

The Role of Private Sector Participation in Sustainable Tourism Development in Cross River State, Nigeria

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Abstract

In order for the destination like the Tinapa Business Resort to develop as potential tourism destination, the pulling factors must come into play which constitute the major attractions in any given destination. The purpose of this paper is to examine the role of private sector participation in sustainable tourism development in Cross River State. A total of 160 questionnaires was used and data were analysed using Multiple Regression Analysis. The result shows that private sector have much to do in business and tourism if the socio-economic of the people must be enhance at the same time to ensure the sustainability of tourism in general and Tinapa Business Resort in particular. Empirical data were also collected in Tinapa management, Cross River State tourism Bureau and the public. Literature were drawn base on the subject matter and recommendation for future researchers were made.

Key words: Private sector, tourism, destination stakeholders, tenants, sustainability and resort.

Introduction

There is a growing recognition that innovative approaches must be adopted in order to maintain the economic health of a number of countries, communities and regions. While conditions vary from region to region tourism has been seen as an important form of economic development. It has also been promoted as a somewhat benign agent of economic and social change, a promulgator of peace through interaction and dialogue, and a service-based industry capable of creating employment and income. However, in countries and states with burgeoning tourism traffic, there is also an awareness and knowledge of the more intangible and indirect economic costs of tourism. Experiences has shown that destinations can rise and fall in popularity, driven by various factors in the destination's internal and external catastrophe and demand and supply-side problems. Tourism incorporates the conservation of the environment and the presentation of the historical and cultural heritage of a people that makes leisure a meaningful event (Ukene, 2003).

Tourism is all embracing, it involved the interaction of other components such as transportation, communication, accommodation and destination among others. Sectors cannot be singularly handled by the government as they constitute pillars of tourism development (Akpet, 2005).Therefore, the private sector must, of necessity, be involved in the development and promotion of tourism in any country that intends to make tourism the mainstay of her economy. This paper critically assess the role of private sector participation in tourism development in Cross River State as regards private sector activities in Tinapa Business Resort, expected contributive efforts of the various companies to tourism, business and socio-economic development in Cross River State, level of financial involvement in to the development of Tinapa Business Resort, major tenants in the Tinapa Business Resort and the associated problems of tourism development in Calabar.

Methodology

This paper is focus on the private sector involvement in the development of Tinapa Business Resort. One hundred and twenty three companies were identified for this study.

The companies were group into 10 business activities out of which forty six companies from the various groups were selected for this study using random and purposive sampling technique. Information concerning private sector activities, level of involvement and the major tenants in the Tinapa Business Resort were obtained from Tinapa management and Cross River State Tourism Bureau. However, 160 questionnaires eliciting information on the expected contributive efforts of the various companies to tourism, business development and problems of tourism development in Cross River State were administered to the operators of various sectors in Calabar. The percentages in the pie chart were obtained from the frequency of each variable which is base on individual response. In other to confirm the validity of the data collected, two hypotheses were tested which state thus:

1H_0 : There is no significant effect of the Tinapa project on the socio-economic development of Cross River State.

2H_1 : There is significant effect of the project on the socio-economic development of Cross River State.

To achieve this, the multiple regression analysis was used to established the level of relationship between the response and the various predictor variables. The multiple regression is mathematically stated as:

$$y = a + b_1 x_1 + b_2 x_2 + b_3 x_3 + \dots b_n x_n + e$$

where y = independent variable: Tourism and business

a = Regression constants

$b_1, b_2, b_3, \dots, b_n$ = Regression coefficients

$x_1, x_2, x_3, \dots, x_n$ = dependent variables: Socio-economic development

E = The stochastic error term (indicating that there are not all the variable required for the production of y and that even the variables included have measurement errors).

Study Area

The study area was the Tinapa project environment located in Odukpani Local Government Area along the Calabar River adjacent to the Calabar Export Trade Zone. Tinapa Business resort in Cross River State covered an area of about two hundred and fifty six (256 hectares). It lies between latitude 05^0E and 07^0E longitude 08.56^1N and $20^0.22^1N$. Odukpani Local Government is bounded to the north and Biase Calabar municipality council to the south, Lagos and Creek Town to the west and Akamkpa and republic of Cameroon to the east. The study also covered Calabar municipality and Calabar south which lies between latitude $05^0 08^1E$ and $04^0 48^1E$ and $08^0 14^1N$ and $08^0 20^1$ respectively.

Literature Review

Government and Private Sector Participation in Development

The governments of underdeveloped (African) countries have often taken the initiative in developing a tourist industry. Their role can either be passive or active. A passive role means creating suitable conditions to attract investment. This involves laws to ease the transfer of money in and out of the country, providing tax incentives for investors, restricting the rights of trade unions, speeding up the process of planning, land purchase and trying to ensure political stability. It is left to domestic and international private enterprises to provide the money to build the hotels and supporting infrastructure. The aim is to increase export and stimulate the tourist industry. During the early stages of the development of resorts, government often find it difficult to attract direct investment. Also some governments do not want to encourage foreign investment for both ideological and practical reasons, such investments can give foreigners too much influence over the domestic economy and loans have to be repaid and profit sent out of the country (Gamble, 1989). These situations might lead the government to a more critical role using the state own money to build tourist facilities.

All these constitute 'leaks' of the gross tourist receipts. The import needed to support the industry is known as the 'import content' of tourism. Government try to plug the 'leaks' by substituting domestically produced goods and replacing foreign workers by nationals. However, especially for a small country it is impossible to eliminate the import content totally because domestic agriculture and industry cannot produce the range of goods required by affluent tourists demanding a luxurious lifestyle. Most developed and developing countries now have some sort of tourism policy. As WTO in lascurian (1996) stated that; "tourism is one of the most important economic, social, cultural and political phenomena of the twentieth century, and the state cannot be indifferent to it". Thus most developing countries recognized tourism at the ministerial level (often combining it with other sectors, such as commerce, civil aviation, environment, or culture, and in Cross River State, trade and investment), and there are a host of agencies addressing such policy issues like promotion and marketing, infrastructure and trading.

In cross River, some of these agencies are the State Tourism Bureau, Cross River Tourism Board etc. Virtually every country has an association of private sector tourism interests and many also have joint governments – private consultative bodies.

As pointed by Esin (2002): The new paradigm in development is being shaped by a number of socio-political, economic realities in Nigeria, including; debt serving arrears, evolution towards market economies, political transitions and poverty, over burdened infrastructure, population growth and environmental degradation. The evolution towards market economies across the world also dictates a shift in paradigm, liberal trade policies necessary for a thriving market economy can only be effective in an environment of fiscal federalism. Fiscal federalism is not a privilege, but also a responsibility. State and local governments most rise to the challenge of transforming their regions into an industrial breeding ground for sustainable economic development. Cross River State has begun this effort specifically through public/private sector partnership in practically every area of its economic development agenda. However, the government will gradually divert over a period of time in line with its policy to encourage increased private sector participation in development. While agriculture and tourism provides the best stimulus for sustainable economic development, there are inherent challenges to be faced; severe environmental problems like soil erosion and declining soil fertility, deforestation, pollution of water supplies and biodiversity loss are everyday real and critical concern.

Critical of this is the limited ability of the central government to securitize necessary development projects across the country. The state as a result must adopt a proactive approach to development. In embracing this challenge, the Cross River State government has adopted a number of approaches, including seeking long term financing to compliment its limited revenue base. The state also, recognized, the need to improve its funding capacity in lieu of current and future development challenges. Efforts to contain these problems must be a collective and integrated one between the central, the state and local government if development is to be sustained. Today, sustainable economic development in Cross River State must therefore take place in the complex context of diverse and changing ecosystem. Having said these, efforts towards environmentally sustainable development remain high on Cross River State government's priority list. To this end, the state's strategy for containment includes an endorsement of the World Bank's agenda for action which builds the Bank's assistance strategy around Africa major environmental challenges. If tourism is to become the key growth area of any economy, it is logical that substantial public and private sector support must be accessed.

In Nigeria, though government has been in the forefront, but its support has not been substantial nor private sector financing especially mainstream banking been substantial. Private sector financing has been in the form of equities. Interestingly, given the nature of the funding requirement and volume of the nascent Nigeria tourism industry, the capital market is the most appropriate source, yet the industry's access to the capital market and its contribution is still weak. In Cross River State before the floating of the tourism development bond, the private sector contribution does not reflect funding (financing) but mostly in the provision of infrastructure for tourist development. These facilities are mostly in the form of hotels (accommodation), transportation, communication and other ancillary services. However, from the prospects details of the Tourism Development Bond, the Bond will be traded in the floor of the stock exchange with potential tax exempt for investors and fully secured by an irrevocable standing payment order issued by Cross River State government as a first charge upon and payable out of the statutory allocation of the state. The Bond was created pursuant to the Cross River Development Bond law No.2, 2003 and the approval of the Cross River State Executive Council of 21st May, 2003. So, the Bond has the support of the state government.

Research Findings

Private Sector Involvement in Tinapa Business Resort

The level of private sector involvement in Tinapa project ranged from manufacturing, packaging, shipping, marketing among others as presented in Table 1. It was observed that among all the private sectors which have indicated interest in the Tinapa Business Resort, transport sector had more investors as it had a value of 17.1% banking with a value of 12.2%. Nevertheless, other sectors such as manufacturing industries, servicing industries, confectionaries and communication sector, had values 10.6% and 9.8% respectively.

Insert table (1) about here

Expected contributive efforts to tourism and business of various companies

The aggregated data of all respondent on companies in their contributive effort towards tourism and business is presented in Table 2. The table shows that the various companies would impact it significantly in business activities in the Tinapa Business Resort as compared to tourism. This will help to induce socio-economic growth in the state.

Insert table (2) about here

However, hypothesis 1, which state that there is no significant effect of the Tinapa Business Resort on the socio-economic development of Cross River State was tested. From the regression result, it was observed that the regression sum of squares to be 4278.544, it residual to be 967.552 and total 5346.096. it is seen that 82% of the variation in the socio-economic gain to Cross River as a result of Tinapa could be accounted for by knowing the activities from the private companies as regarding their business and tourism contribution while about 18% is accounted for by other factors based on their activities. The result also indicate that the coefficient of the predictor variables had a positive value of 9.137 and 2.079 for business and tourism activities respectively. Therefore, it could be very confidently to said that there is a strong relationship between socio-economic gains to Cross River State and the business activities by the private sector.

Level of private sector involvement

Various stakeholders in the Tinapa Business Resort was shown in Table 3. Table 3 gives a critical analyses of the major stakeholders and their level of financial commitment in the resort. The table revealed that banking sector had impacted greatly on the sustainability of the resort. Although Cross River State Government was seen to be high financial commitment followed by UBA while Elizabeth Nwafor was least on individual note.

Insert table (3) about here

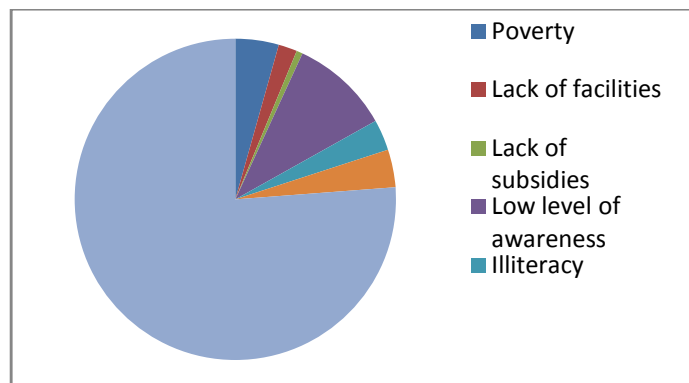
Tenants in the Tinapa Business Resort

From the proceeding analysis in Table 4 can be seen that there had been an increase in the percentage of tenants under offer/negotiation with values 56% to about 67% of the total available Gross Lettable Area (GLA). The increase in the percentage arose mainly from tenants in negotiation rather than confirmed tenants. However, the real tenants are those ones that have signed their lease agreements and have displayed to the site for business activities. The categories of signed leases are relatively few as compared to leases under review as shown in Table 4.

Insert table (4) about here

The development of tourism in Cross River State suffered tremendous set back which ranged from poverty, lack of adequate facilities, lack of subsidies, illiteracy low level of awareness among others as presented in Figure 1. It was observed that low level of awareness was major setback to tourism development in Cross River State as it had a value of 10% followed by poverty with a value of 4.38%. Although, other factors were seen to be at the least side on individual note.

Major setbacks to tourism development in Cross River State



Source: Field Work (2009)

Recommendations

Base on the result presented in this study several recommendations are put forward to boost the image of tourism development and private sector activities in this laudable industry. Awareness should be effectively created to ensure a high level of host communities participation in tourism development. This would however help to ensure sustainability, protection of the tourism potentials and the industry. The government must provide enabling environment that would encourage private sector investment in the industry. However, necessary infrastructures and social amenities such as road, electricity, water, accommodations should be provided to enhance tourist satisfaction while their stay in the state. Beside subsidies or loans should be given to private individual to enable them generate tourism related activities all year round in the state. The government should play a supervisory role, and also put a framework that would ensure the sustainability of the Tinapa Business and leisure resort.

Conclusion

Cross River State would become a place in West Africa, which would not only make grant strides, but in commercialization and industrialization. It is crystal clear that the success and future of Tinapa Business Resort is vested in the hands of the private sector. Thus, the private sector involvement in the development of the Tinapa Business Resort will induce socio-economic growth and development in Cross River State. Therefore, the government and the various stakeholders must provide an enabling environment to enhance investment and the sustainability of the Tinapa Business Resort in the state.

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Table 1: Private sector activities in Tinapa Business Resort

S/n	Options	Frequency	Percentage
a.	Manufacturing	13	10.6
b.	Packaging	10	8.1
c.	Shipping companies	9	7.3
d.	Clearing and forwarding	7	5.7
e.	Marketing	10	8.1
f.	Confectionaries	13	10.6
g.	Banks	15	12.2
h.	Servicing industry	13	10.6
i.	Transport	21	17.1
j.	Communication	12	9.8
	Total	123	100

Source: Tinapa Management Calabar (2009).

Table 2: Expected contributive efforts to tourism and business of various companies

Companies	Sectors	Business 10 Marks	Tourism 10 Marks	Socio-Economic Dev. 100 Marks
Dangote	Manufacturer	7.63	4.53	73.16
Niger Mills	MA	6.32	2.68	52.16
Nig. Breweries	MA	5.37	3.47	45.26
Unilevers Plc	MA	5.16	2.63	42.63
Cleans Nig. Plc		5.11	2.16	38.47
Tropical Waters	Packaging	5.42	2.11	33.63
Real Plantation	PA	5.42	2.89	33.89
Pineapple Processing Factory	PA	5.11	2.63	35.68
Intel Nigeria Limited	Shipping	4.58	2.00	31.84
Brawal Nig. Limited	SH	3.74	1.42	24.95
Integrated Nig. Limited	SH	4.79	1.47	32.16
J. O. Odey Nig. Limited	Clearing	4.05	1.32	25.11
Commerce and Freight	CL	3.95	1.89	26.84
Universal Basic	Marketing	4.47	1.58	30.63
UAC	MK	5.26	2.53	37.26
John Holtdist Nig. Plc	MK	5.26	2.58	44.74
Mr. Biggs	Confectionaries	4.68	1.95	37.47
		6.63	3.79	56.11

Mr. Fans	CF	5.63	3.26	49.68
Dukes	CF	5.53	3.05	45.74
High Quality	CF	4.89	1.89	37.68
New Maseco Bakery	CF	4.16	1.84	34.32
First Bank	Bank	6.16	2.58	59.32
Standard Trust	BK	5.95	2.32	59.58
Guaranty Trust	BK	5.11	2.37	49.32
Citizen Bank	BK	5.00	3.47	46.42
All State Bank	BK	4.42	4.37	42.58
Pyramid	Servicing	5.37	5.21	49.79
Mirage	SV	6.26	7.11	54.79
Channel View	SV	5.95	4.95	59.21
Aqua Vista	SV	6.37	5.95	55.11
Metro Hotel	SV	5.58	3.84	49.58
The Young	Transport	5.53	2.68	50.74
Dangote	TP	6.89	3.11	53.79
U. S. A.	TP	5.37	1.89	41.95
Cross Lines	TP	5.11	2.26	42.11
Rainbow	TP	3.74	1.58	28.53
IRS Airlines	TP	4.47	2.74	35.32
Aero Contractors	TP	3.84	2.47	36.21
Chang, Changi Airline	TP	4.42	2.53	37.32
ADC Airline	TP	5.53	3.00	41.26
Calculux	TP	4.47	1.95	36.00
DHL	Communication	5.53	2.79	39.79
V-Mobile	CM	6.11	3.74	55.11
Globa-Com	CM	6.63	3.37	54.95
CRBC	CM	6.42	4.42	60.89

Source: Field Work (2009)

Table 3: Funding analysis in the Tinapa Business Resort

S/N	DESCRIPTION (Stakeholders)	AMOUNT ₦
	DEPOSIT FOR SHARES:	
1.	Rivers State Government	1,000,000,000
2.	NDDC	100,000,000
3.	UBA	550,000,000
4.	Union Bank	500,000,000
5.	GT Bank	500,000,000
6.	Fidelity Bank	500,000,000
7.	First Bank	500,000,000
8.	EcoBank	500,000,000
9.	Diamond Bank	500,000,000
10.	Oceanic Bank	500,000,000
11.	Omega Bank	100,000,000
12.	Access Bank	100,000,000
13.	Zenith Bank	250,000,000
14.	Intercontinental Bank	200,000,000
15.	IBTC	100,000,000
16.	Vice Admiral Jubrila Anyila (RTD)	25,000,000
17.	Ahmed Dasuki	25,000,000
18.	Elizabeth Nwafor	4,867,148

Source: Cross River State Tourism Bureau (2009)

Table 4: Categories of Tenants in the Tinapa Business Resort

SIGNED LEASES			LEASES UNDER REVIEW		
Tenant	Rented Space M ²	Nature of Business	Tenant	Rented Space M ²	Nature of Business
Flemingo	1,903	Fashion, Electronics, Liquor	Perfumery	53	Perfumes
UBA	194	Banking	Wooden	176	African Prints
Polo Limited	160	Luxury Products	Vusco	176	Branded Clothing
Globa Com	204	Telecommunications	The Office Shop	180	Office Stationery
Hallero	53	Perfumery	Beauty Essentials	165	Beauty Products
FBN	196	Banking	City Scape	156	Designs
EcoBank	204	Banking	Celtel	165	Telecommunications
News Café	509	Fast Food	Coral Shop	112	Jewelry
Viva	180	Textiles	UAC Menumasters	420	Fast Foods
			MTN	106	Telecommunication

Source: Cross River State Tourism Bureau (2009)