THE IMPACT OF HOTEL AND RESTAURANT SUBSECTOR ON ECONOMIC GROWTH IN NIGERIA

BY

AGBOMEJI OLAPOJU KEHINDE
MATRIC NO: E036174

A RESEARCH PROJECT PRESENTED TO THE DEPARTMENT OF ECONOMICS, FACULTY OF ECONOMICS AND MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC.) DEGREE IN ECONOMICS OF THE UNIVERSITY OF IBADAN

DECEMBER, 2023

CERTIFICATION

I certify that this study was carried out by OLAPOJU KEHINDE, AGBOMEJI with the matriculation number, E036174, of the Department of Economics, Faculty of Economics and Management Sciences, University of Ibadan under my supervision.

Project Supervisor Date

Dr. Olugboyega A. Oyeranti

DEDICATION

To God, my Salvation

ACKNOWLEDGMENTS

My utmost gratitude is to God for his wisdom, strength and guidance in writing this essay. It has been a long journey, but God has been my shield. Without any doubts, I could have only done this through Christ's strength.

I also want to sincerely appreciate my family for their incomparable and unflinching support. My dad, Mr Alarape Agbomeji and my mum, Mrs Titilayo Agbomeji are the best parents. I cannot thank them enough for their loving care, encouragement, and prayers throughout my academic adventure in the University of Ibadan. I am also indebted to my wife; Mrs Olubunmi Agbomeji, for being my inspiration, and always wanting the best for me. Without any doubts, I am a product of a loving family. No wonder did God create the solitary in family.

Many thanks to my supervisor, Dr Olugboyega Oyeranti. I sincerely acknowledge his guidance, support, correction, unalloyed contributions and moral admonition. All these have been largely instrumental to the successful completion of my research work. Beyond this research, Dr Oyeranti has been a father whose character of discipline has been a moulding block for many Economics students. I am deeply grateful to God for the life lessons learnt from him.

I also want to acknowledge all my lecturers who have diligently laboured to equip me with sound economic judgment.

Sincere gratitude to all my well-wishers and those who have supported me in one way or the other. I entrust you all to God and to the word of his grace which is able to keep you and give you an eternal inheritance among them that are sanctified. Thanks for your love and concern.

Contents

LIST OF FIGURES AND TABLES

LIST OF FIGURES **PAGES**

LIST OF FIGURE TABLES **PAGES**

ABSTRACT

This study investigates the impact of Nigeria's hotel and restaurant subsector on the country's economic growth trajectory. Using endogenous growth theory as an analytical lens, time series data from 1990-2020 is tested with ARDL bound testing approach.

The empirical analysis provides robust evidence that hotel and restaurant sector development exerts a significant positive influence on Nigeria's macroeconomic expansion both in the short and long run. This finding highlights the subsector's resilience and integral role as an engine of output and employment growth for the Nigerian economy, despite periods of stagnation.

Rapid population expansion brings both opportunities and pressing challenges. While a youth bulge enlarges the workforce and consumer markets, it compounds demands for resource allocation, infrastructure development and job creation - policy imperatives further complicated by fluctuating inflation.

Overall, the paper concludes hotel and restaurant sector advancement should be strategically prioritized by policymakers to catalyze inclusive economic growth amidst Nigeria's demographic dynamics. Targeted support for enterprise development and value-chain integration can empower this subsector to realize its potential as a fulcrum for broad-based national prosperity. Managing inflation and expectations remains critical.

CHAPTER ONE

INTRODUCTION

1.1 Statement of the Problem

The important role of the hotel industry in the economic development of the world, let alone Nigeria, cannot be disputed. Contributes significantly to GDP and provides many employment opportunities. However, this important sector faces numerous challenges that hinder its growth and sustainability. This problem statement aims to address the multifaceted issues facing the Nigerian hospitality industry, focusing on five key aspects: insecurity (Sanni 2009), high hotel prices, slow development of tourist destinations (Akpabio, 2007). Other problems are irregular electricity supply (Amadi, 2008) and financial crisis. The sustainability of the hotel industry continues to attract the attention of researchers around the world due to its importance in creating jobs and economic growth of countries, especially developing countries.

Sustainability in the hospitality industry is the ability of businesses within the industry to maintain and operate at a particular pace or level over a long period of time while remaining profitable and sustainable (Todorut and Cîrnu, 2012).

However, poor destination management, lack of infrastructure, poor transportation systems and security networks have hindered the development of tourist destinations and attractions in developing countries like Nigeria. A tourist destination is a place that has the necessary services, infrastructure, security, transportation system, accommodation and other amenities to attract and satisfy the wishes of tourists as well as enhance their time and stay at the destination (Soteriades, 2012).The Nigerian economy has been unstable over the years because it was largely dependent on theinternational economic system of the early 1980s. Unfortunately, this attitude is becoming increasingly hostile (Koleoso, 2007).

The economy has been severely affected by the severe devaluation of the national currency, the Naira, following the structural adjustment program introduced by the military.

The Nigerian economy has experienced a series of financial downturns, which have had a significant impact on disposable income and, by extension, the purchasing power of potential tourists. Reduced financial strength means fewer people can afford to travel or attend hospitality establishments.

Additionally, the financial crisis has also made it difficult for hoteliers and other stakeholders to raise capital for expansion, renovations or even day-to-day operations. Nigeria is blessed with countless natural and cultural tourist attractions.

Unfortunately, many of these sites remain underdeveloped or are poorly marketed.

The slow development of these tourist destinations not only deprives the country of potential revenue but also makes it difficult to compete with neighboring countries that have made significant progress in developing their destinations.

Uneven power supply: A reliable power supply is the foundation of any successful hospitality business.

Hotels, restaurants and other establishments depend on electricity to operate, from basic lighting needs to advanced technology needs.

Irregular electricity supply in Nigeria has forced many facilities to rely on expensive generators, which not only increases operating costs but also contributes to environmental pollution.

1.2 Objectives of the Study

The study investigated impact of hotel and restaurant subsector on economic growth in Nigeria. Significantly the study is to:

i. To examine the extent to which hospitality industry (hotel and restaurant subsector) has contributed to National GDP.
ii. Examine the trends of other explanatory variables (tourism, population, inflation, energy use) on economy growth in Nigeria

1.3 Justification of the Study

Several studies have been carried out on the Influence of the Economy on Hospitality Industry in Nigeria economy, contributions and constraint. Majority of the studies ascertained that there is positive relationship between the variables studies in the likes of (Sanni 2009), (Ifediba and Abada 2021 (Victor 2018) (Abhishek, et al., 2021), (Yusuff and Akinde 2015), (Morgan, et al., 2021), (Abiodun, 2013), (Metilelu, 2016) (Ogechi and Kennedy, 2016) (Belinda, 2016)

To the best of my knowledge, this research is the first to determinant impact of Hotel and Restaurant subsector in Nigeria economy using other control variables in the likes of tourism, population, inflation, energy use for utilizing a trending analysis to determine the long run relationship among the variables. This research work contribute to knowledge in terms of the wider range of scope of secondary data spanning for a period of thirty (30) (1991- 2021) to validate the long run relationship and the extent to which hospitability industry (hotel and restaurant subsector) has contributed to National GDP in Nigeria and thus facilitates further research of the subject by researchers. It is on this note that this research work seeks to fill this gap in literature as it focuses impact of hospitability industry (hotel and restaurant subsector) has contributed to National GDP in Nigeria in Nigeria from 1991 to 2021. At the end of study, the result obtained from the study will render help in the recommendation of some policies and guidelines in order to attain economic growth and increase job opportunities.

1.4 Methodology and Sources of Data of Study

Using a descriptive content analysis framework to identify the dynamic interactions between hotel and restaurant and GDP in Nigeria, the estimation of the analysis follows three (2) stages which include the preliminary analysis, and model estimation. The descriptive statistics summarizes the basic statistical features of the data under consideration including the mean, the minimum and maximum values, standard deviation, skewness, kurtosis and the Jarque-Bera test for the data. In this research, annual time series data is employed over a period of 30 years from 1991 to 2021. The data is a secondary data and is obtained from Nigerian statistical bulletin (NSB2021).

1.5 Plan and Scope of the Study

The scope is limited to a period 1991-2021. It focuses on the impact of hospitality industry (Hotel and Restaurant subsector) to the Nigeria economy. The study is organized into four chapters, Chapter one which is the present chapter, give a general overview of the study. Chapter Two covers the literature review and theoretical frame work which includes theoretical review, empirical review and model specification, data requirement and sources and estimation techniques while chapter three involves the presentation of data and interpretation. Finally, Chapter four summarizes the major findings, recommendation, conclusion and limitation of the study.

The relevance and lack of strategic approaches to the development of hotel and restaurant business require that they become the object of special research, in which theoretical aspects would be combined with practical ones and would be aimed at improving the quality management of enterprises in the industry. Of particular importance is the proposal for hotel and restaurant businesses tools for developing strategies and assessing their cost effectiveness.

The purpose of the study is to develop theoretical provisions and practical recommendations for improving the activities of the hotel and restaurant business. To achieve this goal it is necessary to solve the following tasks: to define the concept and classify restaurants and hotels; consider the concept of quality management of enterprises; to analyze the quality of hotel and restaurant business service; identify ways to improve service in the hotel and restaurant business.

CHAPTER TWO

LITERATURE REVIEW AND THERORITICAL FRAMEWORK

2.1 Conceptual Clarification

2.1.1 Economic Growth in Nigeria

Economic Overview

A continuous increase in per capita national output or net national product over a long period of time is called economic growth. Economic growth can also be defined as the annual increase in the monetary value of products and services produced in a given economy. Gross domestic product (GDP) or Gross National Product (GNP) is used to quantify economic growth (Dwivedi, 2004). Economic growth is one of the most important macroeconomic policy goals pursued by countries around the world, and Nigeria is no exception. Despite Nigeria's rich natural resources, especially oil and gas, the country's overall economic performance since independence (from British colonial rule) has been disappointing. The Nigerian government has been directly involved in manufacturing activities from the beginning from the 1960s to the early 1980s, while also supporting private sector investment. The Nigerian government has taken control of the overall management of the economy to accelerate economic growth.

The Nigerian economy had a bad year in 1981 with a GDP/PC of $1,732,592, while growing at -13.1%. The poor performance of the economy continued until 1987 with a GDPPC of $1,332,796, which then dropped to -10.8%, after which it improved significantly to 11.8% in 1990 with 1507 $.078. Government involvement in almost every sector of the economy, which policymakers of the time called "creating a favorable environment", contributed to the economy's dismal growth. Nigerian economy from 1962 to 1985. As a result, four national development plans were launched, namely the First National Development Plan (1962-1968), the Second National Development Plan (1970 to 1974), and the Second National Development Plan (1970 to 1974). Third National Development Plan (1975 to 1980) and Fourth National Development Plan. Development Plan (1981-85), all of which failed to achieve its target of promoting net domestic product (NDP) growth. The Government's "excessive intervention" in the economy has proven ineffective, as evidenced by the ineffectiveness of the economy.

The Structural Adjustment Program (SAP) “named” the Nigerian economy in 1986, with the aim of promoting private sector growth and development, to stimulate economic growth. Unfortunately, the long-awaited economic expansion did not happen. Economic growth remained moderate from 1990 to 2000, peaking at 5. 0% in 2000 with a GDPPC of $1,376,418. The macroeconomic situation in 2020 is more difficult than in 2015 and 2016 with a growth rate of 1.79425% with a GDPPC of 2443,441 USD, as oil prices fell and Nigeria entered its first recession in 2020. 25 years. Nigeria currently has less room for maneuver and policy mechanisms to mitigate negative impacts. Excess crude oil accounts are being depleted, foreign exchange reserves are heavily dependent on short-term cash flows and investor confidence is being eroded by political instability.

Nigeria's economy was growing rapidly at 6.3% before the 2016 recession. Before the COVID-19 pandemic, the economy was growing at a rate of 2.2%. Inflation was in the single digits in 2014, but was around 12% in 2019 with a GDPPC of $2,374,369. In 2020, GDPPC decreased to 2,273,219 USD.

2.1.2 Brief History of the Hospitality Industry in Nigeria

The hospitality industry provides services for people who are away from home regardless of whether it is for long or short periods of time. These services might change based on the particular requirements of the individual using them while they are away from home and the business providing them. In 2000, Baker et al. Many regions of the world's development depend on the hotel sector. For example, in Fiji, the Caribbean, and Hong Kong, revenue from it is one of the principal sources of foreign money (Baker et al, 2000). Ifediba and Adaba 2021 report that it has been found that the hospitality industry, particularly the hotels, is seen as the main nucleus of its positive impacts through job creation, foreign exchange generation, income generation, incentive for longer duration of tourists' stay, and image promotion. The sector is crucial because it boosts national income, creates a lot of employment opportunities for citizens, funds a significant portion of a nation's GDP, and generates foreign currency through the sale of goods and services to foreign tourists, which helps the country's balance of payments (Baker et al., 2005). In especially in the post-Covid-19 period, the sustainability of the hotel business plays a vital role in economic growth and development, employment creation, and GDP contribution. (Morgan et, al., 2021) Hospitality has been described by industry experts using physiological and psychological concepts that are specific to different forms of service. The physical structure, design, décor, and location of the facility are the key concepts for achieving hospitality and comfort, regardless of whether one is offering a room, drink, food, or entertainment. As such, the offering should be made with consideration to the physical and psychological comfort of the customers, clients, or guests (Abomeh, 2012).

2.1.3 Tourism in Nigeria

Today's version of tourism is a global enterprise. Around the world, it is a substantial economic activity. In addition to making direct economic contributions, it also has significant connections to a wide range of other industries, including construction, agriculture, zookeeping, handicrafts, entertainment, and transportation. Inbound tourism has developed into one of the most important worldwide trades (Abhishek et al., 2021). With a 3.20 percent contribution to the country's Gross Domestic Product (GDP) and 2.70 percent of all jobs in 2013, tourism is now one of Nigeria's economic development engines (WTTC, 2014). The World Travel and Tourism Council (WTTC) projects that the tourism sector's contribution to GDP will increase by 1.9% in 2014 and by 6.1% annually from 2014 to 2024. As a result, the Nigerian tourism industry is expanding and has the potential to compete with the agricultural and petroleum industries in terms of employment creation and foreign exchange earnings (Yusuff and Akinde 2015). With an estimate of international visitor arrivals up to 6.6% over 2009 to 940 million, the global trend accounting for international tourism had a significant resurgence. According to UNWTO (2011), the global trend in tourist exports accounts for up to 30% of all commercial service exports from the world as well as 6% of all service exports. In 2022, the Travel and tourism sector contributed 7.6% to global GDP. An increase of 22% from 2021 and only 23% below 2019 levels. There were 22 million new jobs representing 7.9% increase on 2021 and only 11.4% below 2019. UNWTO, (2013).

Tourism management is important and plays a significant role in improving the sustainability of the hospitality industry. It encompasses a number of activities including planning and organizing tours of destinations and attraction sites, travel arrangements, providing transportation and lodging facilities, managing intermediaries and security networks in tourism destinations, and more (Morgan, et al., 2021, Brebbia and Pine).

2.1.4 Hotel and Restaurant in Nigeria

Hotels and other services such as accommodation, restaurants, industrial catering and QSRs. The greatest growth and investment to date have been in hotels. In Nigeria, there were about 7,000 hotels as of 2014, totaling over 245,000 rooms (Agusto and Co, 2015). There are now roughly 70 domestic QSR brands in the country (National Bureau of Statistics, 2015). These brands thrived in the 1980s and 1990s, the early 2000s saw a decline in the industry, but are presently thriving thanks to the expansion of shopping malls in the nation's largest cities. Even while many of them may still be classified as part of the informal sector, nightclubs, pubs, and viewing areas where people may watch football league matches have all experienced amazing growth.

The data provided represents the annual revenue (in billions of Naira) for the hotel and restaurant subsector of the Nigerian economy from 2001 to 2021. This data indicates the financial performance and growth of this subsector over the years. Let's analyze and provide a detailed explanation of the trends and factors that may have influenced these figures:

The hotel and restaurant subsector's revenue in 2001 was 93.34 billion Naira, demonstrating the industry's presence but at a very small size, which may be described as early growth and stability From 2001 to 2006, there was steady growth, with revenue nearly tripling during this period. This growth can be attributed to increased tourism, business travel, and economic development in Nigeria. The country's improving economic prospects and political stability likely contributed to increased hotel and restaurant activity the period from 2007 to 2009 saw significant growth, with the revenue nearly doubling in each of these years. This rapid expansion can be linked to increased investment in the hotel and restaurant industry, driven by Nigeria's economic boom, rising foreign investment, and a growing middle class with more disposable income. During this period, the subsector continued to grow steadily. Nigeria's tourism industry likely played a pivotal role in this growth, with attractions such as cultural festivals, wildlife reserves, and historical sites drawing both domestic and international tourists. 2016-2021: Strong Growth and Modernization, the subsector experienced substantial growth, with revenues exceeding 2 trillion Naira in 2017 and continuing to rise. Investments in infrastructure, the expansion of international hotel chains, and improved services likely contributed to this robust growth. Additionally, events such as international conferences and sporting events hosted by Nigeria may have driven higher demand for hotel and restaurant services. In 2020, the revenue dipped slightly, likely due to the COVID-19 pandemic's impact on travel and tourism. Lockdowns, restrictions, and reduced travel severely affected the hotel and restaurant subsector. Despite the challenges posed by the pandemic, the subsector showed resilience, rebounding in 2021 with a significant increase in revenue. Overall, this data reflects the subsector's significant contribution to Nigeria's economy, job creation, and its role in attracting foreign investment and promoting tourism. It also underscores the importance of adaptability and resilience in the face of external challenges such as the pandemic.

2.1.5 The Contribution of the Hospitality Industry to the Nigerian Economy

The World Tourism and Travel Council (2014) focuses on the direct contribution of Travel and Tourism to Nigeria's GDP, which is expected to be NGN7, 674.5 billion (3.7% of total GDP) in 2023 before increasing to 4.6% in 2033. In addition, it is expected to increase by 5.8% each year from 2014 to 2024, reaching NGN1, 366.0 billion (1.6% of total GDP) in 2024 (WTTC 2023). Today, the economic impact of tourism is comparable to or even greater than that of exports of crude oil, food, or vehicles. In addition to being a significant player in global trade, it also serves as a key source of revenue for many developing nations, including Nigeria (World Travel and Tourism Council, 2014). The Nigerian economy might be significantly impacted by the hotel sector. The industry has risen dramatically over the last 20 years, mostly due to private sector investments, both local and international, in the hotel and QSR sectors, despite the fact that its current contribution of 0.5% may not seem like much (Olusegun 2016). If the correct actions are implemented, the hospitality sector can add more than one million new jobs and contribute 2.5% more to the GDP over the next ten years.

2.1.6 The Main Challenges Facing the Hospitality Industry in Nigeria

The hotel sector in Nigeria is lacking in skilled workmanship (UNWTO, 2006). The fact that career options in the hotel sector are frequently summed up as cooking, cleaning, and serving is an issue that the business as a whole faces (Babalola and Oluwatoyin, 2014). The pay is negatively impacted by the low prestige of positions in the hotel industry, and there is minimal competition for these openings. As a result, job seekers with training in the hotel industry are frequently forced to choose between positions in banking, oil and gas, and other lucrative service industries. (Ogechi and Kenneedy, 2016) The lack of skilled workers at all levels of the sector is a significant barrier to development and the achievement of global standards of performance. It is crucial to reiterate that one of the biggest issues the sector has is that hospitality business owners are hesitant to spend money on employee training and development. (Olusegun 2016). According to Amadi (2008), one of the biggest problems the Nigerian hotel sector is now facing is an unreliable power supply. Energy is typically one of the most expensive inputs for most operations, sometimes even more expensive than labor. To guarantee the availability of electricity at all times, hospitality companies must make an investment in diesel or gas generators. Lack of this "basic" service might lead to a decline in business or the loss of food and drinks that need to be refrigerated. Operators have furthermore had to deal with sporadic gasoline shortages, which affect consumer and staff mobility and raise logistical costs. Operators' control of energy and related expenses is a significant detour from their principal responsibility of offering their clients high-quality services.

2.2 Theoretical Review

This section reviews the economic theories that are associated with the theme of the research "IMPACT OF HOTEL AND RESTAURANT SUBSECTOR ON ECONOMIC GROWTH IN NIGERIA".

2.2.1 The Endogenous Growth Theory

In the 18th and early 19th centuries, classical economists such as Adam Smith (1776), John SD. Mill (1848), Reverend Malthus (1798) and D. Ricardo (1817) developed theories of economic growth focusing mainly on three factors: population growth, natural resources and capital accumulation. According to this theory, two groups make up the economy (workers and capitalists). Workers whose assets are their labor services should receive a living wage. If there are new inventions or favorable weather conditions, etc., production will increase, creating an accumulated surplus for the capitalists. This increases the demand for labor. Because population is fixed in the short run, increased demand for labor will lead to increased wages.

Wages exceeding the living level will lead to an increase in people's demand for food. The growing demand for food is met by farming on substandard and fixed land. Food prices increased to cover higher production costs on lower quality land.

Population growth and rising food prices have the effect of bringing real wages back to subsistence levels. Thus, in the classical growth model, the application of diminishing returns and higher production costs on land of lower quality represents a constraint on growth so that living standards remain subsistence. If there is technological progress, the change is only temporary. Classical growth theory is the theory that economic growth will end due to growing populations and limited resources. Theorists believe that a temporary increase in real GDP per capita will cause a population boom and will therefore reduce real GDP.

They think that if real GDP exceeds this level of living income. This will lead to population growth and bring real GDP back to subsistence levels (Easterly, 2006).

The assumption of classical growth theory is that GDP growth is a function of three factors including capital accumulation, population growth and natural resources. They also argue that a temporary increase in GDP per capita will cause a population boom that will result in natural resources that will lead to economic growth and that increased capital mobility will lead to higher economic growth.

.

2.2.2 The Input-Output Model

In the 18th and early 19th centuries, classical economists such as Adam Smith (1776), John SD. Mill (1848), Reverend Malthus (1798) and D. Ricardo (1817) developed theories of economic growth focusing mainly on three factors: population growth, natural resources and capital accumulation. According to this theory, two groups make up the economy (workers and capitalists). Workers whose assets are their labor services should receive a living wage. If there are new inventions or favorable weather conditions, etc., production will increase, creating an accumulated surplus for the capitalists. This increases the demand for labor. Because population is fixed in the short run, increased demand for labor will lead to increased wages.

Wages exceeding the living level will lead to an increase in people's demand for food. The growing demand for food is met by farming on substandard and fixed land. Food prices increased to cover higher production costs on lower quality land.

Population growth and rising food prices have the effect of bringing real wages back to subsistence levels. Thus, in the classical growth model, the application of diminishing returns and higher production costs on land of lower quality represents a constraint on growth so that living standards remain subsistence. If there is technological progress, the change is only temporary. Classical growth theory is the theory that economic growth will end due to growing populations and limited resources. Theorists believe that a temporary increase in real GDP per capita will cause a population boom and will therefore reduce real GDP.

They think that if real GDP exceeds this level of living income. This will lead to population growth and bring real GDP back to subsistence levels (Easterly, 2006).

The assumption of classical growth theory is that GDP growth is a function of three factors including capital accumulation, population growth and natural resources. They also argue that a temporary increase in GDP per capita will cause a population boom that will result in natural resources that will lead to economic growth and that increased capital mobility will lead to higher economic growth.

In summary, hotels and restaurants in Nigeria play a crucial role in the economy by creating jobs, generating income, and stimulating economic activity through their direct, indirect, and induced effects. The input-output model and multiplier effect provide analytical tools to understand and quantify these contributions, contributing to the broader economic development of the country.

2.3 Methodological Review

2.3.1 Vector Error Correction Model

The vector error correction (VEC) model is a restricted vector autoregressive model designed for non-stationary time series known to be co-integrated.

VEC incorporates cointegration relationships into its specifications, such that it constrains the long-run behavior of endogenous variables to converge to their cointegration relationships while allowing the short-term adjustment motivation. The cointegration term is also known as the error correction term, because deviations from long-run equilibrium are gradually corrected through a series of short-run partial adjustments. The output is generated by the error vector, the revised estimate is divided into two segments. The first segment reports the results of the first step of the Johansen process. While the second segment of the output is the result of the second stage VER there are first differences including the error correction term estimated from this stage. One of the main advantages of this model over the vector autoregressive model is: it improves the use of non-stationary but co-integrated data for interpretation. Thus, it helps retain relevant information in the data that may be missing in the discriminant chain. This method is used because it ensures accurate estimates, especially when sample sizes are small, and is capable of taking into account the short- and long-term dynamics of the fitted regression as well as the error correction model term (ECT). This method has also been used because of its ability to examine past variables, and a country may also be energy inefficient at one point but regain efficiency later. It distinguishes between dependent and explanatory variables and the next step of the error correction model (ECM) involves approximating the short-run and long-run parameters. Studies using this method include: Foye (2023), Shimizu and Tiku (2023) and Alola et al., (2019)

2.3.2 Ordinary Least Square

Ordinary least squares (OLS) regression is often called linear regression (simple or multiple depending on the number of explanatory variables). OLS regression analysis is widely used for prediction and forecasting, where its use overlaps significantly with the field of machine learning. OLS regression analysis is used to understand which independent variables are related to related variables and to explore the forms of these relationships. In some limited cases, regression analysis can be used to infer a stochastic relationship between independent and dependent variables. However, this can lead to illusions or false relationships, so caution is advised; for example, correlation does not mean causation. Many techniques for performing regression analysis have been developed. Familiar methods such as linear regression or ordinary least squares regression are typically parametric methods, in which the regression function m, is defined in terms of a finite number of unknown parameters estimated from the data. Non-parametric regression refers to techniques that allow the regression function to lie within a specific set of functions that can have infinite dimensionality. The OLS method is used because, under certain conditions, it has very attractive statistical properties that make it one of the most popular and powerful methods of regression analysis. The method of ordinary least squares is commonly attributed to Carl Friedrich Gauss, a German mathematician. It is based on the principle of minimizing the least sum of squares of prediction errors. A least squares estimator has desirable optimal properties, often abbreviated as BLUE – Best Linear Unbiased Estimator. The least squares method is considered a modern means of statistics. Olowe and Ibrahim (2015); Okoye et al., (2016), Yusuff and Akinde (2015), Sanni (2009), used the OLS method.

2.3.3 Autoregressive Distributed Lag (ARDL) Model

The distributed lag model is a dynamic model in which the effects of regressors X and Y occur over time rather than all at once. The ARDL model was introduced by Pesaran et al. (2001) to combine the variables I(0) and I(1) in the same estimation.

This implies that if all the estimated variables are stationary at level I(0)), then OLS is appropriate, and if not all are stationary at level I(1), then VECM should be used (Johansson method) as it is a very simple model for such estimation. In general, the ARDL, ardl cointegration technique is preferred when dealing with integrated variables of different order I(0), I(1) or a combination of both and is robust when a relationship exists single permanent of order I(0) , I(1) or a combination of both underlying variables in a small sample size. The long-run relationship of the underlying variables is detected using the F statistic (Waldtest). In the approach, long run relationship of the series is said to be established when F-statistics exceeds the critical values band. The autogressive distributed lag (ARDL) model deals with single co-integration and is introduced originally by Persaran and Shin (1999) and further extended by Pesaran et al., (2001) The method was used because it ensures accurate estimates, especially when the sample size is small and it has the capacity to report both short and long run dynamics of fitted regression as well as the error correction model term (ECT). The method was also used because of its ability to check the past variables and also a country can be energy inefficiency at a point in time but later regain efficiency. It distinguishes between dependent and explanatory variables and the subsequent step of the error correction model (ECM) includes approximation of short and long run parameters. Among the studies that uses this method are: Foye (2023), Shimizu and Tiku (2023) and Alola et al., (2019) More like it is the Nonlinear Autoregressive Distributed lag (NARDL) that helps to incorporate short run and long run asymmetric effect of positive and negative changes of explanatory variable on dependent variables, but in the case of using differenced series, it loses any information that may be captured in relationships between the level of the series as revealed by co integration. The study applying this method is by Akram et al. (2021), who used a nonlinear autoregressive distributed lag (NARDL) model because NARDL does not require checking the order of integration of variables and takes into account structural breakdown in oil and natural gas to use. It also makes it possible to jointly analyze non-stationary and non-linear problems within the framework of the unbounded error correlation method. The ARDL model is trained based on assumptions; (a) there must be no autocorrelation between the error terms (u), (b) there must be a constant mean and variance throughout the model, i.e.

no heterogeneity in the data, (c) the data must be I(0)) or I(1) or both; Therefore, if one of the variables in the ARDL model is at level I(2), the model cannot be executed.

One of the advantages of this model is that it is more robust and efficient for small data sizes. Therefore, to test the magnitude of the effect in ECM conditional on and, more importantly, no level relationship between yt and xt, this technique emphasizes general hypothesis testing = 0 and = 0′ in the model.

The F-test is used to test the general hypothesis

2.4 Empirical Review

Yusuff and Akinde 2015 examined the link between tourism development and economic growth: Nigeria's experience shows a significant long-term relationship between tourist arrivals, the real exchange rate and Nigeria's economic growth. This indicates that the response of economic growth to changes in tourist arrivals is elastic. The real exchange rate shows a significant relationship with economic growth, such that a percentage change in the real exchange rate will result in a 0.121 percent change in economic growth, while other factors remain unchanged.

Sanni 2009, in his study on the economic influence on the hotel industry in Nigeria, found that there is a positive correlation between the hotel industry and GDP and that the industry is almost completely dependent on the economy thus confirming the initial expectation that the Hotel Industry is highly vulnerable to economic instability and fluctuations as it is almost completely dependent on the economy. During economic downturns, people tend to save money to meet the basic needs of life, such as food, shelter, and family necessities.

The tourism and hospitality businesses that will survive an economic downturn are those that are able to adapt to new circumstances.

Abhishek et al. (2021) estimate that tourism as an industry contributes greatly to the country's foreign exchange reserves, providing a large portion of the population with direct and indirect employment opportunities. Furthermore, it will promote the arts and crafts of a nation in order to preserve the beauty of nature, the cultural and historical heritage of the territory, and promote the process of national unity and brotherhood. Global. It is necessary to distinguish between different types of tourism for analysis.

This article examines the relevance of tourism and hospitality to economic growth.

Review of the hotel industry in Nigeria: The results on size, structure and issues (Belinda, 2016) show positive indicators of employment and further expansion of the hospitality sector in Nigeria. However, the lack of supportive institutions, legal frameworks and industry representation makes human resource management a matter of concern. Tourism management: a panacea for the sustainability of the hotel industry (Morgan et al., 2021). These results imply that adequate tourism management will influence the sustainability of the hotel industry and have a significant positive impact on the sustainability of the hotel industry. The conclusion was reached after obtaining the standardized beta value that destination management has a significant influence on the sustainability of the hotel industry. The development of tourist regions and tourist destinations has a multiplier effect on the hotel sector, as the increasing number of tourists stimulates the hotel and restaurant industry, building tourist complexes hotels and similar accommodation facilities, and thus contribute to the development of the tourism industry entire field territory Onyeonoro (2023).

The results shows that economic recession has a significant impact on hotel performance in the form of visitor arrivals and profits. Earnings rates have a significant impact on hotel customers. Unemployment rates have a significant impact on hotel customers. Production costs have a significant impact on a hotel's customer base Bankole (2002). Three important conclusions drawn from the previous sections should be summarized. One of them is the low demand for local tourist attractions.

Second, the demand for foreign tourism in Nigeria is increasing, third, foreign tourism demand for domestic tourism is also very low.

Metilelu (2016) Research shows that there is weak collaboration between the public and private sectors, while the policy framework to engage stakeholders is largely lacking. However, this trend is affecting the quality of services at various tourism and hospitality establishments in Southwestern Nigeria. The study concluded that to attract the global tourism and hospitality market to South West Nigeria, it is evident that the government must prioritize the issue of human capital and implement the National Tourism Master Plan announced from year 2005.

Hotel industry in Nigeria: problems, challenges and opportunities (Ogechi and Kennedy, 2016) The operating environment of the hospitality industry in Nigeria has an impact on the skill delivery and financial performance of typical restaurant and hospitality businesses similar. To improve the overall performance of the industry, public-private partnerships between the government agents, hotel schools and hotel companies, strategic partnerships between professional's hotel organizations and business schools, cooperation between hotel business owners and Improving management practices could be a strategic measure for an industry facing severe institutional constraints specific to Nigeria Ifediba and Abada (2021) .

The accepted null hypothesis shows that the contribution to the Country's GDP is low. Further discussion with the respondents revealed that, in terms of business environment and infrastructure, Nigeria ranks 114th and in terms of total contribution to GDP and employment, Nigeria contributes at 3.2% and 2.8% respectively showing that the country is very poor compared to other selected countries.in the sub-Saharan region and may be due to low levels of capital investment, failure of government to implement system-wide tourism policies, and overreliance on oil. They also revealed that the forecast is likely to increase total GDP by 2024 only if the government acts quickly by providing adequate finance and infrastructure.

Sibel (2012) results show that hotels, restaurants, and related, ancillary transportation activities; The activities of the travel business industry have high backward and low forward linkages, and the entertainment, cultural and sports activities have low forward and backward linkages. Additionally, the hotel and restaurant sector has the second highest backlink effect among all sectors, meaning it has a significant backlink effect. According to these results, goods manufacturing, electric power, gas, steam and water, transportation, warehousing and communications are the key sectors of the economy.

2.5 Theoretical Framework

The theoretical framework of this study is based on the endogenous growth model.

Endogenous growth theory or new growth theory was developed to overcome errors in neoclassical (exogenous) growth theory. Romar's endogenous growth theory was first presented in 1986, in which he considered knowledge as an input to the production function. This theory aims to explain long-run growth through endogenous growth in productivity or technical progress

Y=f (A, K, L) ……………………………………………………………………….

Where Y is the output level, K is capital and L is labour. Capital and labour are classified into hotel and restaurant, energy, inflation and tourism. Therefore,

K & L=f (HR, E, IN, T, POP) ……………………………………………………………………

Equation 2.1 above will be modified by substituting hotel and restaurant, energy, inflation and tourism for capital and labour in the model. Therefore, the model is modified thus;

GDP=f (HR, E, IN, T, POP) ………………………………………………………………………

Improving access to energy, hotel and restaurant, and tourism can increase economic impact and likewise, reduction in inflation rate in the economy can boost the efficiency hospitality industry thereby leading to economic growth. Therefore, decision to increase economic impact is influenced by the control variables.

2.6 Research Methodology

This sub section deals with research methodology where related issues like model specification, data requirement and estimation techniques are discussed

The model specification for this research work is based on the theoretical framework above. This model is modified to include other control variables such as population, inflation this is because GDP influences other macroeconomics variable aforementioned in the economy thus, it becomes imperative to incorporate the variables in order to have better understanding between the variables in Nigeria

GDP=f (HR, E, IN, T, POP) ………………………………………………(i)

Where:

GDP= Gross domestic product

HR= Hotel and Restaurant

INF= Inflation

T= Tourism

POP= Population

GDP= $\alpha_0 + \alpha_1 HR + \alpha_2 INF + \alpha_3 T + \alpha_4 POP\_ + \mu$ …………………… (ii)

The variables are transformed to their natural logarithms to elimination any serial correlation and to normalize the variable

LNGDP= $\alpha_0 + \alpha_1 HR + \alpha_2 INF + \alpha_3 LNT + \alpha_4 LNPOP + \mu$………………. (iii)

a_0 tells us the impact value of GDP when all explanatory variable has zero effect

a_1 tells us the effect of a change in HR value on GDP, while holding all other explanatory variable constant

a_3 tells us the effect of a change in INF value on GDP, while holding all other explanatory variable constant

a_4 tells us the effect of a change in T value on GDP, while holding all other explanatory variable constant

a_5 tells us the effect of a change in POP value on GDP, while holding all other explanatory variable constant

μ the error term captures the effect of another variable that could affect GDP and which are not included in the model

2.7 Data Requirement and Source

In this research, annual time series data is employed over a period of 30 years from 1991 to 2020. The data is obtained from World Bank Development Indicator (WDI 2020). Data for Gross Domestic Product Per Capita (GDPPC), Population, Energy Consumption, and Tourism are obtained from World Bank Development Indicator (WDI 2021) while data for Hotel and Restaurant is gotten from NSB (2021).

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTEPRETATION

3.1 Introduction

This chapter consist of the data presentation analysis and interpretation of the study. It consists of data presentation, measurement and source, estimation procedure, data presentation and analysis and the trends analysis of variables.

3.2 Data Definition, Measurement and Source

The study employs secondary data which were obtained from World Bank Development Indicator (WDI 2020). Data for Gross Domestic Product Per Capita (GDPPC), Population, Energy Consumption, and Tourism is obtained from World Bank Development Indicator (WDI 2021) while data for Hotel and Restaurant is gotten from Central Bank of Nigeria (CBN) Statistical Bulletin (2021)

3.3. Estimation Procedure

Content analysis was adopted as the methodology of the study. The secondary data obtained from Central Bank of Nigeria (CBN) Statistical Bulletin. The data are subject to descriptive statistical techniques with the aim of ascertaining the features that exist among variables. The trend is further used to empirically determine the pattern of changes of key macroeconomics variable.

Table 3.1: Data Presentation and Analysis

Years	**GDP Per capita (N' Billon)**	**Hotel and Restaurant (N' Billon)**
2001-2005	4340.5	2047.576
2006-2010	14090.2	5067.18
2011-2015	9920.4	7906.86
2016-2020	10491.3	11,981.87
2021-2022	2065.749068	3183.59

3.5 Trends in GDP and the Hotel and Restaurant Sector

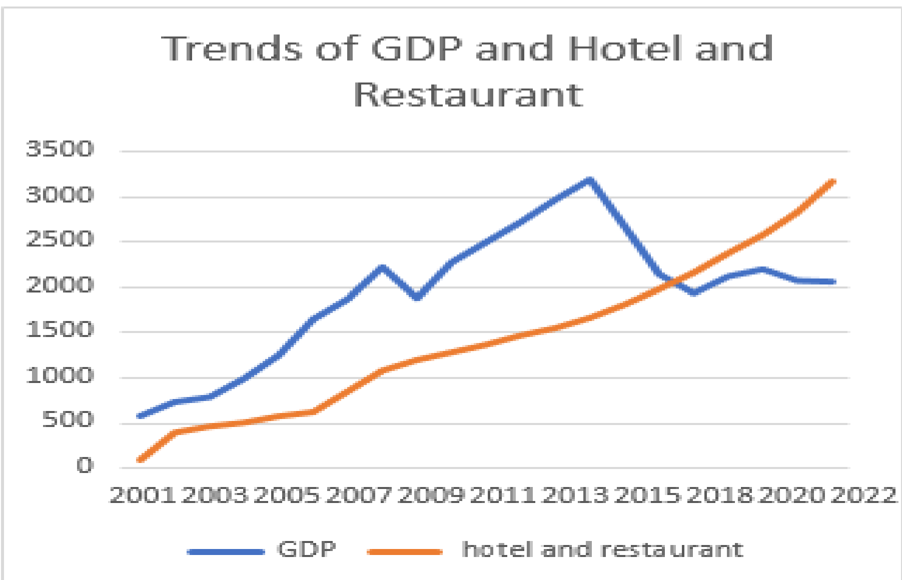

Figure 3.1

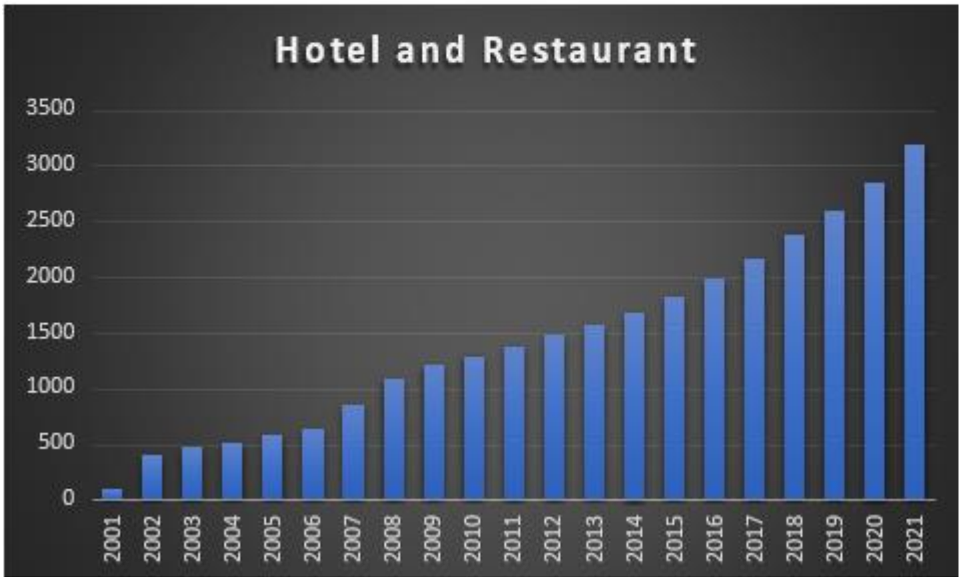

Figure 3.1.1 Source: Nigeria Statistical Bulletin (2021)

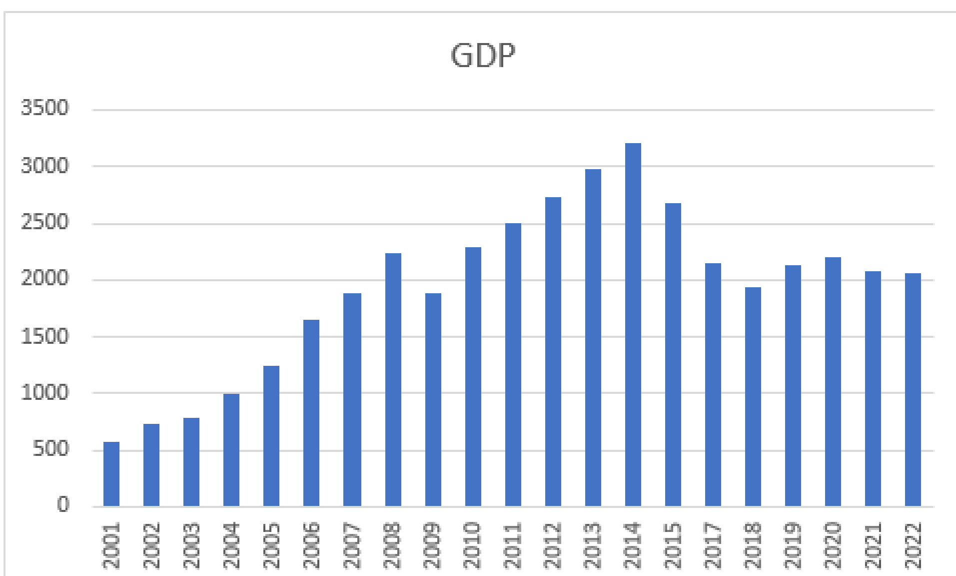

Figure 3.2
Source: World Bank Development Indicator(WDI),2023

Given the data table provided, we are looking at GDP Per capita (in N' Billon) and the revenues (or perhaps value) of the Hotel and Restaurant sector (in N' Billon) across 21 years. Below is an analysis of the provided data:

GDP per capita amounted to 4340.5 N'Billon. This could be a sign of a smaller economy with growth potential in the early 2000s, from 2006 to 2010: GDP per capita has increased significantly to 14,090.2 N'Billon, more than three times that of the previous period. This suggests a period of strong economic growth or an increase in the country's productivity and wealth, 2011-2015: GDP per capita decreased to 9920. 4 N'Billon, marking a decline in the efficiency of the economy. This could be due to many reasons, including the possibility of an economic recession, an international crisis or a change in national policy, 2016-2020: A slight recovery was observed during this period, with GDP per capita reaching 10491.3 N'Billon. However, the peak observed in the period 2006-2010 and 2021-2022 has not yet been reached: GDP per capita increased significantly, 2065.7 N'Billon. Because this data is stored for two years, it could indicate a severe economic event, such as a recession or major disruption (e.g, the COVID-19 pandemic). The income of the hotel and catering industry over the years, from 2001 to 2005, amounted to 2,047,576 N'Billon, accounting for a significant portion of GDP per capita during this period, and the income from 2006 to 2010 has more than doubled to achieve. 5067.18 N'Billon. Since GDP per capita also increased significantly, this may indicate that the tourism or hospitality industry is thriving during this period. The hotel and restaurant sector saw further growth from 2011 to 2015, reaching 7906. 86 N'Billon, even as GDP per capita decreased.

This may indicate the hotel industry's resilience or strength during economic downturns. Also in the period 2016-2020, the sector's revenue increased to 11,981.87 N'Billon, marking an all-time high, demonstrating the strength and continued growth potential of this sector. And this is observed with an income of only 3183.59 N'Billon in 2021, which is also a gain for the economy.

While GDP per capita has seen significant fluctuations over the years, the hotel and restaurant sector has shown resilience, especially between 2011 and 2020, suggesting the potential for increased tourism, domestic or international travel or investing in the hotel sector during these periods.

A sharp decline in GDP per capita and revenue of the hotel and restaurant sector in 2021-2022 could signal a larger economic problem or a significant event affecting the economy both the overall economy and specific sectors. With the data table provided, we look at the GDP per capita (in N'Billon) and the revenue (or perhaps value) of the hotel and restaurant sector (in N'Billon) for 21 years.

3.5.1. Trends in GDP Per Capita and Tourism Revenue (in Billion Naira)

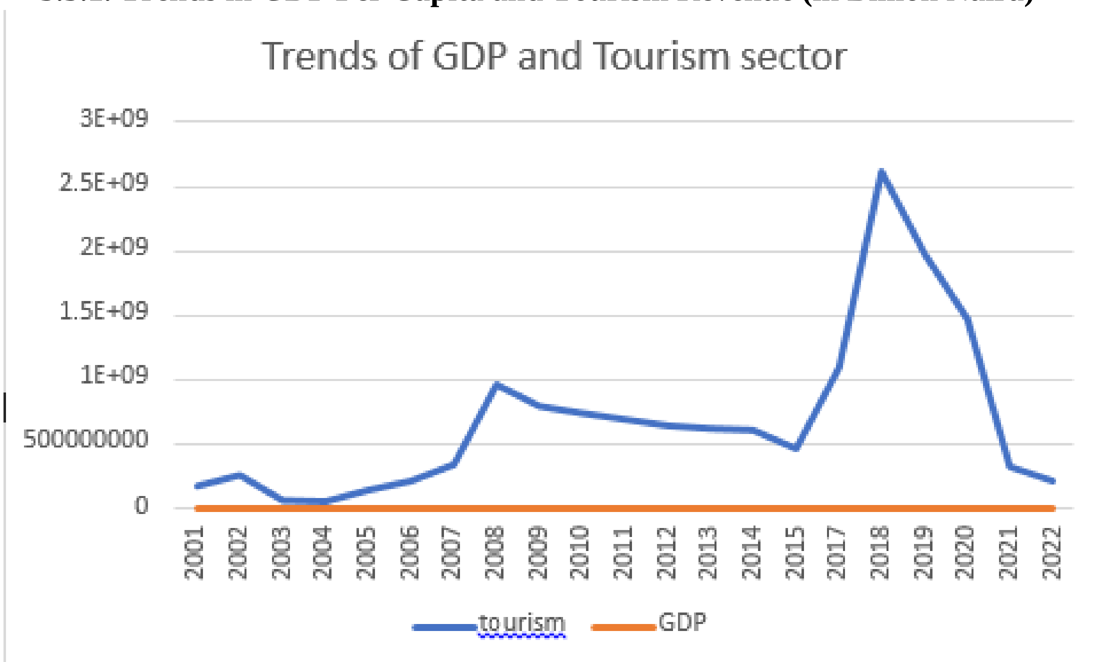

Figure 3.2.1

Tourism increased significantly from 168,000,000 in 2001 to 256,000,000 in 2002, but then fell sharply in 2003 and 2004 with low figures of 58,000,000 and 49,000,000 respectively. 2005 saw a further increase, reaching 139,000,000. During these years, GDP grew steadily from 577.0569695 to 1,250.406675 in 2005. Steady growth was recorded from 2006 to 2008, with an upward trend of 209,000,000 in 2006, reaching peaked at 958,000.00 in 2008, which continued through 2008.There were slight fluctuations. 2009 -2015 reaching the lowest level of 461,000,000 in 2015. Peaks in tourism were recorded in 2017 and 2018, with numbers reaching 1,088,000,000 and 2,615,000,000, respectively. After 2018, there was a decline, to only 321,000,000 people in 2021, almost returning to the early 2000 level. There was a slight recovery in 2022, reaching 208,327,405. GDP dropped unexpectedly during peak tourism years (2017 and 2018), but began to recover in 2019 and 2020. 2021 and 2022 continued to decline. In short, we saw overall GDP growth from 2001 to 2014, even as tourism figures fluctuated. This shows that the country's economy did not depend only on tourism during these years. Despite the tourism boom in 2017 and 2018, GDP still fell, suggesting underlying economic challenges or tourism revenue not contributing effectively to overall GDP. The sharp decline in tourism in 2021 can be attributed to global events such as the COVID-19 pandemic, which has severely hampered international travel. A slight recovery in 2022 suggests the beginning of normalization.

Although tourism has had its ups and downs over the years, it has not always had a direct correlation with GDP. External factors, economic policies, global events and the performance of other key sectors in the country are the main factors influencing these numbers. The country's economy appears to have other important contributions besides tourism. For a comprehensive understanding, a deeper analysis of the country's economic structure, policies and world events during these years is necessary.

3.5.2 Direct contribution of Travel and Tourism contribution to Nigeria GDP

Source: As forecasted from WTTC (2023)

Figure 3.2.2

3.5.3. Examining Trends in Key Macro-economic Variables

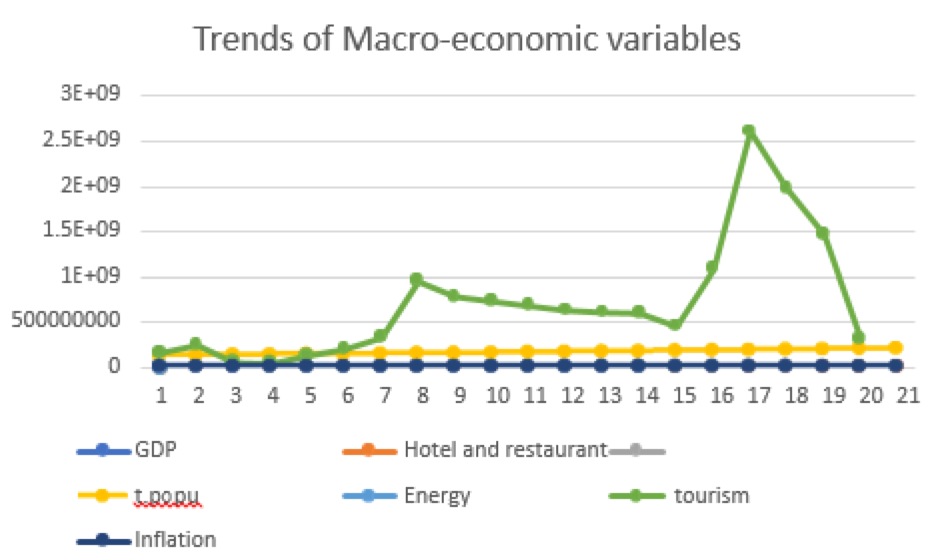

Figure 3.3

GDP showed an overall upward trend from 2001 to 2014, with some fluctuations over the years. However, from 2015 to 2021, we see GDP stagnate, or even decline. The highest GDP growth after which growth rates appear to have occurred between 2001-2005 and 2006-2010, appears to have slowed. The decline after 2014 could suggest economic challenges or macroeconomic

events affecting the country's economic performance.
Data on hotels and restaurants shows a rapid increase between 2001 and 2008. A significant jump was seen in 2006, suggesting there may be a change in the way data is recorded or strong growth in the field. The sector is growing steadily through 2022, but peaked notably in 2019. The sector appears resilient even as GDP growth slows, suggesting tourism has growth potential thrive.

The total population also saw steady population growth over the years, indicating high birth rates, positive net migration, or both. A growing population can lead to increased demand for goods, services and infrastructure, but can also put a strain on resources if not managed properly.

Energy data seems inconsistent. Based on available data, there are fluctuations but no clear trend due to incomplete data values.

The tourism industry showed a peak in 2018, which can be correlated with the high value of the hotel and restaurant industry at the same time. The post-2018 decline suggests there may be external factors affecting tourism, such as global economic conditions, geopolitical tensions or global health crises such as the COVID-19 pandemic.

The inflation rate peaked in 2001, then trended downward until around 2007. From 2007 to 2022, it fluctuated with no clear trend. High inflation rates in the early years may indicate economic instability or rapidly rising prices, while fluctuations in subsequent years may be due to different economic policies, external shocks external events or other macroeconomic events.

Overall, we can conclude that GDP growth in the early years is not reflected by the inflation rate, suggesting that economic growth can be real and significant. However, GDP growth slowed after 2014, combined with fluctuating inflation rates, raising concerns about economic stability in recent years. The hotel and restaurant sector appears to play a major role in this economy, potentially contributing significantly to GDP. Its steady growth, even when GDP appears stagnant, shows its potential as a major industry. Steady population growth can bring both opportunities (larger workforce, more consumers) and challenges (resource allocation, infrastructure needs) to the economy. The economy showed promising growth in the early 2000s, but challenges appear to have arisen in recent years. The hotel and restaurant sector is thriving, showing the potential for tourism to be the main driver of this economy. However, fluctuations in inflation and stagnant GDP in recent years indicate the need for economic reforms or interventions.

3.6. Descriptive Statistics of Macro Economic Variables

	LN GDP	INFLATION	LN ENERGY	LN HOTEL_AND_RESTAURANT	LN_POPU	LN_TOURISM
Mean	7.3851	12.12208	6.611283	6.643435	18.80180	19.57824
Median	7.5395	12.38637	6.609406	6.872478	18.80116	19.92817
Maximum	8.0714	18.87365	6.666016	7.422027	18.97873	20.68036
Minimum	6.3571	5.388008	6.567161	4.536205	18.62649	17.70733
Std. Dev	0.5603	3.782860	0.027213	0.779264	0.113479	0.976408
Skewness	0.5452	0.073980	0.193020	-1.396734	0.012	0.717193
Kurtosis	1.9557	2.423690	2.672071	4.729528	0.012466	2.271750
Jarque-Beta	1.3313	0.206515	0.149662	6.296922	1.786710	1.509556
Probability	0.5133	0.901895	0.927900	0.042918	0.859072	0.470115
Sum	103.34	169.7091	92.55797	93.00809	263.2252	274.0954
Sum Sq. Dev	4.07999	186.0304	0.009627	7.894284	0.167407	12.39383
Observations	14	14	14	14	14	14

Table 3.2

The table above contains the descriptive analysis of the variables employed for this study; the characteristics under consideration include the mean, standard deviation, minimum and maximum value. The mean characteristic is the average series value obtained by dividing the total series value by the number of observations. The table shows that the average value six variables GDP, INFLATION, ENERGY, HOTEL AND RESTAURANT, POPU, and TOURISM, are 7.3851, 12.12208, 6.611283, 6.643435, 18.80180, and 19.57824 respectively, and it is positive that is, it's an increasing return, GDP is greater than 0.5 () then we can infer that an increase in each of the independent variables bring about an increase in GDP. Also, standard deviation shows the degree of deviation of the series from its actual mean as it is a measure of dispersion in the series. The descriptive analysis result shows that all variables were found to not deviate above their actual mean. The table also reveals the minimum and maximum value of the variables employed for the study; the minimum variables GDP, INFLATION, ENERGY, HOTEL AND RESTAURANT, POPULATION, and TOURISM, are: 6.3571, 5.388008, 6.567161, 4.536205, 18.62649, and 17.70733 respectively. Further, the maximum values are; 8.0714, 18.87365, 6.666016, 7.422027, 18.97873, and 20.68036 respectively. This explains that there is no negative efficiency, means all variables are tends positively.

The skewness measures asymmetry of the series in the distribution, for a normal distribution the skewness value is zero, when the value of skewness is greater than zero then the series is positively skewed and vice versa. Since the value of skewness of INFLATION, ENERGY, and POPU, is greater than zero then the data of these variables are positively skewed and the value of skewness of GDP, HOTEL AND RESTAURANT and TOURISM, is less than zero then the data of these variables is negatively skewed.

The kurtosis is used to test for normally distributed data and a probability level of 3% will be chosen for the analysis. Since the value of kurtosis of variables GDP, INFLATION, ENERGY, POPU, and TOURISM are, is less than 3 then the data of these variables are said to be not normally distributed except HOTEL AND RESTAURANT that the value is greater than 3%.

Jarque-Bera is used to test for normally distributed data and a probability level of 5% will be chosen for the analysis, the result shows that of HOTEL AND RESTAURANT, is not normally distributed at all levels in Nigeria, which shows that the variables are not stable over time but other variables such as GDP, INFLATION, ENERGY, POPULATION, and TOURISM which falls below 5% which can be inferred to be stable over time

CHAPTER FOUR

SUMMARY, RECOMMENDATION AND CONCLUSION

4.1 INTRODUCTION

This chapter presents the summary of findings, the recommendations for the study, the conclusion and the limitation of study.

4.2. Summary of Findings

Objective one: To examine the extent to which hospitability industry (hotel and restaurant subsector) has contributed to National GDP.

This trend clearly shows a sector that for nearly two decades has been on an upward trajectory, showing strong growth and perhaps good governance, favorable government policies and growing demand. Demand is increasing, the recent sharp decline has raised concerns. Such a decline requires urgent attention and deeper analysis to understand the causes. Recovery strategies need to be developed, taking into account the specific characteristics of the disturbance. This sharp decline could also mean that although the sector has seen growth in previous years, it may not be prepared for unexpected shocks, suggesting potential risks.

In summary, although the hotel and restaurant sector has demonstrated remarkable resilience and growth over the years, the significant downturn in the most recent period has highlighted the importance of benchmarking equipment and adaptability.

A fuller analysis would require an understanding of the broader socioeconomic, political and environmental factors at play during these periods.

Objective two: Examine the trends of other explanatory variables (tourism, population, inflation, energy use) on economy growth in Nigeria

Examining the trends of other explanatory variables (tourism, population, inflation, energy consumption) on economic growth in Nigeria GDP growth in the early years was not commensurate with the inflation rate, suggesting that economic growth could be real and substantial, However, GDP growth slowed after 2014, combined with fluctuating inflation rates, raising concerns about economic stability in recent years.

The hotel and restaurant sector appears to play a major role in this economy, potentially contributing significantly to GDP. Its steady growth, even when GDP appears stagnant, shows its potential as a major industry. Steady population growth can bring both opportunities (larger workforce, more consumers) and challenges (resource allocation, infrastructure needs) to the economy.

In summary, although the economy showed promising growth in the early 2000s, challenges appear to have arisen in recent years. The hotel and restaurant sector is thriving, showing the potential for tourism to be the main driver of this economy.

However, fluctuations in inflation and stagnant GDP in recent years indicate the need for economic reforms or interventions. Further analysis of external events, national policies, and global economic conditions during these periods will provide a better understanding of the observed trends.

4.3 Recommendation

The study made the following recommendations, which are aimed at ensuring efficiency in the hospitality industry particularly the hotel and restaurant subsector

Therefore, tourism should be considered as one of the main goals, investing more in the tourism sector due to its continuous growth. This could involve improving tourism infrastructure, promoting the country as a tourist destination and offering incentives to businesses in the hospitality and catering sectors. Continue to support the hotel and restaurant sector as it appears to be a stable source of income.

Promote tourism through marketing efforts, infrastructure improvements and policies to attract domestic and international tourists. The hotel and restaurant sector is promising, but relying too much on a single industry could leave the economy vulnerable. Efforts should be made to diversify the economy by promoting and supporting other potential growth sectors.

Economic reforms such as managing GDP fluctuations and inflation rates, especially in the later period (2022, 2023), through comprehensive economic reforms. This could involve consideration of monetary policies, fiscal stimulus or trade agreements.

Education and workforce development: Invest in education and skills development programs to prepare the workforce for diverse employment opportunities.

A well-educated and highly skilled workforce can contribute to economic diversification.

Sustainability and energy: Consider sustainable energy solutions to reduce dependence on fossil fuels and improve energy security.

Exploring renewable energy sources can bring economic and environmental benefits.

4.4. Conclusion

The economy grew significantly in the early 2000s, but this growth rate slowed down after 2014, and even showed signs of decline in some years (e.g., 2015-2017).

Factors that could contribute to this downturn could include changing global economic conditions, internal economic policies or external shocks.

The hotel and restaurant sector has seen steady growth over the years, even during periods of economic stagnation, demonstrating the industry's resilience and importance to the economy. This sector can be a key driver of economic growth and should be encouraged and supported.

A growing population brings opportunities in terms of increasing the workforce and consumer base.

However, it also poses challenges related to resource allocation, infrastructure development and job creation. Fluctuating inflation rates, especially in the early years, indicate economic instability.

Managing inflation and stabilizing prices must be a top priority.

4.5 Limitation of the Study

The study is limited by year of coverage, some variable’s secondary data are limited thereby limiting the researcher to 21 years of coverage

REFERENCES

Abomeh, O.S. (2012), "Tourism and hospitality manpower and education in Nigeria", *Afro Asian Journal of Social Sciences*, Vol. 3 No. 3, pp. 1-18.

Adeola, O., & Ezenwafor, K. (2016). The hospitality business in Nigeria: Issues, challenges and opportunities. *Worldwide Hospitality and Tourism Themes*, *8*(2), 182-194.

Akpabio, I (2007): "Hospitality industry in Nigeria: Prospects and challenges in developing tourism", *African Hospitality and Tourism,* Vol 11, No 3, pp 23-26.

Amadi, O (2008b): "Global financial crisis: Challenge for hospitality industry", *Businessday* Newspaper, Friday 28 – Sunday 30 November, pp 6-7.

Ashikodi, T.I. (2010). Tourism Development in the coastal region of Nigeria: Economics of Tourism development a shift from oil dependence. From http://www.worldculturelink.org

Atan, S., & Arslanturk, Y. (2012). Tourism and economic growth nexus: an input output analysis in Turkey. *Procedia-Social and Behavioral Sciences*, *62*, 952-956.

Bankole, A. (2012), "The Nigerian tourism sector: economic contribution, constraints and opportunities", *Journal of Hospitality Financial Management*, Vol. 10 No. 1, pp. 69-89.

Bankole, A. S. (2002). The Nigerian tourism sector: Contribution, constraints, and opportunities. *The Journal of Hospitality Financial Management*, *10*(1), 71-89.

CBN (2003), *Statistical Bulletins*, CBN, Abuja, available at: www.cenbank.org/documents/data. asp?beginrec_21&endrec_40

Cooper, C., Fletcher, J., Fyall, A., Gilbert, D., Wanhill, S. (2008). Tourism Principles and Practice (4th ed,) Essex: PearsonEducation Limited.

Denysenko, M., & Budiakova, O. (2020). Features of economic development of hotel and restaurant business. *Економіка та держава*.

Esu, B. B. (2012). Linking human capital management with tourism development and management for economic survival: The Nigeria experience. *International Journal of Business and Social Science*, *3*(11).

Foye, V. O. (2023). Macroeconomic determinants of renewable energy penetration: Evidence from Nigeria. *Total Environment Research Themes*, *5*, 100022

Hughes, D. (2018). A Primer in Economic Multipliers and Impact Analysis Using Input-Output Models. *University of Tennessee Extension, W, 644*.

Ivanov, S., & Webster, C. (2007). Measuring the impact of tourism on economic growth. *Tourism economics*, *13*(3), 379-388.

Journal of Hospitality and Tourism Research. 3(4) 1-10

Jumia Travel. (2019). Nigerian Hospitality Report. Retrieved from https://www.jumia.com.ng/

Leontief, W. (1936). Quantitative Input and Output Relations in the Economic System of the

United States. The Review of Economic Statistics, 18(3), 105-125.

Metilelu, O. O. (2016). Human capital development trends in the hospitality and tourism industry: a case of southwest Nigeria. *African Journal of Hospitality, tourism and leisure*, *5*(4).

Morgan, M. O., Okon, E. E., Emu, W. H., Olubomi, O. I. E., & Edodi, H. U. (2021). Tourism Management: A Panacea for Sustainability of Hospitality Industry. *Geo Journal of Tourism and Geosites*, *37*(3), 783-791.

Nwosu, B (2008b): In "Global financial crisis: Challenge for hospitality industry- by Amadi, O", *Businessday Newspaper,* Friday 28 – Sunday 30 November 2008, pp 6-7.

Nwosu, B. (2016). A review of the hotel industry in Nigeria: size, structure and issues. *Worldwide Hospitality and Tourism Themes*, *8*(2), 117-133.

Olusegun Adedipe, C., & Olusola Adeleke, B. (2016). Human capital development in the Nigerian hospitality industry: The imperative for a stakeholder driven initiative. *Worldwide Hospitality and Tourism Themes*, *8*(2), 195-206.

Onyeonoro, C. O., Okpaleke, V. C., Ononuju, V. I., & Onyeonoro, F. N. (2023). Economic Recession and Hotel Performance in Abia State, Nigeria. *European Journal of Hospitality and Tourism Research*, *11*(2), 1-21.

Ovat, O. O. (2003). Tourism and economic development in Nigeria: An empirical investigation. *Global Journal of Social Sciences*, *2*(1), 33-44.

Sanni, M. R. (2009). The influence of the economy on hospitality industry in Nigeria. *Ethiopian journal of environmental studies and management*, *2*(1).

Sanni, M.R. (2009), "The influence of the economy on the hospitality industry in Nigeria", *Ethiopian Journal of Environmental Studies and Management*, Vol. 2 No. 1, pp. 29-32

The Impact of Hospitality and Tourism Marketing on Nigeria Economy: Empirical Analysis Ifediba, Emmanvitalis Emeka Ph.D1, Abada, Uchechukwu Daniel Ph.D, ACIB2

Ukorebi, V. B. (2018). *Fast Food Business Survivability Beyond 5 Years in Nigeria* (Doctoral dissertation, Walden University).

World Bank (2015), "Open data", available at: www.worldbank.org (accessed 15 October 2015). World Travel and Tourism Council (2015), "Travel & Tourism Economic Impact 2015 – Country Reports", *World Travel and Tourism Council*, available at: www.wttc.org/ (accessed 7 October 2015)

WTTC, (2014). Travel and Tourism Economic Impact 2014: NIGERIA. London: World Travel and Tourism Council Publications. Retrieved on 25th of September, 2014, from www.wttc.org

Yusuff, M. A. and Akinde, M. A (2015). Tourism development and economic growth nexus Nigeria‟s Experience. *European*

Yusuff, M. A., & Akinde, M. A. (2015). Tourism development and economic growth nexus: Nigeria's experience. *European Journal of Hospitality and Tourism Research*, *3*(4), 1-10.