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An Examination of the Willingness of Local Communities to Participate in Family Owned Tourism Businesses in Mountain Destinations

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ABSTRACT

The objective of this paper is to investigate the factors that led to low participation of the locals of the host communities of Obudu Mountain resort in Nigeria in Family tourism businesses. Using a qualitative case study research strategy, a focus group interview was conducted with 19 members of the host communities. The study finds out that lack of start-up capital is the main constraint to the local's engagement in family tourism businesses. The study also reveals that the available financial institutions for small and micro business development have conditions that are unfavourable to the locals. The paper concluded with emphasis on the need for a review of existing policies.

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INTRODUCTION

Tourism development is seen as a tool for economic revitalisation in rural areas around the globe. In the US, rural tourism and recreation development has resulted in higher employment growth rates, a higher percentage of working-age residents who are employed, higher income levels, lower poverty rates, increased educational attainment rates, and lower mortality rates (Reeder & Brown, 2005). In fact, much of the tourism and seasonal residency that occurs in rural areas is leisure- and recreation-based (Reeder & Brown, 2005). Tourism can enhance the overall wellbeing of local communities, making them a more desirable place to reside and work in, while a liveable city that is characterised by a vibrant atmosphere and quality of life can be a powerful source of tourism appeal (Wheeler & Laing, 2008).

Economic revitalization and wellbeing of local communities can only be realized with the involvement of the inhabitants of local community in all the aspects of tourism planning and development. Community participation and decentralization of planning power have long been accepted in the developed world as valuable tools to mitigate negative tourism impacts and encourage the creation of a more friendly and acceptable environment for the host community (Wang & Wall, 2007). Nonetheless, tourism development in rural areas, in few developed countries and in many developing countries, has generally occurred without the participation of those often most directly affected by it; the local residents (Reid *et al.*, 2000). Many experts have called on decision-makers to protect the interests of the affected people due to tourism (Brand, 2001; Gill, 1999; Trask, 2000). However, such participation is difficult to implement in the current situation in developing countries, where powerful elites continue to dominate the political structure in provincial and municipal governments (Dadvar-Khani, 2012).

The development of tourism destinations has generally been driven entrepreneurially; without an overarching strategy which takes into account local culture, social and environmental impacts. This incremental approach to tourism development is initially ignored by local residents who view it as a necessary component of generating economic development in their region (Reid *et al.*, 2000). Morrison *et al.* (1999), recognises the significant role of entrepreneurship development in tourism, for economic development. This recognition centres on the industry's potential for local entrepreneurial involvement and opportunities for the utilisation of local inputs in the packaging of the tourism product especially for nature tourism (Austin, 2003).

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Entrepreneurship development in tourism cannot be ignored as small tourism ventures are playing a crucial role in tourism and have strong impact on the tourism industry which has been traditionally been dominated numerically by small-sized local family business (Morrison & King, 2002). The tourism industry offers opportunities for relatively easy entry into a number of business types that specifically appeal to sole proprietors and families because of small size, desirable location, or connection with leisure and lifestyle preferences (Getz & Carlsen, 2000). Family businesses predominate in many tourism regions, particularly in rural areas in developed countries and considerable effort has been made to encourage its sustainability Andersson *et al.*, (2002). In Australia For example, in a survey of the entire membership of the Augusta-Margaret River Tourist Association in Western part of the country, 90% of respondents were family businesses (Carlsenet *et al.*, 2001).

In the Nigerian context, the varieties of developed tourists sites which are majorly in the aspects of national parks development didn't bring about the involvement of the local people in tourism business particular in family owned tourism businesses which has been recognised as the life wire of tourism destinations and an important approach to ensuring harmony in development in rural environment with tourism potentials. The Obudumountain resort areas which is recognized as the most organized and well managed tourism destination in Nigeria at the moment is expected to have many community inhabitants engaging in family business in tourism but the evidence available shows the existence of few family businesses in tourism.

The situation in Obudu when compared to what obtains in local communities in developed countries is worrisome as the general participation of inhabitants of Obudu communities in tourism development and family business in tourism has not significantly improved their livelihood. This fact was confirmed in a study conducted by Nwahia *et al.* (2012), which reveal that local community participation in Obudu tourism had very low effect on poverty alleviation as 1% increase in tourism income of both active and non-active participating core poor and moderate poor households in Obudu tourism reduces their poverty by 0.01%. This effect is seen as extremely low and may likely not show any significant improvement on the livelihood of local communities hosting Obudu mountain resort to make them self-reliant and less dependent on government for survival. With all this prevailing circumstances surrounding community participation in tourism in Obudu mountain resort, nothing seems to be available in the literature about whether they are willing to engage in family owned tourism businesses and the factors that has brought about the low participation in tourism and in particular family business in tourism. Therefore, this paper is an attempt to address this gap, and provide answer to the following questions:

- (i) Why is there low participation in family owned tourism businesses in ObuduMountain communities?
- (ii) What ways do ObuduMountain inhabitants want government and private sector to encourage them to engage in family owned tourism businesses?

Local Community Participation in Tourism Development:

Community participation has become a prevalent element in many development programmes, such as community-based initiative. This approach is now been promoted by development organizations, particularly the World Bank, to address the inadequacy of highly centralized development approaches peculiar to the developing countries (Baral&Heinen, 2007). The main reason for imploring such community participation is to create and produce an enabling environment needed by these stakeholders, especially local communities who have been susceptible to negative impacts of tourism attributed somewhat to the fact that many tourism resources occur in their areas, to have voice in development activities. By developing a process that increase community participation in every aspect of tourism planning, they are aiming towards creating a mechanism that can be used to lessen the negative impacts and to develop an approach to tourism that satisfies some of the needs of the community (Reid *et al.*, 2000).

Today, the main concern of stakeholders in tourism development is sustainability, which will be difficult to actualize without community support (Vincent & Thompson, 2002). This signifies that community participation, even though a western ideology which began after the failures of social and political theories about how societies should be organized and how development should take place (Li, 2005; Tosun, 2000), seeks to take care of sustainability for tourism industry development, among many other things. Sustainable tourism development has therefore emphasised and encouraged local involvement in the planning process, and the ability of communities to help shape their future (Choi & Sirakaya, 2006). While sustainability is the central objective of community participation (Vincent & Thompson, 2002; Johannesen&Skonhoft, 2005), advocates of community tourism and residents participation further argue that community participation seeks to enhance the well-being of the local community and, perhaps most essentially, gain their support in conservation of tourism resources (Songorwa, 1999). This connotes that community participation is necessary for tourism development because most tourist attractions are located within local communities and in most cases they are situated side by side with the communities as in the case wildlife areas.

With the copious benefit associated with community involvement in tourism development initiatives, most communities in the developing countries are most not given the opportunity to participate fully in tourism in

their localities. A typical example is the case of tourism in India, Indonesia and Zimbabwe national parks where local people are denied any significant opportunity to participate in the tourism market. Tourists are not accessible to the local community when they are within their hotels, coaches (at Keoladeo), boats (cruise ships at Komodo), safari vehicles (in and around Gonarezhou) or inside sites and attractions such as museums. These are all enclave forms of tourism, where those wishing to sell to tourists are often reduced to hawking at the enclave entry and exit points. Cruise ship passengers and tourists on 'all inclusive' packages are particularly difficult for local entrepreneurs to access and these sectors are growing rapidly (Goodwin, 2002).

Many researchers examined community participation and have recognized a number of inter-related obstacles that inhibit effective local communities' involvement in the tourism industry (Manyara& Jones, 2007; Cole, 2006; Tosun, 2000). The generally result of such barriers is time and again the communities' limited interest towards the industry thereby resulting in minute benefits that trickle down to the grass-roots (Manyara& Jones, 2007). Tosun (2000) identified a wide range of obstacles to community participation in the context of developing countries. He categorised these challenges into operational, cultural and structural limitations. Those tagged as operational limitations are the centralization of public administration of tourism development, lack of co-ordination between stakeholders and lack of information for local communities' inhabitants of a destination which is partly associated with, but not limited to, insufficient data. Under these conditions, low public involvement in the tourism development process is obvious as people are not well-informed. Those classified as structural barriers include institutional, power structure, legislative, and economic systems. They mostly impact negatively on the emergence and implementation of the participatory tourism development approach. Those identified as cultural limitations include limited capacity of the poor to effectively handle development (Tosun, 2000).

Cole, (2006) argued that the fact that the majority of people in developing countries struggle to meet their basic and felt needs and that mere survival occupies all their time and consumes their energy, signifies that getting closely involved in issues of community concern such as community participation in the tourism development process which often demands time and energy, may be a luxury that they cannot afford. In addition, Manyara& Jones (2007) identify that lack of ownership, capital, skills, knowledge and resources all constrain the ability of communities to fully control their participation in tourism development. Robust empowerment and involvement, leakage of revenue, partnerships, lack of direct access to tourists, transparency in benefit-sharing, and lack of an appropriate policy framework to support the development of community initiatives have significant impacts on community participation in the industry (Manyara& Jones, 2007). These obstacles all together collectively make it difficult for the local community to participate in the tourism development process. However, one approach to ensure that local communities can overcome those barriers and ultimately participate actively in tourism development is to empower the locals (Zhao & Ritchie, 2007).

Methodology:

A qualitative research paradigm was employed in this study. This method was chosen because unlike quantitative techniques, they provide the space for the interviewees to articulate their perceptions, feelings and understanding (Sekeran, 2000). In 17th June, 2013, we conducted a focus group interview with 19 members drawn from the seven (7) communities hosting Obudu Mountain Resort. These communities are: Anape, Okpazawge, Kigol, Keji-Ukwu, Okwamu, Apah-Ajilli and Ikwette. According to Cresswell (2012), focus group can be used to collect shared understanding from several individuals as well as to get views from specific people. We use the purposeful maximal variation sampling to choose participants. In this case, two young peoples of between the age of 15 to 39 years and one elderly person of between the ages of 40 to 55 years that are not participating in any tourism business were selected from each community. The essence is to get the feelings of young and elderly local inhabitants on the issues investigated. The focus group discussion lasted for 2 hours and 28 minutes in the premises of the first initiator of a family owned hotel in Apah-Ajilli community.

Before the focus group discussion, the owner of the hotel in Apah-Ajilli community was located in his community. We explain the purpose of our visit and pleaded with him to use his hotel reception for the focus group discussion. He embraced the idea fondly and assisted us in getting participants to the venue. Three days before the focus group, he helped us to contact the participants about our visit and the need to have them in his hotel reception for the focus group interviews. He also told them that participants will be given some money to take home as a way of motivating them to be part of the discussion. During the focus group, majority of the participants could speak English fairly well. There are some participants who spoke in Nigeria Pidgin English with varying fluency. However, we communicated with all the participants in English language. After the focus group, participants were given a token as take home pay. This made them happy and they also showed willingness to participate in any future focus group discussion.

For the analysis, we transcribed all the interviews verbatim and subjected the interview transcripts to thorough thematic analysis. The transcription of the interview transcript lasted for three days. All of the transcripts of the interviews were coded manually with little assistance of the NVivo 10 auto-coding function.

Findings:

During the focus discussion, we inquire from the participants whether they have interest in been engaged in any tourism business. We also ascertain what is impeding their engagement in family tourism business as there are government financial institution for small business development in Nigeria and also private micro finance banks established to provide financial support for small business owners. Our conversations indicate that majority of the local community members were interested in having a tourism business as one respondent commented:

Why won't I want to have a business that will bring some income to my family? A business will keep us going as a family especially now that I don't have anything tangible doing. For sure if I can be introduced into a hotel business in this environment, I will be very happy (indigene of Kigol community).

Another interviewee also showed interest to have a family business by stating that:

I have been waiting for an opportunity to be called to come and start a business in this local environment because those with tourism business here are enjoying the benefit of the mountain resort. I hope you people are here to show us the way to own our own business? Really I can't wait to have one. Life is not easy here without anything that brings money for family up keep (indigene of Keji-Ukwu community).

When we asked the focus group participants on why there is low participation of the locals in family businesses in the tourism destination host communities and why they don't own tourism businesses since all of them have interest, majority of them made it clear that lack of capital to start is a main constraint. As a matter of fact, two respondents who are indigene of Ikwette Community and Anape community remarked

Capital to start a tourism business is the main issue for. I don't know for others. But if you people will raise some money for me to start a provision shop, my family and I will continue to pray for you.

Why I am not in business is because of lack of fund. My family cannot provide the money to start any business because we are poor. So I just stay in the house. There are no industries here. So if given the opportunity to own a business in this environment, I will love to have as it will help me and the family.

A similar remark was made by a respondent from Apah-Ajilli community who stated that:

We are poor people. My father and mother are struggling to survive in this local environment. My parents engage in a farm which is one small area that doesn't even produce good yield every year. So any financial help that will put the whole family in business will be appreciated.

Further investigation on whether the participants are aware of the activities of financial institution around their communities reveals that majority of the respondents are not aware of the assistance and the workings of the financial institutions. The few respondents who have some information about the existence of micro finance banks complain on the conditions they often attached to granting loans. One respondent reported that:

There was a time I went to the bank for loan of 150,000 naira to set up a restaurant here in the market square to enjoy the benefit of visiting tourist. I was told that I have to pay back the entire loan in six month and the interest then was 20%. This condition is not friendly at all (indigene of Okpazawge Community).

In addition, an interviewee who is an indigene of Ikwette community also gave his experience when he visited a micro finance bank for micro loan. He reported:

I have a feeling that the micro finance is not establish for the poor in rural communities like somebody like me because they have conditions that are anti-poor in my opinion. I may be wrong. There was one time I approached one of the micro finance bank in Obudu main town to get a loan of 120, 000 naira to start a business here. When I told the operation manager about my request, I was asked to open an account that must run for three months and once the loan is given to me, I have to pay in six months. I got scared and didn't go back because I was afraid of the unforeseen if I was unable to pay back when they need their money.

In order to encourage people to embrace micro finance loan scheme for small business development, majority of the participants were of the opinion that the present policy should be reviewed. One respondent commented that:

Six months duration to pay off loan is too short considering that one may not be sure of making good return on investment in just six weeks. So I am of the opinion that it should be two (2) years and the interest rate should be as low as 1%" or even 0% (indigene of Okpazawge community).

In support of this position, a female respondent also stated that:

The banks should give us money at a very low interest of 1% and the start of repayment should after 1 year and six month (indigene of Keji-Ukwu community).

When we seek the opinion of the focus group participants on what the government and private sector should do to get them into running family owned tourism businesses. The entire respondent didn't hesitate to express their feelings. The all showed the desire to see government and private financial institutions come to their assistance in terms of providing them with capital to start a tourism business. To substantiate this claim, the comments from two respondents are reported as follows:

If you look around this environment, nobody sell locally made craft and we have our locally made craft that I use to see with my grandfather. This is an opening I have seen since but there is no money to go into it. So if I can get financial support from anybody I will start that business here (41yrs old indigene of Anape community).

Government should help me with capital to start a provision shop. Those with provision shop here are enjoying patronage and they are getting some income from sell of their goods. Once I can get capital even if it's a loan at very low interest rate preferable zero interest and the repayment is after one year and six month as somebody here suggested I won't mind to take it and get started with a tourism business (29yrs old indigene of Okpazawge community).

Discussion:

The prevalence of poverty in the host communities of Obudu mountain resorts necessitates this study. Throughout our discussions with the focus group participants, it was evident that they all have the desire to be engaged in running a family owned tourism business. The major factor affecting the willingness of the locals to participate in family owned tourism business identified in this study is constraints of start-up capital. This is a peculiar problem with many tourism business owners and those people willing to own one and have been constrained. Previous studies (Chen & Elston, 2013; Jaafaret *et al.*, 2011) have concluded that the primary source of funding for small tourism enterprises is usually the owners' personal funds rather than formal funding sources such as bank loans.

It was also evident that there seems to be low level of awareness of the locals on the existence and the working of financial institutions around the host communities of Obudu Mountain Resort. This is a clarion call on the government and private agencies to initiate a steady and regular awareness campaign capable of awakening the mind-set of the rural poor to know the processes involved in obtaining micro loans so that patronage will increase. The unfavourable conditions attached to loans that often discourage the local communities' inhabitants from approaching micro finance banks are worrisome. If these happenings in the micro financial institutions are allowed to continue, more and more rural dwellers that meant to be engage in tourism businesses in rural tourism communities will be left out of the mainstream development taken place in their community and instead of the rural tourism communities having reduced poverty incidence, it will worsened. It is for this reason that Oji (2005) argued that micro finance institutions should increase the duration for repayment of their micro loans, or spread the repayment over a longer period, or increase the moratorium as this will enable those who patronise them have greater use of the loan over a longer period for the acquisition of capital assets and technology.

Conclusion:

The development of rural tourism communities is the responsibility of the government and small tourism enterprises have been identified as a sure method of local community empowerment (Scheyvens, 2002). Since the government financial institution and the micro finance banks are established to discharge the mandate of providing start-up capital for small businesses, it has become imperatives for them to review unfavourable policies relating to granting loans to those that will be people friendly with the very poor in the rural areas particular in the host communities of tourism destinations at the heart of policy formulation.

Furthermore, the condition that potential entrepreneurs who seek micro-loans must have been running an account for at least three months and must pay back all the loans in six month is not favourable for most rural dwellers in the developing world. Therefore, a rethink on this condition will go along in increasing the possibility of local community inhabitants to begin to have confidence in the micro finance banks and increase their patronage.

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