

## **Effectiveness of Tourism as a Tool for Economic Development in Meru County, Kenya**

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**Abstract:** The purpose of this study was to investigate and determine the ability of tourism as an essential tool that will help achieve development of the economy of Meru County. The parameters that were used to determine the impacts include the level of investment brought about by tourism; the rate of utilization of these resources and the rate of change in the economic well-being of the community in question. Fourthly, to assess the constraints affecting tourism and recommend the measures which to put in place for the sustainable development of tourism. The study used descriptive survey design where the qualitative and quantitative data was collected. Using judgmental sampling method, it thus targeted managers in tourists' facilities and the county government of Meru County. The researcher employed self-administered questionnaires and structured interviews to 8 respondents. Data was recorded and analysed descriptively by use of frequencies and percentages. Secondary data was obtained from government documents and statistical abstracts. The study found that level of tourism investment in the county is convincing, but the challenge lies in achieving capacity. More challenges pose hindrances to this promising industry among them funding and marketing. The main recommendations found that apart from addressing the challenges; stakeholder partnerships should also be enhanced to enable improvement of economic contributions from tourism and to allow regional development of the county. The study results are therefore of benefit to the leaders, researchers and the tourism professionals of the communities living in the county.

**Keywords:** Tourism, Tourism investments, economic development

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### **I. BACKGROUND TO THE STUDY**

According to (WTTC, 2015a) Travel & Tourism's impact on the economic and social development of a country can be enormous; opening it up to business, trade and capital investment, creating jobs and entrepreneurialism for the workforce and protecting heritage and cultural values. (Henderson & Henderson, 2015) allege that government needs to assess policies that govern future industry development and to provide knowledge to help guide fruitful and sustainable Travel & Tourism investment decisions.

According to (Ferreira & Dias, 2015) Tourism is part of the leisure sector that is rapidly gaining economic importance; the volume of people is also growing. They go ahead to highlight reasons that made many people travel most importantly increased holiday destinations hence tourist attractions are vital components of any travel destination since many attractions are the reasons for visiting the destination.

Over 40 years tourism has become a significant activity in our society and an increasingly important sector for economic development and also often providing a push –factor to other areas of the economy (Samimi, Sadeghi, & Sadeghi, 2011). Recently, tourism destinations have been rapidly emerging since tourism is now one of the development vehicles of a region; (Hyttiä & Kola, 2013) tirelessly it has been giving opportunities for upgrading the local environment.

Some factors boost Kenyan tourism. (WTTC, 2015a), alludes that Kenya has been regarded as Jewel of Africa because it is one of the most leading destinations in Africa. Kenya is known for the stunning natural attractions, and it is now entering the new ventures in sports, business and resort cities. The Kenyan act of Vision 2030 highlights the Economic Pillars of the vision which seeks to improve the prosperity of all regions of the country and all Kenyans by achieving a 10% Gross Domestic Product (GDP) growth rate each year (UNCTAD, 2013). Within the Medium Term Development Plan 2012-2017, the act goes ahead to give six priority sectors that make up the larger part of Kenya's Gross Domestic Product (GDP) and provide for nearly half of the country's total formal employment. Tourism is one of the sectors and its aim to come up with resort cities that will

increase the number of destinations and diversify Kenyan tourism products. These resort cities are Kilifi, Diani, and Isiolo which will entirely market tourism for business and leisure.

Meru County in Kenya has shown the emergence of many ventures for tourism; especially hotels and it is considered among the fastest growing counties on development in Kenya. Numerous Opportunities exist in the further development of tourism sector. Some National Parks and conservancies attract tourists to the region. Numerous hotels and lodges serve these. According to (Meru County, 2014), the Central and Northern tourism circuits both of which are equally high potential tourism areas surround this County. Half of Mount Kenya sits in Meru, and thus the County enjoys good climatic conditions and is among leading tourism destinations. The document states that the county government is working towards developing the county's conference tourism to tap from its many lodges. According to the document, there is the development of Eco-tourism, and sports tourism is also shaping up into the international dimension with the first international County marathon held in Meru and with the current upgrading of the Kinoru Stadium into national status. Also, the Safaricom Lewa Marathon has been attracting thousands of local and international visitors to Meru every year. In Meru's economic Blueprint that spans five years the county intends to attract massive investments to the tune of 30 billion based on four pillars that include Tourism and hospitality, among others. (Meru County, 2014)

## **II. PROBLEM STATEMENT**

Travel & Tourism generated US\$7.6 trillion (10% of global GDP) and 277 million jobs (1 in 11 jobs) to the world economy in 2014 (WTTC, 2015a). According to (Sequeira & Nunes, 2016), Tourism is growing at a faster rate than both the wider economy and other significant sectors such as automotive, financial services and health care. Going by the statistical reports (WTTC, 2015a), International tourist arrivals increased to nearly 1.14 billion and visitor spending more than matched that growth.

As one of the world's fastest growing industries, the tourism sector creates jobs and contributes significantly to the growth of economies, especially in developing countries, thus Kenya (UNCTAD, 2013).

Dieke & Dieke, 2006 widely acknowledge that economic benefits arising from the tourism industry such as an increase in foreign exchange earnings, employment, and income generation, can overcome many resource problems as well as create opportunities and improve the quality of life of local populations.

An expose by Standard Media stated that Meru County is strategising itself as a tourist area after several years outshone by Laikipia and Samburu Counties. Nonetheless, although endowed with widely known tourist sites such as Meru National Park, Mt. Kenya National Park, Lewa Conservancy and Rutundu log cabins where Prince William proposed to Cate, it is yet to reach its potential.

Insufficient hotel accommodation in the county and neighbouring towns has kept tourists away. The recently held Devolution Conference in the county faced this challenge as delegates were forced to look for accommodation as far as Embu County. According to findings from a mapping and assessment exercise on the hospitality industry in the county, bed capacity in the region is less than 2,500 (Meru Annual Development Plan 2014-2015). However, investors have in the last three years put up new hotels which include two four-star hotels. According to the CEC Tourism, (2015, June, 19), investors should take the chance and invest in this sector. However, the biggest challenge not only lies in the development of hotels but also the creation of alternative products such as parks, eco-tourism sites, viewpoints among others. Nonetheless, existing attractions such as the Sacred Lake Nkunga require refurbishing. As such, with the county's proximity to the future Isiolo resort city, this study shall form a basis onto which policy makers and stakeholders can plan to ensure economic benefits from this end.

## **III. LITERATURE REVIEW**

(Scutariu, 2009), states that tourism is an essential element of the tertiary sector and industry with enormous potential and has an indispensable role in the economy of a country being a factor which the economic growth and development are based. He further elaborates the concept of tourism multiplier which is the fact that an initial expenditure made by a tourist, in an area or country, is successively converted into revenue for other sectors of the economy directly or indirectly related to tourism. According to (WTTC, 2015a) Tourism's impact on the economic and social development of a country can be tremendous thus leading to the opening up of businesses, trade and capital investment, employment creation and entrepreneurialism for the workforce and protecting heritage and cultural values of the community.

In Kenya, (WTTC, 2015b) gives the total contribution of tourism to employment as 543,500 jobs in 2014. This figure translates to 9.2% of the total employment in the country. It further asserts that by the year 2025, tourism is forecast to support 732,000 jobs (9.0% of total employment). Furthermore, (WTTC, 2015b) elucidates that domestic travel spending generated 58.1% of direct Travel & Tourism GDP in 2014 compared with 41.9% for visitor exports (foreign visitor spending or international tourism receipts) translating to about 221.7 billion shillings. Moreover, this report suggests that tourism and travel attracted capital investment

of 69.3 billion shillings in 2014 and the figure is forecasted to rise by 5.2% pa over the next ten years to 121 billion shillings in the year 2025.

The Meru County Government has taken some steps in embracing this sector. Through the Department of Co-operatives and Tourism; it plans to recruit and train 30 Rangers in readiness for the establishment of a conservancy this year (Meru County, 2016). This initiative will create employment in the Conservancy, support community participation in tourism as well as support trade and businesses. According to this blueprint, the county is targeting promotion of domestic tourism through governor's and stakeholders' tours; the annual Miss Tourism Meru pageant and other tourism marketing events which the county is yet to unveil. (Meru County, 2016)

(Mayaka, 2012) notes that the post-election violence period of civil unrest in the year 2008 and the global economic crisis in 2009 only made inbound international tourism business in Kenya more challenging. He further asserts that despite periods of recovery such as between the year 2004–2007 and 2010, prolonged poor performance has characterized the last two decades, raising the concern of key stakeholders. According to him, there appear to be systemic and strategic issues and challenges that may be undermining the competitiveness and sustainability of Kenya's tourism industry.

Another major hurdle facing tourism businesses in the country is leakages. According to (WTTC, 2015a) purchases by tourism providers including imported goods in the supply chain amounted to 161.2 billion shillings in the year 2014. This figure is also expected to rise to 167.3 billion shillings in the year 2015 and the year 2025 forecast is at 276.1 billion shillings. This amount is by far surpassing the meager investments funds cultivated into the sector (WTTC, 2015b)

Moreover, (Mayaka, 2012) faults tourism development in Kenya which he concludes that it relies largely on discussion documents (Sessional papers) presented in parliament rather than a comprehensive master plan with a clear sense of direction and implementation strategies. He strongly agrees with Akama who describes this approach as a "laissez-faire tourism policy" (Akama, 2000:3). This approach is also described by (Smith, 2010) as and known elsewhere as "ad hoc" and is perhaps one of the key systemic and structural weaknesses in Kenya's tourism (Mayaka, 2012). We can summarize that perhaps there is a need for a more comprehensive and inclusive approach to tourism policy formulation and development as a whole.

Policies that accelerate innovation or improve institutions accelerate economic growth and create prosperity, as do policies that boost investment and raise the economy's capital intensity to a higher level. By observing the objectives of this study, the Solow Growth Model helps forecast the future of the economy: If the economy is on its balanced growth path today, it will stay on that path in the future (unless some of the parameters change). If the economy is not on its balanced growth path today, it is heading for that path and will get there eventually. However, it eludes that it may take decades for an economy to get on that balanced-growth path finally. (Solow, 1956)

Ritchie (2003) as quoted by (Mayaka, 2012) suggests that we can conclude that the present model of tourism development in developing countries such as Kenya, seems to rely heavily on the comparative advantage (resource endowment) with little or no competitive advantage (good resource stewardship and deployment). This proposition is clearly evident given Meru County Tourism Plans. The county has counted on mapping and profiling of tourist sites with the postulation of an enhanced Meru and Mount Kenya tourist circuit. However, there is currently neither a County Tourism Strategic plan in place nor a clear policy guideline (Meru County, 2016)

#### **IV. METHODOLOGY**

The study was conducted in Meru County located in the former Eastern Province. It utilized descriptive methods of study. Primary data was collected but enhanced by a small element of document review collected through desk study. The respondents were mainly tourism and hospitality authorities obtained through judgemental sampling. As such, the researcher sampled eight respondents comprising three hotel managers, one curator, one tour consultant, one county tourism director and two park wardens. Data collection tools used were self-administered questionnaires and key informant interviews.

#### **V. RESULTS**

This study found out that tourism is of vital importance in Meru County, in as much as the impacts are not out rightly visible. There is evidence of thriving hotel investments in the area, but regarding tourism classification and rating, only three falls in this category. Among them, only Alba hotel in the central business area is a four-star hotel. Nonetheless, investment in tourism infrastructure is still work in progress regarding recreation and sports amenities and facilities, in particular, Kinoru Stadium and a golf resort whose location is yet to be identified. The level of utilisation of the premises provided for use by tourists was found to be minimal in general. Convention facilities in the hotels only receive a small number of patronages in the year. The museum mainly hosts schools on excursions, while the National Parks receive both local and foreign visitors.

None of the attractions or hotels received overbookings in the last one year. This, therefore, justifies the need to enhance full capacity and utilization of the already available facilities rather than new investments in the same area.

Income generation was regarded as the highest attribute of tourism in the area. Six of the respondents noted that agricultural supplies mainly came from the locality. Consequently, hotels create new markets for products whereby small-scale fruits and vegetable farmers derive their income. Five respondents also mentioned revenue generation in small and medium enterprises (SMEs) particularly agriculture, banking and microfinance as the other impact of tourism to the economy of the county. This is attributed to the metropolitan status of the county and the current business condition it enjoys. Moreover, it is evidently due to the high number of domestic tourists most hotels receive as compared to foreigners.

The researcher found out that there are factors that hinder the economic significance of tourism in Meru thus reducing the income brought in by tourist attraction areas like Meru National Park. First is the problem of infrastructure which all respondents unanimously cited. Many of the roads leading to the tourist attractions are in bad condition and need urgent attention. Despite security challenges in the country, none of the respondents mentioned this being a threat to tourism in Meru. On the other hand, low awareness and negative attitude towards tourism were cited as other impending factors.

Among the problems faced by managers in tourism development include land related issues which, still, is a mirage in Kenya. Ownership rights have been infringed to appease the beast of corruption. The community living around the Meru National Park in Murera and Kiutine particularly do not have title deeds to their land. They, therefore, have put up temporary trading sheds which are of a low scale and may not attract the traveller. Clean restaurants, fast-food, nice curio shops, and well-adorned market layout are an illusion in these areas. The majority of the locals being *miraa* farmers have vast lands dedicated to this cash-crop to the detriment of other forms of tourism businesses. Ineffective planning as well as difficulty in accessing funds is also a huge constraint in the promotion of tourism in the county. The youth and women fund released from the national government is hard to access for the community. Corruption, nepotism and bureaucracies involved were cited as the main hindrances to access. On poor marketing, less awareness has been made regarding the presence of tourist attractions such as the Sacred Lake Nkunga in Buuri Sub-County which the locals acclaim is cited in the Holy Bible.

The study sought the respondents' views in improving the welfare of the tourism industry in Meru County. 75% of them suggested marketing which the relevant stakeholders have to make it a concerted effort to build a strong image of the county attractions. More funds have to be set aside for developing the sector and achieving what the county government has enshrined in their strategic plans. Regarding developing more products, five respondents said that the county could do with the current resources but effort placed in marketing and ensuring effective utilisation. Others suggested completion of the currently ongoing projects such as a golf resort and a state of the art stadium.

## **VI. CONCLUSIONS AND RECOMMENDATIONS**

Meru County is in the process of promoting tourism to alleviate poverty. This only means the county government of Meru also embrace the fact that tourism has economic significance to the development of the county. The responsible authorities should strive to ensure facilities are improved to attract more tourists. These include state of the art amphitheatres, sports facilities and star-rating hotels and the associated services.

It is highly recommended that the new County ministries created by the new constitution dispensation create avenues for the development of tourism. There is a huge challenge in availing reliable data and records on tourism statistics which the researcher could not readily access. This would greatly help in laying a foundation for which policy formulation would take place.

Secondly, there should be made an effort to lay clear policies on land tenure systems and ownership rights for investors to come in. The tedious business procedures should be eradicated alongside the costs involved. The informal sector should be supported by the provision of soft loans to improve their businesses. The youth enterprise development plan should be lauded, and its funds increased up to the grassroots. Moreover, equitable sharing of tourism-related benefits would be much welcome to ensure multi-sector development.

All main stakeholders are called upon to develop a partnership between public and private sectors, NGOs and the local communities. This would be an excellent platform to address the issue of insecurity which causes a major threat to the tourism industry in Kenya at the moment. It is also vital to allow for public forums to provide a platform for local participation in tourism decision-making.

Finally, the Kenya Tourism Board should be taken to task to increase marketing of tourism products in the county. Stakeholders in the county should be included in the team to provide expertise since they are the ones on the ground and have a proper understanding of the problem and task at hand.

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