africa. Oil was the pillar of the country's GDP; currently GDP extrapolates growth from not only sharp or sudden increase in global crude oil prices but also from growth in non-oil sectors, such as travel and tourism. The number of inbound arrivals to Nigeria increases by 12% in 2017(f) to approach two million trips. Inbound arrivals are prepared to behold a 6% compound annual growth rate (CAGR) during the forecast period to approach 2.2 million (Euro Monitor International, 2017). In 2017 spend for leisure travel is expected to grow by 0.4% in 2017 to NGN1,675.8bn, and rise by 3.3% pa to NGN2,313.9bn in 2027.

Besides, business travel spending is anticipated to increase by 1.9% in 2017 to NGN1, 443.4bn, and rise by 3.9% pa to NGN2,111.8bn in 2027. Domestic travel spending procreated 93.2% of direct Travel & Tourism GDP in 2016 compared with 6.8% for visitor exports (ie foreign visitor spending or international tourism receipts). Inbound arrivals are prepared to see a 6% compound annual growth rate (CAGR) during the forecast period to approach 2.2 million (Euro Monitor International, 2017). The World Travel and Tourism Council (2017) noted that leisure travel spending procreated 54.1% of direct travel and tourism GDP (NGN1 668.7bn) as compared to 45.9% for business travel in 2016. Domestic travel spending is prevision to increase by 1.4% in 2017 to NGN2, 913.9bn, and augment by 3.7% pa to NGN4, 183.3bn by 2027. Visitor exports are anticipated to depress by 2.8% in 2017 to NGN205.4bn, and rise by 1.7% pa to NGN242.4bn in 2027.

Euro monitor International (2017) observes that the generality of tourists to Nigeria emanate from not far away countries like Benin, Niger, Liberia, Cameroon, Chad and Sudan from where penetration to Nigeria is effortless. Corporate travel is another most significant sphere for travel and tourism in Nigeria. The main destination for corporate travel is Lagos, where numerous of trade events and conferences lead on business travelers each year, and it is also, where the generality of Nigerian businesses domicile. Business arrivals reckons for 25% of total inbound arrivals to Nigeria in 2017. Nigeria has one of the towing positions with respect to urban markets in Africa. Five Nigerian cities constitute the top 25 in Africa, while the country reckons for 37 cities in the top 100 (Fraym, 2017).

2.3. Tourism development as a catalyst for economic development

As an engine for economic growth, tourism has been established to be stretchy and associated with appreciative influence with respect of begetting foreign exchange earnings, bringing about employment and income, and animating domestic consumption (Durbarray, 2002; Steiner, 2006). Several studies in various developing countries around the world have found a positive and significant relationship between travel and tourism and economic growth (Shan & Wilson, 2001; Durbarray, 2002; Croes & Vanegas, 2008). Studies of the relationship between tourism specialization and economic growth rates have found that small States are rapidly growing especially when they are highly specialized in tourism (Lanza & Pigliaru, 2000). Tourism has also been described as having a multiplying impact in contributing to economic growth. This is because the development of new tourism destinations frequently associated with the arrival of new businesses and NGOs (Honey & Gilpin, 2009; Western, 2008).

The total contribution of Travel and Tourism to employment (including wider effects from investment, the supply chain and induced income impacts, see page 2) was 3,316,000 jobs in 2017 (4.8% of total employment). This is forecast to rise by 3.4% in 2018 to 3,427,500 jobs (4.7% of total employment). By 2028, Travel & Tourism is forecast to support 5,034,000 jobs (5.1% of total employment), an increase of 3.9% pa over the period

Travel and Tourism generated 1,219,000 jobs directly in 2017 (1.8% of total employment) and this is forecast to grow by 4.7% in 2018 to 1,276,000 (1.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists By 2028, Travel and Tourism will account for 1,794,000 jobs directly, an increase of 3.5% pa over the next ten years.

Tourism development is increasingly viewed as an important tool in promoting economic growth, alleviating poverty, and advancing food security. Numerous studies have demonstrated that tourism can play a significant role in balanced sustainable economic

growth, and that it can be effectively exploited to beget net benefits for the poor (UNWTO,2002). Tourism is a major export for 83% of developing countries, and it is the most revealing source of foreign exchange after petroleum (UNWTO, 2002) . Total contribution to GDP implies GDP generated directly by the Travel and Tourism sector plus its indirect and induced impacts.

Total contribution to employment implies the number of jobs generated directly in the Travel and Tourism sector plus the indirect and induced contributions.

The Travel and Tourism industry contributes to GDP and employment in many ways as detailed. The total contribution of Travel and Tourism to GDP is nearly three times greater than its direct contribution

As one of the world's largest economic sectors, Travel and Tourism creates jobs, drives exports, and generates prosperity across the world. In our annual analysis of the global economic impact of Travel and Tourism, the sector is shown to account for 10.4% of global GDP and 313 million jobs, or 9.9% of total employment, in 2017.

The total contribution of Travel and Tourism to GDP was NGN6, 205.8bn (USD20,233.9mn), 5.1% of GDP in 2017,and is forecast to rise by 1.6% in 2018, and to rise by 4.8% pa to NGN10,094.5bn (USD32,913.4mn), 5.4% of GDP in 2028.

In 2017, the total contribution of Travel and Tourism to employment, including jobs indirectly supported by the industry was 4.8% of total employment (3,316,000 jobs). This is expected to rise by 3.4% in 2018 to 3,427,500 jobs and rise by 3.9% pa to 5,034,000 jobs in 2028 (5.1% of total). Travel and Tourism is a viable economic activity in most countries around the world. As well as its direct economic impact, the industry has significant indirect and induced impacts. The UN Statistics Division-approved Tourism Satellite Accounting methodology (TSA:RMF 2008) quantifies only the direct contribution of Travel and Tourism. But WTTC recognizes that Travel and Tourism's total contribution is much greater, and aims to capture its indirect and induced impacts through its annual research

The total contribution of Travel and Tourism includes its 'wider impacts' (ie the indirect and induced impacts) on the economy. The 'indirect' contribution includes the GDP and jobs supported by: Travel and Tourism investment spending – an important aspect of both current and future activity that includes investment activity such as the purchase of new aircraft and construction of new hotels; Government 'collective' spending, which helps Travel and Tourism activity in many different ways as it is made on behalf of the Domestic purchases of goods and services by the sectors dealing directly with tourists – including, for example, purchases of food and cleaning services by hotels, of fuel and catering services by airlines, and IT services by travel agents. The 'induced' contribution measures the GDP and jobs supported by the spending of those who are directly or indirectly employed by the Travel and Tourism industry. country on Travel & Tourism by residents and non-residents for business and leisure purposes) as well as government 'individual' spending - of tourism-characteristic sectors such as hotels, airlines, airports, travel agents and leisure and recreation services that deal directly with Account: Recommended Methodological Framework (TSA: RMF 2008). 'community at large' – eg tourism marketing and promotion, aviation, administration, security services, resort area security services, resort area sanitation services, etc.

The total contribution of Travel & Tourism to GDP (including wider effects from investment, the supply chain and induced income impacts, seepage 2) was NGN6,205.8bn in 2017 (5.1% of GDP) and is expected to grow by 1.6% to NGN6,307.5bn (5.0% of GDP) in 2018 . It is forecast to rise by 4.8% pa to NGN10,094.5bn by 2028 (5.4% of GDP).

Travel and Tourism generated 1,219,000 jobs directly in 2017 (1.8% of total employment) and this is forecast to grow by 4.7% in 2018 to 1,276,000 1.8% of total employment). This includes employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists by 2028, Travel and Tourism will account for 1,794,000 jobs directly, an increase of 3.5% pa over the next ten years.

2.1.2. International Tourist Arrival

Developing countries' share of international tourist arrivals more than doubled from 1973 to 2000 (UNWTO, 2002). Tourism comprises a significant part of the world's growing service sector; in sub-Saharan Africa, tourism accounts for approximately 55% of service sector exports (UNWTO, 2004).

According to the World Travel & Tourism Council (2017), leisure travel spending generated 54.1% of direct travel & tourism GDP (NGN1 668.7bn) as compared to 45.9% for business travel in 2016

Domestic travel spending is foreseen to grow by 1.4% in 2017 to NGN2,913.9bn, and rise by 3.7% pa to NGN4,183.3bn by 2027. Visitor exports are expected to drop by 2.8% in 2017 to NGN205.4bn, and rise by 1.7% pa to NGN242.4bn in 2027.

The majority of tourists to Nigeria are from nearby countries like Benin, Niger, Liberia, Cameroon, Chad and Sudan from where access to Nigeria is easy. These are countries that engage in business with Nigeria and which have cultural ties making it interesting for leisure tourism from a cultural point of view (Euro monitor International, 2017). Corporate travel is the second most important area for tourism in Nigeria. The main destination for corporate travel is Lagos, where a number of trade events and conferences attract business travelers each year, and it is also, where the majority of Nigerian businesses are located

Business arrivals accounted for 25% of total inbound arrivals to Nigeria in 2017. Nigeria has one of the highest rankings in terms of urban markets in Africa. Five Nigerian cities make the top 25 in Africa, while the country accounts for 37 cities in the top 100 (Fraym, 2017).

2.2. Economic Contribution of travel and tourism to economic growth

The World Trade Organization (WTO, 2014) asserts that tourism and hospitality industry is one of Africa's greatest but most under invested assets, commanding market value of \$50billion, has \$203.7-billion of untapped potential which represents four times its current level. The Organization's forecast for international tourist arrivals to Africa indicates that "there will be 77.3 million visitors in 2020. This represents an annual growth rate of 5.5% over the decade, which is above the global growth rate of 4.1%. Elsewhere it is estimated that Africa, together with Asia will contribute more than half of the projected growth in international visitation with 30% of that growth expected around the world, (Bichaka et al. 2007). Similarly, the United Nations in 2013 reports that "Travel & Tourism's total contribution to the global economy stood at \$7trillion representing 9.5% of global GDP, not only out pacing the wider economy, but also growing faster than other significant sectors such as financial and business services, transport and manufacturing."

In Nigeria, the downstream economic impacts from the exports revenues of international tourists' spending are estimated to generate additional annual gross revenue of \$224m (N29b).

Furthermore, the market share of emerging economies is not left out in this boom, increasing from 30% in 1980 to 47% in 2015, and is expected to reach 57% by 2030, equivalent to over 1billion international tourist arrivals (UN,WTO's Long Term Forecast Tourism Towards

2030).

According to Bankole, (2002), investments in Nigeria's tourism subsector are expected to benefit several stakeholders; efficient suppliers of tourism services, host communities, tourists, tourism investors and the government.

In a study conducted on 140 nations by Travel and Tourism Competitiveness Index (TTCI, 2013) Nigeria performed higher than some African tourist nations. The assessment which was based on three important pillars of the TTCI, is very crucial for the sustenance of Nigeria's tourism industry: On natural resource pillar it ranked 68 out of 140, cultural resource pillar it ranked 98 out of 140 while environmental sustainability is 63/140. It is estimated that there are about 101 tourist attractions of international repute in Nigeria, spread across the six geopolitical zones and spanning different types of tourism assets such as rocks, plateaus, hills, springs, lakes, waterfalls, beaches, museums, shrines, cultural festivals, parks, gardens, game reserves, zoos, etc. (Abiodun, 2013).

2.3. Empirical Review

Eneji, Odey and Bullus (2016) investigate the impact of the tourism subsector on the Nigerian economy. The dimensions of impact assessed include employment, infrastructure, environment, resource development, GDP, capital investment and domestic participation. The study used descriptive statistics and simple percentages evaluation. The study indicates that tourism has significant positive impact on the economy, but the subsector is still under-invested and under-utilized. All the dimensions investigated were sensitive to changes in tourism development in a comparative analysis of ten African Countries; capital investment in tourism (CIT), domestic tourism consumption (DTC) and visitors' tourism exports (VTE). Tourism has direct impact on employment, income, infrastructure and standard of living. There is also a direct linkage between tourism, environment and the local economy in terms of social and economic development.

Yusuff and Akinde (2015) focuses on empirical investigation of the contribution of the rapidly developing tourism sector to economic growth in Nigeria from 1995 to 2013 using the econometric view statistical package. The findings reveal a unilateral causality and positive long-run between tourism development and economic growth. The tourism-led growth is also thus confirmed for Nigeria

Mishra et.al (2011) studied causality between tourism and economic growth in India, and found a long run unidirectional causality from tourism activities to economic growth of the country.

Kreisan (2010) also examined the causality relations between tourism earnings and economic growth for Jordan and found a positive relationship between tourism development and economic development in the long run. The Granger causality test result reveals the presence of unidirectional causality from tourism earnings.

Aliquah and Al-rfou (2010) determine the impact of the tourism sector on economic growth in Jordan during the period 1990 to 2008. Using the applied descriptive statistical approach. The findings revealed that the tourism sector witnessed significant growth in tourism services, tourism infrastructure, tourism legislations, institutional framework and the number of tourist arrivals. The study further revealed that the contributions of tourism sector in GDP for the years 1990- 2008 have seen variation ranged from 12.3 per cent to 14.6 per cent.

Zortuk (2009) examines the relationship between expansion in tourism and economic growth in Turkey using Granger Causality Test Based on vector error correction model (VECM) and found a unidirectional causality from tourism development to economic to economic growth.

Khalil et.al (2007) investigates the role of tourism in the short run economic development for Pakistan economy, using error correction model and causal relationship between tourism

receipts and economic expansion, the result reveals a strong relationship among tourism, receipts and economic expansion, implying that economic expansion is necessary for tourism development in Pakistan.

Balaguer and Cantavell-Jorda (2002) examine the role of tourism sector in the long run economic development of Spain, employing cointegration and causality tests on Spain's economic data and discovered that the increase in tourism income affects economic growth.

2.4. Literature gap

The motivation of this study stems from the fact that the tourism sector is an emerging sector in developing nations. This study stems from the works of Yusuf and () and David () is differed by the reduction of study period to 2013.

3. Methodology

This study adopted the ex-post facto research design. The annual time series data were collected from secondary sources from 2001-2013. The data on RGDP was obtained from Central Bank of Nigeria Statistical Bulletin 2013 while data on TOAR and TCE were obtained online from World Development Indicators of the World Bank. The variables used for the study includes: International Tourist Arrivals, Real Gross Domestic Products and Total Contribution to Employment.

Model specification

Model 1

The model is specified as follows:

$$RGDP = f(TOAR) \dots \text{equ (i)}$$

$$RGDP = \beta_0 + \beta_1 X_1 + \mu t \dots \text{(ii)}$$

$$RGDP = \beta_0 + \beta TOAR + \mu \dots \text{equ (iii)}$$

Where:

RGDP – Real Gross Domestic Product (Proxy for economic growth)

TOAR – International Tourist Arrivals

Model 2

The model is specified as follows:

$$TCE = f(TOAR) \dots \text{equ (i)}$$

$$TCE = \beta_0 + \beta_1 X_1 + \mu t \dots \text{(ii)}$$

$$TCE = \beta_0 + \beta TOAR + \mu \dots \text{equ (iii)}$$

Where:

TCE – Total Contribution to employment (Proxy for economic growth)

TOAR – International Tourist Arrivals

The apriori expectation is $\beta_1 > 0$. This implies that the independent variable in the models have positive relationship economic growth.

4. Data Presentation

Table 1 provides 13-years trend of international tourist arrival and economic contributions of tourism sector to the Nigerians' economic growth. In terms of absolute figures, international tourist arrivals rose marginally in 2001 from 850000 to 1550000 in 2010 and fell to 486000 in 2012. On economic growth as measured by contribution to gross domestic product (GDP) and contribution to GDP, the table revealed that the contributions to GDP are not compatible and do not show either an increasing or decreasing trend over the period considered. The table further revealed that the contribution of the sector to employment generation is still very low. This immensurable performance might be accredited to low business confidence index in the country's travel and tourism sector as revealed by Bello et.al (2014).

Table 1: Data on International Tourists Arrival (TOAR), Real Gross Domestic Product (RGDP) and Total Contribution to Employment in Nigeria: 2001-2013.

SN	Period	International Tourist Arrivals to Nigeria	Total Contribution to GDP	Total Contribution to Employment
1	2001	0.85	219.56	1700.40
2	2002	0.887	356.95	1960.90
3	2003	0.924	379.48	1773.60
4	2004	0.962	652.96	2349.60
5	2005	1.01	832.69	2445.60
6	2006	1.111	494.11	1209.00
7	2007	1.212	879.29	1988.80
8	2008	1.313	1870.4	2616.40
9	2009	1.414	1686.9	2266.60
10	2010	1.555	1315.8	1583.20
11	2011	0.715	1291.2	1595.10
12	2012	0.486	1460.0	1779.50
13	2013	0.6	1559.5	1836.80

Source: World Tourism Council data bade online

Data analysis

Model 1

Dependent variable: Real Gross Domestic Product

Method: Ordinary Least Square

Sample: 2001-2013

Variables	Coefficient	Std Error	T-Statistic	VIF
CONSTANT	0.819	0.534	11.533	
LOG (TOAR)	0.735	0.88	4.748	4.588

Source: Regression Result (2019)

R2 (Coefficient of determination) = 0.849

R2 (Adjusted coefficient of determination) = 0.848

Durbin Watson =

F – value = 265.791

Model 2

Dependent variable: Total Contribution on Employment

Method: Ordinary Least Square

Sample: 2001-2013

Variables	Coefficient	Std Error	T-Statistic	VIF
CONSTANT	0.946	0.453	23.533	
LOG (TOAR)	0.565	0.078	7.767	4.119

Source: Regression Result (2019)

R2 (Coefficient of determination) = 0.717

R2 (Adjusted coefficient of determination) = 0.701

Durbin Watson =

F – value = 10.013

5. Summary of findings

The study examined the impact of tourism on economic growth in Nigeria from 2001-2013. The ordinary least square (OLS) method was used in analyzing data. The findings of the study reveal that: International tourist arrivals contribute significantly to real GDP economic growth in Nigeria.

Also, International tourist arrivals contribute significantly to employment in Nigeria. The t-test showed that: international tourist arrivals has a significant impact on real gross domestic product in Nigeria. International tourist arrivals also have a significant impact on real gross domestic product in Nigeria. The f-test shows that international tourist arrivals have a significant impact on real gross domestic product and employment in Nigeria at 5% level of significance. The adjusted coefficient of determination (R²) shows that 84.9% variations in real gross domestic products are being accounted for by international tourist arrivals. 84.9% shows a good fit for model 1. Also, in model 2, the adjusted coefficient of determination (R²) show that 71.7% variation in Employment is being accounted for by international tourist arrivals. 71.7% shows a good fit for the model.

From the regression result, Durbin Watson (WC) value for model 1 is 1.95788, while that of model 2 is 1.93457. These values are closer to zero than two and indicate that there is perfect positive autocorrelation in the models. The variance inflation factors of the variables are less than 10, implying that, there is no multicollinearity in the explanatory variable. There is no heteroskedasticity in the models. The study therefore establishes that tourism development significantly contributes to real GDP and employment in Nigeria. This finding supports that of Yusuf and Akinde (2000) who reveal a unilateral causality and positive long-run between tourism development and economic growth.

6. Conclusion and Recommendations

This study examined the significant impact of tourism on economic growth in Nigeria for the period 2001 to 2013. Appropriate development of the tourism industry is fundamental to any earthshaking economic growth programme that must be anchored by any developing nation. This study has proven beyond reasonable doubts that tourism has significant positive impact on economic growth.

The study recommends that there is the need for Nigerian policy makers to pay more attention to the tourism sector and increase investments in that area to ensure its rapid development.

The study recommends provision of adequate security for both domestic and foreign tourists, tax incentives to hotels and tourism related industries and investment in basic infrastructure such as roads, better air ports facilities and good transport system. These will go a long way to ensure stable tourism demand for the country.

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