



NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF MANAGEMENT SCIENCES

COURSE CODE: TSM 147

COURSE TITLE: TOURISM POLICY AND PLANNING

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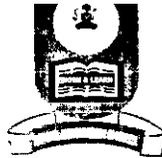
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National Open University of Nigeria 2006

First Printed 2006

Re-Printed 2012

ISBN: 978-058-085-9

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Printed by:- Emman Publicity Ventures for National Open University of Nigeria

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1.0 Introduction

We had discussed about the role and functions of the National Tourist Organisation. Framing tourism policy and preparing plans to achieve the policy objectives is a prime function in this regard. Years of experience has shown that tourism development has to be based on a policy and careful planning. This unit starts with a discussion on the need for tourism policy and planning. It goes on to identify the areas for planning, the various stages and evaluation. Further, the unit takes into account the Tourism Policy of the Government of Nigeria with emphasis on the National Action Plan on Tourism and Special Areas Development programmes.

2.0 Objectives

After reading this Unit you will be able to:

- appreciate the need for tourism policy,
- know the importance of planning in tourism,
- learn about the tourism policy of the Government of Nigeria and
- know about the salient features of the National Action Plan on tourism

3.1 Need for Tourism Policy and Planning

In Unit 3, while discussing the history of tourism, it has already been pointed out how different modern tourism is from the tourism of the past. Similarly, the constituents of the Tourism Industry are also varied and there is intense competition among the destinations to attract tourists. Though many countries may be late entrants in the business of tourism, they have advantage of evaluating and using to their own benefit the experience of others in this area. In order to direct the development of tourism in a country or at a destination there has to be a policy with identified targets and a plan to achieve them. This is more so necessary in order to maximise the benefits, remove or prevent the negative impact of uncontrolled mass tourism and go in for sustainable development. Hence, tourism planning is needed for a variety of reasons like:

- to coordinate the role of public and private sectors,
- to properly direct development,
- to demarcate the areas for development,
- to determine the types of tourism to be promoted,
- to prevent negative impact,
- to regulate and legislate,
- to train human resources, and

- to market a destination, etc.

More and more governments are giving priority to tourism policy formation and setting of goals. To achieve the goals their ought to be proper planning and monitoring of the plan. Even the planning process includes various steps like:

1. **Study Preparation** i.e. identifying the project of study and its terms of reference.
2. **Determining the Goals** i.e. setting the objectives and goals of the project (they may be modified later depending on the nature of feed back).
3. **Surveys** i.e. having an inventory of the development area in terms of the prevailing situation, etc.
4. **Analysis** i.e. analysing and synthesising the survey out comes, as to what kind of approach is required, etc.
5. **Plan Formulation** i.e. formulating a policy for development along with operational aspects, in order words a blue print keeping in view the resources available .
6. **Recommendations**, i.e. how to go about.
7. **Implementation**, i.e. putting the plan and recommendations into operation.
8. **ring**, i.e. continuous feed back on the implementation.
9. **Evaluation**, i.e. whether things are going in the desired direction.
10. **Modification and Reassessment**, i.e. to analyse whether any changes are required.

In the subsequent Sections we shall be discussing the tourism policy and plans of the Nigerian Government. However, as tourism professional you must remember that policy travel agencies, tour operators, shopping outlets, local bodies etc. all formulate their own policies and plans of action.

Student Exercise:

- 1 What is the need for tourism policy?

3.2 Tourism Promotion and Development in Nigeria

The history of tourism in Nigeria dates back to the days of the Trans-Atlantic travels which could otherwise be referred to as international tourism.

Similarly, the various annual cultural and religious events in the ancient empires, kingdoms, emirates and city states confirm some degree of domestic tourism activities in what is today, Nigeria.

The coming of the colonialist generally facilitated the growth of international tourism in the country albeit without conscious efforts.

The Nigerian Tourist Association (NTA)

The idea of modern day leisure travel and organised efforts at developing a viable tourism industry in Nigeria commenced in 1962 when the Nigeria Tourist Association was formed.

Membership

The members of this voluntary Association were drawn from both the public and private sectors. Prominent among them were:

1. the national carrier-Nigeria Airways
some foreign Airlines operating in Nigeria
shell petroleum company
- iv. private Hotel operators
- v. Nigeria Tobacco company

Activities

The Association's activities were mainly centered on promotion-awareness creation-facilitation of both domestic and international tourism-physical development of tourism plant-encouragement of recreational activities-management of tourist resorts and advising government on infrastructure and development policies.

Achievement

The single most important achievement of the NTA in its 14 years of operation was the acquisition of the membership of IUOTO now WTO (World Tourism Organisation).

Problems

However, the activities of the NTA were uncoordinated as a result of its dependence on the individual efforts and desires of the members. Hence, the growth of tourism in the country was painfully very slow.

Change

Therefore, when in 1971, the African Development Bank (ADB) confirmed the enormous tourist potentials that abound in Nigeria and coupled with the need to strengthen the National economy, the Government decided to establish a parastatal to take over the responsibilities of the Association.

The Nigeria Tourist Board

This was how the Nigeria Tourist Board (NTB) came into being via Decree 54 of 1976, charged with the statutory responsibilities of among others:

Functions

- i. to encourage people, living in Nigeria to take their holidays in Nigeria and people from abroad to visit Nigeria, and
to encourage the provision and improvement of tourist amenities and facilities in Nigeria including the development of Hotels and auxiliary facilities.

The board was also empowered to carry on any undertaken which appears to it to be necessary for the promotion and development of tourist industry in the country.

Travel Bureau

Furthermore, it was to set up a Tour Operating Company-National Travel Bureau-to operate tours within and outside Nigeria — on a commercial basis.

State Tourism Committees

At the state level, the decree established state tourism committees (STC) to:

- i assist and advise the board on the implementation of the decree

to recommend to the board such other measures as may be necessary to enable full effort to be given to the provision of the decree; and in consultation with NTB to carry on any undertaken necessary for the promotion and development of tourism in the state. To demonstrate its commitment to tourism development, the government disbursed NI m take off grant to each of the then 19 states of the federation. Unfortunately, it was misused.

Shortcomings

However, there was no local tourist organisation and cognisance was also not taken of the Federal nature of the country. Furthermore, the Board could not sanction any organisation that flouts its directives/laws and so on.

Organisation

Thus, following formulation of the National Tourism Policy in 1990, the Nit was reorganised along three major activity areas viz:

- a) restructuring to provide an improved institutional framework in terms of redefining functional responsibilities and creating appropriate department **and** units to facilitate a more efficient discharge of the statutory functions.
- b) Personnel charges based on Manpower Audit to ensure that available staff are well equipped in terms of knowledge, skills, attitudes and cognate experience to demonstrate effective performance.
- c) Review of decree 54 of 1996 to take into account the provisions in the new National tourism policy as well as institutional, administrative and personnel changes. Furthermore, the Board was mandated to implement among others, the following specific strategies adopted by government to **support the growth** of tourism in the country viz:

Strategies

- i) provision of basic infrastructural facilities
- ii) liaison with the states to demarcate potential tourism zones and their products
- iii) introduce and arrange for fiscal and other incentives to be given to potential investors
- iv) enact from time to time laws, regulations to govern the conduct of practitioners within the industry
- v) liaison with security agencies (customs, immigration and other government organisations) in order to eliminate inconveniences faced by visitors to Nigeria.

Inadequacies

However, like its predecessor, the NTB could not achieve these laudable goals due to such inadequacies as: -

- lack of plan implementation strategies;
- inadequate trained manpower; and
- lack of investible funds for tourism development.

Tourism Policy

Once again, something has to be done to remedy the situation, **and stereotypical of Nigerians, the structure was attacked.**

More so, there was an urgent need to diversify the country's mono-economy base. In line with the foregoing therefore, the tourism sector was appraised and yet machinery set in motion to ensure speedy growth of the industry. Hence the formulation of the tourism policy that was hitherto lacking, to provide a comprehensive guide for tourism development. It accorded tourism a preferred sector status.

The Policy Objectives

The main objectives of the policy on tourism are: -

- generate foreign exchange
- encourage even development
- promote tourism based rural enterprises
- generate employment
- accelerated rural-urban integration
- promote cultural exchange.

Student Exercise:

Mention at least 2 of the functions of the then Nigerian Tourist Board.

The Policy Guidelines

These policy objectives are to be achieved through: -

- encouraging local and foreign private sector investment by providing incentive package capable of attracting such investment;
- identification and designation of centres of attraction for tourism development and promotion purposes by the three tiers of government in collaboration with the private sector;
- promotion of favourable environment for foreigners to visit Nigeria;
- establishment of an effective organisation for the planning, development, promotion and marketing of tourism in and outside the country including well defined roles for the three tier of government.

The Policy Implementation Strategies

The aforementioned policy guidelines are to be accomplished by providing:

- infrastructural facilities (by government) at centres of attraction for accelerated tourism development;
- concession and easy access to land by state government to investors for tourism development;
- providing fiscal and other incentives - tax rebate soft loans with long period of moratorium to potential investors in tourism;
- providing joint venture opportunities by the government; and
- control/regulations governing the conduct/operation of the industry, demarcation of Nigeria into major tourism development zones and facilitation through publicity and aggressive marketing efforts as well as simplifying issuance of visas to intending visitors.

Institutional Framework

For the successful implementation of the above strategies, the policy also put in place an institutional framework with implementation organs of the three tiers of government as follows:

- i) **Federal level** — Federal Ministry of Culture and Tourism (FMCT) is responsible for policy matters, funding nationally oriented tourism projects and maintenance of direct links with state governments on tourism matters. It also represents the nation's interest in international organisations.
- ii) **National Council for Culture and Tourism (NCCT)** — is charged with the responsibility of coordinating tourism planning and development activities at the National level. It is the highest tourism policy discussion forum in the country with both the public and the private sector tourism organisations in attendance. The forum is chaired by the HOD. **Minister of Culture and Tourism.**
- iii) **National Tourism Corporation** — The policy further made provision for the transformation of NTB into an aggressive and commercially oriented National Tourism Corporation. The corporation is responsible for the promotion, marketing and dissemination of information to industry. It is to set out through publication of handbooks and general guidelines for operation of the industry and shall collaborate with the private sector and other tiers of government in complementing the policy directives and tourist projects.
- iv) **State Ministries for Tourism** — State Ministries for Tourism on the other hand are to implement policies/directives from the FMCT, initiative projects, control land allocation and development of tourism in the state as well regulate the operation of Hotels, Restaurants and other institutions in line with the Federal Government policies.
- v) **Local Government Tourism Committees** — The policy also put in place LGTCs. They are responsible for identifying potential tourist attractions in their areas. They are to serve as information centres and preserve and maintain monuments and museums in their areas of jurisdiction.

Establishment of NTDC — In line with the policy provisions, NTB was transformed into NTDC via Decree 81 of 1992.

Functions — include to:

- encourage people living in Nigeria to take their holidays therein and people from abroad to visit Nigeria;
- to encourage the provision and improvement of tourism amenities and facilities in Nigeria including the development of hotels and auxiliary facilities.

It also has powers to: -

- provide advisory and information services;
- promote and undertake research in the field of tourism;
- register, classify and grade all hospitality and tourism enterprise in such members as may be presented.

NTDC also has powers to: -

- carry on any undertaken which to it, may be necessary for the promotion and development of the tourism industry;
- assist in the development of museums/historic sites, parks, game reserve, **beaches** natural beauty spots, holiday resorts, souvenir industry etc;
- advice appropriate authorities on ways of improving tourist facilities;
- publicise tourism, and

do all such things incidental to the foregoing functions which in its opinion are calculated to facilitate the carrying on of the duties of the corporation under the enabling decree.

Tourism Development Strategy

This was produced in 1992 with the objectives of providing a sound basis and framework for the future development of the sector at a realistic and manageable pace. It is based on the recommendations contained in the development strategy that NTDC embarked on —

- a) Manpower development activities through seminars and short courses conducted mainly by NIHOTOURS and a few others abroad
- b) Physical development jointly with states or on its own — Captain Bower's Tower Oyo state, Ikogosi Warm spring, Ekiti state and International Youth tourism centre, Kuri falls, Plateau state etc.
- c) Publicity/promotional activities through participation in international tourism/trade fairs at home and abroad
- d) Production/distribution of collateral materials etc.

Problems

Nigeria is blessed with abundant physical and socio-cultural resources for sustainable tourism development. The country's ecological diversity and cultural variety are enough to make it one of the leading tourist destinations in the world.

However, inspite of its rich tourism potentials — Nigeria is still mono-economy based, it's citizens are still suspicious of each other, and worst of all, Nigerians are still buried by ignorance, want, poverty and disease. This ought not to be so.

Unfortunately, only lip service is paid to tourism which is claimed to have a preferred sector status in the economy.

Hence tourism is so

- a) poorly funded that it cannot make the desired impact;
- b) infrastructure which is the most basic of all requirements of tourism is lacking in most of the attraction centres;
- c) manpower, the most critical resource of every organisation is in short supply in the tourism sector. It lacks adequate trained manpower to carry on the professional aspects of its activities.
- d) Policy implementation strategies directed towards achieving the policy objectives of tourism development are non-existent;
- e) Marketing and promotion is another problem area, as the industry has not been able to evolve an effective promotional and marketing strategies oriented towards awareness creation an awakening of enthusiasm in the tourism industry,

Given all of the above, the time is ripe for all hands to be on deck to remedy these problems. The present administration has already taken steps to do so Each local government area should be prepared to contribute its quota for its own benefits.

33 Agencies that Promote Tourism Development in Nigeria

The following agencies are diiectly involved in the promotion of tourism in Nigeria:

Public

- Federal Ministry of Admit and Tourism
- Nigerian Tourism Development Corporation
- Federal Ministry of Information
- Nigeria Customs Services
- Nigeria Immigration Services
- State Tourism Boards
- State Ministry for Tourism Matters
- Local Government Tourism Committee
- Federal Airport Authority of Nigeria
- National Commission for Museums and Monuments
- National Council for Arts and Culture
- National Parks Services
- The Nigeria Police Force

- The Federal Ministry of Foreign Affairs

- Federal Environmental Protection Agency

Private

- Federation of Tourism Associations of Nigeria (FTAN)
- National Association of Nigeria Travel Agents (NANTA)
- Association of Nigerian Journalist and Writers of Tourism (ANJET)
- Performing Musicians Association of Nigeria (PMAN)
- Board of Airlines
- National Union of Road Transport Workers (NURTW)

Student Assessment Questions:

What do you understand by the following terms in planning?

- a) Determining the goal
- b) Survey
- c) Monitoring
- d) Evaluation

40 Conclusion

After all, we have the means and the where-withal to do so. Nigeria must be among the league of nations, since, tourism will be the dominant industry of the 21st century. However, we cannot be there by mere existence of untapped resources. Comparative advantages are no longer natural. They are increasingly determined by competitive strategies, i.e. the conscious, innovative and creative use of human intelligence.

We have to transform our comparative advantage into competitive success for tourism development objectives of this country to be realized. These Agencies should be revitalised and strengthened to enable them make meaningful contribution to tourism development and promotion in Nigeria.

5.0 Summary

The Unit introduced you to the need of policy and planning in tourism

- The tourism's policy of the government of Nigeria was discussed to give you an idea about the process of tourism policy formation in our country,

- It also intimated you with tourism promotion and development, and
- The different bodies than are connected with tourism development with their functions.

6.0 Tudor Marked Assignment

Explain different strategies adopted by the government of Nigeria to support the growth of tourism in the country.

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1.0 Introduction

Planning is the most basic human activity. We plan, although, man proposes and God disposes, yet without planning, events are left to chances.

2.0 Objectives

After reading through this unit, you should be able to:

- know the importance of planning for sustainable tourism
- learn about tourism planning process, and
- formulate tourism development programme.

3.1 Planning for Sustainable Tourism Development in Nigeria

Planning is the most basic human activity. We plan. Although, man proposes and God disposes, yet without planning, events are left to changes.

Planning answers three basic questions

- i) what am I doing now?
- ii) . What do I want to do and why?
- iii) How can I do what I want to do successfully?

3.1.1 Development

This term generally implies change or the process of economic, social, political transformation of an area or self-respect-independence and freedom from the three evils of want-ignorance-poverty and diseases.

3.1.2 Tourism and Planning

- i) Tourism concerns being away from home on a temporary visit to places of interests, the industry which provides the needs of those away from home and the impact that both the visit and the service provided have on the social, economic, political and physical environment of The places visited:
Planning on the other hand is the development of strategy and procedures for effective realisation of set objectives themselves. It also include instituting control measures for compliance of set standards.

3.1.3 Tourism Planning

This is determining in advance the type of tourism to develop in a destination area, why, how, when and where and assigning roles (to individuals, group and corporate bodies) as well as ensuring that developing meets specification.

3.2 Need for Tourism Planning

Ideally, this focuses attention on:

3.2.1 a) Tourism Development Objectives Such as:

- i) Economic - Foreign exchange earning
 - Additional income for the people
 - Employment opportunities
 - Diversification of the economy
 - ii) Social - Unity, peace and understanding
 - Cultural exchange and enrichment
 - National awareness and pride
 - Rural — urban integration
 - iii) Physical — provisions of infrastructural facilities
 - iv) provision of infrastructure
- b) **Offsets Uncertainty and Change**
- i) Economic — Over dependence on tourism (oil)
 - Leakage
 - Inflation
 - ii) Social-cultural — Exhibitionism (crime)
 - demonstration effects (prostitution)
 - cultural commercialization

3.2.2 Consequences for lack of Planning for Tourism Development

- Furthermore, lack of planning for tourism development has the following implication.
 - a) Physical impact — damage to environment
 - b) Human impact — lack of tourism awareness and loss of cultural identities
 - c) Marketing impact — inability to capitalise oh tourism opportunities and poor image of destination area
 - d) Organisational impact — lack of support from government and inability to act on important issues — problems or opportunities
 - e) Other impact — poor tourism information service
 - poor quality of facilities and service
 - shorter length of stay
 - insufficient attractions /events.

Therefore, we plan in order to preserve and enhance tourism resources.

3.3 Tourism Planning Process

To plan for tourism development in an area, such area must have either certain features or broad-based activities and interest that can motivate people to visit the area. However, tourism planning is a serious affair involving money and human resource. It cannot be done haphazardly.

The following steps are therefore essential in the tourism planning process.

3.3.1 Background Analysis

This is a situational analysis that produces the basic direction for the succeeding steps in the planning process. It involves the analysis of the existing tourism activities, if any, including the policy framework/objectives.

Thus, this exercise should produce

Student Exercise:

Explain why tourism and planning is necessary.

An inventory of the area's tourism resources components including: -

- Natural features
- Histo — cultural features
- Tourism facilities/services (accommodation, catering information, transport, etc.)
- Infrastructure (access, energy, water, public conveniences etc.)
- Human resources
- General socio-economic (**unemployment**, Industries, social amenities etc.)
- Present land use (ownership, zoning, growth and development)

3.3.2 Categorisation of Tourism Resources Components

This involves the description of existing tourism demand in the area as follows:

- i) Mode of travel to/within the area now and the future.
- ii) Volumes and pattern of unit per month/year.
- iii) Geographical origin/destination of the tourists.
- iv) Tourist demographics — age, sex, income, occupation, number in party.
- v) Purpose of travel/activity participation.
- vi) Market segments (couple with children, single, group, packages e.t.c)
- vii) Length of stay
- viii) Usage of facilities

Where there is inadequate information in any of the above, the research phase of the process takes care of it.

Strength and Weakness

The next step in the background analysis is the problems and prospects of tourism in the area including awareness creation on the cost and benefit of tourism to the community through meetings/conferences e.t.c.

3.3.3 Detailed Research and Analysis

A good tourism plan cannot be formulated without research.

This covers 4 areas as follows:

- a. Resource — location, capacity, scope of appeals
- b. Activities — what tourist can see there, the period and duration
- c. Markets — existing and potential in order to determine attitudes towards future demands
= level of awareness of areas of tourism resources = image of the area
competitors = impact of future travel trends.
- d. Competition — considers the competitive advantages, disadvantages and future plans of the destination serve as intervening opportunities especially if tourists must pass them to get to yours.

3.4 Formulation of Tourism Development Programme

In formulating tourism development programme, a number of crucial issues are taken into consideration.

i) Growth

The local government has to decide on the rate of growth of tourism in the economy, for instance, it has to decide on both the pace of development and on whether to encourage mass or selective tourism based on existing facilities/activities in the area under consideration.

Role of Tourism

A decision has to be made on the role which tourism is to play in the economy and how its development is to fit into the area's development plan. Example, would it be a major or minor industry and is it to be focused on development part of the area or economically disadvantaged parts with a view to correcting the imbalance?

iii) Roles of the Public/Private Sectors

These have to be clearly defined to avoid conflicts of interest. It is more often than not for the public sector to provide the necessary infrastructure before the private sector can operate.

iv) Roles of domestic and foreign capital

Again, this is a crucial decision. It is possible that domestic financial resources are meagre, in that case, foreign capital is essential. However, it must be noted that dependence on outside investment will reduce the benefits which will accrue leakage.

Types of attention

A decision must be made also as to what type of attention should be given to the industry. Should it be treated in the same way as other industries or should it be given a special attention in view of its peculiarities? A global argument is that tourism deserves a special treatment because it is a business of human relations with as strong economic and socio-psychological phenomenon.

In view of these the universal guidelines in formulating a tourism development programmes are:

- a) to be perfectly clear as to the objectives of tourism development:
- b) to be guide, primarily by economic considerations, i.e., the benefits which tourism development will bring to the area economy; and
- c) to make a very careful study of the potential impact.

3.4.1 Assessment of Tourist Attractions

The inventory of the tourist resource of an area before embarking on their development is essential for several reasons including —evaluation of potential tourists, expansion of the industry, Legislation for the preservation of resources and of the environment.

Hence, the following basic principles on which assessment should be based are worthy of consideration.

It is desirable that the attractions are developed progressively throughout the area so that benefits of tourism are widely spread rather than concentrated. Areas and attraction which are chosen for special development should be those that appeal to the widest possible cross-section of tourist over the longest possible period. This helps to reduce over-dependence on a particular type of tourist, specific nationals and particular period of the year.

Priority should be given to those attractions which can be most easily and most successfully developed. By this, we mean that priority should be given to those attractions which can be based upon the existing infrastructural services or those planned for other socio-economic development.

- iv. In natural endowed areas, it is not possible to develop all the potential attractions. Developed until the volume of visitors makes it necessary else the end will not justify the means.
- v. It is important to take into consideration the future probable travel and recreational needs of the Local population also as this is the only way to ensure that backing of the local customs and hence a better chance of being a viable economic proposition.
- vi. Be aware that the tourist is usually seeking something new, he desires new experiences, different environment and so on. Therefore, any area that has attractions which are unique or out of the ordinary should capitalise on them as they are likely to have great pulling power.

3.4.2 Investment Needs

Tourism development in most rural areas is capital — intensive due to lack of basic services. Since government resources are limited and the demands for them are very high. proposed investment in tourism should be justified in terms of the anticipated contributions it will make to the socio-economic development of the area. It is important to note the initiative in tourism development and the private sector to support such initiative.

There are two ways of doing this, the first is to create a conducive atmosphere for investment by removing every visible obstacles and the second is to make investment *Tourism Policy and*

in tourism development attractive by offering special incentives such as subsidies, tax concessions, preferential rates of interest, easy access to land and so on. Hence, three criteria are used to guide investment in tourism viz:

- a) The gestation period, (i.e the time lapse between the investment and the revenue returns) is most often long. Those that are short are usually the unplanned investment;
- b) The efficiency of capital utilisation i.e., capital must be properly and efficiently dispensed. Functionality rather than prestige should be the guiding principles. Furthermore, efforts should be made to capitalise on existing infrastructural facilities to reduce capital investment needs.
- c) The amount of employment the investment will generate is equally an important factor to consider. It is in this regard that the WTO recommends that the full benefits of economic development from investment on tourism can only be achieved if there is overall planning of tourism projects to ensure that:
 - i) Maximum encouragement is given to local auxiliary tourist activities like handicrafts and entertainment;
 - ii) Maximum use is made of local products and materials; and
 - iii) The local people are involved as much as possible from the end.

35 Roles of Public and Private Sectors

For tourism to play the desired role in the development process of Nigeria, both the public and private sectors have to work together as partners in progress. Although, tourism is essentially a private sector activity but given the rudimentary level of tourism development in the country, the private sector cannot succeed alone. It needs the Government facilitatory support and the location of an enabling environment.

A. Public sector

Hence, the government's role in tourism development in addition to policy matters and provision of infrastructural facilities include:

i) Coordination

This covers the overall mobilisation of the populace for the purpose of tourism growth:

- a) Public awareness campaign to sensitize the people of the true values of tourism its problems and how to overcome them.
- b) Ensuring the spread of economic, social and cultural benefits accruing from tourism: and
- c) Providing manpower development facilities with a view of improving the overall quality of the tourism product in the area and hence the state and the country.

ii) Legislation

Provision of laws that are related to tourism such as immigration, conservation. investment. Taxation e.t.c. The legislation on tourism matters should provide the necessary legal backing to the execution of all policy objectives.

Financing

The heavy financial requirement of tourism projects necessitate the involvement of government Hence, the provision of investment incentives such as tax holidays, loan guarantee, subsidies e.t.c. Sometimes, it is necessary for government to be involved in seeding investment by investing initially in a project to entice further investment

Planning

This covers the inventory of the tourism resources available, economic-socio-cultural and political considerations, the marketing and promotion of the products(s), e.t.c. Thus, the master plan of an area's/country's tourism resources enable developers to make informed choices of where to invest in the industry.

B. Private sector

Given the necessary public sector backing, the private sector can fully support both the domestic and international tourism developments via the provisions of:

- i) Hotel and restaurant facilities
- ii) Transport
- iii) Travel Agency and Tour operation
- iv) Production and sale of souvenirs items (local craft)
- v) Development and management of attractions
- vi) Development and management of recreational facilities
- vii) Operation of duty free shops e.t.c.

The key, therefore is for government not to do what the private sector is able and willing to do. Tourism is a market driven activity, it can be best guided in investment strategy by those closest to the market-the private sector.

Hence, the private sector can in consultation and cooperation with government provide the main inputs for the promotion of tourism in your local government.

Student Assessment Questions:

Mention the role of public sector in tourism

4.0 Conclusion:

After going through this unit, you've been made to understand the importance of planning for sustainable tourism. You should be able to formulate tourism development programmes, and you've had the knowledge of the roles of public and private sectors in tourism development.

5.0 Summary'

- **It** is very necessary to plan in order to be able to achieve objectives/goals
- The government should devise methods of constant monitoring and evaluation of its programmes at the operational stage.

6.0 Tutor Marked Assignment

In formulating tourism development programme, a number of crucial issues are taken into consideration. Mention and explain some of them.

7.0 References and Further Readings

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1.0 Introduction

In different Units of this course you have come across the term infrastructure. Many a times you hear the views that lack of infrastructure slows down the pace of tourism development, etc. To make the attractions available to tourists certain basic infrastructure is needed. In this Unit we familiarise you with certain issues related with tourism infrastructure. After briefly discussing what is meant by infrastructure in tourism the Unit goes on to discuss the standards of infrastructure and its management. Various views expressed in this regard have been dealt with in the Unit. The Unit also points out the concerns left out in the Government policies for infrastructural development and also presents an alternative viewpoint.

2.0 Objectives

After reading this Unit you will be able to:

- define infrastructure,
- understand its importance in quality management and the sale of a quality product,
- understand the concept of standardisation and its role in the promotional thrust of marketing a destination,
- appreciate the role of infrastructure in customer satisfactions, an important criterion in the demand led tourism system, and
- identify alternatives to mainstream view points.

3.1 Aspects to be Considered

Tourism has been restricted to certain small sectors of the markets because the large scale movement of tourists has turned towards the supply, in greater quantities and at lower prices, of tourist services and products. Mass Tourism is characterised by its willingness to forgo quality in the interests of affordability. However, two interesting contradictions emerge when we take on the issue of infrastructure:

- 1 Tourism expands the space of the tourist, and in doing so, brings into his orbit destinations which may be economically, socially and culturally different to the tourists home environment. Many tourists either cannot cope with these differences or find it extremely difficult.

Tourism makes people change their daily routine by taking them away from home and yet they want to retain their "environmental bubble" by patronising

2. an international airline, an international tour operator and an international chain of hotels. They like to travel in an incapsulated form, with air-conditioning, secure in their language, culture, money and value system. This dilutes the economic and social benefits. One solution to these contradictions is for the state to show foresight and plan tourism development, so that tourism infrastructure and services will not produce results which hamper the residents from meeting their basic needs and yet achieve the objectives of income, employment and development. Tourism needs to be understood and supervised if it is not to become a danger to the community. This should include:
- i) Construction of a model to see the inter-relationship between tourism and other activities.
 - ii) Promotion of the beneficial effect of holidays with the domestic tourist.
 - iii) Subsidy for tourism for workers and other less favoured sectors to win their approval for tourism.
 - iv) Analysis of the role of tourism in the national economy
 - v) Legislation for establishing an adequate framework for all possible aspects of tourist activity.
 - vi) Provision of protection to tourists so that they may enjoy tourism under the best conditions.
 - vii) Protection of the rights of individuals and communities at the destination and their share in the benefits.

All these aspects have an important relationship with infrastructure in the tourism business.

. 3.2 Infrastructure

The Lovely Planet Guide, an inseparable companion of occidental tourists to the orient, states that Malayasia, Singapore and Brunei "Offer the visitor a taste of Asia at its most accessible". This is because "transport facilities are good, accommodation standards are high, the food excellent (often amazingly good) and for the visitor there are very few problems to be faced":

Cheap and easy to get about in this region offers variety in geographical and cultural products (Beaches, Mountains, rivers, wildlife, cities, people and food). This promotion would have been impossible without looking into the issue of infrastructure.

What is infrastructure?

Text books describe infrastructure as that which is located **below** the ground, to complement that which lies **above** ground. In the case of Tourism supply, this definition is very limited, because the **tourist product is complex, without boundaries, spills over the globe and is not put together in a factory**. Therefore, our definition has to be expanded to meet the needs of the tourism phenomenon.

The Tourist product, physically located in a particular country, is the possession of mankind. **The first aspect of infrastructure is freedom to travel; freedom of access**. This involves international relationships, worldwide agreements, international policies, friendly relations and hostilities.

The tourist product within a country is not a separate enclave. There is a relationship with other sectors of national life: agriculture, forestry, manufacture, settlement pattern, education, religion, trade, health and land use. Thus, the relationship is not 'just only between buyers and sellers of travel as **tourism supply is a part of community life. This is because tourist oriented products and resident oriented products intermingle and overlap**, for example in transportation. hotels, entertainment and culture, in parks, museums, sanctuaries, towns, monuments, walkways, sports facilities and places of worship. These are of equal importance to visitors and local citizens. **The more a resident community takes pride in the improvement of its community the greater will be the strength of its tourism product. This is the second aspect of infrastructure i.e. the level of development of services to the community and the level of services offered to visitors.** Thus, **infrastructure can be defined as the policies and relationships that remove barriers or obstacles to free travel** — visas, passports, currency, language, international connections, information and promotion, and prejudices related to race, religion and gender. **Infrastructure also include water, electricity, sewage disposal, gas, land, taxation policies and other social facilities and institutions that improve the quality of life** like construction, transport, networks, communication facilities, judicial facilities and public security, law and order, education and training.

Thus, infrastructure cannot be provided by the traditional or conventional business firm. In planned economy the distinction between the public/state sector and the conventional firm is not as crucial as in market economies. This is because profit and non-profit organisations are given different roles in market economies whereas in planned economy, maximisation of the social value of production is given greater emphasis. In a country like Nigeria for example which has seen the increase in inequality in distribution of wealth, resources and development since independence, it is natural that the quality of the infrastructure for all sectors of the economy is very uneven. We can see this in Lagos which has seen the growth of slums and migration to swell its population beyond the carrying capacity of its infrastructure. Today over 60% of its residents live in slums. In this situation, the strength of the tourism infrastructure has to be created independently, and at a great cost. It is for this reason that in the 4th National Development Plan of 1981-1985, the government provided a modest programme of about N115 million approved for the implementation of tourism programmes during the Plan Period. State government have sizeable programmes in this area and the Federal government only aims at completing these efforts and giving sense of direction to the sector to avoid uncoordinated development.

Student Exercise I:

1 Define Infrastructure

Mention the relationship between infrastructure and tourism.

33 International Standards

Tourism, in the modern period, grew and expanded in Western Europe and America and 80% of international tourism is concentrated in these areas. The top ten tourism destinations do not include the Third World. Similarly, these destinations are also the

main tourist generating countries. Tourists, therefore, demand services that they are accustomed to at home. Thus, we have seen the western style hotel replace traditional accommodation and air transport replace rail and road transport. This is because the quality of the latter conform to standards populated industrialised countries which have access to and utilise 60% of the worlds resources. Similarly, air-conditioning, running hot and cold water, safe drinking water and western standards of hygiene are an inescapable consequence of wanting to be a part of the global tourism market.

This leads to a pressure on Third World destinations to organise, standardise and manage the supply aspect, since tourists are now moving out to the last periphery to seek quality experiences at a low price. To make this possible States and Governments are being advised by inter-governmental organisations like the WTO to standardise their services, and improve their quality to meet the social and psychological needs of the international tourist.

3.4 Management of Infrastructure

In this section we shall look at primary sectors like energy, to develop a blue print.

Energy is most essential to the tourism product. Many people have been critical of energy consumption and distribution to the tourism sector. Users have also demanded lower rates to ease the product within the competitive prices at other destinations. Solutions to the problem of energy should be sought in the search for alternatives to thermal-diesel sources include

- Solar energy sources,
- Wind energy sources,
- Hydro Power sources, and
- Tidal Wave sources.

However, research in alternative energy sources has not come up with any viable commercial form other than nuclear energy which has problems of safety. In a low energy society the **consumer must be made aware of the high cost of providing energy for services given to the consumer to avoid careless waste and to sensitise the tourist to the problems faced by such societies.**

Adjustments made in transport through the application of energy efficient technology are not only possible but also prevalent in today's world. The location and management of facilities and services can reduce losses and waste through proper planning and use of quality materials and an ingrained maintenance culture, so that extensive travel does not create excessive demand for energy. Certain steps to be initiated in this regard can be:

1. Shift static users of power to alternative resources.
2. Combine business and pleasure trips
3. Combine carriers to reduce waste, rather than encourage individual transport.
4. Locate accommodation units near transport terminals.
5. Integrate terminals of different modes to avoid waste by individuals.
6. Develop Tourism, circuits to shorten distance of tours.

7. Consolidate or cluster developments at resorts for easy access and energy conservation.
8. Enhance attraction in cities where infrastructure is strong and historic sites, buildings, museums, theatres, sports facilities, unusual events and cultural attractions and local industries are well developed.

In many countries, toll systems on roads discourage individual users. Similarly, car pools reduce pressure on petroleum resources. In National Parks, automobiles are parked at the entrance and battery operated vehicles or mass transit systems or walking are the preferred mode. However, alternative tourism, which seeks a more authentic experience for the tourist often puts an unsustainable pressure on the energy consumption could be the natural attraction. Similarly, concentration and clustering at resorts can often impose urban architecture and an outlook which destroys a natural attraction like a beach, a forest or the mountains.

The relationship between tourism supply and the national economy is not yet significant since tourism is just at the infant stage of development in Nigeria. **Therefore, creating and managing the tourism infrastructure, in line with international standards is difficult and expensive.** It is franchising and management contracts that can provide the necessary know how to achieve the global outlook. Such arrangements include:

- architectural standards,
- special training programmes,
- computer reservation systems, and
- brand name recognition.

This is popular in the transport and accommodation sectors. For government owned land, like a national park, agreements with private business can be in the form of a concession. The private business provides accommodation, food and other services, but under the control of the agency giving the concession. The advantage is that government can earn revenues without investing in the services and the local economy can benefit from the demand for goods and services. Recreation facilities can be created for the public in greater number by sharing with the private sector an asset owned by the government but not developed by it. However, the tourist business is seasonal and the returns from such financial arrangements may be difficult to secure. Therefore, investors will be difficult to attract. That is why in Nigeria for example in the tourism sector, there is a pull for foreign investment. Foreign investment will only flow once government regulations are reduced and the policy towards such investment is stable. To avoid environmental degradation and public approval, not only a high degree of local participation is required but also on site supervision by a public agency, or corporation like the NTDC (Nigerian Tourism Development Corporation).

It must also be noted that International Tourism is highly susceptible to monetary fluctuations. This can also increase the negative risks in foreign investment. That is why Nigeria, like other destinations, is attempting to mobilise investment from its own private sector through a package of incentives to encourage tourism enterprise.

These include:

- low interest and long term loans,
- Government subsidies for facilities in backward regions or special tourist areas,
- Financial arrangements like equity participation, tax reduction, tax exemption, interest rebate, duty free imports. and
- Land at low cost.

All these measures should be qualified by the social and economic costs to the nation of investing in tourism supply instead of health or education.

Students Exercise H:

I Explain the role of Public and Private sectors in the areas of infrastructure

35 Alternative View Point

Tourism of the rich to the countries of the poor does not automatically lead to the solution of economic problems or developmental objectives. In fact, it is the policy maker, the provider of services and the tourist who benefit most and profit from tourism in the most undeveloped destinations of the world. The reasons for this are:

- The global division between the rich and the poor,
- Different cultures, attitudes and values, and
- Different ways of living and working.

In the decade of 80's tourism related problems emerged because of serious cases of wrong development of ways of living and working.

1. Unpairment of the life support of native population groups because of the construction of tourism facilities, particularly fishing and agriculture, toddy tapping, etc.
2. Environmental damage like bulldozing sand dunes, polluting sea water, cutting trees to build roads and lay other infrastructure, deforestation for the construction of accommodation and air strips, etc.
3. Sex Tourism and child prostitution which bring diseases like AIDS to Third World countries where people can not cope with them because the health and awareness infrastructure does not cover their needs.
4. Culture shock and demonstration effects which do irreparable damage to faulty and community relationships.
5. Tourist related crimes like eve teasing and drug trafficking.
6. Resistance by the victims of tourism to the developments from above which are often not compatible with the reality of the local people and are certainly not implemented with their participation. .
7. Developing concepts of tourism that will be environmentally and culturally sustainable over a long period, and which should control and guide investments with greater responsibility and respect for people at the destination.

It is interesting to note that anti-tourism activists and networks have been successful in sensitising tourists from rich countries but have been unable to make their own governments become more responsible and open in their palling for tourism development. Whereas surveys of tourists indicate that they are willing

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to participate in holidays more in step with local conditions, including the consumption of local produce, the policy makers and the industry, whilst paying lip service to alternative concepts, continue to advocate the kind of tourism that has already polluted the beaches of Bali and Thailand; brought about conflicts and resistance to the growth of golf tourism; focussed on the evil of sex tourism and child prostitution. In India the industry in a way promotes these "silent" evils, since we never study tourism impacts. As a young boy from Lalchadweep said "island people like to have a protective cover between them and the outsider, like a mask". The tourism and legitimising the kind of activities that are taking place under the umbrella of tourism and legitimising the kind of activities that are taking place under the umbrella of tourism. It is also known, from experience, that tourism succeeds only when the gap between the tourist and the local person is not very wide. The greater the difference in terms of income, access to resource, life-style and culture, the benefits of tourism are reduced. Secondly, or the industry support that this new vision for tourism development is projecting, there is no mention of carrying capacity, a concept that every destination, location or site, has to determine for itself The considerations should include:

1. The degree of openness of the local social and settlement pattern.
2. The infrastructure needs of the local population and priority these should have over the infrastructure needs (to be created from the base) of tourism.
3. The social and recreational needs of the local community, and the similar needs of the tourists. If the gap is too wide, tourism should not be pushed.
4. How much income, revenue, and employment will tourism generate for the local people? This should have priority over the foreign exchange earnings that Central government can earn to improve their balance of payments position. The average Nigerian is not lined to or involved in the economy where foreign exchange earnings are either meaningful or beneficial to him. This would involve an assessment of local problems and their solution via tourism development which must be evaluated before plans are made or implemented.
5. The "weakness of the infrastructure" argument must be evaluated against the ground realities of the people's lives and expectations rather than those of the tourists alone.

As we can see, the concept of infrastructure means different things to different people. In trying to solve macro-economic problems the government often misses the microeconomic realities. The travel trade is in the business of profit and their investment in tourism is purely consumer oriented. They ignore the fact that often tourism kills itself They become the handmaidens of destruction, because Travel Agents and Tour Operators are linked to the international system and to be in business they have to fall in line with the mainstream values of the Tourism System. However, tourism does have creative possibilities if one approaches the issues raised in the critique with awareness, concern and sensitivity.

Tourism, as an advanced form of consumerism, depends on distant and unknown "others" to supply the needs of the tourist, whose money commands

governments and the trade to develop tourist product often at the expense of the resident. This dependence on money creates a case in which individuals become bonded to the market, which is then called 'free' and the consumer's choice a 'freedom'.

In the industrialised countries few of the basic needs are satisfied locally. Items of daily consumption are rarely produced close to the place where they are to be consumed. Household goods, shelter, transport, leisure, entertainment and health care, all have their location in communities which are not going to be able to use them. The privileged of the planet can alone have access to such products. This form of free market enterprise demands an infrastructure that is only coming at heavy price but also putting pressure on the ecology and the environment.

Student Assessment Question:

2. Identify the areas of weakness of infrastructure in Nigeria

40 Conclusion

Now that you've read through this unit, you should be able to define and know what is meant by infrastructure, understand the concept of standardization and the role of infrastructure in customer satisfaction.

5.0 Summary

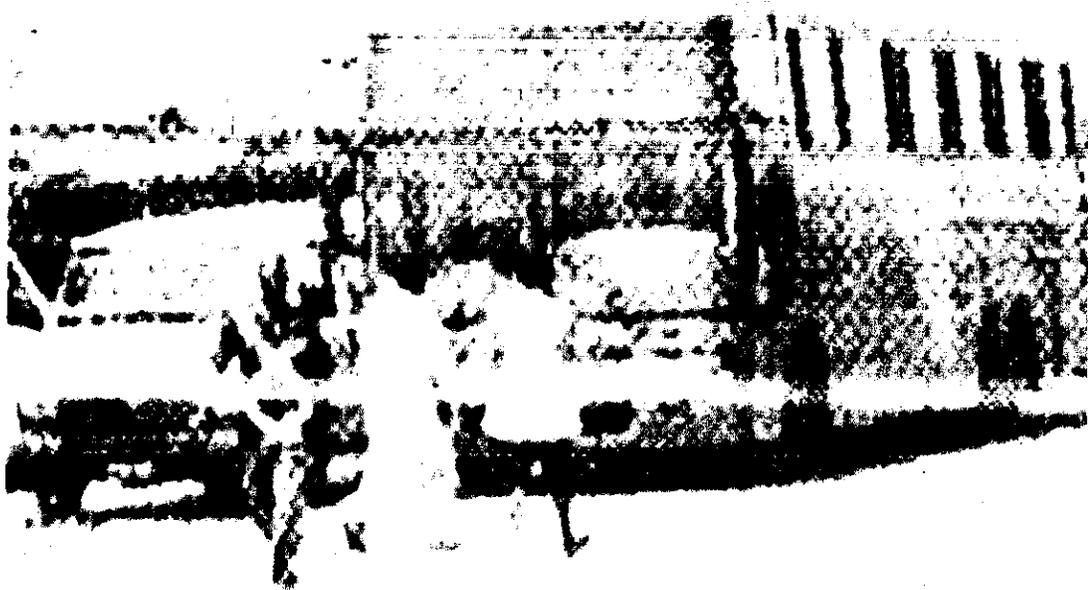
The concept of infrastructure in tourism has different connotations in relation to different services. However, there is a distinct relationship between infrastructure and the quality of tourism product or service. Both the public as well as the private sectors have their role in infrastructure development. There are certain weaknesses of infrastructure when compared to international standards that are determined basically from the point of view of European or American tourists. However, there should not be a mad race to imitate the Western model with only high spenders in mind. Infrastructural development should take place keeping in view the sustainable aspect and avoiding negative impacts on the environment or the host population.

6.0 Tutor Marked Assignment

Tourism needs to be understood and supervised if it is not to become a danger to the community. Mention some of those things that need to be done to guard against such a disaster.

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6. **Health Hazards and Medical Aid**

The broad objectives of health programmes in Nigeria are not only to check and control but also take steps for doing away with the communicable disease. Besides, local bodies are to provide curative and preventive health services in their areas. Number, of mosquitoes and flies, dirty water accumulated in drains and pots, unhygienic ways of preparation of eatables, unhealthy arrangements for marketing and serving of eatable, etc. pose serious health problems. Tourists often feel at almost every place of importance that such features are prevalent. Local bodies concerned must see to it that proper and hygienic conditions are maintained. Similarly, centres to provide medical aid should also be opened.

7. **Shopping Centres**

Neat, clean, well-maintained shops, etc. attract the attention of the tourists. A well-set market rather adds to significance of the tourist site. It is obligatory on the part of the local bodies to see to it that shops are in their proper areas, meaning thereby that, no encroachments are made whereby traffic is affected. Shops must display rates of the items to be sold so that people are not fleeced and required items are available. Unfortunately, the situation seems to be reverse at most of the places. A visit to any tourist place will make you feel that shop keepers have their own rates. The tourists have not option but to buy at their whims. But in the long run this brings a bad name to the destination.

8. **Local Transport**

Providing local transport in the cities and towns and also from the cities/towns to the places of tourist interest is the responsibility of the local bodies concerned. Such a transport facility will save the tourists from considerable botheration. What is seen is that local transports service at sizeable places is not up to the mark. There are no fixed timings and the condition of the vehicles is also bad. Local bodies must endeavour to improve upon the local transport services and ensure that there is no over charging.

9. **Security, Law and Order**

Though maintenance of law and order is a State function yet the local bodies can extend their fullest co-operation to the District Police for maintaining proper law and order. Any place which is insecure and has problems of law and order would never be able to emerge as an attractive tourist destination. For the promotion of tourism it is essential that the place is secure, safe, and free from disturbances and disorders. At the same time local bodies should take steps to check such crime which generates with tourist activities.

Student Exercise:

Explain the relationship between sanitation and toilets and water supply with tourism.

3 **Reasons for Poor Performance**

We have discussed above certain important but basic functions of local bodies which also have a bearing on the promotion of tourism. It is a commonly believed fact that no organisation/unit does harm to its own interests. There are always certain reasons

and factors responsible for not coming up to required expectations. Before pointing out the reasons for poor performance of local bodies in promoting tourism, it would be appropriate if we bring to light some of the issues which do establish the need for the involvement of local bodies in tourism promotion and development. These are as follows:

- i) If a tourist resort is promoted, or in other words, proper conditions are made by the local bodies to attract tourists to a place of prominence falling within its jurisdiction, it will provide a sense of pride to the locals. Tourists coming from a number of distant places, in an outside the country would be able to know of the place.
- ii) Local elected body is a body of, for and by the inhabitants of local area. An increase in tourism would bring direct/indirect benefits to the local inhabitants in the shape of earnings from marketing, sale of eatables, sale of locally manufactured goods, by way of service-charges, etc. thus, giving a boost to local economy.
- iii) In today's context a major reason is to enhance the sustainable capacity of the destination and check what are termed as the negative impacts of tourism.

For attaining some of the benefits as discussed above, the local bodies have to make use of their own resources. Looking from another end, providing for basic facilities like, water, better sanitation, eradication of communicable diseases, etc., are the obligatory tasks of the local bodies in relation to their own people. Therefore, by doing so they are not in any case directly attempting to promote tourism but by not doing so it certainly directly affects tourism. It would be appropriate to point out

some of the major reasons for the local bodies not doing so. These are:

i) **Poor Finances**

It is very difficult to provide for any service or to undertake any functions without proper finances available. Unfortunately, Nigerian local bodies have always been wanting of adequate and required amount of finances. This dissuades the bodies to take up maintenance as well as developmental tasks.

Further more, there is misutilisation of the funds also.- The finances available are not put to utilisation on required areas of priority.

Lack of Incentive

Tourists approach a particular tourist spot/resort in a city/town/village. They spend heavily over there on account of staying as well as eating. Profit earned through it goes to the Agency concerned, whether private or governmental, and no share from that is given to the concerned local body. It amounts to a pitiable situation when the tourist agency wants the local body to provide roads, parks. shops. etc. but nothing out of the profits earned is passed on to the local bodies.

Rather. the Tourism Industry has always been critical of local tariffs. Nothing goes as maintenance or developmental fund to the local bodies. Hence. it is not surprising that they lack in taking up the tasks of tourism promotion.

ii) Local bodies and officials, both elected as well as civil servants, have their own interests and politics. Very often developmental programmes are taken with short term gains in mind. Lack of long term perspective stands in the way of maintaining or developing works/activities contributing to the promotion of sustainable tourism.

There is mismanagement of the activities undertaken by the local bodies. The local bodies functionaries are neither well qualified nor properly trained to perform the assigned duties appropriately. They lack the sense of commitment and dedication to the employer organisation. Further more, neither the jobs are designed nor the goals fixed keeping in view the targets as well as social factors. All this results in mismanagement of the affairs which leads to poor performance of the local bodies.

- v) At times the local bodies and the state administration, existing at the District/City/Sub-division/block levels, are not having sound workable relationship. Lack of cordial relations affects the performance of both whereby the tourism promotion also faces challenges and problems
- vi) Another factor is on account of political implications. Supposing the party in power at the state level is different than the party in power at the local level, the later hardly gets support of the State government in developing the area. Furthermore, at the local levels also when there are different political groups trying to serve their own interests the performance of the local bodies is hampered.
- vii) **Officials— Elected Representatives Relationships**
Every local body has elected representatives as well as professional permanent officials. Often it is found that relationship between these two wings, that is, the Deliberative and the Executive, is not as it should be. At times lack of mutual trust stands in the called for performance of the local bodies.
- viii) By and large the local inhabitants are not involved, to the extent needed, with the functionaries of the local bodies. No scheme can be executed successfully unless the citizens cooperation and involvement is there. In many cases the local bodies suffer on count of lack of such help and cooperation being provided by the inhabitants of the local area.

3.3 Measures for Improvement

We list here some measures for improvement

- 1) Strong financial position of the local bodies.
- 2) Share of earnings of a tourist resort passed on to the local bodies.
- 3) Sound leadership of the local bodies for having long term perspective.
- 4) Active involvement of local bodies in resort development and tourism awareness programmes,
- 5) Friendly relationship among local elected representatives and officials
- 6) Local bodies-District Administration coordination.
- 7) Cooperation of the citizens

- 8) Good relations between local bodies and Tourist Resort Management
- 9) Giving due importance to environment preservation, etc.

But the most crucial aspect for any destination is to decide its carrying capacity and this should be done by the local body. This will not only increase the life of the, destination but also ease the pressure on local resources and residents.

Student Assessment Questions:

1. Suggest measures for improvement
2. What are the reasons for poor performance?

4.0 Conclusion

Now that you've read through this unit, you should understand very well, what is met by local bodies, you should appreciate the roles that hygiene sanitation and certain amenities can play in successful tourism and to make progress in tourism development.

5.0 Summary

Places of tourist interest are significant and important for the overall healthy and faster development of a local area. Local bodies should play a major role in promoting tourism by undertaking required maintenance and developmental tasks. Reasons responsible for the poor performance of local bodies could be taken care of by more vigilant and properly framed policies and work mechanism adopted by the local bodies. The local bodies should determine the nature, type and pace of tourism development in their regions. They should also take up tourism awareness programmes regarding beneficial as well as negative impacts. At the same time the destinations must get a share from tourism earnings to be used for the benefit of local bodies as well as residents.

6.0 Tutor Marked Assignment

Advance some major reasons that could handicap the local bodies not doing what they are supposed to do that could directly affect tourism.

7.0 References and Further Readings

The Nigerian Trade Journal vol 23 No 4 Oct. /Dec. 1976. Lucorish Leonard J. and Jenkins Carson L. (1997). An introduction to Tourism.
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IS Introduction

"The most promising, complex and under-studied industry impinging on the Third World" — that is how the international scene in tourism has been described by Louis Turner. In the two preceding Units (3 and 4) we discussed the tourism policy of the Government and the infrastructural development in this regard along with the role of local bodies. We now take you on a more analytical path. In the present Unit we bring into focus one of the vital questions i.e. whether the growth of tourism in the Third World is an act of impingement by the international tourism? Conversely, does the growth of tourism simultaneously mean development for the Third World? Many tourism activists and researchers have raised these questions which can no longer be ignored in tourism policy formation or development. We have addressed these questions in the Sections that follow.

20 Objectives

This unit introduces to you the debate on the objectives of tourism viz, between development and dependency. You will, after reading this unit, understand:

- the background of this debate,
- a critique of the development — dependency model, and
- the growth of tourism in the Third World and international concern regarding the same.

3.1 Development — Dependency Debate

Although tourism claims to bring substantial economic benefits to many poorer nations, its critics emphasise the role of tourism in perpetuating and deepening the gap between the rich and the poor.

To understand the critics, it is necessary to examine the reasons underlying the critique: the subject of Third World economies itself, as well as the structure of international tourism.

3.1.1 Emmicasil Features

During the mid 1960s, a school of thought known as 'dependency theory' emerged amongst Third World scholars, especially in post-colonial nations of Africa and Asia. They emphasised that though colonialism was no longer a political reality, it continued to exist in the form of new economic relationships — particularly of trade and commerce - between First World and Third World nations.

Third World Countries have become more dependent on the rich, industrialised nations of the West since World War II. Our resources and labour force are used to produce goods for an export market, thereby contributing to the growth of a global market economy.

At the same time, the terms of trade favour the West, resulting in a massive drain of foreign exchange and transfer of capital from the poor to the rich nations. The trading houses, the shipping companies which transport manufactured goods, the banks which finance international commerce — practically all of these are controlled, if not owned, by the rich Western nations.

The tourism industry is one which has a truly international structure, in that the majority of its infrastructure are owned or controlled by **Multinational Corporations (MNCs, also known as TNCs or Transnational Corporations)**. The most visible examples are of course hotel chains; Hilton, Holiday Inn, Sheraton, Hyatt (all US-based). Trust House Forte (UK), Kempinski (Germany), Club Med. And Le Meriden (both French), as well as Indian chains such as the Taj and Oberoi, and Nigerian Sheraton.

Hotel chains are often linked with international airlines, tour operators, or other business enterprises. While in some cases, a hotel chain is directly controlled by a single airline (such as the TWA-Hilton relationship). It is common to find several airlines, tour operators, industrial houses or even governments sharing ownership interests in hotel chain.

The combination of hotels, airlines, tour operators and ground agencies into a single structure is known as 'vertical integration' of the tourism economy. Apart from the obvious convenience of management and operation, such structures essentially serve to create and reinforce possibilities for profit maximisation.

Thus, it is possible for a tourist to leave Japan on JAL, be transferred from a Third World airport by a Honda car to Japanese-owned hotel, to be accompanied throughout his or her tour by a Japanese guide (from Japan, not just a local who speaks Japanese), eat at Japanese-owned restaurants, shop at a Japanese supermarket, and return by JAL to Tokyo. in order to tell his or her friends what a wonderful place the Third World is.

Given the complexity of the global economy. it is likely that the above story is a simplification of reality: for example. the car could have been a Mercedes. the hotel a Club Med. and the restaurant a McDonalds. What is inescapable, however, is that ownership, control and therefore benefits, from Third World tourism, accrue mainly to the rich, industrialised nations from where the tourists originate. •

Student Exercise:

Mention 4 different international Hotel chains.

3.1.2 A Critique

The question that critics raise, then, is that; if, as it is claimed, tourism brings economic benefits to a host country, who really profits from it? What is the real income retained in the national exchequer, when a large proportion of the earnings are funnelled back to MNCs, airlines, tour operators and others in the First World?

Tourism is an export, and like all other exports, earns foreign exchange for the country which exports it. Therefore, when a tour group visits India, or Nigeria or London, the product purchased is a holiday in India or Nigeria or London (its components being accommodation, food, sightseeing, local travel, entertainment, shopping, recreational facilities, etc.) Their expense for the holiday form the foreign exchange earning component for India, or Nigeria, or London as the case may be.

In order to provide tourists the kind of facilities they are used to, a Third World country often has to spend large amounts of foreign exchange, and these outflows are known as 'leakages'.

Leakages take place on a variety of counts:

- imports of goods and services by tourists hotels (such as food, beverages, machinery, furniture and fittings, crockery and cutlery), air-conditioned cars and buses,
- international promotion and advertising,
- contractual and service fees,
- commissions to tour operators abroad,
- salaries of foreign personnel,
- repatriation of profits by foreign hotel owners (as well as foreign exchange earnings retained abroad, such as on advance bookings made in the originating country),
- imports of film, cameras, accessories, water and winter, sports equipment, and so on.

Leakages vary in different Third World destinations, depending on the quality and availability of local goods and Infrastructure, as well as the quantum of domestic capital investments in tourism. Whereas in Nigeria, for example leakages are of a relatively low order, they are known to be as high as 45 percent (of gross foreign exchange earnings) in the island states of the Caribbean, and a 1983 study in South Korea estimated tourism leakages at nearly 51%. (Evelyn Hong. **See the Third World While it lasts**, Consumers Association of Penang, Penang, 1985) .

Another factor which contributes to leakages is repayment of loans taken on tourism account. From the 1960s onwards, international lending agencies such as the World Bank (IBRD) and its affiliates the International Finance Corporation (IFC) and the International Development Association (IDA) have actively promoted tourism development in the Third World by providing a variety of loans and subsidies for hotels, roads and airports, provision of water and power supply and son on. Ironically,

Development, Dependency and Manila Declaration

these agencies promote tourism development as a means of repaying external debt, in the context of the growing balance of payments crisis that many Third World nations face. What is seldom stressed is that the loans made for tourism also have to be repaid, adding to, rather than solving, the debt crisis.

Therefore, figures stating gross exchange earnings from tourism can be misrepresentative unless leakages are taken in to account. Statistics often hide the real or net earning which can be arrived at by deducting leakages from gross earnings:

Gross foreign exchange earnings
- Leakages
= Net foreign exchange earnings

Although this calculation is a relatively simple task, the question regarding why its results are seldom offered publicly is one which is rarely asked, and even more rarely answered. However, a closer knowledge of the economics of foreign exchange earnings by tourism will reveal the political imperatives of presenting just the gross figures.

In the area of employment critics point out that the promotion of tourism as a panacea for unemployment in a developing country amounts to an avoidance of the real factors behind the phenomenon of unemployment. Unemployment is a complex topic linked to larger questions of land relations, terms of trade between agriculture and other economic sectors, education, demography, modernisation and urbanisation, and in our country, questions of cast, creed and linguistic communities as well.

For example, modernisation and urbanisation have played a key role in changing employment patterns in many developing countries since the 1950s onwards. With increased educational opportunities — even for a privileged minority — there has been a steady out migration from the agricultural sector to the industrial and service sectors. This has left the agricultural sector with a work force which is aged, not-so-able-bodied, and in general, not as efficient as it would otherwise be.

In addition, pressures on land have also contributed to out migration, where less and less land is available for cultivation, even for those who must work on others' land (landless labour). While they lack the educational and other advantages of the middle classes, they too have migrated to cities seeking elusive jobs as low-skilled workers in factories of ending up in the ranks of the unorganised sector.

In this context, tourism, a service sector industry, provides the migrant workers with some form of employment and earnings, even if such employment is not within the organised sector.

For those who are lucky enough to find a regular job in a hotel, beach resort or travel agency, the realisation soon dawns that in spite of tourism being, one of the world's most glamorous industries, the working conditions include: long and untimely work hours, low pay-scales, lay-offs in the off-seasons, rude behaviour by guests; etc.

Nevertheless, the glamour of the industry (as well as the economic opportunities it provides, however exploitative) continues to attract more and more of the unemployed, especially in the context of an already difficult employment scenario.

The developers and promoters of tourism are benefited by way of profits, interest earning, consultancy fees and so on. So do governments who earn taxes at various stages of economic transactions in the tourism industry. In addition, governments earn political mileage by presenting a positive face of their countries — no matter how different the reality might be. Also, gross foreign exchange earnings figures on the Balance of Payments contributes whenever a new bilateral or multilateral loan is to be negotiated.

For the majority of a country's population, as certain critics point out, international tourism is a 'blight' rather than a 'blessing' (in the words of Emmanuel de Kadt). Although they might earn nothing from the industry, they still have to reckon with tourism's inflationary tendencies which pushes daily necessities out of their reach, not to speak of shortages. Whether they have regular water and electricity supply or not, their tax money is used to subsidise the same facilities for hotels and resorts.

Countries that are in the process of formulating their tourism policies and plans must take note of these aspects at the initial stages itself. This will enable them develop sustainable tourism.

Student Exercise

- 1 List four important ways in which leakages take place.

3.2 Tourism in the Third World

Given the kind of debate on international tourism and the Third World it was logical that the attention of international tourism would inevitably focus on the Third World. In the following Sub-sections we have discussed the same.

3.2.1 Initial Soundings

International initiatives to establish third World tourism as an agenda for social concern probably began with a consultation in 1967, at Tutzing, West Germany. This meeting was organised by the World Council of Churches. At Tutzing, the focus was on the expanding travel and tourism business globally, and the need for the churches to respond to its human dimensions, particularly of the tourists. Third World tourism was not yet an issue. However the meeting did result in a perception that travel changes the nature of the traveller, and some action was taken to evolve a pastoral ministry towards tourists. Primarily in North America and Western Europe.

This was followed in 1972 by a conference in the Caribbean, sponsored by the Caribbean Conference of Churches. Although the participants were again mainly from churches in the region, the difference was that they were people who had experienced the efforts of international tourism in a Third World context.

The 1972 conference resulted in the formation of the Caribbean, Tourism Research Centre (CTDC), to undertake academic research on the concerns expressed by the participants. The CTDC was funded in part by voluntary agencies, but mainly by Governments in the region.

An Asian Dilemma

The concern for tourism in Asia began with a small workshop held in 1975 at Penang, organised by the Christian Conference of Asia. People from around Asia participated, and questions were raised about the kind of tourism that was being developed in the region: beach tourism in Bali, Batu Ferringhi in Malaysia, the funicular railway to Sentosa island in Singapore, new developments in Hong Kong, and so on.

The effort at Penang was to understand more deeply tourism as a phenomenon, and to explore ways of responding to it. Although tourism in Asia brought a number of positive benefits, what was also clear that it resulted in some negative impacts as well. Without adequate data on these aspects, however, the conference did not result in a clear perspective on Asian tourism, but concluded that tourism was an 'Asian Dilemma'.

3.2.2 The Manila Conference

Penang, although limited in the results it directly produced, helped shape the contours of the 1980 International Workshop on Tourism. Once again the initiative came from Asian church bodies, and the Workshop was co-organised by the Christian Conference of Asia and the Office of Human Development of the Catholic Bishops Conference of Asia.

The Workshop took place in September 1980 at a Manila University. It coincided with the first World Tourism Convention sponsored by the World Tourism Organisation (WTO), which took place at the Philippines International Convention Centre, and was inaugurated by President Marcos.

Nearly 30 people participated at the Workshop, mainly from Asia. Convened primarily to assess and examine the phenomenon of tourism from a Third World perspective. "The one most glaring thing that surfaced from the deliberations.., was that tourism wreaked more havoc than brought benefits to recipient Third World nations". (Ran O' Grady, ed., World Tourism, Singapore).

The participants reached this conclusion after debating and discussing issues for a fortnight, as well as exposure visits to areas affected by tourism development in the Philippines. Ermita, Baguio, Pagsanjan and other tourist destinations.

3.2.3 An Ecumenical Coalition

The Manila Workshop set up a Task Force to follow up its recommendations among which was one which proposed that concrete steps be taken to establish a secretariat which will implement the programme.

The Task Force travelled through Europe to meet with church leaders in the Vatican and Geneva, with representatives of development agencies in Bonn, and with the

World Tourism Organisation. The responses they received from these bodies convinced the Task Force members that if action had to be taken effectively, it would have to come from their own initiative. Eventually, at a meeting in January 1982 at Port Moresby (Papua New Guinea), the Ecumenical Coalition on Third World Tourism was formally established.

The founder members of the Coalition were the Fellowship of Asian Bishops Conferences, The Christian Conference of Asia, the Pacific Conference of Churches and the Caribbean Conference of Churches. Soon after it was formed, its membership expanded to include all the African Conference of Churches, the Consejo Latinoamericana de Iglesia (Latin America Council of Churches) and the Middle East Council of Churches.

The Coalition opened its international Secretariat in Bangkok, Thailand in August 1982.

The original principal aims of the Coalition were stated as to:

- focus on tourism and the effects it has on the people of the Third World,
- bring about an awareness of the role of tourism in development models,
- provide opportunities for poor people affected by tourism to express their views and hopes,
- denounce and expose unjust practices in tourism,
- stimulate and organise relevant research and to develop a resource centre, and
- foster the implementation of decisions made at the international workshop on Third World Tourism, held at Manila, Philippines, September 1980. These objectives have recently been reviewed and revised as a Mission Statement.

Student Assessment Question

- 1 Write 50 words about the initial efforts to establish Third World tourism as an agenda for social concern.

4.0 Conclusion

Now that you've read through this unit, you ought to be very conversant with the critique of the development, dependency models and understand very well the growth of tourism in the third world and international concern.

5.0 Summary

The critique of tourism in the Third World is primarily located in the conceptual basis that the economies of the so-called Third World are in effect mere extensions of the economic priorities of the First World. These priorities are enabled and maintained by governments, agencies and corporations of the First World, who act, nonetheless, in tandem with their collaborators in the Third World.

While claiming to bring enormous economic benefits, especially the lure of **employment** to the hungry and unemployed, its real benefits to local communities are questionable. What very often does happen is the pauperisation and marginalisation of large sections of host populations, who are condemned to further misery and poverty.

Women, children, workers and indigenous people (who are often depicted as **exotic** 'attractions') have been among the worst affected by the expansion of the world's largest service industry.

These arguments — as well as ecological and socio-cultural ones are the basis of a Third World critique of tourism. Articulated by concerned groups and people over the past couple of decades, the critique had led to resistance to tourism in many places. As tourism professionals and activists you have to take serious note of these aspects. Remember the following Keywords

Ecumenical: Seeking or promoting worldwide Christian Unit

Impinge: make an impact

Complex: complicated

Global: Worldwide

Exchequer: Treasury

Repatriation: restoration to one's native land

Contractual: in the nature of a contract

Irony: an ill-timed arrival of an event that is in itself desirable.

6.0 Tutor Marked Assignment

1. State 5 aims of the Ecumenical Coalition
2. Write a 5 line note on the Manila Conference

7.0 References and Further Readings

The Nigerian Trade Journal vol 23 No 4 Oct. /Dec. 1976. Lucorish Leonard J. and Jenkins Carson L. (1997). An introduction to Tourism.

Swarbrooke, John and Homer, Susan (2001) Business Travel and Tourism.

Falade G. O. (2000): Understanding Tourism in Nigeria. JIS Printing Press, Bodija, Ibadan.

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1.0 Introduction

Tourism is a vast and complicated industry. Every phase and every area of a country are directly concerned with this business and should be involved with its successful development.

20 Objectives

After going through this unit, you should be able to understand very well:

- All about tourism planning and development
- Goals of tourism development
- How to formulate plans and
- Government regulation and incentives

31 Goals of Tourism Development

Tourism development should aim at:

1. Providing a framework for raising the living standard of the people through the economic benefits of tourism.
2. Developing an infrastructure and providing recreation facilities for visitors and residents.
3. Ensuring types of development within visitor centres and resorts that are appropriate to the purpose of those areas.
4. Establishing a development program consistent with the cultural, social, and economic philosophy of the government and the people of the host country or area.

3.2 Obstacles to Development of Supply

To turn potential supply into actual supply, the first obstacle to be overcome is the lack or inadequacy of access routes to the tourist nucleus or centre. Government and business leaders must support tourism.

It is of course not enough to get there. The tourist should also be induced to stay. To this end another basic obstacle to the development of actual supply should be overcome — the lack or shortage of accommodation.

Tourists staying somewhere inevitably require a whole series of goods and services. Some may be found directly on the spot and may be economically flexible enough to adapt to the fluctuations of demand. Infrastructure (water supply, sanitation, power supply, and so forth) requires installations of a capacity to meet maximum demand. Financing can be a major obstacle.

Finally in this overall study of obstacles to actual tourist supply, mention should be made of personal and professional services visitors require that would not be adequately supplied without a sufficient number of trained personnel.

Internal Obstacles

These are the obstacles found within the national boundary that can be corrected or eliminated by direct voluntary means. They may occur in incoming as well as outgoing or internal tourism.

First of all attention should be drawn to price fluctuations in general and to those in tourist supply in particular. As tourism in all its forms absorbs consumer goods, prices in this field tend to be extremely sensitive to movements in the prices of goods. The rising price of tourism has the same effect as a decrease in the income of the tourist. Consequently, when assessing liquid assets and planning a holiday, the tourist will choose to go — if the value is the same — where money goes the furthest.

Effective publicity is a fundamental means of increasing demand. If publicity is badly planned or inadequately financed, it may not actually hamper tourist demand development, but will do little to promote it.

Student Assessment Question I: Mention 3 goals of Tourism Development.

33 Development of Tourist Potential

A tourism body or organization should be created to keep abreast of socio-economic developments in the various market, countries or areas to provide a reasonably early forecast of the size, type and structure of probable tourism demand. - It would be equally useful to have a report on developments in the tourist industry of supplying centers or areas and on activities and projects undertaken to promote development.

Since tourism is such a complex phenomenon, distinct, ministerial departments are responsible for finding optimum solutions to various developmental problems. Coordination should be intensified so that studies and recommendations are implemented once they have been decided upon.

Tourism Planning & Development

The stabilization of internal prices in general and tourist prices in particular should be constant objectives as rising prices automatically reduced the volume of demand. Land speculation should be discouraged or reduced to a minimum.

The inventory of, potential national tourist resources should be kept up, to date and extended so that these resources may be duly incorporated into actual tourist trade in accordance with quantity and quality forecasts of demand.

Tax pressures that directly affect operating costs also have an influence on prices. Taking into account the importance of price levels for tapping potential demand, and because of the definite export value of tourism, a fiscal policy similar to that applied to the conventional or classical export trade, should be devised.

Publicity campaigns should be organised and implemented every year according to the forecasts. These should be to the-point detailed, constructive and should zero in on socio-economic developments and activities in the market as mentioned above. Financial resources to cover this demand promoting activities should meet the need exactly and should be obtained from annual tourist earnings and other identifiable funds at a rate of not less than 1 percent and perhaps not more than 4 percent of total earnings.

Customs facilities should be as lenient as possible while ensuring a minimum degree of control and maintenance of order and avoiding fraud or other crimes as this is an important factor for the promotion of international tourism.

For their own benefit, receiving countries should ensure that tourist demand from the exterior is met by making the sojourn as agreeable as possible. However, if customs are too relaxed, undesirable persons enter the country whose behaviour will have an adverse effect on tourism or damage public or private property. Therefore, it may be justifiable to demand proof that persons entering the country have adequate financial means to cover the cost of their stay in the country.

The seasonal nature of mass tourism causes congestion in the use of services required by tourists. There are some specific services such as accommodation that cannot easily adapt to seasonal fluctuation. On the other hand, some that are equally overburdened in peak seasons, do have possibilities of adapting. Concrete examples are transport and communications. Government support and facilitation such as public services are important for development. These must be provided as much as possible.

With regard to transport in particular, because of its role and definite influence on tourist development in all its forms. the following measures are recommended:

- I. Continual, detailed study of transport used for tourism with a view to adequate planning of necessary improvements and extensions.
Establishment of national or international plans of roads relevant to tourism to build new roads if necessary to improve those in a deficient state, to improve road sign systems. Such activities should be included in the general road plans with
2. Priorities according to economic necessity and the significance of road transport in tourism.

- 3 Improvement of rail transport (where needed) for travellers on lines between the boundary and the main tourist centres and regions, as well as short-distance services in these regions of maximum tourist influx.
4. Improvement of road frontier posts. extending their capacity to ensure smoother crossings. organization of easier movement for in - and out - eeing tourist flows. Crossing the frontier is always either the prologue or the epilogue to any journey between countries and is therefore important for the favourable impression the tourist will retain.
5. Provision of adequate airport services and installations to meet demand. The rapid progress of technology in air transport makes reasonable forecasts possible.
6. Tourists clearly enjoy the sea or other bodies of water. A plan for ports and marinas equipped for tourism should be carefully considered and planned where needed.
7. Both in sea ports and airports, car-hire services (with and without drivers) should be exercised and simplified as most tourist arriving by air or sea do not provide their own means of internal transport.

Student Assessment Question 2: Explain what you understand by Tourist potential.

3.4 Scope of Development Plans

For a realistic formulation of tourism development plans, particularly in new non-urban areas. It is always advisable first of all to conduct a feasibility study and compare determined characteristics indicating order of magnitude as well as technical and economic aspects. Most importantly, the financial impact of tourism in well-developed resort areas, which can be taken as "pilot zones" can be studied. This provides an assessment of development to be done in the new areas similar to the pilot area. Among the various factors to be assessed are:

1. Total costs of infrastructure and tourist resort superstructure in pilot areas.
2. Various percentage compositions of the resort facilities — hotel, non-hotel and service industries (already established restaurants, stores beach facilities and various sports and recreational facilities) and their business dimensions.
3. The effective speed of construction expansion for these tourist facilities, actual and prospective, as a function of possible inducements for initial heavy investments and subsequent supplementary investments by local entrepreneurs.
4. The speed of sale of non-hotel housing units and consequent formation of revolving capital for reinvestment in construction or non-hotel accommodations.
5. Characteristics of the tourist real estate market in general (difficulty or ease of acquisition of land, potential demand for acquisition of non-hotel housing units, depending on the building type, possible financial returns etc.).
6. Direct and indirect taxes that can be levied on construction or collected on tourist trade development gradually in an area. Also, other sources of indirect income for local businessmen resulting from the development of tourism. all this justify reasonable amortization scheduled from public investment necessary for the development of tourism.

To place financing for development of the tourist trade in new non-urban areas in the proper perspective, these points are examined one by one. A realistic approach is needed in the light of the prospects for public and private investment and the response of the tourist real estate market. To illustrate, for specific zone to be developed for

tourism along the lines of a previously selected pilot area. Figures can be compiled, processed and tabulated. Such tables are particularly useful for cost/benefit or profitability studies and for making decisions as to the rate of public investment in facilities necessary for any program of tourism development in a new area.

3.5 Formulating Plans

The geographic areas having an economic potentials of natural resources to be developed are as a rule too large in relation to the slow pace of actual development of new tourist settlement and of the tourism characteristic (opportunities for public and private investment speed of absorption of the tourist real estate market, volume of sales of non-hotel tourist housing, influx of tourists). It appears inadvisable to undertake town-and-country planning for the tourist development of areas of exaggerated size. In practice, conservation rules afford a more appropriate means of preserving the natural tourist resources of a country.

The difficulty of enforcing a city plan within the limited perimeter of an urban area is well known, in spreading uninhabited countryside it becomes virtually impossible.

What is practical is an analysis of all the different types of natural tourist resources and other resources that attract tourists. A compilation can be made of a restricted list of potential "pilot areas" combining most of the "types" of tourist attractions in a certain country or region — all ocean front or riparian strips with similar topographic features and with adequate tourist accommodation capacity for example.

For a restricted portion of pilot areas, town-and-country planning "pilot project" for promotion of tourist activity would be done. A tourist housing development project would be drawn up with settlement density proportional to the true natural capacity of the area for tourist accommodation. This is to be done within allowable limits (1) conservation and or improvement of landscape, and (2) the necessary functionality and development of the tourist trade to be established. The development must in short not entail any danger of economic or quality-downgrading of the area from building saturation, once the limit of full development of tourism of this area has been reached. Again, this reemphasizes the importance of quality standards.

Such area planning should lay down guidelines for minimum characteristics of town-and-country planning and or functional requirements for the development of coastal areas similar to that of the pilot area. It should be relatively easy to up-date such plans from time to time in accordance with new tourism demand of the tourist real estate market.

By this system, it should be possible to define the minimum urban planning parameters which, if respected would prevent the degradation of natural tourist resources that can occur when unregulated, uncoordinated building is permitted. For instance, along the seacoast the basic urban building parameters should indicate: minimum spacing, between buildings; distance of seaboard roads from the beach: capacity for tourist accommodation of the beach and of the inland suitable for the construction of tourist facilities; density, dimension and other building specifications (length, maximum height, suggested dimension); characteristics of the road network providing access to the sea and to the tourist housing "optimum" percentage of visible

housing perspectives permitted to allow the building to blend into the natural landscape. It should be stipulated that the parameters and architectural specification — if framed with necessary competence and an understanding of tourist resort area and landscape — do not in any way hamper the creativeness of planner. Rather, they should lay sound foundations for designing something much better than ordinary with full freedom of the creative spirit while at the same time avoiding possible construction problems.

3.6 Management Of Tourism Developments

Some political and economic principles of tourist development are :

1. Priority should be given to encouraging foreign hard currency earning. Consequently areas of greatest attraction to "foreign" tourists should be developed preferentially. Areas of interest to "national" tourists should of course not be neglected but may be developed on a lesser scale proportional with the growth of local economies.
2. As a rule, governmental units lack funds for high outlays for infrastructure and provision of credit necessary for opening new areas to tourist activity. Therefore, public expenditure should be concentrated whenever possible on "preferential areas" (those with the most valuable economic development features as far as tourism is concerned) and be committed so as to provide maximum encouragement for private investment.
3. Major financial investment in such project is incumbent on private enterprise; consequently, no public investment should be planned nor "preferential areas" created in areas where no private capital investment is taking place or can be induced. This would minimise local and political pressures which tend to transform practically all the coastline of a country into one vast **tourist preferential** area, and would prevent over-expansion of individual tourist preferential areas.

In practice, a tourist preferential area should comprise only the area serviced by limited infrastructure built to connect with major roads or airport. One or two centres or poles of tourist settlement (pole of development) of the preferential areas itself should consist preferably of the so-called tourist micro-urbanization accommodating at least 5,000 to 2,000 persons.

The idea of delegating to the public authorities investment in construction of the "complete" superstructure as well as infrastructure network for such a tourist preferential area is unjustifiable from the economic standpoint.

Public investment should as rule merely provides incentives for the creation of one or two poles of development- for each preferential area which, within eight or ten years, may grow to the point of accommodation 6,000 to 8,000 tourists. As a matter of fact, on basis of such an anticipated increase in the number of tourist accommodations becomes possible through suitable tabulation to appraise the appropriate economic investment by the public authorities. These would be for building and basic infrastructure for these centres and "specific" facilities necessary for the establishment of initial "micro-urbanizations" as magnetic poles attractive development within the preferential area.

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1.0 Introduction

In Unit 3, you came across the term infrastructure and its effects on tourism. In this unit we familiarise you with the local bodies and the way they could positively or negatively affect tourism. The unit also points out the reasons for their poor performance and what could be done to bring about improvement.

20 Objectives

After reading this unit, you should be able to:

- Understand what is meant by local bodies,
- Appreciate the roles hygiene, sanitation and certain amenities can play in successful tourism, and
- Methods of making progress in tourism development.

31 Local Bodies and Tourism

Initially, the role of local bodies in tourism development was not accounted for by the planners and developers. The policy formation was done at national or state level and the local bodies were ignored in this regard. The tendency has been to thrust projects from above leading to complaints later on that the local body is not cooperative or creates hurdles. Most of the local bodies also are not aware regarding their functions and responsibilities in this regard. Of late, they are becoming conscious regarding their role and rights. Their relevance in destination development and sustenance is being recognised at top levels also. In fact there is a direct correlation between tourism and local bodies.

It is acknowledged that tourist resorts, motels, and other places of historical significance and natural beauty are possibly able to attract large number of tourists if the environment around the site is hygienic, well developed, neat and clean and properly maintained. , For this the onus is on the local bodies. In the following paragraphs we discuss the areas that have to be managed properly by the local bodies for tourism development. However, it must be noted that these areas are to be looked upon not just because of tourism. They are in any way a part of the normal functions of the local bodies.

I Roads, Traffic Signs and Direction

The inner roads, pavements, etc. within a city/town are developed and maintained by the concerned local body. By and large it is found that the

conditions of such roads is not up to the mark. Besides, one often finds blockades and encroachments in the form of unauthorised settlements. Animals sitting in the midst of roads is a common scenario in every city. All these interrupt the smooth flow of traffic and cause jams and congestions.

Lack of display of traffic signs is another aspect which needs attention along with directions and indicators. These are either absent or if put up they are not repainted for years making them unclear or unreadable. Also, there is hardly any inspection done as to check that some one has not tampered with them. Imagine a situation when a tourist has to go to place "A" but he reaches place B following the directions given for place A as they had been tampered with. Providing street lights at proper points is another area to be looked upon.

2. Sanitation and Toilets

Tourists visit a destination for pleasure and enjoying a healthy environment. If the standard of civic amenities is poor, garbage disposal or waste collection is not proper, path ways are dirty, etc. the destination earns a bad image. At the same time such problems arise because of tourists influx also. Many tourists are not sensitised to keeping the environment clean. They add to the garbage problem of the local bodies. Dustbins are a rare sight. Hence, it is vital that proper steps are initiated in this regard.

Lack of toilet or dirty toilets is a major problem at destinations. The Tourism Industry has been raising this issue for long time now without much improvement. It is high time that the local bodies take this issue seriously.

3. Water Supply

Adequate supply of water is a serious problem and the overcrowding at destinations are added to the miseries of the locals. At place this has generated tensions also between the locals and the tourists because of the water supply being directed to cater for the tourists needs and regulated supply to the locals. Many private resorts have made their own arrangements but the problems remain acute. In fact among the tourists it is mainly the low budget tourist who suffers in this regard. Though portable or bottled mineral water is available at most of the destinations, water is required for other purposes also.

4. Recreation, Parks and Parking

Proper maintenance of parks, benches at proper spots, shelters from Sun and rain, plantations and adequate parking space along with recreation facilities adds to the attraction of a destination. Providing these facilities comes very much under the purview of local bodies.

Pollution

It is the prime tasks of the local bodies to keep their area free from pollution of various types.

The starting point for sound tourist development and financing available from both public and private sectors within a specified period of economic use of natural tourist resources, and possible absorption of the tourist real estate market might follow "general guidelines" in the operational phases described further on. The phases should be carried out with a certain amount of insight and synthesis of the various geo-economic sectors in question in the light of experience with problems of the national tourist real estate market in other tourist world resorts having geo-economic characteristics.

The general guidelines suggested are:

1. Preliminary overall inventory of natural tourist resources and all other pertinent resource: their analyses and the classification of a "pilot zone".
- 2_ Determination in broad outlines of urban planning parameters and architectural specifications most suitable "minimum" qualitative and quantitative limits for development of each pilot areas for tourism.
3. Analysis of natural touristic resources inventories as under number 1, whether located in the zone of influence where other major economic activity already exists or is planned, crossed by major communication routes already in existence or planned (national roads, airports), having easy access to water supplies, food provisions, labour force and on forth, or an area already servicing investment and activity of the tourist real estate market.
4. Analysis of prospects fro private investments (or the undertakings of large, medium or small dimension whether of national or foreign investors; purchases of non-hotel housing units on the national and foreign tourist real estate market.
5. Possibilities of activating the tourist really market by facilitating purchase of land for possible resale to investors for large scale schemes (such as construction of accommodations for over 1,000 persons) or for acquisition of single non-hotel housing units. It is particularly advisable to guarantee foreigners their investments in any tourist industry against risk of nationalization for political reasons, acts of vandalism during insurrection and so forth.
6. Compilation of data on features of a specification to make a cost/benefit analysis for public investment in infrastructural work. Also for incentives to attract venture capital in tourist development schemes to bring the national program of tourism development in line with real financial possibility of public investment. Always wake into account the availability of proportional private investment and possible absorption of the tourist real estate market.

On the basis of these various pre-investment studies it should be possible to draw the limits and define concrete prospects for tourism development in any area, country or even in a region overlapping into several countries. Thus, a list of well proportioned tourism preferential areas can be made.

To illustrate in the case of projects for major transportation routes, such as national or international highways. a general preliminary international survey becomes necessary to determine.

1. The different possibilities and degrees of tourism development on separate sketches of the highways passing through the regions.
2. Secondary feeder roads in areas where deemed most advisable for tourism development.

participation by the government may be desirable, especially as a means of initiating investment in a difficult new development area. The subsidy is thus used as a catalyst to draw in private investment which will have to put up only a part of the total cost. In such cases government participation should be restricted to a fixed percentage of the total investment, with the idea that the private investor should have the maximum participation possible.

3.8.2 Credit

From the government point of view, a more satisfactory form of inducement is to give special facilities for credit, usually long term. In most countries, capital for investment is scarce and only a part of it will go into tourism. The government can therefore encourage investment in tourism by providing additional sources of credit to supplement the amount of private capital available through normal banking and financial sources. By selectivity in the way the loans are extended, the government can use its resources for direct investment in accordance with the priorities indicated by the national tourism plan. Thus Spain, for example gives special credits for investment in areas declared to be national tourist interest. In Turkey, credits for tourism investment are available only for areas given priority by the government and have to be approved by the Ministry of Tourism and Information.

The most frequent form of credit is the long term loan. Actual hotel construction loans are for about 25 years: reconstruction and equipment loans, either 10 or 15 years. In most countries, it is government policy not to give a loan for more than say, half the total cost of the undertaking. This is partly for fear of overloading the investment and more especially to associate private capital with the risk as much as possible. If the credit allows a generous grace period before the commencement of repayment, this in itself constitutes a further incentive to investment.

It is sometimes argued that credits for tourism investment and in particular, credits to the hotel industry are basically different from credits to other forms of enterprise and that they therefore require special institutions for their administration. Although there is a risk of creating cumbersome additional machinery, most countries feel that financing a hotel enterprise is sufficiently different from normal mortgage financing to require special knowledge and to justify the establishment of a special government credit institution. The financing of hotel investment can be considered the basis of financing the tourism industry. The hotel industry is normally operated by medium and small enterprise who finds it difficult to get capital in the market. It is characterized by a heavy fixed investment and its short-term run profitability is usually small. Thus, for example the Israeli government has set up a Tourist Industry Development Corporation; the Portuguese government has a Tourist Fund, through which it decentralizes tourist credits: France has a Caisse Centrale de Credit Hotelier. to mention- a few.

3.8.3 Guaranteed Credits. Interest Rebates

Another measure is for government (or local authorities) to guarantee credits obtainable through normal banking arrangements. The government may also be prepared to grant an interest rebate for tourism investment by itself making up the difference between the commercial rates and the proposed for the hotel trade. These

however, are supplementary measures only and do not resolve the difficulty of overall shortage of capital.

19 *Technical Advice*

Whatever the credit institution, its staff should be qualified in project appraisal and be able to guide the investor in the management of the project. It may often be desirable that tourism credits be associated with technical advice in the same way as agricultural credits. It is suggested that for countries only beginning to build up experience in the tourist industry, technical assistance might make a useful contribution by aiding the preparation of worthwhile projects by keeping to evaluate them and by advising on their implementation.

3.10 *Preferential Rates Of Interest*

A sharp difference of opinion exists over the question whether government credit facilities for tourism investment should include preferential rates of interest. It is a basic factor of production that capital tends to be scarce and that the cost of capital over time will therefore be high. By offering capital for investment at a lower than market rate of interest, the government is in effect making the community subsidize the cost of money for the private investor. The argument against concessionary rates of interest for tourism is that it might artificially stimulate investment and lead to a misallocation of resources. This presupposes that the cost of capital and the market rate of interest are just indicators of a proper distribution of investment and that tourism should take its chance in the competition for scarce capital on the basis of its inherent profitability.

The opposing argument is that profitability in terms of immediate return on invested capital is not the same as profitability in terms of the economic impact of the development of the tourism sector. Two different concepts are involved. The problem therefore is how to finance in a short-term an operation whose profitability will be long-term. Investment in tourism may be compared to that in agriculture: the fixed capital investment is high and in return is at a varying rate over the life of asset. The immediate return is low but at a later stage particularly in conditions of inflation profitability will be high. Only if it appears that over the whole life of the assets the return is likely to be low should the investment be considered unjustified.

The criterion therefore must be not immediate profitability but the impact that the project is likely to make in the light of the objectives of the national tourism program. If the project appears justified on this basis but there is difficulty in getting investment at a high rate of interest then it is reasonable to use public funds to make money available at a low rate of interest.

Since tourism development benefits the whole community, it is a proper use of public funds to facilitate the investment. The degree of *preference* as compared to the normal bank rate will vary according to the country and nature of the undertaking. The selective use by the government of the preferential rate represents a further means of directing investment towards the priority zones of the national tourism plan.

3.11 Special Facilities For Land Purchase

In some cases, government credits for tourism development include the cost of the land on which the project is located. Special facilities for land purchase can be a powerful incentive to tourism development, particularly in new tourist areas, though there is always the danger of this leading to land speculation. This problem resulting in inflation, social injustice and the withholding of land from commercial development is particularly serious in the tourism sector where the value of land is unusually high in relation to the value of the building on it.

There are a number of ways the government can try to obviate this risk. One device is to peg the price of land for a considerable period at its value before the classification of the zone for tourism development. Another is to impose a progressive tax on non-utilization of land in tourism development areas, or a tax value on added value. Other possibilities are to oblige the purchaser to develop the tourist installation within a specified period or to participate in an agreed proportion of the cost of development.

A more drastic method is for the government itself to buy up the land secretly in advance. All such measures however are palliative only. The certain remedy against speculation is outright expropriation, a solution involving numerous other problems in its wake.

3.12 Fiscal Aids

Most governments recognize tourism as an export industry and offer it the same concessionary arrangements as other export industries. These include reduced customs duties on import construction materials and equipment needed for tourism services, remission of purchase on other taxes on imports and in some cases special facilities for purchasing foreign exchange needed for imports. As an export industry, tourism should properly be exempted from taxes which are tantamount to putting a surcharge on exports.

3.13 Relief On Operating Costs

The government can also make tourism investment attractive by offering special concessionary at the operating stage designed to increase the profitability of the project. These include tax relief to facilitate the renewal of equipment and reduction of property and municipal taxes. In some countries the industry also requires favourable labour legislation to facilitate the employment of foreign labour.

As a general rule, the extent of the government's concessions to tourism may be taken as an indication of the economic importance that it attributes to that sector. Ministries of Finance are notoriously hard to convince of the desirability of preferential treatment. The tourist industry cannot hope to enjoy a favourable position for long unless it can demonstrate convincingly that this is justified in terms of the deferred economic benefits of the economy. The government for its part must use discretion in the application of pump priming measures and take care not to use them beyond the point where they are really necessary.

3.14 Recruiting And Training Employees

A most important function of government is to assist in recruiting staff. This is often accomplished through an employment service. Establishment of top quality tourism

the travel organization's staff research group can make deep, productive probes to supplement and broaden the base of knowledge of the market or markets under study.

The conclusion here is that a combination of research sources is required to inform as fully as possible the travel organization concerned with creating policy. Research is indispensable in deciding tourism policy.

3.4 Publicity And The National Image

The phenomenal growth of postwar travel has had a tremendous effect upon the socio political relation between governments, peoples and nations. This proposition is accepted by travel official's self-evident and requires no extensive dilation here. Images and concepts which have existed literally for hundreds of years have been shattered. New images, new concepts have emerged and/or are being created to take their place.

The rise of new nations, the emergence of new forms of government and inter government organizations has profoundly changed the relationships and attitudes between people. The actual visual concept of the individual of his neighbor in the world of travel has undergone sudden and even extreme alteration.

It is the image of his country reflected in advertising and all forms of publicity that the travel director must concern himself with if the policy he follows is to be effective. That image must in my judgment be a faithful one in keeping with the traditions, heritage and achievements history and customs, ancient and modern, of the country or the area. The truthful representation of an area is fundamental to any success policy on publicity.

In this connection it become important that the image should not be tailored, recast or altered to suit what is deemed to be the tastes of travelers or their alleged preferences. Certainly the recreational tourist resources of a country should be presented at the best light. But there are elements now evident that must condition the way in which those resources are presented to the potential tourist.

In a word of emerging national consciousness it is definitely harmful to present the prospective visitor with an image of picturesque poverty as has been done so often and so unwisely in the past. The spectacle of the wealthy tourist standing on the quay

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tossing coins for the natives to retrieve is abhorrent to nations striving to raise their standard of living and provide for these peoples the good things of the world. And • properly so. The illustration of the sleepy inhabitant dozing in his doorway while the brisk fortunate tourist takes his photograph for exhibit to his neighbors back home is an illusion indeed and one fortunately receding into the past.

There are few areas of the world that do not possess in themselves some intrinsic and often unique value which can be brought to the attention of would be travelers in a manner that does not reflect upon human dignity and national consciousness. In formulating policy this basic consideration properly implemented should uplift and enhance the image of the area.

Not the least of the benefits which accrue from such a policy is that of gaining the participation of the average citizen whether he is directly involved in the tourist industry or not. It is a corollary that the effect of the distorted image, no matter if deliberately or involuntarily placed is to arouse resentment at home and a lack of respect abroad. A visual presentation which does not do full justice to the area's customs and attitudes has the ultimate results of reducing both number of visitors and revenue for the tourist industry.

Another problem which looms ever larger particularly for the developing nations. Is that the development of modern and even luxurious accommodation is creating two standards of accommodation, one for the tourist and another for the local population whose standard of living does not envisage paying the same rates for services. This is by no means a modern problem; it has existed since men first accumulated the means to travel. But it becomes acute since more and more people are traveling with more and more money for the purpose.

I am not attempting to propose a solution to all these problems. Policy in publicity , includes public relations which, like charity begin at home, and if problems such as these are not comprehended, whatever policy is decided upon will be adversely affected.

3.5 Policy And Media

I do not think it is within the scope of this unit to enter into any detailed analysis of use and selection of media. But no contemplation of publicity policy would be complete even in a condensed precise unless some broad principles were set forth.

An imposed formula will not work. I hold that policy on media must be based on the needs and problems of the country or the area. It is feasible that in a given set of circumstances the policy would stipulate that the entire program be in print media. In another situation such as in Canada, a variety of media would be used in order to convey the message and to enhance the image. In another case, policy might direct that the entire effort be aimed toward public and press relations solely. I have yet to see a travel promotion program so oriented but I hope that at some time an experiment of this kind could be made. By this I mean a publicity program which confines itself solely on hospitality visits, press relations contacts, receptions, large and small, intended to gain the favorable participation of people influential in the travel world, and distribution of the unusual accompanying material of press releases. Photographs and Films.

I could not deal with policy and media without dealing with one particular myth. There is a tune played by bureaucrats which all have heard from time to time. It is the "refrain from promotion" theme. to wit; that if we who are responsible for developing more tourist business did no advertising or publicity, that the tourists would come to our shores. To deal with a fallacy of this kind is to give it credence. Suffice it to say. I fear for the national tourist organization that accepts such an impractical proposition. People go where they know they are invited; where they know they are welcome; where they know there is something new or different; where they know there are interesting events, sights and scenes.

We are aware that there exists in some quarter of most governments the naive belief, or perhaps it is no better than a hope that tourist revenue just happens. According to this precept publicity in all its forms is largely a waste of money. When we encounter this myth we are entitled to ask. Where else in the world of commerce does a commodity sell itself without benefit of publicity, advertising and promotion?

3.6 Budget And Policy

Although it may serve as a rough indicator, the percentage of income formula alone does not offer a satisfactory method of arriving at a tourist publicity budget. Many factors have to be considered, including market awareness of the product, market reaction to the product, the nature of the market and the publicity methods and media which are suited to it, the activity-actual or potential of carriers, travel agents, hotels, car rental firms which may augment and complement the national tourist organization's efforts.

In planning the detailed publicity budget, however, it is important that the potential value of the different elements in the product being sold be kept in mind and that a disproportionately large expenditure is not incurred on something capable of a low return only, e.g. a large campaign in favor of a region with a few hotel rooms or facilities.

While tourist publicity is generally planned on a year to year basis, it is generally agreed that in the absence of massive expenditures its effect is slow acting and cumulative.

Publicity programs should be maintained without interruption to achieve maximum effectiveness.

Where there is common interest it is the policy of some national tourist organizations to co-operate with carriers, travel agents and others in joint publicity schemes. In certain instances these joint schemes have been initiated by national tourist offices and have led to a considerable increase in tourist publicity on behalf of the country concerned. Where a country is comparatively unknown in the market, its association in tourist publicity with a familiar and successful airline, shipping company or travel agent which by implication endorses it, may gain a more ready acceptance than a separate campaign on the same scale.

All outside interests engaged in tourist publicity on behalf of a country should be made aware of the national tourist organization's tourist publicity policy and their co-operation sought so that their individual policies can be co-ordinated with it. Failure to do this may produce duplication of effort and even conflict with detrimental results.

3.7 Research -A Basis For Publicity Policy

Although market research is a prerequisite for policy formulation, comparatively few **national** tourist offices are making adequate use of it.

Small and large budget national tourist organizations face similar market research costs and **in the case of bodies with limited finances, the** cost of adequated and meaningful market survey work is prohibitive.

A greater sharing of market research operations and information where there is mutual benefit is desirable.

The WTO's Information center can provide a wide range of data on the world's principal tourist market: it also plays an important role by compiling and co-ordinating research data supplied by member countries and by encouraging original market research.

The world's travel markets are constantly changing. Tourist **publicity should be** frequently reviewed to ensure that it does an effective job in rapidly varying market conditions.

4.0 Conclusions.

Conclusion. Now that you've read through this unit, you should understand very well, all about publicity policy in the field of tourism, about policy and budget, policy and media and basis for publicity policy.

5.0 Summary

Finally, it should be noted that:

That policy in publicity should be based on the recreational resources of the area or country concerned:

That due note must be taken of the inherent problems of that area or country:

That the form of a national travel organization has a direct bearing upon the policy to be followed:

The budget for publicity should be based on need rather than mathematical or arbitrary formulas:

That research is indispensable to formulating publicity policy and should emanate from professional consultants as well as media sources, and should if possible. be buttressed by studies conducted by the travel organization:

That image-making in the various forms of publicity should be truthful and should not be tailored or altered to fit alleged tastes or preferences:

That the presentation of an area as containing a picturesque poverty is definitely harmful but fortunately is becoming passes.

That in public relations care should be taken to avoid adding to the problem of two standards of accommodation, one for the visitor and another for the citizen of the country concerned:

That media selection, like other elements making up policy, should be based upon need rather than an imposed formula:

Lastly it is a fallacy that tourism will develop of itself, without a carefully calculated program of tourist publicity. A sound tourism development campaign requires the use of publicity in all its multiple forms.

6.0 Tutor Marked Assignment

Question: Write down at least 4 sentences to summaries this unit.

70 Checklist For Publicity Planners

By Mr.P.Genton, from Tourist Publicity Madrid: World Tourism Organization, 1964. pp. 123-127.

This list is intended as a planning aid. It covers the main aspects of publicity planning and implementation and can be used to check comprehensiveness of publicity action at all significant stages.

Information

Do you define clearly the product you sell and the market you want to reach? In particular what information do you obtain under the following headings.

Statistics

- a. Movement of tourists inside the country? Is it broken down by region, transport, accommodation used etc.?
- b. Movement of tourists from abroad? Is it broken down by country of origin, purpose of visit, method of transport, etc? Is length of stay given?

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- c. **Movement of your** country's residents abroad by country visited transport used, length of stay away

Foreign Statistics

- d. Do you collect and study statistics for each country on a comparative basis?

Other information Sources

- e. Do you carry out (a) inside your country and (b) abroad, any of the following.

- | | | | |
|-----|---------------------|----|----|
| i) | Market survey | a) | b) |
| ii) | Motivation research | a) | b) |
| | Publicity tests. | a) | b) |

Promotion

What kinds of promotion do you handle?

- a. **Promotion inside your country?**
b. **Promotion outside your** country - in which countries?
c. Do you make short or long term promotional plans?

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1.0 Introduction

Tourism is a fast and complicated industry. Every place and every area of a country are directly concerned with this business and should be involved with its successful development.

20 Objectives

After going through this unit, you should know about tourism development which aims at:

- Providing a framework for raising the living standard of the people through the economic benefits of tourism and
- Developing an infrastructure and providing recreation facilities for visitors and residents.

3.1 **Tourism Development & Policy Formulation**

Tourism can be a polluting activity. Overdevelopment generates soil and water pollution and even people pollution, if there are too many visitors at one place at the same time. Land values can go down if the area becomes run down and unattractive.

Too many visitors can have a harmful impact on life in the host country and on the visitors themselves. A beautiful landscape can suffer through thoughtless and unwise land development and construction methods. Customs and crafts can be vulgarized by overemphasis on quantity and cheapness.

The responsibilities for such unwholesome results cannot be blamed on tourism as such, but rather on its subservience to over-commercialization. Tourism is one of the world's greatest and most significant social and economic forces. It is much more than the earning of foreign exchange and credits on the balance of payments. Governmental and business policymakers and leaders who have ignored the loftier benefits that tourism can bring and thought only of the immediate profits may now be looking at the degradation of their human and natural resources.

Tourism development must be guided by carefully planned policy, international in concept and interdisciplinary in its creation. It should be a policy not built on balance sheets and profit and loss statements alone, but on the ideals and principles of human welfare and happiness over the long pull. The planners of tourism must utilize policies which bring economic and social forces together to work for their mutual interests. Social problems cannot be solved without a strong and growing economy which tourism can help to create. A sound development policy can have the happy

result of a growing tourist business and the preservation of the natural and cultural resources which attracted the visitors in the first place.

Students Assessment Question 1: Tourism can be a polluting activity — Discuss.

3.2 Economic and Financial Aspect of Tourism Projects

For those countries able to attract a significant number of foreign visitors, the primary benefits of tourism development is likely to be the growth of foreign exchange earning. For developing countries, whose rapidly growing need for imports may coincide with a low and even declining growth rate in export earnings from primary commodities, the net foreign exchange earnings from tourism can play a critical role in overall economic development.

The employment and income effects of tourism sector growth are also of considerable importance in the national economies of many countries. While the direct employment generated per unit of capital invested in hotels may be roughly comparable to that in the industrial sector, the indirect employment effect tourism in transportation sector, retail trades, handicrafts and agricultural sector must also be taken into account. In addition, when tourist facilities are located in the less developed regions of a particular country, these employment effects may result not only in increased income for workers but also in a better regional distribution of income.

The effect of tourism investments on employment in other sectors reflects the expansion of output in those sectors required to meet the needs of increased tourist flows. When consumed by foreign tourist, this increased output involves an export of goods and services which might otherwise not have been possible. Besides its growth impact on interrelated sectors, the tourism sector itself may become the most important growth point for overall economic development in countries whose size, lack of natural resources or similar factors constrain the development prospects of most other types of productive activity.

Governments and other agencies concerned with the development of an optimal national investment programme must compare investments in tourism facilities and related infrastructure with alternative investment opportunities in other sectors. In World Bank group operations, this comparison is attempted on the basis of economic rates of return for well defined investment proposals. Our basic approach is to relate the discounted stream of capital and operating costs associated with the investment infrastructure hotels and other facilities to the discounted stream of benefits (tourist expenditures). The economic rates of return for a specific tourism project may then be compared with the 'opportunity cost' of capital for the particular economy.

In evaluating tourism investments the World Bank Group pays *very* close attention to the projected financial results. In general, tourism projects financed by the Bank Group must be justified in terms of both their economic impact and their financial

A tourism project may involve simply the construction of new hotels, restaurants and related facilities in an existing urbanized area, or the construction of all basic

infrastructures in a previously undeveloped tourist site with hotel development to be carried out as a second stage by private or public investors. In either case, there are several important relationships between capital cost and net operating revenues which need to be maintained in order to ensure financial success.

Of immediate concern is the time factor. Every effort must be made to ensure that the phasing of tourism investment is closely related to the likely growth of market demand. A parallel concern is that the investment cost per bed in accommodation facilities be directly related to the tariff structure which the market will support for the particular type of resort being planned. Similarly, the size of the investment in and net profits from the superstructure facilities.

The net operating profit of accommodation facilities of course is a function of three major factors: (1) the level of tariffs: (2) average annual occupancy rate: and (3) the level of operating costs. While operating costs may vary according to local conditions (especially wage levels), the tariff structure and occupancy rate are primarily determined by external factors, including income and seasonality factors in the tourism generating countries most relevant to that particular destination.

It is essential, therefore, in planning tourism projects that careful attention be given to the segment of the market which a particular site can attract and that the tourist facilities be designed and constructed within the financial limits imposed by that market segment.

Many projects presented for our proposed consideration, I may say, do the reverse of this — they start with a proposed hotel design concept which determines the investment cost, and therefore the tariffs and occupancy rates required for profitability rather than looking first to the market.

Students Assessment Question 2: What are the effects/benefits of locating tourist facilities in less developed regions?

Of great concern to potential private investors in many countries is the problem of financing tourist facilities. The rather long economic life of hotel accommodation combined with the market seasonality of demand in most resort areas means that relatively large amounts of capital must be tied up in fixed assets over a long period of time. Adding to this difficulty is the reluctance of many sources of finance to provide sufficiently long-term loans.

To encourage private investment in the tourism sector, therefore, most tourist destination countries have established some form of investment incentives. The rationale of these incentives schemes is that the net economic benefits of the economy are substantial!) greater than the financial strains likely to accrue to private resort developers.

In our view however, these schemes need to be examined more closely than they normally are, since (1) the cost to the Government may be difficult to assess; (2) the actual benefits to the investors may far exceed the stimulus actually required; (3) there

is no way of guaranteeing that the increased investments will bring a proportional increase in benefits to the economy; and (4) most incentives schemes subsidize capital and little ingenuity has been devoted to finding ways to subsidize and thereby increase employment.

Besides the direct financial economic aspects of tourism projects, certain other factors are also critical to the long-term success or failure of tourism sector development. Efficient and professional management is an obvious necessity, but of equal importance, however, is the quality of staff training which is often relatively neglected during the early stages of tourism sector development.

Being given more attention today is the task of ensuring adequate protection of the natural environment, which is of vital importance for long-term success in attracting visitors. No less important, however, it is the protection and — in some cases — improvement of the social environment, including housing, health services and more generally social equity.

Cultural attractions in most tourist destinations represent an important tourist asset. The goals must be to establish a new tradition of efficient hospitality designed to meet the needs and expectations of foreign visitors and at the same time to protect and preserve the local culture.

4.0 Conclusion

Now that you've read through this unit, you ought to have had a good knowledge of how to provide a framework for raising the living standard of the people as a result of economic benefits accruing from tourism and most importantly how to provide recreation facilities for visitors (tourists) and residents.

5.0 Summary

This unit has taken you through development in tourism and how it affects the environment. Also, you've learnt about how to formulate some tourism policies including economic and financial aspects of tourism projects.

6.0 Tutor Marked Assignment

Write down 4 sentences/statements to support the idea that tourism development must be guided by carefully planned policy.

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