

MANAGING RISK IN TOURISM DEVELOPMENT PROJECTS: A CASE STUDY OF NIGERIA

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Abstract

Tourism is the fourth largest industry in the global economy. In 2009 the industry was described by the United States Institute of Peace (USIP) as an industry that helps promote peace and stability in developing countries through its jobs provision, income generation, economy diversification, environment protection and promotion of cross-cultural awareness. However, due to inherent risks in terms of some key issues, in tourism development projects, all efforts made by successive governments in Nigeria to develop this important sector of the economy have yielded few positive results. Although there had been several studies on tourism in developing countries, little is known to exist on managing risk in tourism development projects in Nigeria. The main objective of the paper therefore is to provide better understanding of risk and its management in tourism development in Nigeria. Through a sequential mixed-method approach involving a qualitative/quantitative sequence, this paper reveals that a shortage of infrastructure; poor market demand; immature financial markets; and lack of competent manpower were among the significant risk factors affecting successful development of tourism in Nigeria. The paper also identified effective mitigation measures for these risk factors. It is recommended that every stakeholder involved in tourism development projects must be involved in risk management (i.e. in identifying, analysing, developing responses, and controlling risk). Moreover, risk management should also be integrated with the decision-making processes in managing tourism development projects, as risk management reveals the rationales for making appropriate decisions.

Keywords: developing countries, Nigeria, risk management, tourism industry

INTRODUCTION

The rapid growth of the modern tourism industry which, in 2005 registered approximately 800 million international tourist arrivals worldwide has made the tourism industry one of the most important industries of the world, particularly in economic terms (Frangialli, 2006). The industry is a

vital part of the global economy generating roughly \$1 trillion in global receipts in 2008 (up by 1.8% from 2007). Tourism accounts for 3.6% of the gross domestic product (GDP) and 9.5% of capital investment. The number of jobs directly linked to tourism and recreation is 74.5 million, and this number increases to 225 million when counting its association with other sectors. It has been estimated that in the next 10 years, the tourism industry worldwide is expected to grow by 4% to 5% per year (UNWTO, 2007). The growth in international travel has not been limited to the developed countries only but has greatly expanded in recent years to encompass the developing world, making tourism a key foreign exchange earner for 83% of developing countries and the leading export earner for one-third of the world's poorest countries (Mastny, 2001).

Nigeria is a developing country located in West Africa on the Gulf of Guinea between Benin and Cameroon. Nigeria, with its rich cultural heritage has 36 states and six geopolitical zones that group people largely by ethnic background: North-West, North-East, South-West, South-South, South-East and Central Nigeria (see Figure 1). The country has one of the world's highest urbanisation rates, the estimated rate being 5.3% per year, and the estimated net migration rate in 2008 being 0.25 migrants per 1 000 people (LOC, 2008). The country is also blessed with tropical rain forests, savannah grasslands, mangrove swamps, and the Sahel savannah near the Sahara Desert. With these great features Nigeria has colossal potential for development of various types of domestic tourism. However, in spite of all these vast human and natural resources, and proclaimed government support, the tourism industry in Nigeria can be said to be inadequately developed, for all the ever-increasing demand for its services.

Honey and Gilpin (2009) presented a report to the United States Institute of Peace (USIP) on the performance of the tourism industry in three developing countries, viz. Kenya, Nigeria, and India. The study reveals that international tourism is a lucrative source of income for Kenya, accounting for 2.24% of the nation's gross domestic product (GDP) in 2006. However, by contrast, Nigeria barely has a tourist industry at all, reflected by tourism's paltry contribution to national wealth, just 0.02% of GDP in 2006. Moreover, the Secretary-General of the United Nations World Tourism Organization (UNWTO) Francesco Frangialli wrote in the foreword of the Nigeria Tourism Master Plan (2006) that an immediate benefit of the tourism industry is its ability to create employment

(Tourism Development International, 2006). Frangialli (2006) states: ‘As a labour-intensive industry, tourism has potential to create more jobs per unit of investment than any other industry and tourism can be a useful source of employment for women and ethnic minority groups.’

However, the fact that about 60% of Nigerians still live on less than US\$1 per day (LOC, 2008) provides compelling evidence that all is not well in the industry. In addition, in terms of the human development index (HDI) of the country (i.e. HDI of 0.511 for Nigeria), the country is given a ranking of 158th out of 182 countries (Human Development Report, 2009). This index (HDI) provides a composite measure of three dimensions of human development: (i) living a long and healthy life (measured by life expectancy); (ii) being educated (measured by adult literacy and gross enrolment in education); and (iii) having a decent standard of living (measured by purchasing power parity, PPP, income). It is evident that the tourism industry is not performing to the expected standard.

Risks are part and parcel of projects (Dey and Ogunlana, 2004). Tourism development projects are not different, as project planning is done with minimum information. However, the degree of risk varies with complexity, size (both in terms of schedule and budget), and location. Lack of understanding of problems, ambiguous requirements, lack of resources, and security issues are some of the common risk elements in tourism development projects. Therefore, there is a need to manage risk in tourism development. Adeleke (2008) argues that, while tourism may well promote peace, peaceful conditions have to be in place before tourism can thrive. The lack of peace and security, she argues, is the main reason why Nigeria has been unable to persuade foreigners to visit its many cultural and natural attractions. In addition, she identifies a string of other societal problems – poverty, corruption, a lack of infrastructure – that contribute to Nigeria’s failure to establish a tourist industry. It is imperative to evaluate these risk factors or challenges facing successful development of tourism in Nigeria and also proffer possible mitigation measures in order to derive the benefits that come with a vibrant and functional tourism industry.

The aim of the study therefore is to provide better understanding of risk and its management in tourism development projects in Nigeria. This is to be achieved through the following objectives.

First, the paper assessed the benefits of risk management in tourism development projects. It went further to identify and assess critical risk factors in tourism development projects and finally it examined possible mitigation measures to the identified critical risk factors in tourism projects.

Tourism attractions are found virtually in all the 36 states of Nigeria and are dispersed over large areas. Due to the huge population size, this study was limited to tourist attractions found within the South-West geopolitical zone comprising of six states, namely Ekiti, Lagos, Ogun, Ondo, Oyo and Osun. In all a total of 39 tourist attractions were identified within the region. See Table 1 for the list of tourist attractions in the South-West geopolitical zone of Nigeria and nature of occurrence.



Figure 1: Map showing the 36 states of the Federation of Nigeria

Source: <http://www.nigerianmuse.com/20090804062112zg/nigeria-watch/archival-info-on-the-matter-of-maps-of-ethnic-groups-in-nigeria-for-the-record/>

Table 1: List of Tourist Attractions in the South-West Zone of Nigeria

Geopolitical zones	States	Major tourist attractions*	Nature of occurrence	Classification of attractions
South-West Zone	Ekiti	Olosunta hills, Ikere	Natural	Natural
		Ikogosi Warm Spring	Natural	Natural
		Erita Waterfall, Ipole	Natural	Natural
		Iloro		
		Fajuyi Memorial Park, Ado	Man-made	Historical monument
	Ero Dam, Ikun	Man-made	Resort	
	Lagos	Takwa Bay, Eleko, Bar, Lekki , Badagry Beaches	Natural	Beach
		National Theatre	Man-made	Historical monument
		First storey Building, Badagry	Man-made	Historical monument
		National Museum	Man-made	Historical monument
		Slave Relics, Badagry	Man-made	Historical monument
		Holy cross Cathedral	Man-made	Religion
		Eyo Festival	Man-made	Cultural/festival
		Apapa Amusement Park	Man-made	Leisure
		Oba's palace, Lagos	Natural/ Man-made	Historical monument
		Ogun	Olumo Rock	Natural
	Adire Market, Abeokuta		Man-made	Cultural
	Birikisu Sungbo Shrine		Man-made	Religion
	Ancient Palace of Alake of Egbaland		Man-made	Culture/historical Monument
	Ogunde Theatre		Man-made	Cultural/festival
	Ojude Oba Festival		Natural	Cultural/festival

	Ondo	Idanre Hills, Idanre	Natural	Natural
		Ebomi Lake	Natural	Natural
		Owo Museum	Man-made	Historical monument
		Deji's Palace, Akure	Man-made	Cultural/historical monument
		Oke Maria, Akoko	Natural	Religion
		Cave of Isarun	Natural	Natural
	Oyo	Igbeti Hills	Natural	Natural
		Amusement Park, Ibadan	Man-made	Leisure
		Calabash Carving	Man-made	Art and crafts
		University of Ibadan Zoological Garden	Natural/ man-made	Zoological
		Aso-Oke Weaving, Iseyin	Man-made	Cultural/art and crafts
		Alaafin of Oyo's Palace	Man-made	Cultural/historical monument
	Osun	Old Oyo National Park	Man-made	Historical monument
		Erin-Ijesha Waterfall	Natural	Natural
		Osun Osogbo Festival	Man-made	Religion
		Ife Museum	Man-made	Historical monument
		Ooni's Palace, Ile-Ife	Man-made	Historical monument
		Oranmiyan Staff	Man-made	Historical monument
		Ife Bronze	Man-made	Historical monument

*Compiled from the States' websites, the Federal Ministry of Tourism, Culture and National Orientation (2008); Okpolo et al. (2008); Adora (2010); Akeredolu and Simeon (2010); Jiboku and Jiboku (2010).

TOURISM INDUSTRY AND NIGERIAN ECONOMY

Nigeria gained independence from Britain in 1960, but it wasn't until 1976 when the government established the Nigeria Tourism Board (NTB) that tourism was officially recognised as a potential economic activity. However, ongoing political instability and a string of military dictatorships have meant that developing the tourism industry has largely been neglected. According to Adeleke (2008),

the story of Nigeria's tourism industry is one of unfulfilled potential. She argues that with the country's 370 ethnic groups, rich cultural heritage and natural wonders, unique wildlife, and a very favourable climate, Nigeria is tailor-made for tourism. Yet very little effort has been undertaken at the national level to develop tourism. This is evident from the fact that Nigeria did not establish an official tourism board until 1976 and only in the 1990s did it formulate a national tourism policy.

The main thrust of the policy is to make Nigeria a prominent tourism destination in Africa, generate foreign exchange, encourage even development, promote tourism-based rural enterprises, generate employment, accelerate rural-urban integration and foster socio-cultural unity among the various regions of the country through the promotion of domestic and international tourism. It also aims at encouraging active private sector participation in tourism development. Fakiyesi (2008) summarises the current state of tourism in Nigeria as follows:

- i. Nigeria has a unique, untapped tourism goldmine that offers potential opportunities for investors;
- ii. Nigeria's tourism industry operates well below international standards;
- iii. Nigeria's tourism industry lags behind that of many other African countries;
- iv. The interdependence between tourism, culture and the environment has become an important consideration in the formulation of tourism policies;
- v. Successive governments have failed to establish comprehensive and well-coordinated agendas for tourism development, either among departments at the national level or between national and local governments;
- vi. The Ministry of Tourism is often seen as a junior player in government

In terms of tourism contribution to the country's economy, it was reported in the Nigeria Tourism Master Plan (2006) that spending by international tourists has a direct impact on the national economy estimated at US\$280m/N36b. Moreover, downstream economic impacts from the 'export' revenues of international tourist spending are estimated to generate additional gross revenue of US\$224m/N29b.

BENEFITS OF TOURISM TO A NATIONAL ECONOMY

Gatchalian and Reiman (2005) argue that tourism has the potential to bring profound benefits to the federal government, local authorities, and the private sector through generation of revenue, financial returns on investment, and tax revenue. They suggest that, 'Tourism, as an instrument that fosters open and friendly communication between nations and cultures, creates a global language of peace that can help people understand one another and accept their differences. It can bring about unity in diversity – where people eventually realize that, although they may differ in customs, traditions and value systems, they share the same hopes and dreams for the future.' Moreover, according to these experts, the poverty challenges facing the majority of Nigerians could be mitigated through the development of a robust and sustainable tourism industry. When properly developed and managed, tourism can serve as a tool for protecting natural environments, preserving historical, archaeological, and religious monuments, and stimulating local cultures, folklore, traditions, arts and crafts, and cuisine.

In the 2006 Nigeria Tourism Development Master Plan, the Secretary-General of the UNWTO, Francesco Frangialli, wrote in the foreword that an immediate benefit of the tourism industry is its ability to create employment. Frangialli states: 'As a labour-intensive industry, tourism has potential to create more jobs per unit of investment than any other industry and tourism can be a useful source of employment for women and ethnic minority groups.' Honey and Gilpin (2009) highlight the benefits of tourism over other industries to include the following:

- It is consumed at the point of production so that it directly benefits the communities that provide the goods;
- It enables communities that are poor in material wealth but rich in culture, history, and heritage to use their unique characteristics as an income-generating comparative advantage;
- It creates networks of different operations, from hotels and restaurants to adventure sports providers and food suppliers. This enables tourist centres to form complex and varied supply chains of goods and services, supporting a versatile labour market with a variety of jobs for tour guides, translators, cooks, cleaners, drivers, hotel managers, and other service sector

workers. Many tourism jobs are flexible or seasonal and can be taken on in parallel with existing occupations, such as farming;

- It tends to encourage the development of multiple-use infrastructure that benefits the host community, including roads, health-care facilities, and sports centres, in addition to the hotels and high-end restaurants that cater to foreign visitors.

As stated by Chanchani (2008), the United Nations identified tourism development as one of the methods poorer countries might use to meet the Millennium Development Goals (MDGs). However, many challenges have been affecting its successful development in Nigeria or making it near impossible. The nature of these risk events are considered in the next section.

TOURISM RISKS IN NIGERIA

Risk refers to future conditions or circumstances that exist outside of the control of the project team that will have an adverse impact on the project if they occur. In other words, whereas an issue is a current problem that must be dealt with, a risk is a potential future problem that has not yet occurred. Chapman and Cooper (1983), define risk as 'exposure to the possibility of economic or financial loss or gains, physical damage or injury or delay as a consequence of the uncertainty associated with pursuing a course of action.' Risk is inherent in every human endeavour and difficult to deal with; therefore, it requires a proper management approach both at project and market level.

Risk has been fairly well studied in the economic literature for manufacturing, financial, insurance, and other institutions, but methods of risk assessment and management for tourism have received much less attention. Risks specific to the entire construction scenario have been classified into three broad levels by Hastak and Shaked (2000), i.e. country, market and project levels. However, Ovcharov (2008) opines that tourist risks can be divided into two groups: potential risks for tourists in planning and taking tours (tourist risks proper); and economic or business risks stemming from the activities of tourism firms. The first group of risks includes factors associated either with material and financial losses (loss or damage of property during trips, financial losses, theft, fines) or with threats to the tourist's life and health. The second group includes a large number of various types of risk inherent in the operations of the tourism and recreation industry that occur due to the sector's

complexity and diversity. Many efforts have been directed toward planning, preventing and controlling the first type of risk, while little has been done in respect of the second type. This study looks at both classes of risks as they are interlinked in a number of ways. For instance, if tourists feel unsafe in a particular tourism attraction, they may not visit such attraction again and that will affect the objective of the tourist attraction. In other words, the risk exposure of the tourist has an adverse effect on the economic or business aspects of the tourist attraction. As in any other project, there are infrastructure aspects to be considered in tourism development projects. For example, the actual development or upgrading of a particular tourist attraction to modern-day standards requires the construction of some infrastructures such as a good road network to link the tourist attraction to the larger community, water supply, telecommunication, power, hotel accommodation for tourists, security in and around the tourist area and the subsequent maintenance of these developments. Moreover, the operational phase of the tourist attraction as well as the running of other facilities which are complementary to the tourist attraction has inherent risks of not achieving its objectives.

The types of risk an organisation is exposed to are wide-ranging and vary from one organisation to another. It is desirable to understand and identify the risks as early as possible, so that suitable strategies can be implemented to retain particular risks or to transfer them to minimise any likely negative aspect they may have. Notable among risk events that can impact negatively on tourism development projects are: political risk, legal risk, economic risk, environmental risk, technological risk, security risk, design risk, cultural risk, demand risk, and availability of resources. Therefore, identifying and management of these risk events are very necessary in order to achieve the time, cost and quality objectives of the project. Risk management is a formal and orderly process of systematically identifying, analysing, and responding to risks throughout the life-cycle of a project to obtain the optimum degree of risk elimination, mitigation and /or control (Wang, Dulaimi and Aguria, 2004). The task of risk management can be approached systematically by breaking it down to the following three stages: (1) Risk identification - this involves identifying risk events that when they occur could have adverse effects on the objective of the project; (2) Risk analysis - here probability and severity of the risk events are analysed using qualitative and quantitative tools with the active involvement of the stakeholders; and (3) Risk responses - possible responses that have potential to reduced project risk

substantially are identified and implemented in response to adverse risk events before they occur. Adopting the process of risk management will definitely bring significant improvement to construction project management performance (Flanagan and Norman, 1993). Effective risk management in tourism development ensures successful accomplishment of projects with customers' satisfaction, functional achievement, and overall better financial performance of the industry. Managing risk dynamically throughout the project phase will ensure user/customer/client involvement, management commitment, clear specification and design, appropriate planning, realistic expectations, competent and committed staff, and clear vision and objectives.

RESEARCH METHODOLOGY

A sequential mixed method involving firstly qualitative research approach followed by separate quantitative research was adopted for this study. The qualitative research in this study was carried out through in-depth interviews with key stakeholders in tourism development, notably State government officials in the Ministry of Youth, Culture and Tourism, local government officials and some heads of the communities where the tourist attractions are situated. This helps to probe deeply, uncover new risk factors and to secure vivid, accurate, inclusive accounts that are based on personal experience. During the interviews, the respondents were asked to identify some of the risk events they feel could affect the development of tourism in their locality and to suggest what they feel should be done to mitigate them. About 20 interviews were conducted with 80% of respondents being from the public sector, 20% of respondents are from the private sector, like the local chiefs and some enlightened individuals within the community. The reason for this is because government still remains the largest investor in tourism attraction in the country because of the huge capital involved in developing the tourism destinations.

Analysis of data from these interviews were carried out using a nine-step process suggested by Ibrahim and McGoldrick (2003) which involves reading and re-reading of transcribed data, categorisation, abstraction, comparison, dimensionalisation, integration, iteration, refutation and relating to literature. Results from these were then used as the basis for the preparation of a questionnaire survey which was used for the quantitative data collection. The questionnaire was structured in three main parts. The first being the demographic information about the respondents,

the second is the identification of risk events that can affect the actualisation of the objectives of tourism development projects, while the last parts elicits information on possible mitigation measures to these risk events. The respondents are required to rank the identified risk events from the previous interviews based on their perceptions of the likelihood of occurrence as well as their impact when they occur. Moreover, they are to rank the effectiveness of the identified mitigation measures in militating against these risk factors. In selecting the respondents for this study, a purposeful sampling technique was employed. The reason for this was that there is no database from where to source the list of construction professionals or list of government officials who have been involved in a tourist attraction development project.

Moreover, due to poor record keeping, there is not a single tourist attraction within the study area, i.e. south-western part of the country, which has any record of the number of tourists that have visited in the past few months; therefore, random sampling techniques could not be employed as the population is not defined. Using purposeful sampling techniques, a total of 240 questionnaires were distributed within the six states; 40 questionnaires in each state out of which 127 were returned and 112 were found to be suitable for analysis. This represents a 47% rate of return which can be said to be adequate and appropriate for analysis as it is far above the typical norm of 20% to 30% response rate in questionnaire surveys of the construction industry (Akintoye and Fitzgerald, 2000; Fellow and Liu, 1997). These questionnaires were administered to the state ministry officials as well as local government staff that are in charge of the management of tourist attractions and a few tourists who agreed to participate in the study during visits to these tourist attractions. Data collected were analysed: first, the background information about the respondents as well as the demographic information were analysed using percentiles. Secondly, respondent's opinion about risk and possible mitigation measures were analysed using mean score. The Statistical Package for Social Sciences (SPSS V 17.0) was used for the data analysis.

FINDINGS

In line with the structure of the questionnaire, the findings from the data collected for the research are divided into three parts: demographic characteristics of the respondents and background of the

respondents; tourists' and developers' opinion about risk; and lastly possible prevention or mitigation measures.

Demographic characteristics and background of the respondents

Table 2 shows the number of questionnaires received from each State within the study area. Out of 112 respondents, 28% came from Ondo State, 14% came from Oyo State, and 12% came from Osun State, while 27% came from Lagos State, and 9% and 10% came from Ogun and Ekiti State, respectively. In the same vein, Table 3 shows the summary of the background information about the respondents. It is observable from the table that 55.3% of the respondents have postgraduate qualifications while about 44.6% have a minimum qualification of a Higher National Diploma in their various fields of study. Furthermore, about 52.7% of the respondents are Fellow Members of their respective professional bodies while 47.3% of them are Corporate Members of their professional bodies. In terms of respondent's years of experience, it is evident from Table 3 that the respondents have an average of about 16 years' experience in the construction industry and have also been visiting at least one tourist attraction or have been involved with one tourist attraction or the other for about 11years. In view of these, it can be concluded that the data were sourced from appropriate respondents, thus they can be relied upon for the purposes of analysis.

Table 2: Number of questionnaires from each state

Respondents	Ondo	Oyo	Osun	Lagos	Ogun	Ekiti	Total
Architects	8	4	3	10	2	3	30
Structural engineers	2	2	1	3	1	2	11
Quantity surveyors	5	2	2	7	2	2	20
Professional builders	1	2	1	4	2	-	10
Estate surveyors	2	1	1	3	1	1	9
Services engineers	3	1	2	1	1	1	9
Tourists	10	4	4	2	1	2	23
Total	31	16	14	30	10	11	112
Percentage	28	14	12	27	9	10	100

Table 3: Background information about respondents

Category	Classification	No.	%
Academic qualification	HND	11	9.8
	B.Tech./B.Sc.	39	34.8
	M.Tech.	51	45.5
	Ph.D.	11	9.8
Professional qualification	Corporate Member	53	47.3
	Fellow Member	59	52.7
Years of experience	1-5 years	11	9.8
	6-10 years	10	8.9
	11-20 years	51	45.5
	21-30 years	29	25.9
	>30 years	11	9.8
	Mean	16yrs	
Frequency of visits to tourist attraction	1-5 years	19	17.0
	6-10 years	64	57.1
	11-20 years	11	9.8
	21-30 years	18	16.1
	Mean	11yrs	

Benefits of risk-management exercise in tourism development project

Table 4 presents the opinion of the respondents on the benefits of the risk-management exercise in tourism development project. The results show that respondents agree with the fact that risk-management practices should be incorporated in any tourism development project, it is capable of delivering all the benefits identified although in varying degree. From the table, it is evident that establishing a risk profile for the project is ranked 1st with a mean score MS of 4.23 and standard deviation of 0.870, while delivering to budget was ranked 9th with an MS of 3.54. However, with these potential benefits of risk management to the development of tourism, it is shocking to know

that a large percentage of the respondents with their years of experience have not been involved in a risk-management exercise. This is observable in Figure 2 where 74% of respondents indicated that they have not partaken in a risk-management exercise before and only 26% of them have partaken in an RM exercise before.

Table 4: Assessing benefits of risk-management exercises

ID	Perceived benefits of risk management	MS	Std.Dev	Rank
BE1	It establishes the risk profile of the project	4.23	.870	1
BE5	It allows the team to manage risk effectively	4.08	.796	2
BE7	It provides a mechanism for reporting risk on a regular basis to the appropriate levels of management	4.06	.675	3
BE9	It helps to improve customer satisfaction	3.92	.773	4
BE3	Value for money	3.88	.515	5
BE6	It improves confidence that the project will be delivered to the owners' and end users' expectations	3.79	.572	6
BE2	Delivering to time	3.70	.613	7
BE8	Assists management in the task of raising the necessary funds and, later, controlling the project by judicious application and draw down of the risk allowances	3.63	.486	8
BE4	Delivering to budget	3.54	.500	9

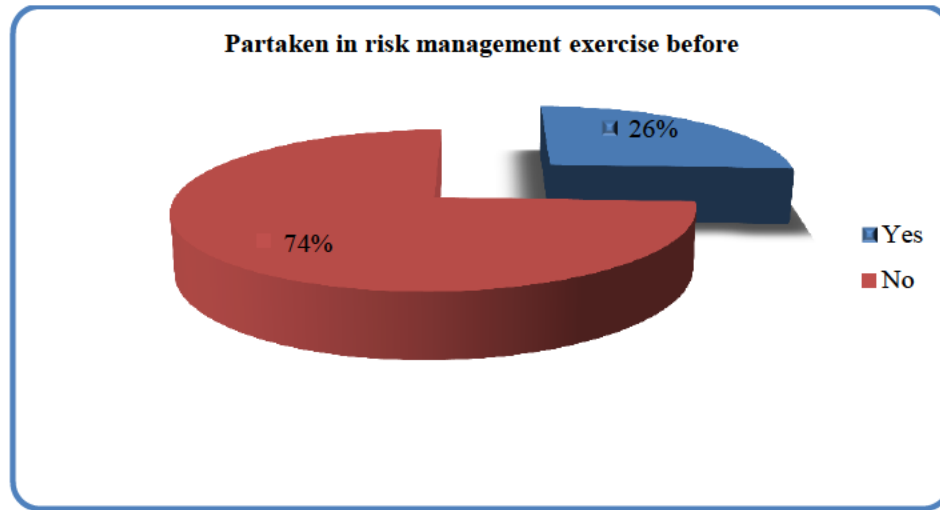


Figure 2: Experience of respondents in risk-management practices

Identification and assessment of risk events in tourism development project

Having established the importance of risk management in the development of tourism in Nigeria, it is important therefore to identify those risk factors that are significant to tourism development projects. In order to achieve this, the probability of occurrence and possible impact of these risk factors in case of their occurrence were assessed. The results are as presented in Table 5. It is evident from Table 5 that some risk factors were rated the same in terms of probability of occurrence and impact. For example, from the table, poor infrastructure, demand risk, weather conditions and cultural risk were ranked 7th, 8th, 12th and 13th respectively. However, some risk factors have different ratings in terms of probability and impact. For instance, security risk was ranked 1st in terms of likelihood of its occurrence but was ranked 2nd in terms of its impact on the project. In the same vein, political risk that was ranked 2nd in the area of probability of occurrence was ranked 4th under impact.

Table 5: Analysis of probability and impact of risk factors

ID	Risk factors	Probability		Impact	
		MS	Rank	MS	Rank
RE6	Security risk	4.21	1	4.54	2
RE2	Political risk	4.02	2	4.46	4
RE11	Corruption	3.99	3	4.66	1
RE9	Environmental risk	3.86	4	4.10	6
RE7	Lack of resources	3.82	5	4.50	3
RE1	Unstable government	3.80	6	4.20	5
RE8	Poor infrastructure	3.54	7	4.08	7
RE5	Demand risk	3.53	8	3.82	8
RE12	Non-involvement of host community	3.38	9	3.54	11
RE3	Poor public decision making process	3.31	10	3.73	9
RE4	Legal risk	3.17	11	3.67	10
RE13	Weather conditions	3.08	12	3.21	12
RE10	Cultural risk	3.00	13	3.19	13

Due to these differences in ratings, a Criticality Index (CI) was computed for each risk factor using their score in the areas of probability and impact; to determine the significance of each risk factor. The reason is to identify critical risk event. This will help developers or investors in tourism development to understand which risk to accord special attention. As it will be uneconomical to waste much resource mitigating a risk with little chance of occurrence and one which, even when it occurs does not have significant impact on the project.

Table 6 shows the Mean Criticality Index (MCI) for each risk factor. CI is the sum of the mean score for both the probability and impact for each risk as given by the respondents while the MCI is the average obtained by dividing CI by 2. The ranking of risks is then done using the MCI.

Table 6: Assessing criticality of risk factors

ID	Risk factors	CI	MCI	Ranking
		P+I	CI/2	
RE6	Security risk	8.75	4.38	1
RE11	Corruption	8.65	4.33	2
RE2	Political risk	8.47	4.24	3
RE7	Lack of resources	8.32	4.16	4
RE1	Unstable government	8.00	4.00	5
RE9	Environmental risk	7.96	3.98	6
RE8	Poor infrastructure	7.63	3.81	7
RE5	Demand risk	7.35	3.67	8
RE3	Poor public decision-making process	7.04	3.52	9
RE12	Non-involvement of host community	6.93	3.46	10
RE4	Legal risk	6.84	3.42	11
RE13	Weather conditions	6.29	3.15	12
RE10	Cultural risk	6.19	3.09	13

From Table 6, the top 10 risk factors identified for sustainable tourism development are security risk, corruption, political risk, lack of resources, unstable government, environmental risk, poor infrastructure, demand risk, poor public decision making process and non-involvement of host community. Legal risks, weather conditions and cultural risks were rated 11th, 12th and 13th, respectively.

Table 7: Effective risk-mitigation measures in tourism development

ID	Mitigation measures	MS	Ranking
MM4	Improve data collection	4.92	1
MM13	Conduct market study and obtain exact information of competition	4.92	1
MM5	Secure standby cash flow in advance for infrastructure development	4.64	3

MM2	Obtain insurance for political risks	4.56	4
MM12	Ensure transparency and accountability	4.54	5
MM11	Insure all of the insurable force majeure risks	4.46	6
MM10	Ensure customer satisfaction is measured	4.36	7
MM9	Ensure local residents are employed including in skilled and management positions and receive a fair wage	4.34	8
MM1	Ensure the project complies with local development plan	4.28	9
MM3	Improve basic infrastructure	4.28	9
MM8	Promote 'a sense of place' through the use of local art, architecture, and cultural heritage	4.26	11
MM7	Give local communities special training to work in the international hospitality industry	4.08	12
MM6	Presence of strong and effective institutions, at national and local levels	3.83	13

Effective risk-mitigation measures in tourism development

Table 7 presents the rating of various risk mitigation measures. It can be observed from the table that all the 13 mitigation measures identified from the qualitative research approach were rated as being effective, as they all have a mean score ranging between 3.83 and 4.92 on a scale of 5.00. The top ten mitigation measure as evident from the table are:

- Improve data collection, i.e. taking good record about the number of people that are using a particular tourist attraction;
- Conduct a market study to obtain exact information of competition;
- Secure standby cash flow in advance for infrastructure development;
- Obtain insurance for political risks;

- Ensure transparency and accountability;
- Insure all of the insurable *force majeure* risks;
- Ensure that customer satisfaction is measured;
- Ensure that local residents are employed, including in skilled and management positions and receive a fair wage;
- Ensure that the project complies with the local development plan;
- Improve basic infrastructure.

DISCUSSION OF FINDINGS

Emanating from the findings above is the fact that risk management is an important concept if objectives of tourism development are to be achieved. It is evident from the findings in Table 4 that risk management can help investors or developers to understand the nature of risks in a particular development project which in turn will inform their decision as to what to do to eliminate the risk, transfer it to other party or mitigate it *ab initio*. These findings are in agreement with those of Dallas (2006) and Wang et al. (2004) that effective risk management ensures successful accomplishment of projects with customers' satisfaction. This invariably will enhance the performance of the particular industry, in this case the tourism industry.

Moreover, with all these benefits of risk management, it was revealed from the study that little or no effort has been geared towards risk management within the study area especially with respect to tourism development project. This is evident in Figure 2 where it was presented that about 74% of the respondents with their years of experience in the tourism industry have never been involved in any risk-management exercise. The study went further to assess risk events in tourism. The results reveal a number of risks that are critical to the successful implementation of tourism development projects. This finding corroborates the findings of Adeleke (2008) and Fakiyesi (2008) that lack of infrastructure and absence of peace and security across the length and breadth of the country are among the major challenges of tourism development in Nigeria. It is not surprising to see the lack of resources as among the critical risk factors. These resources could be in the form of capital, human and technology required for the development of tourism. For instance, governments at all levels are

complaining of a shortage of funds to cope with huge demand placed on infrastructure as a result of the increasing population of the country. Moreover, the recent embrace of public private partnership (PPP) arrangements in the development of housing, road networks and markets are a good testimony to this.

It is evident also from the study that, although corruption was rated 3rd in terms of probability of occurrence, it was rated 1st in terms of impact and so was ranked 2nd after security. These findings can be said to corroborate the assertion in the HDI (2009) report that corruption is one of the main problems that is retarding the growth and development of the country, i.e. Nigeria. This also agrees with the LOC (2008) report where it was argued that due to corruption, 95% of the wealth of the country is in the hands of just 5% of the population while 95% of the population are left to struggle with the remaining 5% of the country's wealth. Moreover, the finding of the study on the criticality of political risk and unstable government can be said to be true in the sense that periodical change in the government within the study area confirms this. The resultant effect has been lack of continuity in government policies and implementation. These are noticeable in one of the tourist attractions visited where the new government in the state abandoned the development project embarked on by his predecessor in office claiming that he is not in the office to complete abandoned projects but decided to start a new one which was never completed before leaving office. This lack of continuity has affected the development of tourism drastically within the study area.

Furthermore, the findings of this paper in the area indicate a poor public decision-making process and non-involvement of the host community. Legal risks, weather conditions and cultural risks which were rated 11th, 12th and 13th, respectively, show that although these factors can be said to have some impact on the project, they are very critical to tourism development within the study area. These findings can be said to be true in the sense that in the South-West Zone of the country, there had not been cases of militancy as experienced in the Niger Delta region where this is a major concern. In other words, host communities are involved to some extent in tourism development efforts.

In the same vein, effective mitigation measures which invariably will help militate against these risk events before they occur were identified. The study revealed that in order to militate against poor infrastructure in tourism development in the face of shortage of funds from the public sector, involvement of private sector partners in the infrastructure development was identified in this regard. This finding can be said to be in line with the findings of Awodele et al. (2008) that private participation in infrastructure development can assist developing countries to overcome the dearth of infrastructure that is hindering their development. Moreover, the issue of improved customer satisfaction is another effective mitigation measure identified in the paper; this can be said to be true in the sense that tourism is a service-producing industry thus customers need to be kept satisfied or else visitors will not return and will tell friends and family not to visit. Therefore, for development of tourism, the needs of the end user must be met in a way that makes them ask for more.

LESSONS LEARNT

It is obvious from the study that risk management remains a useful concept in tourism development as the concept helps all would-be investors in the development (i.e. both public and private) to know what the risks are and how to manage them so as to avoid any pitfalls in the development effort. Moreover, with these numerous benefits of risk management, the paper has revealed that the current level of risk-management application in tourism development in Nigeria is still very low. Many risk factors were identified as being critical to tourism development; these risk factors are: security risks, corruption, political risk, lack of resources, unstable government, and poor infrastructure, to mention a few of them. To militate against all these critical risk factors, the study has identified a good number of mitigating factors.

RECOMMENDATIONS

It is therefore recommended that every stakeholder involved in tourism development projects must be involved in risk management (i.e. in identifying, analysing, developing responses, and controlling risk). Moreover, risk management should also be integrated with the decision-making processes in managing tourism development projects, as risk management reveals the rationales for making appropriate decisions (e.g. decision to invest in tourism development either by public or private sector). In addition, since it is difficult to give what you don't have to others, it is also recommended

that professionals in the industry, i.e. in the tourism industry, should also widen their knowledge spectrum by taking some specific courses in the area of risk management. Moreover, the host community should be adequately involved so as to have sense of belonging which goes a long way to guaranteeing adequate support for the development project. Finally, communities where there are tourist attractions should equally come together to help in the development of the centre as this will assist in the development of their area and help improve the standard of living of the people in the area.

CONCLUSION

The overall conclusion based on our analysis boils down to the following: Positive development or growth in Nigeria's tourism industry is associated with the influence of risk factors whose effects vary over time, and are manifested at both the macro- and micro-levels. Therefore, the identification of risk factors and development of risk-management methods are among the most important tasks for economic analysis of the tourism industry. In this study, risk factors that are critical to the tourism industry have been identified and possible effective mitigation measures suggested.

It is our hope that if risk management were to be integrated into every tourism development project, the industry could be transformed to achieve international status with its associated benefits coming into the country. We equally suggest that similar studies be conducted in other sectors as well as projects across various types of industries in Nigeria because the risk-management concept is still evolving in the country.

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