Human capital development trends in the hospitality and tourism industry: A case of southwest Nigeria

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Abstract

The hospitality and tourism sector in Nigeria is bedeviled with lack of vision, and poor administration, which has affected the growth of the sector. The inability to unlock the potentials of hospitality and tourism in Nigeria is characterised by low quality employee, poor infrastructures and inadequate funding to support education and training for both public and private sector. The study observed that the International hotel brand has made some significant impact through their expertise, which has not really trickle down the entire sector, while the private and public sector lacks the requisite expertise to drive the sector. The study reveals that tertiary institutions offering hospitality and tourism programme need to re-evaluate their curriculum and seek collaboration with foreign institution abroad to provide a competitive training and education. The study found that slim collaboration exists between the public and private sector, while the policy framework to integrate the stakeholder is largely lacking. However this trend affects the quality of services in the various hospitality and tourism outlets in Southwest Nigeria. The study concludes that to attract the global tourism and hospitality market to southwest Nigeria, it is apparent that government need to prioritise the issue of human capital and implement the National tourism master plan document published since 2005 but could not be implemented due to lack of funding. This will activate the direction towards a stock of human capital for the tourism and tourism sector in Southwest Nigeria.

Key words: Human Capital, Hospitality, Tourism, Education, Training

Introduction

The ability of Nations to develop its workforce is dependent upon her sustained contribution towards human capital. According to Lajili (2012), specific skills and training is essential for growth driven environments. The indication that human capital is the combination of skills and knowledge acquired by individual to increase their worth in labour market remain crucial in developing any sector in the economy, therefore this suggests that organisations acquire human capital through individuals employment relationship, Davenport (1998) opines that experience and training harmonised individual human capital they bring to organisations, it portends the general expectation that the greater the human capital the more successful the organisation due to its competitive advantage of human capital stock.

Nigeria with her population has failed to fully explore the enormous potential of the hospitality and tourism industry, the realisation of tourism as an economic strategy arise from the establishment of National Tourism Development Corporation Act in 1992 with decree 82,furtherance to this was the articulation of a well-documented National Tourism Policy for Nigeria in 2005. The former President Chief Obasanjo led administration considered tourism as in the six priority areas for economic and social development, this led to the constitution of a Presidential committee for the Nigeria Tourism Development Master that facilitates collaboration with United Nation World Tourism (UNTD) and United Nation World Tourism Organisation (UNWTO) on the request of the Federal government of Nigeria to produce a Master plan for Nigeria, Esu; (2012). Among key issue raised in the Nigeria Tourism Master plan is the level of human capital development in the sector that lags far behind to competitively deliver quality service this obviously reflects in the quality of service in hotels and tourism outlets in Southwest Nigeria. This trend shows that successive government in Nigeria had paid little attention to the development of the hospitality and tourism sector. Such expositions are unsatisfactory because they complement the lamentation that hospitality and tourism industry in Nigeria lacks the perquisite to attract the needed foreign exchange, while Fletcher et al (2013) maintain that the major driving force for tourism development is the economic benefits. The integration of tourism as a developmental strategy is premised on its potential for foreign exchange earnings, income and employment generation (ibid).
Government poor attention towards hospitality and tourism education development will continue to impact delivery in the various training institutions offering hospitality and tourism programmes in South West Nigeria, thus hampering the industry's ability to provide the needed expertise for the industry growth.

**Concept and Theory of Homan Capital**

Human capital is an increasingly important area in the hospitality and tourism sector. Emerging trend in the hospitality and tourism industry shows renewed interest in human capital development in the study. A considerable amount of literature has been published on human capital; these studies have drawn attention on the relationship that exists between the income level of a society and education. Along with this growth in the study of human capital, however, there is an increasing concern over the concept of human capital stock and the national income level on the theory of human capital. The specific purpose of this study is to review research on human capital theory and linking it with the hospitality and tourism trend in Southwest Nigeria.

This review is organized around three themes, which are accumulation of human capital as a form of productivity leads to productive workforce. Secondly investment in human capital leads to faster economic growth. And finally pecuniary and non-pecuniary returns on human capital. In an attempt to create a coherent pattern in this research the themes are not distinguish in the discussion but overlap in the parlance of theory of human capital Shultz (1961), and Psacharopoulos, (1985) argues that in the past two decades, a number of researchers have sought to determine increase in human capital as a form of productivity in the organisation and could be attained on investment in training and education. These authors views human capital as investment in people that have returns. The knowledge acquired by individual through education and training are essential for skills needed in the organization and society. The major criticism on the theory was its focus of serving government and business need and not that of the individual. Traditionally the society have subscribed to the belief that a productive economy require investment in people to expand choices and opportunities available to the people in that society. Since human capital is acquired through investment in education and training this shows that is similar to such investment in “physical means of production”, Mincer and Becker (1964). Therefore the physical capital is the ability individual or group possess in the organization that will likely enhance higher production. For greater output in production, investment must not only involve other fixed factors of production that cannot be transferred but should take due cognisance of investment in human capital that drives all investment of the firm. Mincer (1962) claims human capital is a form of education and schooling that will prepare the existing and prospective workforce for a quality performance.

The opinion exhibited in Ladkin’s research (2011) is at variance with the situation in Nigeria “majority of those employed in the industry over the years seem not to attain any form of tertiary education in hospitality and tourism and even where such personnel exits with formal education, the industry seem not to further exposed them to any training or empowered them so as to be better. McDonald and Hopkin (2003) asserts that developing human capital to meet the human resources need of the future is the major issue in their research these authors argues that only a long term strategic and comprehensive programme that can sustain the human capital growth in the hospitality and tourism industry, the existing literature extensively highlights the discussion of economic and social importance of human capital theory. Studies reported in the first models of Becker (1964) claims that central to Private and social returns to investment in education, investment in human capital is a form of human capital this strategy can only be sustained through the private sector support and with favourable government framework that support investment.

The second perspective of the theme in this study is that investment in human capital leads to faster economic growth. Almost every paper that has been written on human capital relates it to economic development. Alani, and Isola (2009) mentioned that Scultz (1961) as cited in Tariq Khan (2014) examines the extent to which Education link economic growth for the various sectors of the economy and formal education impart on the skills, experience and competence in their customers. Such skills support individuals’ ability in meeting their job expectation and demand. This study concur with the assumption that specific skill are required in the tourism and hospitality industry only such can give the industry its required competitive advantage, as Grant (1996) demonstrated that a high degree of firms knowledge is a function of available human capital in the firm. And such capacity can only be retained through development and accumulation of human capital stock Lepak and Snell, (1999). While Spender
(1996) opines that the core theory of the firm is within the context of firm’s knowledge and the capability to activate specific knowledge. This study elucidates the theory of human capital from the general and specific skills required in developing the firm and the Nation at large. The specific concern of this study is that human capital is crucial in developing the hospitality and tourism sector and training can range from general to specific. Most studies in the field of human capital have focused on the impact of training and education as the critical strategy which is the opinion shared by Denison (1962), Plummer and Taylor (2004) shows a wider scope in exploring the theory of human capital from the traditional concept of education, training and research to incorporating health as a critical issue in human capital. However emphasis is placed on using both education and training to illuminate and equip the needs of the local employers for a sustainable growth one major theoretical issue that has dominated the field of human capital for many years concerns improved workforce through education and training. Economic development cannot ignore educated manpower as development in every facet of the economy relies on the strength of human capital for effective use of other available resources that abounds in society.

Romer, (1990) extensive research in human capital expands the reason why nation with human stock of human capital enjoys more economic benefit than nations with relatively low human capital. This assumption shows that the stock of human capital is the strength of an organisation (Romer,1986). And finally the third theme of study is premised on pecuniary and non-pecuniary returns on human capital. According to Cohn and Geske, (1990) the underlying assumption here is that to achieve increased productivity at both social and private returns investment in education is core. It therefore underpins that to obtain higher wages in a free market is crucial that the individual increases schooling and training that will fortress productivity. Becker (1996) advanced his argument on Employment and earnings on theory of human capital and further established that organisation should treat investment in human capital similar to how investment are committed to equipment in the production and service process. The theory suggests that investment in education can be measured through employment and earnings showing his effect on the economy. Gottschalk (1978) contests the assertion of Becker that earnings are directly related to productivity, noting that wages or remunerations offered by employers are not proportional to productivity within occupations (Bontis, 1996; Blaug, 1976; Gemmel,1996; Benhabib and Spiegel (1994) who also aligns with previous submissions on the research on human capital. They assert that and such improvement can be developed through education and technological development of people in the workforce, stating that investment either by individual and government in buying education as a form of goods produced for sale is expected to yield anticipated pecuniary and non-pecuniary returns.

Davenport (1998) points out in What It Is & Why People Invest in human capital and further examined workers performance through ability and behavior, noting time allocation is an issue to choice of tasks. Davenport mathematical model in the form of Total Human Capital = A represent for ability, B represent for behaviour, E represent for effort T represent for (time), and x is sign of multiplication. In this equation a multiplicative relationship enhances the outcome thus Total Human Capital = (Ability & Behavior) x Effort x Time investment THC = A & B x E x T. It appears in the literature examined that between the years 2000-2005 emphasis on human capital dwell on individual traits as it impacts quality performance.

Additionally in the opinion of this study that individual who lacks financial ability to fund himself could be subjected to the dictates of his financier. This happens at younger age when children dream for a particular profession and their parent or family agenda are at variance different from the individual. Major criticism of human capital theory was expansion of this theory of capital to particular profession and their parent or family agenda are at variance different from the individual. Becker (1962) points that Bjerk, Reder, Stingler to treat human as capital is a violation of everyday convention. The generalisability of much published research on this issue is problematic on the assumption that human capital will lead to higher economic returns however; a major problem with this kind of application is the validity of this theory. Traditionally economic influence significantly relies on assets such as equipment, factories and land that are required as physically tangible. Previous research indicates that modern economist indicators have a positive impact on education and health care central to improving human capital and enhance economic impact of nations Becker (1996).

A Proposed Theoretical Framework showing the relationship between Human Capital and National Development

In the new global economy, human capital has become a central issue for tourism and hospitality sector, however, far too little attention has been paid to this issue as the sector was initially seen as low skill
career in the past. Human capital is a major area of interest within the field of tourism and hospitality recently and evidence suggest that a significant positive relationship exists between human capital – skills, abilities and competencies and the performance of economic activities within a nation Adedeji and Bamidele, (2002); Barr, (2005); Buffle, (1994); Canning and Chan, (2005); Chapman, (2001); Marshall, (1930); Obadan and Adubi, (1998); Okojie, (2007) as cited in Olakulehin (2008). One of the most significant contribution in the theory of human capital was Schultz Theodore Schultz (1902-1998) presented three issues dominant on human capital. These are qualifications, abilities and knowledge skills of individuals. A broader perspective has been adopted by Gary .S. Becker (1964) indicates that the factors enumerated by previous authors in the field argues that. Human capital includes time, health and life expectancy. This view of Blundell et al (1999) indicates three main components of human capital namely early ability, qualification and knowledge, skills, competencies and the acquired expertise on the job corroborates the central role human capital plays in developing human resources demand for any given sector. Consequent upon the recognition company’s and Nations decision to invest in human capital of individual is like any other strategic decision of the organization, this will be demonstrated in the proposed model in figure 1 below.

Building on the existing knowledge the purpose of this conceptual framework is to develop a model showing the relationship between human capital development and organization performance.

**Figure 1** Theoretical Model showing relationship between Human Capital and Quality workforce Source Author’s field work (2014)

Based on the review of relevant literature this study therefore postulates that human capital leads to nations performance; this however could be pecuniary or non-pecuniary performance. The strategic initiative of government to investment in human through health, education and on the job training and such investment will increase stock of human capital. The degree of investment will impact on both private and social returns on investment. Ultimately this results in faster economic growth, quality work force, and higher productivity and increase earnings. This empirical view of McLean and Christine Kuo (2014) anchors on the assertion of Bowles and Gintis (1972) “asserts, schooling may influence the rate of growth positively or negatively in ways that go considerably beyond HCT”. It thus implies that
government must continue to support human capital development through adequate funding for the benefit of the society.

Careful examination of the literature views Acemoglu and Pischke (1999), Becker (1964) that their research has consistently shown that general purpose human capital is different from firm specific human capital. It can be argue the theoretical model provides an insight that specific human capital includes amongst expertise gained through education and training in specific to a particular firm while general purpose human capital knowledge may be defined as the “common scientific, technological, and cultural heritage potentially available to everyone” Aghion and Howitt, (1998). In a similar vein the human general knowledge is viewed as “generic skills in human resource development Marimuthu et al (2009). It is therefore imperative that the quality of education and training to the workforce will reflect in their skills set that eventually impact on their delivery. However Esu (2012) opines that there is a dearth of tourism educators in the country and further suggests federal government through its agencies should evaluate the impact of human capital development on the tourism and hospitality sector. More importantly sponsorship of exchange programme for hospitality and tourism educators. In addition, grant for post graduate scholarships to lecturers to undertake tourism and hospitality programmes abroad’. In a large longitudinal study in Spain, Miguel et al (2013) investigated “Are university tourism programmes preparing the professionals for the tourist industry needs? Developing quality people are the essential requirement to provide key pillars in building a tourism sustainable model, this explains the source of Spain’s differentiation as a tourist destination. The aim, then, is to develop capacities, expertise and skills both at the industry and specific company level Ministry of Industry, Tourism & Trade, (2007).

An overview of the Tourism and Hospitality Industry in Nigeria

The world trend accounting for international tourism rebounded strongly for international tourism with an estimation of international tourists arrivals up to 6.6% over 2009 to 940 million. And tourism exports trend globally accounts for as much as 30% of the world exports of commercial services and 6% of overall exports of …and services UNWTO, (2011). As an export category, the tourism industry ranks fourth after, automotive, chemicals and fuels. It is for many developing countries like Nigeria whose main reliance for foreign exchange income relies on tourism need to activate such through creating employment opportunities for development and help in the reduction of poverty.

Empirical evidence suggest that Lagos commercial hub of Nigeria and one of the state in the southwest geopolitical zone in Nigeria has an exponential population of over 17million people shows prospects for "reinvention”, pay higher wages and provide more employment than any other state in Nigeria. Human capital has long been argued as a critical resource in most firms Pfeffer, (1994), According to Marimuthu et al (2009) suggests that from economic perspective transaction cost shows that the organisation accumulated human capital gives a competitive advantage when such skills are firm specific. The world Tourism and Travel Council (2014) dwell on the direct contribution of travel and tourism contribution to Nigeria GDP at NGN757.3bn (1.6% of total GDP) in 2013, to rise to 2.5% in 2014 forecast. Additionally the projection is likely to rise to by 5.8% pa, from 2014-2024, to NGN1, 366.0bn (1.6% of total GDP) in 2024

![Figure 2. Direct contribution of travel and tourism contribution to Nigeria GDP](Source: As Amended from WTTC (2014))
With the enormous potential of tourism and increase in tourists arrivals of international tourists to Africa how much of this opportunities is Nigeria likely to harnessed in spite of her diverse natural and human resources. Nigeria as the most populous country in Africa is endowed with abundant natural and cultural resources whose current human capital has not given the needed support for the industry to harness its full potential. This however reflect the country's inability to initiate a tourism master plan up till 2005, and after ten years of the submission of this report, the National tourism development corporation is still clamoring for a twenty five million naira to implement the recommendation of the world tourism (WTO) through the support of the United Nations Development Programme (UNDP), on the Tourism Master Plan for Nigeria.

Although there has been significant development in the Nigeria hotel and tourism sector in the last few years, and majority of the branded hotels are mostly located in Lagos and Ogun and Southwest Nigeria, which is categorised as Atlantic Gateway cluster as one of the five clusters categorised in the Tourism Master plan namely, Capital conference cluster, Tropical Rainforest cluster, Scenic Nature cluster and Sahara Gateway cluster. Nigeria Tourism Master Plan (2005). This pose challenge for quality human resources required in the hospitality and tourism sector in Nigeria. According to the immediate past President in Nigeria, Good luck Ebele Jonathan through its Director General of the National Tourism Development Corporation (NTDC), Sally Mbanefo, reported at a recent conference in Lagos that the country's tourism potential would be harnessed to improve the economy. Sally further expatiated that investing in the sector will create employment opportunities for the people and also boost the country's capacity for revenue generation especially in foreign exchange earnings.

The Nigeria Tourism Development Master Plan of 2006 is a clear evidence of the country's desire to further enhance the tourism and hospitality sector. It is imperative to note that one of the critical issue that keep hospitality managers "awake at night," human capital is the biggest offender Enz, (2001); Tracey and Nathan, (2002). Therefore hospitality and tourism managers are critically aware of the strategic implication of human capital that is central to creating a competitive and economic advantage for the survival of their organization.

**Current Status of Human Capital Development in Hospitality and Tourism in Nigeria.**

The appointment of Ashby Commission to appraise the manpower need of Nigeria between 1960 and 1980 mark the first positive development on human resource Olakulehin (2008). It is however regrettable that after five decades of this report human resources need for institutions and industry is still grossly inadequate. Till date Nigeria education system is submerged in the circle of poor quality human resources, weak and outdated training equipment, under funding and a mismatch of industry need and curriculum delivery.

In the report submitted by WTO (2005) to the federal government of Nigeria on institutions offering tourism and hospitality programmes in Nigeria in the Tourism master plan for Nigeria highlighted that there are critical seven level of progression on education as follows National Institute for Hospitality and tourism (NIHOTOUR), Hotel and Catering School, eighteen (18) Polytechnics offering hospitality and tourism programmes in Nigeria, twelve Universities offering tourism and hospitality in Nigeria, Advanced Craft Skills certificates, Intermediate Craft Skills certificate, Basic Craft Skills certificate and NTC Basic Craft Catering Certificate. Most of the tertiary institutions offering this programmes lacks the core academic personnel to develop the industry.

**Methodology**

This study aims to contribute to this growing area of research by investigating human capital development trends in Tourism and Hospitality sector, a case of Southwest Nigeria. It is the fundamental responsibility of the researcher to choose the most suitable research method in obtaining primary research. According to Veal, (2006), Jennings (2005) primary research is a first-hand collection of data by the researcher. This study used a semi-structured interview in a qualitative research, data collection method was through interviewing and has gained significant attention in research Creswell (2003). The trend in technological advancement have provided new experiences in interviewing through on-line, which have impacted on the use of face to face interviews Hooley, Wellens, and Marriott (2012), Janghorban et al. (2014). The research conducted an interview through Skype for the eight participants.
that were choosing through purposive sampling method. Each of the interviews took an average of thirty minutes. In addition developing countries like Nigeria; the quality of power supply could also affect the smooth flow of the interview. While these form of interview afford the participants to withdraw at will from the interview with just a press on the "stop" button; Janghorban et al. (2014).

The two broad on-line interviews include one-on-one interview and group interview that can be achieved through real time and non-real time. One of the significant breakthrough in the twenty first century is the use of Skype as an effective communication service that provide the platform for messaging, interaction (seeing) across the globe. The use of Skype interview "offers researchers novel interview method to collect qualitative data" Deakin, and Wakefield (2013). Despite the innovation of interviewing through Skype. Some of the limitations are digital literacy, ability to effectively utilize this social media form of communication, and quality of the speed of the internet, Deakin, and Wakefield (2013), Hamilton and Bowers, (2006).

Conclusion and Recommendation

The objective of this study was to investigate human capital development trends in hospitality and tourism industry: a case of southwest Nigeria. And analyse the available institutions offering the Hospitality and tourism programme in Nigeria along with the tourism master plan for Nigeria which clearly identified human capital as a major challenge for the sector, and unless a serious commitment is shown by all stakeholders the country may not reap the expected full potential of tourism. However the study is premised on the increasing demand for tourist facilities by local and international tourists that have been on the increase in the country which have been affected by gross inadequacy of human capital for tourism and hospitality industry in Nigeria using Lagos and Ogun State in South West Nigeria as a case study. The research descriptively explored theories and concept of human capital development and however due to the nature of this research. Government need to demonstrate political will to take advantage of the full potentials of the hospitality and tourism sector in Nigeria and this can also be applicable to all other sectors in Nigeria to drive its human capital.

There is an urgent need for both the private and public sector in Nigeria hospitality and tourism to collaborate with training institutions abroad in order to build a competitive human capital. In addition invest adequately in human capital and finally provide conducive environment for the private to contribute meaningfully into the sector based on this research. The existing scholarship programme for tertiary institutions and training exchange programme provided by the Nigerian government for her citizen need to be improved through deliberate funding and investment. Finally attitude of the Nigerian government need to change to continue promote the girl child education in the northern part of Nigeria to avoid future gender imbalance towards harnessing human capital development in the various training institutions regulatory agencies.

References


