

Moderating Effect of Government Policies on Marketing Strategy and Tourism Patronage in Nigeria

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Abstract

The tourism industry has been identified as a very vital and popular global human activity that now becomes an economic booster which can contribute to the economic development of Nigeria. However, tourism industry in Nigeria has not been exploited to generate the expected contribution to the socio economic development of the country. This has caused tourism's failure to solve the problem of over-reliance of oil and gas. This study examined the moderating effect of government policies on tourism patronage in South West Nigeria. The study adopted a survey research design. A population made up of all tourism destinations in South West Nigeria with population of 85 staff was surveyed and the total enumeration method of sampling was used. The questionnaires returned were 74 which is 87 % response rate. The Cronbach's Alpha coefficients for the constructs ranged between 0.72 and 0.93. The data were analysed using descriptive and inferential (hierarchical regression) statistics. The findings revealed that policies significantly moderated the relationship between Marketing Strategy and Tourism Patronage ($r = .899$, $F_{(1, 70)} = 11.511$, $R^2 = 0.370$, $p < 0.05$). The study concluded that government policies had significant effect on tourism patronage in South West Nigeria. It is recommended that Federal Government of Nigeria should adequately execute policies on tourism to enable tourism develop to their full capacity in Nigeria. The government should make adequate funds available to tourism in Nigeria so that the sector will match with international standards.

Keywords: Government policies, Tourism patronage, Customer patronage,
Tourism revenue

Introduction

Recently, the volume of tourism business in developed countries is greater than that of oil, food and automobiles industries. Tourism has become an important business in international trade and

it accounts for a major source of revenue for developing nations. The World Travel and Tourism Council predict that the travel and tourism industry would be one of the world's fastest growing sectors between 2011 and 2021. Our tourism industry needs to be accorded good policy framework as well as effective marketing strategy to enable it compete favourably with its counterparts across the world. In 2011, more than 2 million tourists visited Nigeria, for different international conferences including foreign investors on tourism business which resulted in the tourists spending equivalent of \$3.7million U.S. dollars and this figure is predicted to rise by 10% year by year (Ibrahim 2014, Ajibola 2013, Abiodun 2012 and Agency Reporter 2012). However, this projection remains a mere proposition because it is not followed by the right strategy and action.

The World Tourism Organisation (WTO) predicts that the number of global tourists will reach about 1.6 billion by the year 2020 (as opposed to 565 million in 1995), and claims that international tourism receipts will exceed \$2.0 trillion US. The estimated growth of world global tourism arrivals of 4.5% per annum will result into a big challenge for countries like Nigeria. Scholars reviewing the tourism sector in Nigeria agree that the sector has the potential of contributing to the Nigerian gross domestic product (GDP) and can as well bring about a reduction in unemployment rate and lessens the over-dependence on oil and gas as major source of foreign exchange (Abiodun, 2012). Therefore, this study is acceptable on the proposition that it intends to contribute to improvement of the tourism industry, the solution of unemployment in Nigeria and reduction of concentration on one major source of foreign exchange. If this could be achieved, factors causing social unrest such as kidnapping, Boko Haram, armed robbery and the likes can be eradicated or minimized in Nigeria

Statement of Problem

The tourism industry contributes to the socio economic and political development of many countries in the world and it is obvious that the tourism sector in Nigeria has potentials to generate significant foreign exchange earnings, employment and investments towards economic development. Though, the government has given attraction to tourism, the tourism industry in Nigeria has not been exploited to generate the expected contributions to the socio economic development of the country. One of the major problem identified in the literature are government fiscal policies on tourism development. It has been empirically established that tourism industry

failed to grow properly because of reluctant attitude of different governments to develop this industry (Muhammad & Summaya 2013). Oyebode (2017) discovered that marketing strategy has significant effect on tourism patronage but that the government policies will intervene in the application of marketing strategy to tourism patronage in Nigeria.

This study's objective is to examine the moderating effect of government policies on tourism patronage in Nigeria using Southwest region of Nigeria as case study. In order to establish empirical basis for the study a hypothesis was formulated

Ho-there is no moderating effect of government policies on marketing strategy and tourism patronage in Southwest Nigeria.

Literature Review

Government policies relate to fiscal policies. The fiscal policies adopted by many governments cover development plans, tax incentives, grant funds and qualifications including special subsidies, investment funds, government acquisition of lands and property, fiscal investment and financing and qualification examination. These policies also reflect the principle of the separation of powers between governments. Now, the central government is mainly responsible for working out strategic development plans, while local governments, especially at municipal and county level, are real performers of cultural industry policies who are in charge of the specific affairs. It is should be noted that up till now there is no policy focusing on how to conduct performance evaluation of the fiscal subsidies and funds among existing fiscal policies. They all lay down the means and procedures of project application and main directions and scale of investment (Peng and Yunfeng (2016). Government tourism policies address economic, social and environmental issues with an awareness of the potential harm and benefit and also moderate the forces from the sector's dynamic growth in a positive direction.(United Nations Environment Programme and World Tourism Organisation,2005)

Scholars have developed theories of institution; Max (1873), Weber (1958) North (1981) and Laudes (1998).Institutional theory is a theoretical framework for examining the order and structure of social event, based on the understanding that the social world is operating on institutions that have enduring rules, practices, and structures that set conditions on action. Institutions are

fundamental in explaining the social world because they are built into the social order, and direct the flow of social life.(Ibrahim, 2014). A lot of organizations occasionally incorporate institutionalized context in their products, services, process, policies, and programs, because they are believed to bring forth quality. This has made organizations to align their structures with institutional framework to help them gain legitimacy, resources stability and better chances of survival. However the theory of institution can be explained from three distinct theories; Economic theory of institution, Political theory of institution and Cultural theory of institution.

Economic theory of institution was initially propounded by Denisetz (1967) and further developed by North (1981). The theory holds that institutions are created only when it is efficient to create them and this is done when the sound benefit of building an institution exceeds the transaction cost of building such an institution (Rafael, L.P., Florenco, L, Andrei, S. and Robert V.1999). This private property rights over land are created when land become scarce, and the costs of enforcing such rights is not up to the benefits. Founders of economic theory of institution believe that where this theory is adopted, the level of economic activities will increase, better institutions become affordable and subsequently government performance becomes better. The theory supports this study.

Banfield (1958) developed cultural theories of institutions and further supported by Weber, (1958), Pitman, (1993) and Laudes (1998). Cultural theory explains that societies hold belief that shape collective action and government policy. The scholars who propounded this theory use religion as a proxy for work ethic, tolerance, trust and other characteristics of society that may be instrumental in shaping government policy. The theory supports this study.

Marx (1872) initiated the political theory of institution and this theory is further developed by North (1990), Olsen, (1993). This theory's concern is on redistribution of resources instead of efficiency of resources and established that policies and institutions are shaped by those in power to stay in power and to transfer resources to themselves. Marx believes that interest in power are identified with 'class' which can become "autocrats, autonomous bureaucracies, organized religion, ethnic groups; or even particular organized economic interests" (Rafael, L.P., Florence, L, Andrei, S. and Robert V.1999). Political theory holds that government policies are used to

control assets, including people, and to convert this control into wealth. According to Marx (1872) societies are divided into social classes and policies are made by those in power. This study is situated in this theory because tourism business can only operate under the control of government.

Chidochashe (2011) conducted a study on the economic decline of Zimbabwe. The study employed interview method and economic analysis of Zimbabwe were the target population. The study discovered that government policies and structural reform can successfully get the economy functioning again. The study further found that economic decline of Zimbabwe has been influenced by poor monetary policies and failure of fiscal policies. Attah, (2011) carried out a research on “the Nigerian tourism sector and the impact of fiscal policy: A case study of 2000 – 2009 Federal Budgets. The econometric linear regression model was used to test the impact of total federal government expenditures and federally collected revenue on the tourism sector performance. The study established that Federal government expenditure has positive impact on the tourism sector but revenue collected has a negative effect.

Discussion of Findings

Table 1: Results of the Moderation Coefficients of influence of Government Policies on the relationship between Marketing Strategy and Tourism Patronage

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	37.634	11.265		3.341	.001	15.172	60.096
	Government Policy	.362	.261	.102	9.449	.010	.558	.882
	Marketing Strategy	.048	.072	.151	6.664	.003	.191	.095
2	(Constant)	73.952	156.491		.473	.638	386.064	238.160
	Government Policy	.760	5.938	6.764	6.741	.001	7.444	16.243
	Marketing Strategy	.547	.072	4.150	4.657	.012	.191	.096

Marketing Strategy*Government Policy	.899	.272	2.665	10.715	.000	6.746	14.285
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Source: Field Survey, 2016

The table presents model summary of hierarchical regression analysis of the influence of government policies on the relationship between marketing strategy and tourism patronage in the South-West Nigeria. The results shown in the table implies that in Model 1, government policies and marketing strategy accounted for only 33.9% of the variation in the tourism patronage ($R^2 = 0.339$, $F(2.71) = 9.246$, $p < 0.05$) which was statistically significant at the 0.05 level. In model 2 when the interaction term was added the model was also significant at the 0.05 level ($R^2 = 0.370$, $F(1.70) = 11.511$, $p < 0.05$). This finding suggested that government policies fully moderate the relationship between marketing strategy and tourism patronage in the South-West Nigeria. The alternative hypothesis that there is a moderate effect of government policies on the relationship between marketing strategy and tourism patronage in the South-West Nigeria is hereby accepted. The growth of tourism business can be influenced by government fiscal policies and environmental policies because the ownership of the land and natural resources that form the major part of tourism product belong to government. Government makes policies on immigration, international travel permit which affects tourist.

Our findings are supported by Peng and Yunfeng (2016) in a study that examined the historical evolution and analyses of the fiscal policy of China's cultural Industry. The study adopted expo-factor research design. The study revealed that the practice of economic development in many countries of the world indicates that financial policy of tourism industry plays a significant role in the development of tourism industry. The findings are in consonance with the study of Attah (2011) on Nigeria tourism sector titled 'impact of fiscal policy on Nigeria budget between 2000-2009' which revealed a significant relationship between tourism patronage and government policies. The study concluded that government policies send indicator concerning the direction of government's commitment and how it intends to handle macroeconomic problems which most government have an obligation to solve. The findings are further corroborated by Muhammad and Summaya (2013) in a study titled marketing strategies for tourism industry in Bangladesh for

attracting foreign tourists. The study employed survey research design using structured questionnaire from a sample of 142 respondents. The correlation and regression analysis was used and the study reveals that the tourism industry also failed to grow properly because of reluctant attitude of different governments to develop this industry.

Conclusion

Based on the findings the hypothesis indicates moderate effect of government policies on the relationship between marketing strategy and tourism patronage. It is recommended that Federal Government of Nigeria should make adequate provisions for tourism development in Nigeria. The government should also make adequate funds available to tourism in Nigeria so that the sector will match with international standards.

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