

The Impact of Hotel Industry Development in Enugu City, Nigeria

Titus Amalu and Anim Ajake

*Department of Geography and Environmental Science,
University of Calabar, Nigeria*

Abstract

This paper contends that tourism destination competitiveness depends on viable recreation and hospitality facilities that represent the destination products. It investigates the impact of hotel industry on the development of Enugu city. Information for the study was obtained from questionnaire survey and interview sessions. The data generated were presented in tables, graphs and charts and analyzed using descriptive statistics. The result revealed that there was an increase in the number of hotels in Enugu metropolis from 62 in 2010 to 117 in 2014 while its work force also increased from 1,078 in 2010 to 2,708 in 2014. It was also observed that 70% of the lodgings in the hotels were by local residents while the remaining 30% was recorded by visitors from outside the state and that only 20% of the hotels have recreational facilities. Based on the above findings, it is recommended that managers of hotels should improve the standard of services and equip their hotels with modern recreational facilities while government and private investors should host events in the state to attract more tourists into the state and in-turn increase patronage in the hotels.

Keywords: Recreational facilities, accommodation, local residents, hotels, hospitality, competitiveness.

Introduction

The hospitality industry plays a vital role in the economy of local communities throughout the world. Travel and tourism is one of the world's largest industries, generating US\$6 trillion or 9% of global GDP and supporting 260 million jobs, (WTO, 2014). Many of those jobs are created by the hotel sector, giving the industry a tremendous opportunity to help local communities prosper (Butler, 2008).

Tourism is ideally known to generate revenue and wealth to the investors of different nations all over the globe today, and Nigeria is endowed with so many tourist attractions as well as several tourism resources that can provide abundant business opportunities to local and foreign tourism and prospective investors, while increasing government's earnings. Furthermore, Nigeria is blessed with the

Savannah-Sahel in the North, the Hills and Mountains in the East and the Lagoons and Forests in the West and other attractions that can adequately enhance the revenue portfolio of the nation. However, tourism will not receive the desired attention if the accommodation aspect which attracts fifty percent of the tourist expenditure at an average, at any point in time is not discussed (Durodola and Oloyede, 2011).

Hotel, Motel and Catering are integral parts of tourism and any consideration of the hotel industry as an engine of growth needs to take into account the multiplier effect which it also possess (Manaktola and Jauhari, 2007). Hotels are classified according to size, location, target markets, levels of service, facilities, number of rooms, ownership and affiliation etc. In most developed countries of the world, the impacts of hotels go well beyond providing rooms and jobs, as their economic reach extends far beyond its direct contributions to taxes, employment, income and GDP. The supply chain of the industry has a knock-on effect, creating business activity in nearly all other economic sectors (Mensah, 2006). Hotel guests spend money in the retail, recreation, transportation and restaurant sectors. And hotels provide a forum for business meetings, trade shows and conventions which in turn generate economic growth (Zengeni et al., 2013).

It is widely recognized that tourism is an important factor that can contribute to the development of market-oriented economy. It can be stated that tourism is directly linked with the cultural, economic and intellectual potential of a country and the current statistical data show that tourism is seen as one of the most profitable and rapidly developing industries in the world. It is expected that in the early 21st century the number of tourists will increase dramatically and consequently the revenues from tourism will increase considerably. In recent times, economists have observed that diversification in an economy is a sign and powerful factor of health and true and sustainable source of wealth. This is to say that if a country or region's hope of economic survival is dependent on an industry, then such industry is bound to experience pressure on its facilities and resources, giving rise to economic recession and ultimately, poverty and starvation among the people and a breakdown of economic activities. Following the recent economic recession around the world, most developed and developing countries are embracing tourism as a major option of diversifying their economy and this has helped to boost their economy. This recent increase in tourism activities around the world has also in recent times been reported to be accompanied by negative impacts especially where it is

not practiced responsibly. In most of the countries where tourism have really propelled the economy to greater heights, it has been discovered that the hospitality industry especially the hotels are seen as the main nucleus of its positive impacts through job creation, foreign exchange generation, income generation, incentive for elongated duration of tourists stay and image promotion.

The hotel industry has been reported to have overbearing direct impacts on the economy of its host community through the provisions of employment (although in some cases temporary and insecure), structural development, exposure, income generation and foreign exchange generation. It also has indirect impacts on the economy of its host community through its boost on the existence and survival of tourists' support facilities such as the transport sector, tour guides, arts and crafts, food and beverages sector, security, restaurants, drinking spots, club houses and the local market men and women all of who benefit from the trickle-down or multiplier effect of the tourists' presence, and whose duration of stay is often determined by the satisfaction derived from the services and facilities rendered by the hotel industry. In the Gambia, for instance, 30% of the workforce depends directly or indirectly on tourism. In small island developing states, percentages can range from 83% in the Maldives to 21% in the Seychelles and 34% in Jamaica while Malta has only 380,000 residents, but received 1.2 million tourists in 2009. As 25% of GDP (and indirectly 40%), tourism generated more than \$650 million in foreign exchange earnings. Malta's high dependence on tourism and a limited number of export products makes its trade performance vulnerable to shifts in international demand (WTO, 2014).

Nigeria cannot be left out in this strive towards economic growth through hotel development. Its hospitality industry has shown tremendous strength in the aspect of human resources and structural development, especially now that the dependence of the country's economy is gradually shifting from the oil sector to the tourism sector. Enugu city has also experienced a boost in the tourism development through the rapid increase in the number of hotels in the city. The hotel industry in Enugu started with the establishment of The Dayspring hotel at Lagos street at about 1955 and thereafter, the Atlantic hotel at Ogidi street, Night life hotel, Olympic hotel and the Presidential hotel etc. In recent times, the city has recorded a great increase in the number of hotels and all these has been observed to have an over-bearing influence on the social, economic, cultural and aesthetic development and transformation of the city. However, there is a dearth of information on the subject matter due to the fact that there are no published literatures

on the inventory and standard of the hotel industry in Enugu city in recent times. Considering the incessant increase in the rate of unemployment in the country, the steady increase in the population of the people and the lack of interest on the part of government in tourism development in the state, this paper seeks to investigate the impacts of the hotel industry in the development of Enugu city with object of finding the way forward.

Research Method

Enugu, the capital of Enugu State, is located in the southeastern area of Nigeria. It is largely populated by the Igbo, one of the major ethnic groups in Nigeria. The city has a population of 722,664 according to the 2006 Nigerian census and a projected population of 4,061,808 in 2013 (NPC, 2014). The name Enugu was derived from the two Igbo words *Enu* and *Ugwu* meaning "top of the hill" or Hill top, denoting the city's hilly geography. Enugu is blessed with numerous natural and cultural tourism resources. This study is an exploratory cross-sectional survey devoid of control but a one-time observation of independent and non-manipulated variables and covered hotels within Enugu city. Primary and secondary sources of information were employed to elicit data for this study. The Primary source involved the use of questionnaire survey along with open ended questions which were administered to managers and workers in the various hotels within the city and also to purposively selected residents, mainly those engaged in forms of tourists' inclined activities and businesses within city to elicit information on their participation and involvement in tourism development. Information on staff strength and salaries were derived from a questionnaire survey on managers of various hotels. A total of 300 copies of questionnaire were duly completed and returned by the respondents. Interview sessions, which were strictly guided by a participatory research method, were also held with the management of hotels in the city and management staff of the State Ministry of Tourism to help elicit information on the economic implication of the hotels to the State economy. The secondary source of information involved the use of available recorded information in the hotels and the State Ministry of Tourism and the State internal revenue office to help the researchers elicit information on the origin of the tourists, their purpose of visit and duration of stay; date of establishment of hotels, taxation rate by government and the total annual tax generated by the State from the hotels. The city was delineated into seven zones of Abakpa, Trans-Ekulu, New Heaven, Independence Layout, Government Reserved Area

(G.R.A), Obiagu, Uwani and inventory of the number of hotels in the various areas were collated.

Results and Discussion of Findings

Patronage of hotels in Enugu city

The success of any business is understandably known to depend on its level of patronage by customers. Table 1 shows the type of people or tourists' that patronize the hotels in the city and also their origin of residents.

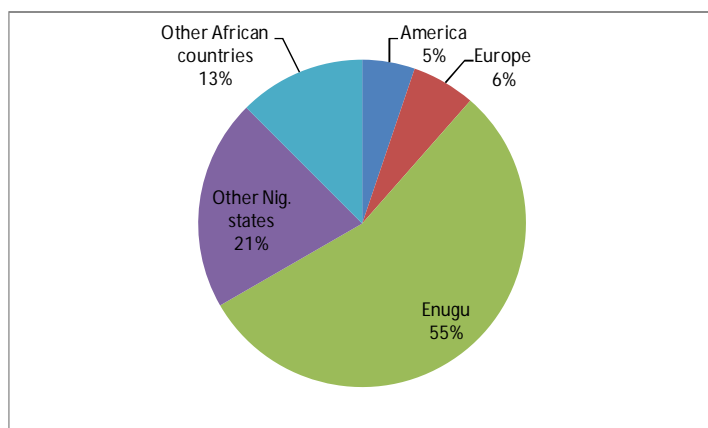
Table 1: Tourists' and people who spend night in the hotels and their origin (2013)

S / N	Hotel location	No. of tourists	% of patronage	Origin of Tourists					
				Enugu	Other Nigeria states	Other African Countries	Europe	America	Asia
1	Abakpa	29,600	10	22,117	5,120	1,850	350	68	95
2	Trans-Ekulu	38,240	14	25,986	8,003	3,500	330	309	112
3	New Heaven	46,320	16	29,663	10,200	4,598	667	760	432
4	Independence Layout	90,000	32	21,472	18,098	16,780	12,870	10,890	9,890
5	Obiagu	23,040	8	15,789	5,980	1098	79	38	56
6	G.R.A	37,240	13	23,151	6,856	2,980	2,450	1,094	709
7	Uwani	19,600	7	13,784	2,879	1,957	823	90	67
	Total	284,040	100	151,962	57,136	32,763	17,569	13,249	11,361

Source: researcher's survey, 2014

Information on Table 1 reveals that 32% of the total number of tourists that patronize hotels in the city stay in hotels located within Independence Layout, 16% within New Heaven area, 14% stay within Trans-Ekulu, 13% within G.R.A, 10% within Abakpa, 8% within Obiagu area and 7% stay in hotels within Uwani area. It also shows that most of the people that stay in the hotels are local residents and they form the main nucleus of the people who patronize the hotels.

Figure 1: Origin and types of tourists’ or persons that spent night in the hotels in 2013.



Source: Researcher’s survey, 2014.

Fig. 1 shows that 53% of the people who patronize or spend a night in the hotels within Enugu are local residents while 20% come from other states in the country, 12% from other African countries, 6% from Europe, 5% from America and 4% from Asia.

Hotel Inventory and Classification in the City

Although different international classification exists, this study would adopt Great Britain’s standards of hotel classification where hotels are rated from one star to five stars. Table 2 shows the classification of the hotels according to the services they render and the facilities they have while table 3 shows the hotels in the city with their percentage-change and statuses.

Table 2: Hotel Standards and Catalogue of Characteristics

Hotel star	Excerpt of the catalogue of criteria
*(One star) (Tourist)	<ul style="list-style-type: none"> ▪ 100% of the rooms with shower/ WC or bath tub/WC ▪ Daily room cleaning ▪ 100% of the rooms with colour-TV together with remote control ▪ Table and chair in the rooms ▪ Soap or body wash ▪ Reception service

	<ul style="list-style-type: none"> ▪ Facsimile at the reception ▪ Publicly available telephone for guests ▪ Extended breakfast ▪ Beverage offer in the hotel ▪ Deposit possibility
** (Two star) (standard)	<ul style="list-style-type: none"> ▪ In addition to the single star hotels (Tourist): ▪ Breakfast buffet ▪ Reading light next to the bed ▪ Bath essence or shower gel ▪ Bath towels ▪ Linen shelves ▪ Offer of sanitary products (eg. Toothbrush, toothpaste, shaving kits) ▪ Credit cards
*** (Three star) (Comfort)	<ul style="list-style-type: none"> ▪ In addition to the double star hotels: (swimming pool, Gym hall, parking facilities) ▪ Reception opened 14 hours, accessible by phone 24 hours from inside and outside ▪ Bilingual staffs (eg. French and English) ▪ Beverage offer in the room or in the public area ▪ Heating facility in the bathroom, hair-dryer, cleansing tissue ▪ Dressing mirror, place to put the luggage/suit case ▪ Sewing kits, shoe polish utensils, laundry and ironing services ▪ Additional blanket on demand ▪ Systematic complaint management system
**** (Four star) (First class)	<ul style="list-style-type: none"> ▪ In addition to the three star hotels: (swimming pool, Gym hall, parking facilities) ▪ Reception opened 18 hours, accessible by phone 24 hours from inside and outside ▪ Lobby with seats and beverage service ▪ Breakfast buffet or breakfast menu card via room service ▪ Mini-bar or 24 hour beverages via room service

	<ul style="list-style-type: none"> ▪ Upholstered chair/couch with side table ▪ Bath robe and slippers on demand ▪ Cosmetics products (eg shower cap, nail file, cotton swabs, vanity mirror, tray of a large scale in the bathroom ▪ Internet access and internet terminal and 24 hour restaurant service via room service
<p>***** (Five star) (Luxury)</p>	<ul style="list-style-type: none"> ▪ In addition to the four star hotels (first class): (swimming pool, Gymnastic hall, parking facilities and a business center via room service for E-mail, fax, photocopy and printing services) ▪ Reception opened 24 hours, multi-lingual staff ▪ Door-man or valet parking ▪ Concierge, page boy ▪ Spacious reception hall with several seats and beverage service ▪ Personalized greeting for each guests with fresh flower or gift in the room ▪ Mini-bar and food beverage offer via room service during 24 hour stay ▪ Personal care products in flacons ▪ Internet-PC in the room ▪ Safe in the room ▪ Ironing service (return within one hour), shoe polish service ▪ Turndown service every evening

Table 3: Number of hotels in Enugu city

S/ N	Area	No. of hotels *(2010)	No. of hotels **(2014)	Difference in number
1	Abakpa	10	22	12
2	Trans- Ekulu	8	12	4
3	New heaven	8	14	6
4	Independen ce Layout	12	25	13
5	Obiagu	8	16	8
6	G.R.A	6	12	6
7	Uwani	10	16	6
	Total	62	117	55

Source: *ODI (2010), *Researcher's field survey, 2014

Information on table 3 shows that there have been significant increases in the number of hotels in Enugu city with Independence Layout and Abakpa recording 24% and 22% respectively, while New Heaven, Obiagu, G.R.A and Uwani recorded 11% each and Trans-Ekulu recorded 7%. It shows that the city had 47% increment in hotels between 2010 and 2014.

Table 4: Classification of hotels in Enugu city

S/ N	Area	One star	Two star	Three star	Four Star	Five star	Total
1	Abakpa	18	3	1	0	0	22
2	Trans-Ekulu	8	2	2	0	0	12
3	New heaven	9	3	2	0	0	14
4	Independence Layout	10	10	5	0	0	25
5	Obiagu	15	1	0	0	0	16
6	G.R.A	8	2	2	0	0	12
7	Uwani	14	2	0	0	0	16
	Total	82	23	12	0	0	117

Information on table 4 shows that three star hotels are mostly available within the well planned (central) area of the city like, Trans-Ekulu, G.R.A, Independence Layout and New Heaven with Independence

layout recording the highest number of 5 of the available 12 three star hotels in the city followed by Trans-Ekulu, New heaven and G.R.A with 2 each and one in Abakpa. It was also realized that clustered areas like Obiagu, Abakpa, and Uwani had mostly one star hotels located within the area.

Direct impact of the hotels through job creation was assessed and result presented in table 5 and table 6.

Table 5: Employment structure of hotels in the city

S/ N	Area	Manage r	Che f	Stewar d	Securit y	Drive r	Tota l
1	Abakpa	22	22	156	60	20	280
2	Trans-Ekulu	12	12	390	30	12	456
3	New heaven	14	14	455	22	16	521
4	Independence Layout	25	25	517	40	36	643
5	Obiagu	16	16	83	20	16	151
6	G.R.A	12	12	387	20	18	449
7	Uwani	16	16	134	22	20	208
8	Total	117	117	2,122	214	138	2,708

Source: Researcher's field survey, 2014

Information on table 5 shows that more of the employees (2,122) in the hotel industry in the city were stewards, followed by security personnel (214 workers) and drivers (138). Those in managerial cadre and chefs were 117 workers each. It was further discovered that the bulk of the industry's work was dependent on the stewards.

Table 6: Estimated total monthly salary of staffs in hotels in the city

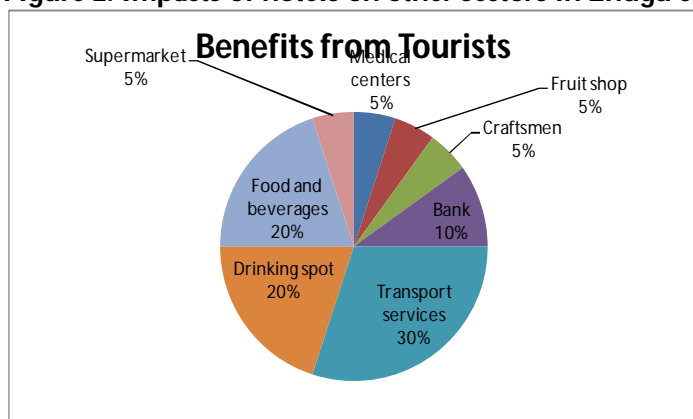
S / N	Area	Manager	Chef	Steward	Security	Driver	Total
1	Abakpa	880,400	655,200	1,272,400	610,300	202,100	3,620,400
2	Trans-Ekulu	540,500	530,600	4,580,400	310,300	120,100	6,081,900
3	New heaven	842,100	710,100	6,825,000	224,600	220,100	8,821,900
4	Independence Layout	1,550,200	1,375,000	7,755,100	480,000	432,700	11,593,000
5	Obiagu	470,400	480,000	996,000	200,000	150,430	2,296,830
6	G.R.A	470,200	421,000	5,805,560	240,000	216,300	7,153,060
7	Uwani	640,350	480,120	1,608,400	220,200	220,100	3,169,170
8	Total	5,394,150	4,652,020	28,842,860	2,285,400	1,561,830	42,736,260

Source: Researcher's field survey, 2014

Information on table 6 shows that ~~N~~42,736,260 (forty two million, seven hundred and thirty-six thousand, two hundred and sixty naira is earned monthly by the local residents who are employed in the hotels within the city. From this amount, ~~N~~28,842,860 is paid monthly to stewards, ~~N~~5,394,150 to managers, ~~N~~4,652,020 to chefs, ~~N~~2,285,400 to security personnel while ~~N~~1,561,830 is paid monthly to drivers.

Apart from the direct impacts the hotel industry has on the economy of the state through employees' salaries and tax to government, it also has multiplier effects or indirect impacts on other sectors as shown in figure 2.

Figure 2: Impacts of hotels on other sectors in Enugu city



Source: Researcher’s field survey, 2014.

Information on figure 2 shows that irrespective of the direct impacts of the hotel industry, it also has over-bearing indirect impacts on the economy of the residents and the state through its multiplier and trickle-down effects on other supporting sectors.

In a bid to further examine the economic implication of hotels on the local people, the sex differentials of workers in the hotels was investigated as presented in table 7.

Table 7: Sex differential of hotel Employment in the city

S/N	Area	Total workers (2010)	Male workers (2014)	% of Male (2014)	Female workers (2014)	% of female (2014)	Total (2014)
1	Abakpa	108	120	43	160	57	280
2	Trans-Ekulu	168	198	43	258	57	456
3	New Heaven	212	221	42	300	58	521
4	Independence layout	280	295	46	348	54	643
5	Obiagu	88	68	45	83	55	151
6	G.R.A	120	201	45	248	55	449
7	Uwani	102	82	39	126	61	208
	Total	1078	1185	44	1523	56	2708

Source: Researcher’s field survey, 2014

Table 7 shows that there has been an increase in the work-force of the hotels in the city from a total of 1,078 in 2010 to 2,708 in 2014. It further shows that the population of female workers in hotels (56%) is

more than that of the male (44%), with the population of workers in the hotels located within the central area such as Trans-Ekulu, Independence layout, New heaven and G.R.A numbering more than the population of workers in the less planned areas like Abakpa, Obiagu and Uwani. A total of 2,708 workers were recorded to be employed by hotels in the city. Table 8 presents the estimated total tax paid to government by the hotels in the city.

Table 8: Direct impacts of hotels and tax paid by the hotels in 2013 in Enugu city

S/N	Hotel location	No. of hotels	No. of staffs	Total monthly salaries (₦)	% of total salary	Total annual tax (₦)	% of total tax
1	Abakpa	22	280	3,620,400	9	2,100,000	10
2	Trans-Ekulu	12	456	6,081,900	14	3,200,000	15
3	New Heaven	14	521	8,821,900	21	3,500,000	16
4	Independence Layout	25	643	11,593,000	27	6,760,000	31
5	Obiagu	16	151	2,296,830	5	1,539,000	7
6	G.R.A	12	449	7,153,060	17	2,800,500	13
7	Uwani	16	208	3,169,170	7	1,750,000	8
	Total	117	2708	42,736,260	100	21,649,500	100

Researcher's field survey, 2014

Table 8 revealed that an estimated amount of ₦21,649,500.00 was generated from the hotels in the city by the state government in 2013 as annual revenue (tax), and this had a significant impact on the economy of the people and the state.

Discussion of Findings

Research results show that there was an increment in the number of staff employed by the hotels between 2010 and 2014. However, majority of them were casual workers, with stewards leading the pack. The females were also found to be more in number than their male counterpart. It was also discovered that the hotel industry had directly and indirectly impacted on the economy of residents and the state. It provided job opportunities for the local residents and opportunities for the people to

enhance their economy through participation in tourism related activities. The outcome of the interview sessions shows that the hotel industry also contributed indirectly to the growth of the local economy by supporting local suppliers of goods and services; and ensured the growth of tourism support business outfits such as tour operators, transport sector, restaurants, arts and craftsmen, super markets, fruit sellers, drinking spots etc.

Indeed the hotel industry has contributed positively to the economic growth of the state with its direct contribution through salaries and tax as seen in monthly salaries of staff working in the hotels and tax remitted to the state government. These have an over-bearing indirect impacts on the economy of the state through its multiplier effects on the support facilities like the food and beverages centers, restaurants, drinking spots, medical centers, pharmacy, super markets, banks, arts and craftsmen and the transporters.

Conclusion and Recommendation

From this study, we conclude that the hotel industry in Enugu city has provided a variety of benefits to the local economy. The industry had both direct and indirect impact on the local economy. The direct impacts revolved around benefits through salaries to staff and tax to the state government, while the indirect impacts revolved around its contribution to the supporting industries like the transport sector, restaurants, food and beverages outfits, local craftsmen, farmers, super markets, fruit sellers, drinking spots etc. It was however noticed that most of the hotels in the city were poorly equipped and that most of the patronage came from local residents who are based in the state. We therefore recommend that the standard of our hotels in-terms of services and facilities be improved and that government and private stakeholders should organize and host events that will attract foreigners and visitors to the state to enhance the inflow of foreign exchange in the state economy.

References

- Butler, J. (2008). The compelling "hard case" for "green" hotel development. *Cornell Hotel and Restaurant Administration Quarterly*, 49(3), 234-244
- Durodola, O.D and Oloyede, S.A. (2011). Empirical Determination of Property Assets Management Styles in South- Western Nigeria Hotels. *Journal of Sustainable Development*, 4(1), 151-159.

- Manaktola, K, Jauhari, V. (2007). Exploring consumer attitudes and behavior towards green practices in the lodging industry in India. *International Journal of Contemporary Hospitality*, 19(5), 364-377.
- Mensah, I. (2006). *Environmental management practices*, Oxford Press, Oxford.
- Nigeria Population Commission (NPC) (2014) *Nigeria's Economic Growth and Challenges. Population gazette for planning and development*, Abuja, Nigeria.
- Nigerian Tourism Development Corporation (NTDC). (2013). *Standard for National Classification and Grading of Hotels and Other Serviced Accommodations in Nigeria*. 6st Ed. Abuja: Nigerian Tourism Development Corporation.
- World Tourism Organization (2014) *Indicators of Sustainable Development for Tourism Destinations: A Guidebook*. World Tourism Organisation, Madrid, Spain.
- Zengeni, N., Zengeni, D.M.F and Muzambi, S. (2013). Hoteliers' perceptions of the impacts of green tourism on hotel operating costs in Zimbabwe: The case of selected Harare hotels. *Australia journal of business and management research*. Vol.2 (11) pp. 64-73. ISSN 1839-0846.