

African Journal of Tourism and Hospitality
Management

ajthm.eanso.org

Volume 3, Issue 1, 2024

Print ISSN: 2790-9603 | Online ISSN: 2790-9611

Title DOI: <https://doi.org/10.37284/2790-9611>



EAST AFRICAN
NATURE &
SCIENCE
ORGANIZATION

Original Article

Contribution of Tourism Investments and their Impact on the Local Economies of Kenya: A Case Study of Nakuru County

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Article DOI: <https://doi.org/10.37284/ajthm.3.1.1939>

Date Published: ABSTRACT

24 May 2024

Keywords:

Revenue,
Hospitality
and Tourism
Investments,
Livelihood.

Tourism development stimulates growth by attracting foreign direct investment and building new facilities and partnerships. This study sought to establish the contribution of hospitality and tourism investments to the local economy of Kenya, taking Nakuru County as a case study. The study adopted a descriptive survey research design, accommodating qualitative and quantitative methods; both primary and secondary data. Purposive sampling was used to select 51 out of 151 tourism and hospitality investments in the study area. Secondary data were obtained from tourism and hospitality published and unpublished reports from government and non-governmental organisations. Quantitative data were analysed through descriptive statistics, content and regression analyses. Salaries of staff, park entry fees, and curio shops constituted 2%, 21.3% and 0.5%, respectively, of the total revenue generated in the study area. Regression analysis results indicate that tourism investment accounted for a 36.6% improvement in the economy, as shown by the values [R Square=0.366, F (1, 151) = 87.311, p<0.05]. Tourism and hospitality investments contributed Kshs 10.12 billion, which was 54% of Nakuru County's gross domestic product, showing that tourism and hospitality investments contribute significantly to the local economy and, by extension, to the country's economy.

APA CITATION

Ondieki, E. B., Amwata, D. A., Nyariki, D. M. & Bulitia, G. M. (2024). Contribution of Tourism Investments and their Impact on the Local Economies of Kenya: A Case Study of Nakuru County *African Journal of Tourism and Hospitality Management*, 3(1), 141-154. <https://doi.org/10.37284/ajthm.3.1.1939>.

CHICAGO CITATION

Ondieki, Eusabia B., Dorothy A. Amwata, Dickson M. Nyariki and Godrick M. Bulitia. 2024. "Contribution of Tourism Investments and their Impact on the Local Economies of Kenya: A Case Study of Nakuru County". *African Journal of Tourism and Hospitality Management* 3 (1), 141-154. <https://doi.org/10.37284/ajthm.3.1.1939>.

HARVARD CITATION

Ondieki, E. B., Amwata, D. A., Nyariki, D. M. & Bulitia, G. M. (2024) "Contribution of Tourism Investments and their Impact on the Local Economies of Kenya: A Case Study of Nakuru County" *African Journal of Tourism and Hospitality Management*, 3(1), pp. 141-154. doi: 10.37284/ajthm.3.1.1939

IEEE CITATION

E. B. Ondieki, D. A. Amwata, D. M. Nyariki & G. M. Bulitia, "Contribution of Tourism Investments and their Impact on the Local Economies of Kenya: A Case Study of Nakuru County", *AJTHM*, vol. 3, no. 1, pp. 141-154, May. 2024.

MLA CITATION

Ondieki, Eusabia B., Dorothy A. Amwata, Dickson M. Nyariki & Godrick M. Bulitia. "Contribution of Tourism Investments and their Impact on the Local Economies of Kenya: A Case Study of Nakuru County". *African Journal of Tourism and Hospitality Management*, Vol. 3, no. 1, May. 2024, pp. 141-154, doi:10.37284/ajthm.3.1.1939

INTRODUCTION

Tourism is globally acknowledged as a unique and essential service industry for developed and developing economies. According to the World Travel Tourism Council (WTTC) (2021), the sector is reported to improve the lives of countries' citizens. Manzoor et al. (2019); Nyariki and Amwata (2019) and Okumu et al. (2023) reported that tourism is one of the world economy's most prominent and rapidly expanding areas. This is because the industry contributes significantly to a country's economic growth. Investment in tourism is a crucial driver of economic expansion and development. This is so since the growth of the tourism sector has been reported to rely heavily on investment in small and medium-sized businesses throughout regions (Anaba et al., 2023; Okumu et al., 2023). According to Valle and Yobesia (2009), tourism and hospitality investments are fixtures of their local community's economy since they invest in hire purchases and create socio-cultural bonds with the region.

Tourism has been viewed as one of the fastest-growing fields over recent decades, especially in emerging and developing economies (Nguyen, 2021). The tourism sector's contribution to the economies of developing nations is incredibly significant (Kyara et al., 2021). For instance, tourism and hospitality investments in America were reported to impact rural economies positively. The investments were evaluated separately per provinces' or states' resources (US Travel Association, 2019). In another European study by Luty (2019), travel and tourism directly and indirectly generated 36.6 million jobs. In Asia, travel and tourism have positively impacted people working in the investments and local communities. The tourism industry generated over 29 million jobs in China in 2019 (Ferrari et al., 2022). Comparably, Afrin and Hassan (2022) researched tourism as an element of economic growth in Bangladesh. The findings revealed that adequate development and investments in the tourism industry facilitate the economy's integration with more significant financial and technical strengths. Similarly, Ondieki et al.

(2023) reported that tourism was the greatest contributor, culturally, socially, and economically, to the local economy of Nakuru County, Kenya.

Tourism investment is a critical component of sustainable tourism development. Developing nations see tourism as an opportunity for growth and diversification to escape economic hardship (Bakker & Messerli, 2017). Yet little is known about the role of tourism and hospitality investments in a country's devolved system of inclusive growth and development, such as Kenya's. To explore these opportunities, African countries must adopt clear strategies based on suitable methodologies for tourism product development. While the tourism industry has established itself as a vehicle for economic growth and job creation, it is an underdeveloped opportunity in Africa (World Bank, 2011). Dogru et al. (2020) affirm that there is a need to understand aspects that buoy or discourage progression and the nuances involved in job expansion in the tourism and hospitality industry. Tourism and hospitality investments play a significant role in marketing the community culture and creating jobs within its location.

In sub-Saharan Africa (SSA), the dynamic relationship between tourism development and economic growth is investigated by Nyasha et al. (2021) by applying the Generalised Method of Moments and data spanning 1998 to 2018. In Kenya, tourism is a significant economic sector. The sector is an important socio-economic activity that promotes local and national development activities (GoK, 2013). The country's development blueprint (Vision 2030) identifies tourism as one of the leading sectors in achieving the Vision's social and economic pillars. Tourism has more significant potential to contribute to a region's national and local development culturally, socially and economically than any other industry (Thompson, 2012). According to the Kenya Tourism Satellite Account (2019), the industry generates 4.2% of the nation's new investments, 5.5% of formal employment, and 10.4% of GDP. Researchers in

Africa state that tourism has enormous potential to improve the economies of rural areas if invested, thus alleviating poverty and minimising migration to cities (Mthembu et al., 2018; Nyariki & Amwata, 2019). However, there is a need to understand the types of investments in the area, factors that influence the investors to invest and how these investments contribute to the local economies in terms of revenue generation and employment. Thus, this study analysed the contribution of tourism and hospitality investments to the local economies in Kenya, focusing on income generation and employment creation, taking Nakuru County as a case study.

Apart from studies on the contribution of tourism to Kenya's economy, there are a few attempts to quantitatively examine the pathways in which tourism contributes to the economy in terms of revenue generation and job creation. Nakuru County Integrated Development Plan (NCIDP), 2013-2018, focuses on the county's development. The plan does not indicate the number of tourism and hospitality investments within the county and their location, thus affecting their visibility. Further, there is limited information on accessibility, numbers, nature and the distribution of these tourist attractions and their input to the socioeconomic growth in a county. In addition, the priority areas of these tourism and hospitality investments are less known and the extent to which they contribute to local economies through revenue generation and job creation is poorly understood. This study addressed these gaps to help in the holistic planning and promotion of relevant investments in the tourism industry in Nakuru County.

LITERATURE REVIEW

Stakeholder theory was first abutted by Freeman (1984), who described groups and individuals affected by or who affect the organisation's activities as stakeholders. The theory postulates that the purpose of business is to create value for all stakeholders (Freeman et al., 2010). The theory has become popular among academics and non-academics (Amoako et al., 2022). Stakeholder theory has been applied to both standard business

disciplines and tourist studies. Araujo and Bramwell (1999), as cited by Arica (2023), claim that when the stakeholder theory is considered in terms of tourism, it is seen that tourism is a sector that is directly or indirectly affected by and affects these groups.

Stakeholders' concern for sustainable tourism in terms of economic gains and environment-friendly practices is notable (Irungu & Amwata, 2022). According to Massa'deh et al. (2017), tourism and hospitality investments face many external stresses from communities, competitive forces and governmental regulations pushing for good environmental practices. This type of development means the optimal use of social, natural, political, cultural, and financial capitals for a sustainable visitor experience, national development on an equitable and self-sustaining basis to provide a unique visitor experience and improved quality of life through partnerships among local governments, the private sector, and communities (Rukuižienė, 2014; Okumu et al., 2023).

A few studies have shown the role of tourism and hospitality investments in the local economy regarding income and employment in developed and developing countries. For example, a study by Dogru et al. (2020) in the United States of America (USA) revealed that not only does the hotel business receive increases in employment when hotel investment rises, but associated economic sectors also experience growth. In line with the claims of middle-out economics, the researchers reported that midscale hotels had the most significant positive effects on local labour markets. Further, the study concluded that the industry's economic growth is progressive since hotels are considered anchor institutions. Comparably, a study by Salukvadze and Backhaus (2019) in the Georgian Mountains revealed that tourism increased the demand for supplementary services. However, few residents have documented the relationship between tourism and agricultural activities. The study further acknowledged that increased tourism demand meant strengthening supportive

economic sectors such as agriculture for equal growth (Amwata & Nyariki, 2023).

Ekanayake and Ordonez (2021), through the causal relationship between tourism development and economic growth, used Granger causality tests in a multivariate model in developing countries. Their findings indicated that tourism revenue positively contributes to economic growth in developing countries. They recommended that countries should make relevant policies that will guide tourism investment. Another study by Cicowiez and Ordonez (2021) in Jamaica used a dynamic computable general equilibrium (CGE) model tailored to the Jamaican economy, linking it with a microsimulation model. The researchers established that private tourism and hospitality investments led to an expansion of foreign demand for tourism to positively impact national economies in terms of gross domestic product (GDP), employment, household incomes and poverty reduction. Nonetheless, the study demonstrated that investment's upward pressure on prices and the real exchange rate due to higher tourism spending reduced competitiveness and decreased employment.

Africa's private sector is increasingly attracting investors, with much of the funding coming from Europe and the United States of America. Returns to investment in Africa are among the highest in the world (UNWTO, 2022). Adiyia et al. (2017) researched the potential of tourism to alleviate poverty through off-farm income and compared it with employment impact on the local community's livelihood in Uganda. It was established that farmers were not aware of how much they got from selling their produce to the tourism investments each season. The study further recommended that farmers should be trained on how to tabulate their sales and get profit after selling their produce to tourism investors. Moore (2019) studied two geographic regions in South Africa. They established that the region's tourism performance was not at par with one region's, which made a higher contribution.

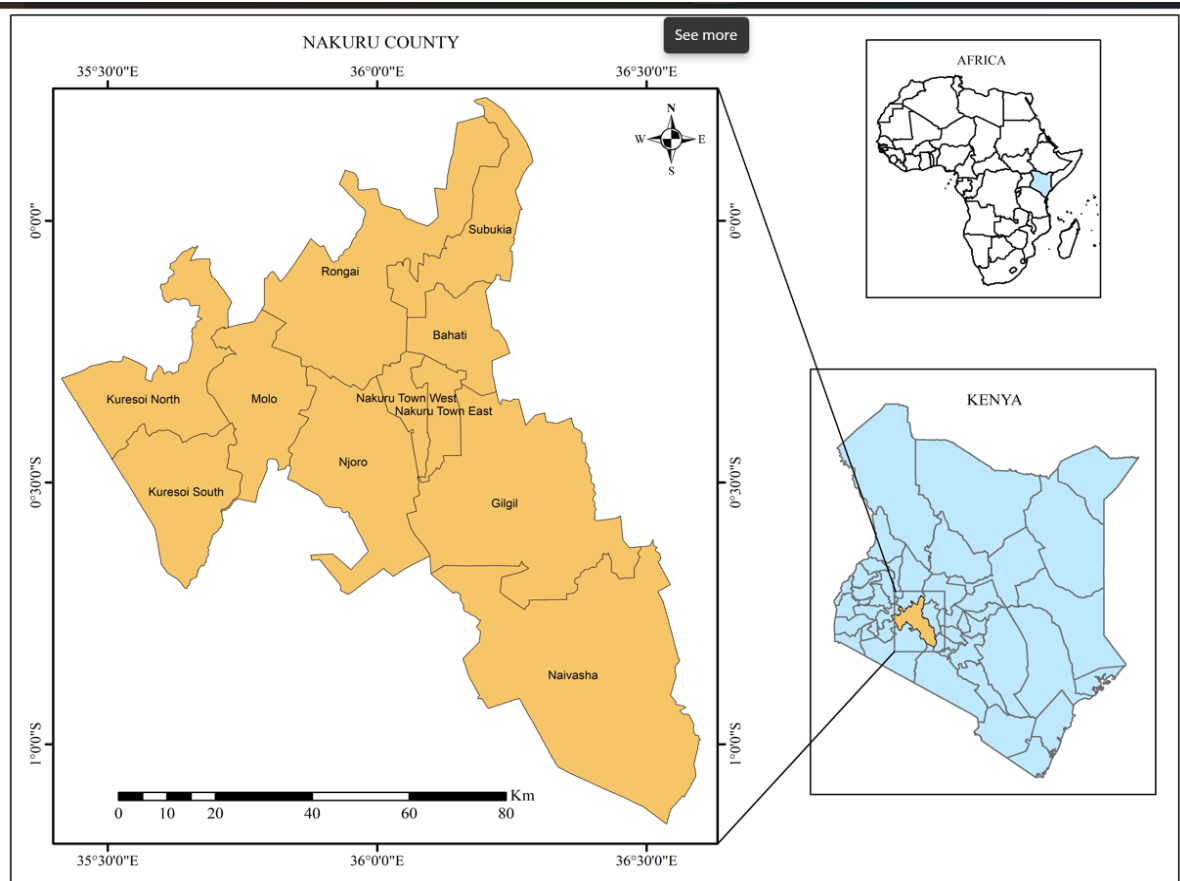
Another study by the Kenya Institute for Public Policy Research and Analysis (KIPPRA) (2021) states that the industry accounted for 5% of national wage employment totalling 2.9 million jobs in 2019. The report further indicated that 7% of informal sector jobs, with over 900,000 individuals, are self-employed in direct tourism-related activities.

METHODOLOGY

Study Area

Nakuru County is situated in the Rift Valley of Kenya. The geographical coordinates of the county are 00 17' 0" South, 360 4' 0" East (Maplandia, 2016) (Figure 1). Its original name is Nakuru. The County Government (GoK, 2013) states that the county covers an area of 7,495.1 km². This includes 5,039.40 km² of arable land, 8,521 km² of non-arable land, and 202 km² of water mass (of lakes Naivasha, Nakuru, and Elementaita). According to GoK (2013), "the lake basin enjoys a typical equatorial climate with its characteristic high irradiance and high potential evaporation all year round, mitigated by its moderately high altitude, which can be felt during typically cool early mornings (8-10°C)". The diurnal temperature excursion can be relatively high when not mitigated by the presence of trees, with early afternoon maxima reaching over 28°C" (GoK, 2013). "The land is the main source of livelihood for the people of Nakuru County, Kenya" (GoK, 2017). The county populace participates in other socio-economic activities in "the private sector, mainly in the flower, tea, and coffee farms, construction, academic institutions, public transport, wholesale and retail trade, hotels and restaurants, and *jua kali* sectors" (Nakuru County Integrated Development Plan (NCIDP, 2018-2022). The National Population and Housing Census reported that the county's population was approximately 1.6 million, with 804,582 males and 798,743 females in 2009. With a growth rate of 3.05%, the population was estimated to grow to 2.4 million in 2022 (NCIDP, 2018-2022).

Figure 1: Nakuru County Map



Source: (NCIDP, 2013; Author, 2023)

Research Methodology

The target groups were 151 managers of tourism and hospitality investments, including but not limited to hotels, tour and travel agencies, the Nakuru County Tourism County Executive Committee (CEC), and the community.

This study utilised interviews and questionnaires to collect primary data from the selected sample, including investment managers, tourists, county representatives and the community. Additionally, secondary data were collected from the published and unpublished reports from several institutions, namely the Ministry of Tourism and Wildlife, County Government of Nakuru, Kenya Association of Tour Operators (KATO), Kenya Wildlife Service and private and non-governmental organisations working and investing, in the hospitality and tourism industry in the county. Data was collected over four months from August to November 2021.

A reconnaissance survey was conducted to familiarise the study area and organise an inception meeting with the relevant stakeholders, including the T&H investment managers, to introduce the study, including its objectives, expected outputs, and relevance to decision-making processes. To promote participation and community ownership, two research assistants were recruited from the study area based on their previous experience as research assistants, qualifications, and knowledge of communication in the tourism and hospitality industry.

RESULTS

Benefits of Tourism and Hospitality Investments to the Local Community

First, the study established how the local communities benefited from the tourism and hospitality investments in the study area. The number of times each manager reported a benefit was documented and analysed as shown in *Table 1*.

Table 1: Benefits of tourism and hospitality investments to the local community

Socio-economic Activities	Frequency	%
Educating needy students	44	43.6
Employment	29	28.7
Health	11	10.9
Water	17	16.8
Total	101	100.0

All the managers acknowledged that the tourism and hospitality investments were benefiting the local communities by providing school fees, construction of learning and educational centres, scholarships and bursaries, jobs, the establishment of health facilities and the provision of clean water for domestic use. Educating the needy students was the most reported benefit by the facility managers (43.6%), followed by the source of employment at 28.7%, access to water facilities at 16.8% while the health benefits was the least reported at 10.9%.

Suppliers of Goods and Services to the Tourism and Hospitality Investments

The tourism and hospitality investments provide a market for the local farm produce and curio products. Therefore, locals supply the T&H investments with food items, firewood and labour. For instance, all tourism and hospitality investments have engaged local suppliers annually for different products namely vegetables, fruits, charcoal and curios. The findings indicate that about 45.1% of the investments had between 1-5 suppliers from local communities, followed by 43.1% who had about six (6) - local suppliers. In comparison, 11.8% had more than ten (10) local suppliers as shown in *Table 2*.

Table 2: Number of local suppliers of goods and services to the T&H investments

Number of local suppliers	Number of T&H investments	%
1-5	23	45.1
6-10	22	43.1
More than 10	6	11.8
Total	51	100.0

Value of the Total Farm Produce Supplied to Investments

The findings illustrate that about 59 farmers supplied various products to the T&H annually and had an estimated value of Kshs. 21,488,803, with an average farmer supplying products worth Kshs. 364,217 annually or Kshs. 30,351 per month. Most of the farmers (76.3%) supplied farm products valued at Kshs. 9,075,600, followed by

15.3% of farmers supplying farm produce valued at Kshs. 6,872,103. Lastly, the remaining farmers supply produce worth Kshs. 5,541,100. The figures show a source of income for farmers from their farm produce; thus, farmers were able to improve their economic status. The total value of farm produce supplied to the investments is shown in *Table 3*.

Table 3: Total value of the total farm produce

Number of Tourism Facilities	Number of Farmers	Average Value of the Farm Produce in Kshs/ Farmer/Year	Total Value of Farm Produce (Kshs)
37	45	201,680	9,075,600
5	9	763,567	6,872,103
9	5	1,108,220	5,541,100
51	59		21,488,803

Employment Opportunities for the Local Communities in Tourism and Hospitality Investments

The findings indicate that the T&H investments employed local and non-local communities in different areas, namely watchmen, gardeners,

cleaners, dancers, and tour guides. 5.9% of the investments received their tour guides from the community. The number of local staff hired by the facilities were given in ranges as shown on the *Table 4*.

Table 4: Job Opportunities for Local Communities within the T&H Investments

Range	Local Communities Based on Job Opportunities					
	Watchman	Cleaner	Gardener	Story Teller	Tour Guide	Dancers
1 – 3	26	2	51	51	49	0
4 – 6	25	19	0	0	1	14
7 – 9	0	10	0	0	1	27
10 – 12	0	20	0	0	0	10
Total	51	51	51	51	51	51

The sampled facilities had 192 watchmen or an average of 4 watchmen per T&H investment. The number of watchmen per facility ranged between 0-6 people. The monthly salary for the watchmen ranges between Kshs. 15,750 to 30,000, with an average salary of Kshs. 22,875 per month. The monthly salary paid to the watchmen in the sampled facilities was $(192 \times 21153) =$ Kshs. 4,346,250.

To support the cleaning services, the sampled T&H investments employed 405 cleaners, and each facility had an average of 8 cleaners. The salary of cleaners ranged between Kshs 15,750 and 30,000, with an average salary of Kshs 22,875, giving a total monthly payment of $(22,875 \times 405)$ Kshs 9,264,375 to cleaners. Similarly, the facilities had 99 gardeners, with an average of 2 gardeners per facility. The salary for the gardeners ranged between Kshs. 15,750 and 30,000, with an average salary of Kshs 22,875 per

month per gardener. The monthly salary paid to gardeners for the sampled facilities totalled $(22,875 \times 99)$ Kshs. 2,264,625 cumulatively.

The T&H investments had a storyteller invited at least once a week and the monthly salary averaged Kshs. 10,804 per storyteller. Similarly, the facilities had 397 dancers with an average of eight (8) dancers per facility. Each dancer was engaged once a week at a cost of Kshs 1.500, giving an average of Kshs 6,000 /per dancer /month. Lastly, the facilities had 95 tour guides, averaging two (2) tour guides per facility. The tour guide’s salary ranged between 6.000 and 15,000 and an average salary of Kshs. 10,500 per tour guide. The total value of the employment opportunities in the sampled T&H Facilities was valued at Kshs. 198.33 million per month. The summary of the income generated from employment opportunities for the locals within the T&H investments is shown in *Table 5*.

Table 5: Employment income across the different cadres within the T&H investments per month

Category of Employment	Total Number	Salary Range (Kshs)	Average Salary (Kshs)	Total Monthly Salary (Kshs)	Total Annual Salary Kshs (N=51)
Watchman	192	15,750 - 30000	22,875	4,346,250	52,155,000
Cleaners	405	15,750 -28,000	22,875	8,534,970	102,419,640
Gardeners	99	15,750 - 30000	22,875	2264625	23,031,756
Tour Guide	95	6,000-15,000	10,500	997,500	11,970,000
Dancers	397	3000	3,000	1,191,000	14,292,000
Total					203,868,396

Employment Opportunities for Skilled Senior Management Staff

The salaries and remuneration of the senior staff varied across the different facilities, as shown in *Table 6*. For the managers, their monthly salary

ranged between Kshs. 65,000 and Kshs. 500,000, with an average of Kshs. 282,500. Similarly, the supervisors' salaries ranged between Kshs. 50,000 to 250,000 with an average salary of Kshs. 150,000 per month.

Table 6: The value of skilled senior management remuneration by gender per month

Cadre of Staff	Total Number of Staff		Total (Kshs.)
	Male	Female	
Managers	45	51	27,120,000
Supervisors	38	51	13,350,000
Total			40,470,000

The findings indicate that tourism and hospitality investments rely on local communities for unskilled and skilled labour needs.

Curio Shops and Local Shops

The study area had 20 curio shops: seven located in Nakuru East, five in Naivasha, one in Gilgil, and seven in Nakuru West. The income from the curio shops ranged between Kshs. 100,000 and Kshs. 200,000, with an average of Kshs. 141,250 per month per curio.

Similarly, 43 small-scale traders were running shops in the adjacent areas of the T&H investments in the study area. The income from

the shops ranged between Kshs. 20,000 to 180,000 with an average of Kshs. 105,250. In total, the incomes from the small-scale shops were estimated at Kshs. 4,525,750 per month and translated to Kshs. 54,309,000 per year.

Employment of Staff Within the H&T Investments

The staff employed within the H&T investments were categorised into three cadres namely: managers, supervisors, and support staff. As shown in *Table 7*, gender played a vital role in the distribution of staff across the different cadres.

Table 7: Distribution of different cadre of staff based on gender in the T&H investments

Cadre of Staff	Total Number of Staff by Gender		Total
	Male	Female	
Managers	56 (3.8)	37(2.5)	93(6.3)
Supervisors	92(6.3)	48(2.8)	140 (9.5)
Support Staff	487(33.1)	752(51)	1239(84.2)
Total	635(43.1)	837(56.9)	1472 (100.0)

From *Table 7*, managers and supervisors constitute 6.3% and 9.5% of the staff in the T&H investments, respectively. The female staff constituted the lowest percentage at management and supervisory levels, 2.5% and 2.8%, respectively. These figures were lower than those of males at the same levels. However, at the support staff level, there were more female staff (84.2%) than male staff (33.1%). Similarly, the respondent's age plays an essential factor in the distribution of staff across the different cadres. The youths were between 18 and 35, while those

above 35 were considered adults, as shown in *Table 8*. The number of youths in the management and supervisory level constitutes 5.3%, a figure almost half the number of adults 11.2% at the same level. The number of youths engaged as support staff forms was higher at 43.7% compared to adults at 40.5% working in these facilities. The study findings were in conformance with Luty (2019); and Valle and Yobesia (2009) on the contribution to the provision of employment opportunities of T&H investments to a particular destination and locality.

Table 8: Distribution of different cadre of staff by age in the T&H investments

Cadre of Staff	Total Number of Staff by Age of the Staff		Total
	Youth (≥18-35 Years)	Adults (≥ 35 Years)	
Managers	26 (1.8)	67(5.2)	93(6.3)
Supervisors	51(3.5)	89(6.0)	140 (9.5)
Support Staff	643 (43.7)	596(40.5)	1239(84.2)
Total	635(43.1)	837(56.9)	1472 (100.0)

The managers were asked to describe the incentives they received from the County Government of Nakuru that had supported their investments. The number of times the managers reported an incentive was reported and analysed, as shown in *Table 9*. About 22.3% of the managers reported having had no incentives from the county government. In comparison, a majority, 77.7% of the managers, acknowledged receiving different incentives ranging from enhanced security and infrastructure, tax waivers,

loans, quality assurance, outside catering and technical advice. The findings demonstrate that the most common incentives from the County Government of Nakuru to the T&H investors were security and infrastructure at 30.9%, followed by support for local culture at 16%, and tax and licence waivers at 10.6%. Other types of incentives by the county included quality assurance (7.4%), provision of technical advice (6.4%), government loans (3.2%) and outside catering (3.2%) in descending order.

Table 9: Incentives by the County Government of Nakuru to promote T&H investments in the study area

County Government Incentives	Frequency	%	Ranking
None	21	22.3	2
Government loans towards businesses	3	3.2	7
The government provides technical advice	6	6.4	6
Offering the hotel business in outside catering	3	3.2	7
Quality assurance to ensure standard operations	7	7.4	5
Security and infrastructure	29	30.9	1
Supporting local cultures	15	16.0	3
Tax and licence waivers	10	10.6	4
Total	94	100.0	

Evidence of T&H's Contribution to the Economy of Nakuru County

The respondents, who included the managers, supervisors, support staff, and communities living adjacent to the T&H facilities, were asked to rate the extent to which the T&H investments in the study area have contributed to the economy of Nakuru County. A Likert scale assessment was employed on a scale of 1-5, where 5—strongly Agree, 4—agree, 3—neutral, 2—disagree, and 1—strongly *Disagree*.

The respondents' ratings were considered on the following aspects: improvement of the local

household income, enhanced infrastructural development, improved communication network, increased job opportunities, enhanced health facilities, increased bursaries for needy students, and increased security. This is in line with Okumu et al. (2014), who stated that in tourism activities and increasing the involvement of the private sector, economic value is generated and distributed to sustain local livelihoods, finance conservation actions and generate entrepreneurship. All the ratings by the respondents for each theme were summed up, and an average for each of the seven (7) categories of the areas of the economy of Nakuru County had notable contributions, as shown in *Table 10*.

Table 10: Rating of the contribution of T&H investments to the economy of Nakuru County

Areas of Improvement in Nakuru County	Managers N=51	Households N-153	Total	%	Ranking
Improvement in household income	5.0	4.8	4.6	92	1
Enhanced infrastructure	4.4	3.6	4.0	80	4
Improved health facilities	2.6	2.2	2.4	48	7
Increased jobs	4.5	3.9	4.2	84	3
Enhanced security	3.8	3.6	3.7	74	5
Increased bursaries for needy students	4.8	4.2	4.5	90	2
Improved communication network	4.0	2.8	3.4	68	6
Average score	4.2	3.6	3.8	76	
Percent score	84	72	76		

The highest-rated and highest-ranked contribution of T&H investments to the economy of Nakuru County was improved household income, at 92%, followed by increased bursaries for needy students and increased jobs, at 90% and 84%, respectively. The least-ranked contributions were improved health care at 48% and improved communication networks at 68%.

Investment Contribution to Different Activities and Services

The findings are presented in *Table 11* using frequency counts, percentages, means and

standard deviations on contribution. From the findings, about 41% of the respondents agreed that the facility had invested a lot of funds in tour guides, while 41% strongly agreed that it was in accommodation. The findings indicate high investments in food and beverage (M=3.9, SD=1.21), sports activities (M=3.3, SD=1.17) and entertainment (M=3.5, SD=1.21). A Likert scale assessment was employed on a scale of 1-5, where 5 - strongly agree, 4 - agree, 3 - neutral, 2 - disagree, and 1 - strongly disagree. The other abbreviations in the table denote M-Mean and SD-Standard deviation.

Table 11: Economic Improvement

There is economic improvement in the following ways	SD	D	N	A	SA	M	SD
Improved roads, transportation, shops, farming and cash flow.	24(16)	19(12)	32(21)	68(44)	10(7)	3.1	1.2
Employment to the community	22(14)	21(14)	33(22)	60(39)	17(11)	3.2	1.23
High income to the community	12(7.8)	25(16)	25(16)	62(41)	29(19)	3.5	1.2
More supply of farm produce from the community	10(6.5)	42(28)	49(32)	42(28)	10(7)	3	1.04
Higher revenue collection from the hotel to the county	12(7.8)	28(18)	16(11)	78(51)	19(12)	3.4	1.16

**The figures in brackets are percentages.*

The two scales of tourism investment and economy were analysed through a simple linear regression model. The economic scale was regressed against the investment scale. The findings are presented in *Table 12*. The findings from *Tables 12* and *13* indicate that tourism investment accounted for a 36.6% improvement in the economy, as shown by the values [R

Square=.366, F (1, 151) = 87.311, p<.05]. According to Rubin and Rose (2015), tourism investments are fixtures of their local community's economy since they invest, hire, purchase and create sociocultural bonds in the region. Furthermore, the findings show that tourism investment positively and significantly influenced the economy [$\beta=.605$, p<.05].

Table 12: Model Coefficients

Model	Coefficients			t	Sig.
	Unstandardized Coefficients		Standardised Coefficients		
	B	Std. Error	Beta		
1 (Constant)	1.577	.150		10.539	.000
Tourism Investment	.454	.049	.605	9.344	.000

a. Dependent Variable: Economy
 b. Predictors: (Constant), Tourism Investment

Table 13: Model Summary on Impact of Tourism investment to the economy

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	104.293 ^a	.152	.266

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

The findings show that 26.6% of tourism improvement is explained by the ease of doing business, destination diversification, education, environmental compliance, security, climate and geographic location, and access to infrastructure. This is supported by Dogru et al. (2020) and World Bank, (2011) remarks that it was necessary to establish what makes investments flourish in a particular destination. The odds ratio in the regression model is expressed as

$$\ln(ODDS) = 0.602 - 2.88E_{DB} - 1.766RD - 1.681E + 1.777EC + 1.222L + 1.518S + 1.850AI$$

While the model was estimated as;

$$\ln(ODDS) = 0.602 - 2.88E_{DB} - 1.766RD - 1.681E + 1.777EC + 1.222L + 1.518S + 1.850AI$$

Table 14: Model Coefficients

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	Ease of doing business (EDB)	-.288	.985	.085	1	.770	.750
	Resource diversification (RD)	-1.766	.982	3.234	1	.072	.171
	Education (E)	-1.681	.993	2.869	1	.090	.186
	Environment compliance (EC)	1.777	.637	7.777	1	.005	5.910
	Location (L)	1.222	.806	2.300	1	.129	3.395
	Security (S)	1.518	.723	4.412	1	.036	4.562
	Access infrastructure (AI)	1.850	.851	4.727	1	.030	6.357
	Constant	.602	.884	.464	1	.496	1.8261

Notes: -2 Log likelihood = 104.293; Cox & Snell R Square = 0.152; Nagelkerke R Square = 0.266

The findings revealed that environmental compliance, security, and access to infrastructure positively affect the likelihood of improving the economy. When employing a statistical significance value of 0.05, only environmental compliance, security, and access to infrastructure

Which can also be expressed as follows,

$$WPT_i = \frac{1}{e^{0.602 - 2.88E_{DB} - 1.766RD - 1.681E + 1.777EC + 1.222L + 1.518S + 1.850AI}}$$

This implies that for every improvement in environmental compliance, the odds of economic improvement increase by 5.910. Likewise, for every improvement in security, the odds of economic improvement increase by a multiplicative factor of 4.562, a factor of 6.357 for access to infrastructure, and 3.395 for climate and geographic location. On the contrary, ease of doing business, resource diversification, and education are less likely to improve the economy by factors of 0.750, 0.171, and 0.186.

had significant effects. This implies that the odds of economic improvement increased for a one-point increase in these factors.

From the T&H investments, the tourists spent varying amounts of money in the different sectors, ranging from entry fees to shopping in curio shops

and other enterprises per annum in Kshs, as shown in *Table 15*.

Table 15: Revenue from T&H investments in Nakuru County

T&H Investment	Revenue per Annum	Percentage per Annum
Entry fees	2.2 billion	22%
Curio shops	0.654 billion	6.5%
Employment	7.204 billion	71%
Farmers	0.064 billion	0.63
Total	10.12 billion	100%

Nakuru County fiscal analysis for FY 2020/2021 demonstrated a 5.6% growth in revenue performance (from Kshs. 19.88 billion to 20.99 billion) compared to a similar period in 2019/2021 (NCIPD, 2021). From the above figures, it can be deduced that the county had an average of Kshs. 20.435 billion in FY 2019/2021, with the T&H investments contributing Kshs. 10.12 billion, 50% of the County's GDP. Employment contributed 77% of the revenue of the study area, followed by entry fees at 22%, curio shops at 6.5% and farmers' supplies at 0.63% in descending order. The findings agreed with Kyara et al. (2021) whose study established that T&H investments have outstanding economic contribution to an economy.

CONCLUSION

This study has established that tourism and hospitality investments significantly contribute to the local economy of the study area. This is evidenced by the local farmers supplying produce for investments, hiring staff from the community, and tourists purchasing goods and services from the local community. The highest-rated and ranked contribution of T&H investments to the economy of Nakuru County had improved household income at 92%, followed by increased bursaries for needy students and jobs at 90% and 84%, respectively. The least ranked contributions were improved health care at 48% and improved communication network at 68%. Generally, the T&H investments contributed to the economy of the study area and the national economy. From extrapolations for the sub-counties understudy, the registered 151 T&H investments contributed Kshs. 0.730 billion of the national GDP estimated at Kshs. 12,027,662 billion. According to GoK

(2022), the country's GDP grew by 7.5% in 2021 post-covid 19, with Nakuru County contributing 4.9%. This shows that the T&H investments in the study area contribute significantly to the national GDP.

Recommendations

According to the study, the county does not analyse the benefits of tourism and hospitality investments in income and employment. The county should collect and analyse its economic gains from tourism and hospitality investments per its set fiscal policy. A policy on what stakeholders, especially investors, the community, and the county, aim to gain from the investments is needed. Providing incentives, access to infrastructure, education, ease of doing business, and a conducive environment will motivate investors to invest in Nakuru County.

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