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Political Stability, Destination Marketing and National Prosperity: Balancing the Equation for Nigeria

# Osunyikanmi, Adebukola Foluke

Department of Political Science and Public Administration, Faculty of Social and Management Sciences, Adekunle Ajasin University, Akungba-Akoko, Ondo State, Nigeria.

Abstract

People, investors and tourists, naturally prefer to visit countries that are characterized by political stability. Investors inject their capital into the economy of a politically stable country with the belief that their investments are not susceptible to risk. Tourists flow into a country that is politically stable with the assurance that their lives are not vulnerable to violent attacks. It is possible for foreigners to be unaware of the alluring features and political stability of a country if they are not properly communicated. Destination marketing plays a crucial role in bringing tourists and investors into such a country. Hence, political stability needs to be complemented with destination marketing in order to achieve national prosperity. This study examines the interconnection of political stability and destination marketing, and their impact on national prosperity. Recommendations are made to help Nigeria achieve political stability and destination marketing on one side of the equation, and national prosperity on the other side.

Keywords: Political stability, Destination marketing, National prosperity, Democracy

Corresponding Author: Osunyikanmi, Adebukola Foluke

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## **Background to the Study**

Every country works assiduously to attract foreign receipts into its economy. Foreign receipts come mainly through tourists' spending, export earnings and foreign direct investments. The economy tends to grow when there is a high inflow of foreign earnings. The growth of the economy manifests in job creation, increase in household incomes, rise in consumption and better quality of life.

Tourists and investors, being major agents of foreign exchange inflows, are known to visit countries that are safe. A tourist will visit and spend their money in a country where safety is guaranteed. An investor will invest their capital in an economy that guarantees the steady repatriation of dividends and investments. The environment plays a critical role. Destination marketing is the effort geared towards attracting foreigners to visit and spend their funds in a place, especially a country.

Political stability, which means that the government of a country does not face the threat of collapse, helps foreigners determine which country to visit or not. It is a major driver of foreign earnings attributable to tourists and investors. Conversely, political instability deters investors and tourists from being favourable to the unstable country. A stable political environment needs to be marketed to foreigners.

Kotler (2003) wrote, "Places - cities, states, regions, and whole nations - compete actively to attract tourists, factories, company headquarters, and new residents. Stratford, Ontario, in Canada was a fairly run-down city with one asset: its name and a river called Avon. This became the basis for an annual Shakespeare festival that put Stratford on the tourist maps". Guevara (2018) declared that "one in five new jobs created globally in 2017 are attributable to travel and tourism".

Does political stability affect the number of visitors that a country receives in a year? Can destination marketing improve the traffic of foreign investors and tourists into the country? How will Nigeria balance the equation in order to raise its national prosperity? This study is set to examine the impact of political stability on destination marketing. It will also investigate the effects of political stability and destination marketing on national prosperity. The study will use secondary data obtained from reliable global institutions. The findings are going to provide guidance for Nigeria and other countries in similar circumstances.

The study is divided into four sections. The first section takes care of the introduction. The review of literature is done in the second section. The third section offers analysis and findings. Finally, recommendations and conclusion are presented in the fourth section.

### **Review of Literature**

Alesina, (1996) viewed political stability as "the measure of the perceptions regarding the probability that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism. Therefore an unstable political

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environment will reduce investment and the speed of economic development and will increase the possibility of a government collapse and political unrest". Political stability ensures continuity of the same personnel and leaders in government; this raises the confidence of economic agents like investors, entrepreneurs and tourists in the national economy. Political instability, on the other hand, gives the profile of a high risky environment which deters visitors from coming for tourism or business.

Radu, (2015), stated that "Political stability is a variable of great importance in a country's evolution since, across time, it was identified as affecting level of economic growth". Hence if a country plots for economic growth, it must first create political stability. This will allow other variables to work together for the country's prosperity. Svensson, (1998) corroborated the findings of previous research stating that "political instability is associated with the uncertainty that investors face concerning the security of property rights". In light of this, it is clear that foreign investors and tourists will be unwilling to visit countries that are plagued with political instability. Hussain, (2014) observed that "political instability is the propensity of government collapse either because of conflicts or rampant competition between various political parties. Also, the occurrence of a government change increases the likelihood of subsequent changes. Political instability tends to be persistent". Political instability causes economic decline. Investors will not invest their funds in an unstable environment. Policy inconsistency associated with political instability will result in capital flight and the attendant decline in economic activities. The likelihood of violent change of government through coups may also deter tourists from visiting a politically unstable country. Tourists may be trapped as airports are closed to prevent inward and outward flights.

Diamond, (2004) described democracy as "a system of government with four key elements namely (a) a political system for choosing and replacing the government through free and fair elections (b) the active participation of people, as citizens, in politics and civil life (c) protection of the human rights of all citizens (d) a rule of law, in which the laws and procedures apply equally to all citizens". Full democracies usually experience political stability. The democratic institutions are so strong that it is almost impossible for disgruntled individuals to destabilize the government. Consequently, policy consistency and continuity of government programmes encourage investors and tourists to favour democratic countries.

O'Donnel, (2005) stressed that "democracy has the following characteristics: legal equality, political freedom and rule of law. Legal equality means every person must be treated equally by the law. Political freedom refers to freedom from oppression or coercion. Rule of law implies that everyone is subject to the law; this is contrast to dictatorship where the rulers are held above the law. There is a constitution that protects the rights and liberties of all citizens". The certainty that government can only be changed in every election cycle makes political stability an essential feature of well established democracies. Good governance and economic progress are associated with most countries that have long history of democracy. Such countries hardly face the risk of political instability. As a result, they serve as havens for tourists and investors.

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Pomerantsev (2017) explained that "Destination marketing, also called marketing of a place, is a managerial process, a demand driven research, advertising and communication activity with focus on potential external consumers". It is essential to communicate the great allures of a country to potential tourists and investors.

Kotler (2003) advised that "place marketers should include economic development specialists, real estate agents, commercial banks, local business associations, and advertising and public relations agencies. He explained further that Ireland has been an outstanding place marketer, having attracted more than 500 companies to locate their companies there. It operates the Irish Development Board, the Irish Tourist Board, and the Irish Export Board, responsible for inward investment, tourists and exports respectively". Bundle (2015) gave further insight "Destination branding is about who you are, destination marketing is about how you communicate who you are". From this viewpoint, a country must first be turned into a great brand before marketing it to foreigners. Gehrisch (2015) stated that "destination marketing is all about turning tourism into a key driver of socio-economic progress in communities through export revenues, the creation of jobs and enterprises and infrastructure development. A destination marketer is also an advocate of tourism, a cultural champion and connects the visitor experience with the quality of life of residents in the community". Thus, successful destination marketing always leads to economic growth.

Rifai (2017) asserted "the potential of every economic sector to provide decent jobs must be utilized to its fullest. One of the sectors with the highest such potentials is travel and tourism, which continues to be resilient despite global challenges. Tourism provides 10% of the world's GDP, 7% of global trade and as many as one in every 11 jobs globally." Thus, tourism can help countries like Nigeria overcome the challenges of unemployment by providing jobs for the citizens. Holzner (2011) in his empirical analysis of the relationship between tourism and economic growth concluded that "tourism dependent countries do not face real exchange rate distortion and de-industrialization, but do have higher than average economic growth rates". Tourism is a part of export activity as it generates inflows of foreign exchange. Increase in the number of incoming tourists will tend to stabilize the country's exchange rate.

Chou (2013) agreed that "investments in physical capital such as transport infrastructure is complementary to investment in tourism". Considering the importance of tourism in the economy, the government must modernize the country's infrastructure in order to make visitors comfortable. Lee, and Chang (2008) studied the relationship between tourism development and economic growth in OECD and non-OECD countries. They observed that "there is unidirectional causality relationship between tourism development and economic growth in OECD countries, a bidirectional relationship in non-OECD countries and a weak relationship in Asia". The potential of tourism in raising economic activities cannot be overemphasized so government must develop the sector.

Chen and Chiou-Wei (2009) found evidence that showed that "the tourism-led economic growth hypothesis was supported for Taiwan with a reciprocal causal relationship found for South Korea". The Asian countries of Taiwan and South Korea can serve as a good model for Nigeria and other African countries. Dwyer, et al (2004) agreed that "tourism can have an impact on economic activity. Tourism is seen as increasing overall economic activity, this increase in activity is seen as desirable". The tourism value chain creates multiplier effect on the economy.

Hart, and Aseem (2000) expounded the strategic trade theory as "the policy adopted by countries which intend to affect the outcome of strategic interactions between companies in an international oligopoly. Trade policies are used to raise the level of domestic welfare by encouraging foreign companies to move their profits to domestic companies". Strategic trade policies that have positive effect on foreign direct investments must be adopted for economic progress to be entrenched. Masjutina (2015) clarified "National Prosperity as a source of both hard and soft power. Some nations are considered more prosperous than others because they either possess abundant natural resources and have mastered the ability to trade them for other goods and services (Kuwait, Saudi Arabia), or they have a mix of cultural, economic and human capital which enable them to build a competitive advantage on value added activities (Singapore, South Korea, the majority of European countries)". Countries should complement their abundant natural resources with skillful human capital in order to achieve national prosperity.

# **Analysis and Findings**

Data are obtained from reputable international agencies with a view to protecting the integrity of the study and its outcome. The data samples cut across countries with different economic profiles. The countries picked for analysis are also located on different continents.

	Country	Index	Ranking
1	Nigeria	-1.94	185
2	Monaco	1.65	1
3	New Zealand	1.59	2
4	Iceland	1.37	7
5	Switzerland	1.21	12
6	Norway	1.15	16
7	Japan	1.12	19
8	Canada	1.11	20
9	Botswana	1.03	26
10	Ireland	1.02	29
11	Bahamas	1.00	31
12	Barbados	0.98	33
13	United Arab Emirates	0.63	60
14	Qatar	0.55	63
15	Ghana	0.09	94
16	Rwanda	0.04	95
17	Angola	-0.29	124
18	DR Congo	-2.30	188
19	Pakistan	-2.40	192
20	Yemen	-2.96	195

**Table 1:** Political Stability Index 2017

**Source**: the globale conomy.com

The political stability index of Nigeria was -1.94 in 2017 and the country's ranking was 185. This indicates that Nigeria is characterized by political instability. It shared the same fate with countries like DR Congo, Pakistan and Yemen that were ranked 188, 192 and 195 respectively. This status is not impressive when compared with Monaco, New Zealand and Switzerland that were ranked 1, 2 and 12 respectively.

	Country	Index	Ranking
1	Nigeria	-1.05	166
2	Sweden	2.04	1
3	Finland	2.02	2
4	Switzerland	1.94	4
5	Canada	1.84	8
6	Australia	1.75	11
7	USA	1.67	15
8	UK	1.63	16
9	France	1.41	21
10	Japan	1.38	23
11	South Korea	1.14	26
12	Malta	1.08	31
13	Israel	1.02	33
14	Barbados	0.78	42
15	Botswana	0.52	53
16	Namibia	0.39	65
17	Bahamas	0.23	74
18	Russia	-0.80	152
19	Pakistan	-0.83	153
20	Somalia	-2.37	193

 Table 2: Rule of law index 2016

**Source**: the globale conomy.com

Nigeria with a ranking of 166 had a rule of law index of -1.05 in 2016. Again, the country was in the league of Pakistan which had an index of -0.83 and Somalia which had an index of -2.37. Countries which had respect for rule of law included Sweden, Finland and Switzerland with rule of law index of 2.04, 2.02 and 1.94 respectively. Investors prefer countries where there is strong respect for the rule of law as the system will protect their investments and business interests.

	Country	Score	Rank
1	Iraq	9.746	1
2	Afghanistan	9.391	2
3	Nigeria	8.660	3
4	Syria	8.315	4
5	Pakistan	8.181	5
6	Somalia	8.020	6
7	Libya	6.987	13
8	South Sudan	6.756	14
9	Ethiopia	5.631	26
10	Palestine	5.330	31
11	Russia	5.230	34
12	Lebanon	5.154	35
13	Israel	4.578	41
14	South Africa	4.263	46
15	Belgium	4.060	48
16	Spain	4.024	50
17	Canada	3.527	57
18	Ireland	3.045	65
19	Japan	2.926	67
20	Argentina	1.680	84

 Table 3: Global Terrorism Index 2018

**Source**: visionofhumanity.org

The global terrorism index is on a scale of 10 to 0. Countries with high impact of terrorism are closer to 10 on the scale while less terrorized countries are closer to 0. The global terrorism index of 2018 indicated that Nigeria with a score of 8.660 was the third most terrorized country in the world. This reflects Nigeria's battle with two terrorist groups: Boko Haram and Fulani herdsmen. Argentina with a score 1.680, Japan with a score of 2.926 and Canada with a score of 3.527 were among the least terrorized countries in 2018. Usually, countries that are free from the ferocious attacks of terrorists are noted for high Influx of foreign visitors.

	Country	Score	Rank	
1	Iceland	1.096	1	
2	New Zealand	1.192	2	
3	Canada	1.372	6	
4	Japan	1.391	9	
5	Finland	1.506	15	
6	Belgium	1.56	21	
7	Netherlands	1.574	23	
8	Botswana	1.659	29	
9	Italy	1.766	38	
10	Ghana	1.772	41	
11	Senegal	1.849	52	
12	Qatar	1.869	56	
13	United Kingdom	1.876	57	
14	France	1.909	61	
15	Brazil	2.16	106	
16	Kenya	2.354	123	
17	Egypt	2.632	142	
18	Nigeria	2.873	148	
19	Pakistan	3.079	151	
20	Afghanistan	3.585	162	

 Table 4: Global Peace Index 2018

Source: visionofhumanity.org

Countries with the lowest scores experienced the greatest level of peace in the year under review. Conversely, countries with the highest scores had the least experience of peace. Nigeria with a score of 2.873 as a result of protracted violence and terrorism was ranked 148 on the peace index.

Egypt, Pakistan and Afghanistan were ranked 142, 151 and 162 respectively as they ceaselessly remained under the siege of terrorists. Iceland, Netherlands and Botswana experienced a great degree of peace and they rightfully scored 1.096, 1.574 and 1.659 respectively. Rational tourists prefer a peaceful country to a violent country in their choice of destination for tourism.

	Country	Number of Arrivals ('000)
1	Australia	8,263
2	Angola	397
3	Argentina	5,559
4	Brazil	6,578
5	China	59,270
6	Denmark	10,781
7	Egypt	5,558
8	Ethiopia	871
9	Italy	52,372
10	Japan	24,040
11	Morocco	10,332
12	Netherlands	15,828
13	Nigeria	1,889
14	South Africa	10,044
15	Spain	75,315
16	United Kingdom	35,814
17	USA	75,608
18	Singapore	12,914
19	Jamaica	2,182
20	Ireland	10,100

**Table 5:** International Tourism, Number of Arrivals - 2016

**Source**: data.worldbank.org/indicator/ST.INT.ARVL

In 2016, Nigeria recorded 1,889,000 international arrivals compared to USA's 75,608,000, United Kingdom's 35,814,000, Singapore's 12,914,000 and Morocco's 10,332,000. Nigeria's abysmal performance was due to political instability and lack of effective destination marketing.

	Country	Receipts (million \$)
1	Australia	34,475
2	Angola	628
3	Argentina	5,186
4	Brazil	6,613
5	China	44,432
6	Denmark	7,046
7	Egypt	3,305
8	Ethiopia	2,138
9	Italy	40,373
10	Japan	33,427
11	Morocco	7,921
12	Netherlands	18,317
13	Nigeria	1,085
14	South Africa	8,807
15	Spain	60,605
16	United Kingdom	55,558
17	USA	244,708
18	Singapore	18,386
19	Jamaica	2,539
20	Ireland	11,427

 Table 6: International tourism, receipts (Current US\$) -2016

Source: data.worldbank.org/indicator/ST.INT.RCPT.CD

In 2016, the World Bank report revealed that Nigeria received \$1.085 billion from tourism compared to USA's \$244.7 billion, United Kingdom's \$55.5 billion, Italy's \$40.3 billion and South Africa's \$8.8 billion. This is an indication that the Nigerian environment is yet to be made attractive to foreign visitors. The country is losing its share of the tourism market.

	Country	%
1	Australia	13.9
2	Angola	2.2
3	Argentina	7.3
4	Brazil	3.0
5	China	2.0
6	Denmark	4.3
7	Egypt	9.8
8	Ethiopia	36.2
9	Italy	7.3
10	Japan	4.1
11	Morocco	23.1
12	Netherlands	2.9
13	Nigeria	2.8
14	South Africa	9.7
15	Spain	14.9
16	United Kingdom	7.4
17	USA	11.1
18	Singapore	3.5
19	Jamaica	57.5
20	Ireland	3.2

 Table 7: International tourism, receipts (% of total exports) - 2016

Source: data.worldbank.org/indicator/ST.INT.RCPT.XP.ZS

In the year under review, tourism accounted for just 2.8 percent of Nigeria's export earnings. This indicated that Nigeria had a low drive for tourism in spite of its high economic potentials. Some countries have deliberately developed tourism to the extent that it accounted for more than 10 percent of their export earnings: USA attributed 11.1% of its export earnings to tourism, Spain credited tourism with 14.9 percent and Jamaica 57.5 per cent. The overdependence of Nigeria on oil and gas has depressed its drive for tourism.

	Country	Rank
1	Australia	13
2	Angola	141
3	Argentina	53
4	Brazil	65
5	China	82
6	Denmark	5
7	Egypt	122
8	Ethiopia	137
9	Italy	34
10	Japan	23
11	Morocco	103
12	Netherlands	9
13	Nigeria	129
14	South Africa	68
15	Spain	25
16	United Kingdom	7
17	USA	17
18	Singapore	21
19	Jamaica	54
20	Ireland	10

Table 8: The Legatum Prosperity Index 2018

Source: www.prosperity.com/rankings

The Legatum Prosperity Index ranked Nigeria 129th in 2018. Some of the countries that did well on the prosperity scale included USA which was ranked 17th, UK was ranked 7th, Italy was ranked 34th and South Africa was ranked 68th (See Table 8). The most prosperous countries equally did well in terms of tourism receipts as USA received \$244.7 billion, United Kingdom received \$55.5 billion, Italy received \$40.3 billion and South Africa received \$8.8 billion. Nigeria received a just \$1.08 billion in the same period (See Table 6).

Again, Table 1 and Table 8 also reflected a strong connection between political stability and prosperity as countries which did well in the prosperity ranking also experienced political stability. On the contrary, countries that did badly on the political stability index also fell among the laggards on the prosperity index. Nigeria with a ranking of 185 on the political stability index was ranked 129th on the prosperity index. Japan was ranked 19th on the political stability index and 23rd on the prosperity index, Ireland was ranked 29th on the political stability index and 10th on the prosperity index, and Angola was ranked 124th on the political stability index and 141st on the prosperity index. There is certainly a strong connection between political stability and national prosperity.

# **Recommendations and Conclusion**

Clearly, political stability has great impact on national prosperity. Likewise, destination marketing is required to communicate to the world that the country is safe and it also has many benefits to offer lawful visitors. In view of the foregoing, important recommendations are hereby given for Nigeria to act appropriately in order to achieve national prosperity.

The Nigerian government must ensure the restoration of political stability. The military must be re-trained and sophisticatedly equipped to annihilate Boko Haram terrorists. Similarly, the security agencies must be empowered to roll back the violence perpetrated by Fulani herdsmen. Peace is a precondition for progress so Nigeria has to be counted among the peaceful nations of the world. Unity in diversity is the basis of the Nigerian federation. Therefore, all federating ethnic groups must learn to co-exist peacefully. No ethnic group should be underserved by the government. Hate speech, fueled by tribal differences, must have no place in the Nigerian society. Similarly, there must be tolerance among members of the Christian and Islamic faiths.

The Nigerian landscape is replete with tourist attractions. Effective destination marketing is necessary for tourists to be pulled to visit Nigeria continuously. Interesting places that tourists will like to visit must be put in a captivating video and broadcast on international television stations. The authorities managing the country's tourism development may choose to broadcast the commercials on BBC World News for its global reach. This should be done repeatedly until the world recognizes Nigeria as a respected brand. Modernization of infrastructure is crucial so that visitors can have memorable experience when they visit Nigeria. The infrastructure that requires priority attention includes roads, rail transportation, airport facilities and power. Also, businesses in the hospitality industry such hotels and restaurants are expected to align their operations with global best practices.

The Nigerian Investment Promotion Council should urgently benchmark its counterparts in Western Europe. The Council has a vital role to play in making Nigeria a haven for foreign direct investments. Also, the transparency of the country's capital market institutions will help attract foreign portfolio investments.

Certainly, jobs are created along the tourism value chain. The job opportunities are vast. As tourists and investors visit Nigeria, every cash spent by them translates into incomes for firms and households. Hence, tourism leads to economic growth.

Conclusively, the Nigerian Government must work to achieve political stability and market the country successfully to the entire world; this is one side of the equation. The outcomes of successful implementation of tourism drive will be National prosperity; this is the other side of the equation. This should be the ultimate goal of Nigerian leaders.

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