

Tourism and Its Impact on Economic Development

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ABSTRACT

The relevant nature of tourism has been clearly found in this study. Tourism is recognized as the developmental factor for an economy. The study therefore chose to conduct the effect of tourism on economic development in Ghana. The study sought to analyze the relationship between tourism and infrastructural development in Ghana. It also examined the relationship between crime rate and tourism in Ghana and analyze the trend of tourism and economic growth in Ghana. The study also focused on examining the effect of tourism on the economic growth of Ghana and finally, analyzed the effectiveness of policy on tourism in Ghana. The study adopted quantitative approach through the use of secondary data from 1990 to 2019. Research analysis used for this study was the instrumental variable and correlation. The outcome of the study suggested that infrastructure development of the economy shows a positive relationship with tourism. It was also estimated in the study that when crime is high tourism tends to be low and vice versa. On the part of the estimation, natural resource was the variable used as the instrumental variable. The outcome from controlled variables such as international trade and exchange rate was found to be positively related to economic growth and development in Ghana. Also, instrumental variable estimation showed that tourism had a positive effect on the economic growth of Ghana. The outcome of the study revealed how the sector had reduced the unemployment rate in Ghana through the provision of both direct and indirect job for its people. The sector however is now coupled with challenges such policy issues and COVID 19 as revealed by players in the sector indicates the overreliance on government. Per the outcome of the study, it was recommended that long term policy should be put in place to ensure that successive government follow to prevent the distortion of the progress of the sector. It is recommended that infrastructure development and tourism should be investigated extensively by focusing on the effect of tourism on economic growth in Ghana.

Keywords: Tourism, Economic Development

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1.0 Introduction

The role of tourism as a tool for socio-economic development at the global, regional and national levels has now been recognized by most governments and agents of development as a key variable for growth. Tourism is now recognized as a potential variable to propel the socioeconomic and social development of countries. This has made most developing countries to invest in the tourism sector with the aim of achieving economic growth for its people. In essence, as governments invest in tourism sector, key returns from such investment is to improve employment status of the economy, the balance of payment deficit, exchange rate and international trade (Cooper, 2012).

Globally, tourism is now a significant part of the world economy. It is reported that about in 2008, the industry generated an amount of \$ 1 trillion which was about 1.8 percent of from the previous year. The industry is now ranked as the fourth largest industry in the world preceding fuel, chemicals and automotive products. It is now recognized as the world number export earner. It is evident in the US that the country made a return of about close to \$7 trillion in 2011 (World Travel and Tourism Council 2012). Likewise, the tourism market has shown strong growth across Africa in recent years. The UN World Tourism Organization's 2016 Tourism Highlights report established that the African continent welcomed 55.3 million international tourists in 2014 and that Sub-Saharan Africa accounted for 34.9 million of them. In 2015, Africa had 5% share of the World's International Tourist arrivals and 3% of the total tourism receipts (UNWTO 2016). From the World Bank report in 2013, tourism has the potential for achieving economic growth and reducing unemployment in an economy. It was estimated in 2013 by the World Bank that about 3.8 million jobs could be established in Sub-Saharan Africa (SSA) in within a 10 year period which be in relation to the high demand of infrastructure local goods and services and accommodation from the tourism. The report also found that in an attempt to alleviate poverty, tourism could be a variable needed to be adopted and could also serve as a revenue and income generation sector for every economy and community (World Bank 2013).

Tourism in most economies contributes to the sale, profit, employment, generation of tax revenue which in turn leads to the growth of the country (Fawaz & Rahnaman 2014). Per the work of Suresh and Senthilnathan (2014), government tends to increase interest dividends to serve as income multiplier for other groups within the economy

thereby reducing the inequality and increase income distribution of the country. Pavlic et al (2015) also revealed that with increase in production through the tourism sector leads to opportunities for the creation of new businesses. Particular, Aslam (2015) revealed that tourism is key to the sprung of businesses to improve employment sector in the developing countries where there exist high increase in unemployment. It could be said that the sector does not only generate income to the economy, but also serve as an agent for growth in other sectors of the economy (Kumar et al., 2014). In Ghana, it is evident that tourism plays a major role in the growth of the economy through income generation and increase in employment. International tourist receipts increased from US\$627 million in 2005 to US\$2.067 billion in 2014. The average expenditure per international tourist arrival increased steadily from 2005 to 2014. In 2005, the average spend per international tourist arrival was US\$1,600 which increased to US\$1,890 in 2014, registering an 18.1% increase. The lowest annual percentage change (4.3%) of international tourist receipts was recorded in 2012, and the highest annual percentage change (19.7%) was recorded in 2011. Receipts rose at an average annual growth rate of 13.3%, over the ten-year period. The international tourist receipts for the first half of the decade increased at an average annual rate of 16.5% while in the second half of the decade tourist receipts recorded an average annual growth rate of 9.7% (Ghana Tourism Authority 2016). It is estimated the sector to have created direct employed about 287,900 workers and is likely to triple such employment for indirect employment. It is realized that there is adequate data to measure the relationship between crime which is one of the key variables in this dispensation in measuring the progress of an economy and tourism in Ghana. In addition, issues of infrastructure development and how that relates to tourism is also less researched. In this regard, this study tends to fill the research gap in the area of tourism and crime, tourism and infrastructure and identify the overall effect of tourism on the economic growth of Ghana.

1.2 Motivation for the study

Generally, the study examines the effect of tourism on the economic development of Ghana.

The issues of tourism has now become a predominant conversation all over the world. This is due to the various benefits it generates to the respective economies and the world at large. With Ghana having been investing the economy by successive government support the vested interest the country has in the sector. This is therefore becomes relevant to identify the actual economic impact it has on the economy of Ghana. In addition, this despite the relevant nature of the sector, there still remains literature gap in in terms of both positive and negative effect it has on the development of Ghana and this study tends to provide information on that. Also, this study tends to highlights various variables that may directly be influenced by the sector but are yet to be brought to light. As such, it becomes imperative to identify areas that the sector could influence negatively in order to balance the positive

2.0 LITERATURE REVIEW

2.1.1 Conceptual Review

2.1.1.1 Concept of Tourism

Chambers (2013) acknowledges the increasing growth in the attention paid to tourism as an activity, in its academic research and the methods that have been adopted in studying it. The conceptual study of the subject however is not as vast as the empirical research efforts made on the subject (Xin, Tribe and Chambers, 2013) calling for the need to explore the concepts of tourism. It is regarded as “an open system of five elements interacting with broader environments, the human element, tourists; three geographical elements: generating region, transit route and destination region; and an economic element, the tourist industry” (p.74). In a rather simplistic but succinct manner, Kachel and Jennings (2010) defined tourism to mean an activity that involves visiting a place in a short time purposefully to enjoy the tourism object thereby emphasizing purposeful travel and search for pleasure as nonnegotiable elements of tourism. For Marson (2011), tourism is the sum of relationships arising from travel and stay of non-residence, in so far as they do not lead the traveler to permanent residence and are not connected with earning activity. There is the need to search for pleasure either as a resident or non-resident tourist as far as it is not for income activities nor with the intent of permanent residency in the tourist destination. Nam & Lee (2011) also define tourism to mean the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater for their needs. Deductively thus, tourism can be operationalized in this study from the foregoing as any activity of an individual or group who may be domestic or international in the search of pleasure with no intentions for permanent residence nor to engage in income without violating local authority regulations in the process.

2.1.1.2 Concept of Economic Growth

The concept of economic growth can be understood as the increase that is realized in the market value of the services and goods produced in a country over time when impact of inflation is adjusted for. The definition though emphasizing the idea of progress wealth did not recognize the place of inflation or the particular variable that is under consideration when change is being spoken of. de la Croix (2015) also defines economic growth with a focus

on individual productivity within an economy. Economic growth as is seen as the process by which quantity of goods that is earned through the same amount of work increases by time. That is the output of individuals becomes higher by time during economic growth. Tourism is recognized as one of the key economic variables that improves the economic growth and development of the society. The argument is that the role of tourism is not limited to only an increase in foreign exchange income but also increase in employment and economic growth in general (World Tourism Organization 2019).

2.2 Theory on Economic Growth and Tourism

This section of the study considers review theory that is in relation to economic growth. The Solow Theory is reviewed under this section to identify how tourism influences the growth of the economy.

The model measures the growth of a nation using the production function of neoclassical theory and it shows long run economic growth of a particular nation. The model assumes that there is a relationship between land, infrastructure etc. and economic growth. Since this study considers how tourism influences economic growth in Ghana, then these factors are of importance to the study. In essence, the Solow model suggests that for an economy to achieve higher GDP growth, there must be the availability of resources in terms of infrastructure, natural resources, and other capital to aid in this process. Thus, when resources within the society are used efficiently, economic growth is likely to be achieved. In relation to tourism, the theory suggests that when a country's natural resources, infrastructure and man-made resources are used efficiently, they could aid in balance of payment surplus, thereby improving GDP of the country, thus, economic growth in the long run (Ardahaey, 2011). As such, from the perspective of Solow model, there is a causal relationship between tourism and economic growth.

2.3 The relationship between tourism and infrastructural development in Ghana

Tourism has been recognized as an impetus for driving feasible improvement in the contemporary period (WTTC, 2011). Tourism represents almost a modest amount of the World Gross Domestic Product (GDP) containing \$5.89 trillion in economic movement and it was expected to increase in 2020 (WTTC, 2011). To tap into the benefits of tourism, the government of Ghana has marshal out methodologies for repositioning the tourism area for practical turn of events. One of the vital goals at the gathering incorporated the audit of public tourism strategy system for the improvement in infrastructure to in the tourism area. According to World Tourism Organization (2019), improvement in tourism cannot be achieved without proper improvement in infrastructure in the country. Infrastructure alludes to the crucial amenities and frameworks serving a nation, city or region; including the administrations and offices essential for its economy to work. As a subsector of the economy, tourism is reliant upon essential infrastructure to work. The World Tourism Organization (2011) saw that tourism can be of beneficial to the economy when there increase in the infrastructure development of the country. It is evident that guest houses and hotels, cafés, recreational centers, and numerous others go under the ambit of infrastructure development. Scholars such as Uche (2010); and Kimbu (2011) revealed the need for improvement in road infrastructure, transportation, and accommodation/ housing infrastructure to attract people in tourism.

2.3.1 Infrastructure in Tourism

Tourism infrastructure can be viewed as the actual components that are planned and raised to provide all necessary comfort for guests. The solid connection between tourism growth and infrastructure has been established by various scholars (Adebayo & Iwaka, 2014). A few creators highlight the contrast between tourism framework and suprastructure, guaranteeing that suprastructure relies upon such facilities. Tourism infrastructure incorporates subordinate and other fields and assets essential for ensuring that individuals get to their location. This fundamentally incorporates land road, railroads, air terminals, and such, which make a traveler location available for tourists. Their primary intention is convenience and addressing the requirements and wants of travelers, as guest houses, campgrounds, cafés, sports offices, and so forth (Teodorovic & Popesku, 2017). Tourism infrastructure is the premise of tourism advancement, just as a base for usage of meeting the needs of tourists. The significance of tourism infrastructure is reflected in the way that it can add to expanding the productivity of production and conveyance of tourism administrations, and, at times, like distant, indeed, even increment the stockpile of tourism administrations.

2.3.3 Accessibility Infrastructure

A study in 1974 by Gearing et al, revealed the need for countries to appreciate the need for transportation as a means to improve the development of the tourism industry. The above study which was conducted about 47 years ago is still seen to be crucial in today's tourism industry. For instance a study conducted by Porfiriyev (2012) purported that the lack of infrastructure including transportation limits the growth of the tourism industry and with this regard, it is critical to have better transportation networks to improve the industry.

Today, tourism is found to be very effective in leading an economy to achieve growth and development. This is due to the notion that it ensures that all aspect of the society is improved including transportation. As indicated tourists and travelers that they prefer to have good road network and other means of transportation in during their stay as tourists (Province 2013) Picking the sort of admittance to tourism objective places and guaranteeing the vehicle for these two boundaries impact the infrastructure. Tourism, unquestionably, is one of the important regions where the meaning of traffic for the economic advancement of a state is mitigated. Transport is a significant component in the development of tourism. Generally, the improvement of tourism has been almost associated with advances in transport innovation and advancement, which has led to various countries identifying ways upon which transportation can be developed to improve the networking of that invariable improves tourism (Lohmann and Pearce 2012). This view is supported by the work of Griffith University that identified the relationship between tourism and transportation. It was found that transportation is a significant part of tourism and at the same time ensuring the safety of all travelers from to their location. The populace in Sub-Saharan Africa urban communities keep on tend to increase rapidly, surpassing the current transport facilities. The dimensional development in these urban communities are described by inconsistent policy to match to it, this has led to quick urbanization and quick destruction of facilities in the urban (Sietchiping, Permezel and Ngomsi, 2012). This has prompted the issue of versatility that is subject to public transportation whereas other have used alternative means through the use of walk or motor cycle transportation as the essential means for most people. Very little endeavors have been made to foster vehicle alternatives and further reduce the usage of motor cycle or having to walk long distance. Sietchiping et al., (2012) in their thesis featured that most urban areas in sub-Saharan Africa center around vehicle subordinate systems urban areas as opposed to different method for metropolitan versatility. This negates the setting where walking for longer distance and cycling are a norm and the principle method for transport. Studies gives various perspectives on the number variables in addressing tourism infrastructure. Subsequently, as per the Tourism and Transport Forum (Tourism and Transport Forum, 2012), infrastructure is the main network of transport, social and natural foundation working together at a territorial level to make an appealing tourism objective. Transport foundation in this chain gives objective admittance to tourists from the global world and domestic business sectors, and incorporates streets, air terminals, and railroads. Social infrastructure per the report from Tourism and Transport forum in 2012 indicated the need for better accommodation facilities to ensure that tourists will have the best to their place of tourism as rather than any other place. This foundation incorporates guest houses and hotels, conference halls, arenas, exhibitions, and other important offices. There is also the need to consider the issue of environmental infrastructure which was explain by the Tourism and Transport forum (2012) is a natural resource, and alludes to public parks, marine sites, and holds which guests can visit. Also, these three kinds of infrastructure, that is the social infrastructure, the environmental infrastructure and transport infrastructure are key to ensure that tourism improves in the economy and promote to the growth of the economy in the long run (Tourism and Transport Forum, 2012). The issue of ownership of tourism infrastructure, which is an integral element of tourism supply chain, depends on the part observed. Infrastructure in the area of tourism is based largely on investment, coming from the private sector, and this share reaches 78% of the total investment in tourism (Tourism & Transport Forum, 2012). Social infrastructure is financed mainly from the private sector, while environmental infrastructure belongs to the state and includes public goods. Transport infrastructure is mostly owned by the state, and it is directly responsible for investment in this area, as well as development. The formation of tourism infrastructure substantially contributes to increasing the complexity of the tourism phenomenon, which affects the increase in functional complexity and territorial, destination, competitiveness (Lovelock, 2013). It follows, then, that both the state and public enterprises, and the private sector are responsible for the quality of infrastructure. Planning the sustainable development of tourism infrastructure in line with this requires overall development of basic infrastructure and facilities, along with all tourism facilities in a balanced way.

2.3.4 The relationship between crime rate and tourism in Ghana

Studies have shown that tourism tend to have great impact on the economy. Several research have identified a positive relationship between tourism and economic growth in developing country both in the short and the long run. However, little studies have gone into identifying the short run and long run negative effect of tourism on the host society (Biagi and Detotto 2012). On one side, the expanding interest for tourism industry great and the inborn attributes of the tourism industry item support nearby economy and make inhabitants benefit. On the opposite side, the features of tourism industry tends to pose negative environmental or social externality effect on the host country thereby, making the resident negatively affected (Grinols et al., 2011). At the point when these adverse consequences are not appropriately considered, tourism led improvement becomes impractical. In this case the tourism industry forces a social expense on occupants, yet it moreover produces an inconvenient impact for the tourism market in general, contrarily influencing potential the demand for tourism Campaniello (2013).

In 1980, Fuji and Mak conducted a study to identify why crime tends to increase when there are visitors and travelers in another country. The outcome of the study suggests that tourists who come to the host country come with valuable items including money and this attract the people within the country to commit such crime.

Recently, Grinols et al. (2011) with the use of panel data in the United States on crime and tourism, indicated that for there is no effect of tourism on wrongdoing in the host country. On the other hand, Campaniello (2013), again utilizing a panel data approach, investigates the instance of the 1990 Football World Cup in Italy; the outcomes show that facilitating the Football World Cup has prompted a critical increase in property crime. In the same vein, Biagi and Detotto in 2012 conducted their study identifying the relationship between tourism and crime. Outcome of the study concluded that there is a positive relationship between tourism and crime. In another study, Baker and Stockton (2014) express that the connection between crime percentages and the tourist cannot be fully established. They however, highlight different elements affecting the crime percentages, essentially the quantity of police in the urban areas, since their examination has shown an association between high police personnel and decreased crime percentages.

Biagi et al. (2012), also found a positive relationship between crime and tourism in the host country. The outcome of their study indicated that when there is an increase foreigners by one percent, crime rate increases by 0.018 percent. Also, the work of Biagi and Detotto in 2014 indicated that when there is an increase in tourism crime also increases. To them, an increase in tourism leads to increase in petty theft such as pickpocketing. The study revealed that the tourism and crime is highly associated in the urban centers than the rural communities. In relation to the work of Montollio and Planells-Struse (2013), they conducted a comparative study to identify crime rate of both serious crimes such armed robbery and petty crime such pickpocketing on tourism. The outcome of the study revealed that serious crimes are high when there is increase in tourism and therefore shows a positive statistical significance between serious crime and tourism. However, the study also found that there is no statistical significant effect of tourism on minor crimes. Tourists younger than 30 are considered most vulnerable where 58% of respondents considered themselves vulnerable to crime, while only 25.3% of respondents over the age of 50 thought the same about themselves. Gender showed a certain correlation with vulnerability perception: 49.7% of women were considered as vulnerable to crime, while that figure was lower in male respondents, i.e. it was 37.2%. George in 2010 confirmed the above study by stating that the age of tourists was a key factor for being a victim of crime and, in most often these individuals prefer security for their activities from being assaulted or robbed. This was found that individuals under 55 years always prefer security, and with those older than 55 their anxiety for individual security diminished. When taking a gander at sex, there was no relationship found between respondent's sexual orientation and the impression of security.

To them, people in the host country frown upon people tourism related crimes and condemn people who engage in such act. Barclay (2015) also contended that the volatile nature of tourism in terms of large number of people having to stay in a small space, and lack of familiarity with the people a person meet during the tourism season create the avenue for people to commit crime without being found or apprehended for their actions. The result could also be confirmed by Ghaderi et al. (2017) with the view that tourism has a negative relationship with crime. This according to their report is due to the likelihood that these forms of crime tend to increase when there is growth in the tourism industry. Boxill (2012) was of the view that due to crime rate in Mexico prevents the growth in tourism. The result of the study revealed that media has led to the increase publicizing crime in countries to the world and this has led to either amplifying tourism or reduce the number of tourist arrival of a particular country. This view was also confirmed by Brown (2015) as he concluded that tourist increase in a host country could be influence by reduction in media information on crime in the host country.

2.5 Policy and Interventions on tourism in Ghana

The issue in relation to tourism has been well received by various leaders including both governmental and non-governmental organisations. This has led to them adopting policies and strategies to deal ensure the best from tourism (Wang and Bramwell 2012), the Government interventionist approach specifically, in the area of political economy on sustainable tourism development hold the assumption that governments should be the dominant actor, fronting tourism management and development (Wang & Bramwell, 2012; Webster, Ivanov, & Illum, 2011). This helps any government to monitor the inflow of tourists, foreign exchange and as well know the areas within its tourism sector that have challenges and be able to mitigate them. Qin, Wall and Liu (2011) are of the view that when governments take a lead role in its tourism industry, it places them in a position where they can strategically engage the private sector to invest in the tourism industry. Ellis and Sheridan (2014) add that involving the private sector means boosting the local economy through job creation and raking in more foreign exchange. What this means for the government is an increase in revenue generation through taxation. The role of the government in the tourism then will include “public protection, social tourism, stimulation, entrepreneurship, legislation and

regulation, planning, and coordination” (Alhassan, 2017:10). It also includes transport promotion, consumer protection, education and training, logistics, organizing events all fall within the broader role of the government. While literature indicated some years ago that the motive behind government intervention in its tourism industry was profit-making, Ruhanen (2013) intimates that the motive for the intervention of the government goes beyond economic reasons adding that the unwillingness from locals to agree and back tourism development, and the negative impacts of tourism on local population have extended government’s role to add environmental and social concerns. Abubakar and Mavondo (2014) held that per chance because the state has vast resources and binding power, the government is able to provide standards through legal framework, champion industry planning and research and provide subsidies for tourism development.

The National Tourism Development Plan (1996 – 2010; 2013 – 2027) is one of the main contributions and role of the government of Ghana in the tourism industry. Some decades ago, tourism in Ghana was given less attention as it was realized that the activity yielded no great results despite the beautiful sites in Ghana. While in 1993 the government of Ghana established the Ministry of Tourism to demonstrate its commitment to tourism, in 1996 however, the government of Ghana with assistance from the United Nations World Tourism Organization (UNWTO) and the United Nations Development Programme formulated a 15 year plan for tourism development in Ghana (Havi & Enu, 2013).

Although, the 15year programme has ended, it was deemed fruitful as statistics show that between 2005 and 2010 when the development programme ended, there has been an increase in the number of star-rated hotel from 1,345 in 2005 to 1,747 in 2010. While a greater number of these hotels are in Accra, there is an increasing number of them under construction at Cape Coast, Takoradi, Koforidua and Kumasi. The statistics again show that while there is a decline in the number of travel and tour agencies from 211 to 164 between 2005 and 2010. It is an applause to the tourism industry because the 47 travel and tour agencies that were shut down because they failed to acquire an International Air Transport Association (IATA) license which shows that there has been an increase in the level of professionalism attached to the tourism industry in Ghana. Licensed car rental agencies have increased from 53 to 92 between 2005 and 2010. Moreover, the number of airlines servicing Ghana has increased from 24 as at 2011 to 34 in July 2012 with an expected addition of 6 more airlines by the end of that same year (Havi & Enu, 2013; Ministry of Tourism, 2013).

It could also be said that some non-governmental organisations have also contributed immensely to the tourism industry in Ghana. Organizations such as the World Trade Organization, UNDP, UN Economic Commission for Africa and UNWTO are currently international organizations who are major stakeholders in the development of Ghana’s tourism industry (Havi & Enu, 2013; Ministry of Tourism, 2013; World Bank, 2018). For instance, with assistance from the UNDP, UNWTO and the WTO, the ministry of tourism was established in 1993. These international organizations support Ghana’s tourism industry in diverse ways including technical expertise, funding and development planning (World Bank, 2018). In 2018 for instance, the World Bank credited Ghana with some \$40 million to embark on a tourism development project aimed at upgrading certain tourist sites in Ghana which will in turn boost the tourism industry. The review above specifically shows how important the study it is to leaders of the country. With that, the National Tourism Development Plan was re-initiated in 2013 and is to end 2027 - another 15year development programme – intended to increase the number of tourists, increase the foreign exchange and create jobs for the many unemployed Ghanaians. It is also expected that by the year 2027 that the programme should’ve increased the GDP from 4.3% in 2010 to 5.70%.

2.6 COVID 19 as a Challenge to Tourism in Ghana

This review has established the relevance of tourism to the economy of various countries. It has been able to propel the growth and development of the economy. It is evident from tourism report in 2018 where a total of \$1.480 billion was received from tourism globally. The revenue generated in tourism have had successive increase. In 2018, the increase in tourism revenue increase about 4.4 percent higher than (2010 UNWTO 2020). It was recorded that in 2019 the sector alone had contributed to about 300 million jobs worldwide. The sector also contributed to about 29 percent of the service sector in world export (UNWTO 2020). Tourism is therefore a significant in the creation of employment and development of an economy. The role of tourism has contributed in solving unemployment in many countries and has been a great support to government in terms of budget deficit (UN 2020). However, the inception of COVID 19 puts a toll on the sector. A report from the world health organisation indicates that by June 2020, over 10 million individuals had been infected with virus. This has not only reduced the returns for countries but also the employment opportunities for individuals globally. Losses in the industry was estimated of about \$850 million to \$1.1 billion globally in tourist arrival, \$910 million to \$1.1 trillion in export revenues (UNWTO 2020). The report also indicates job losses to be over 100 to 120 million. It is evident in Ghana that unemployment has risen due to COVID 19.

3.0 Research Methodology

3.2 Research Design

This study was conducted both quantitatively and qualitatively. This method therefore allowed the research to adopt explorative method as the research design for the study. This research design provides the room to analyse the study quantitatively and well as qualitatively. Thus, this design becomes the best approach as the researcher is able to select several variables to meet the objective of the study.

3.4.1 Model Specification

In examining the causal relationship between tourism and economic growth, we make use of data from the WDI data base. The model used reviews both the dependent and independent variables and how they influence each other. The dependent variable used in the study is the GDP growth and it is used as a proxy for economic growth. On the other hand, tourism, Gross fixed capital formation, Population, Trade openness, Taxation, and Inflation formed form the explanatory variable for the study. The study recognizes the importance of other explanatory variables on economic growth. Thus, Gross Fixed Capital Formation, Population, Trade Openness, and Taxation, will form the controlled variables.

$$LGDP = \beta_1 + \beta_2LTRM_t + \beta_3LPOP_t + B_4LOPEN_t + \beta_5LINF_t + \beta_6LCR_t + \beta_7LIN_t + \beta_8LTAX_t + \beta_9LGDP_{t-1} + e_t$$

LGPD represents the log Gross Domestic product, LTRM is the log of tourism revenue receipt. Also, LPOP represents population, LOPEN expresses Trade openness, LCR indicating crime rate, LINF infrastructure, LTA as taxation and LIN represents inflation. The study will also employ the lag of GDP and the error correction term e_t . β represented the parameter for the study.

The null hypothesis of no co-integration ($H_0: \pi_1 = \pi_n = 0$) is tested against the alternative hypothesis of the presence of co-integration relationship ($H_1: \pi_0 \neq \pi_1 \neq 0$). Using the Johansen Cointegration Test; the study can conclude of cointegration if the computed static statistic and the max eigen statistic are greater than the upper bound critical value. Alternatively, if the computed static statistic and the max eigen statistic are lower than the lower band value, there is no co-integration. A statistic in between the lower and upper band value depicts inconclusive results.

The specified Augmented Dickey Fuller Test model and Johansen cointegration test is stated below;

$$LGDP = \beta_1 + \beta_2LTRM_t + \beta_3LPOP_t + B_4LOPEN_t + \beta_5LINF_t + \beta_6LCR_t + \beta_7INFRA_t + \beta_8LIN_t + \beta_9TAX_t + \beta_9LGDP_{t-1} + e_t$$

3.5 Data Analysis

This study adopted the inferential approach for the analysis. This was to ensure that information gathered provided generic view of how tourism influence development of Ghana. For this analysis, the study used secondary data gathered from the World Bank WDI, the Ghana Statistical Service and other related sources from 1990 to 2019. The study adopted graphs, instrumental variable estimation and Generalized Method of Moment for the analysis of the study. Also, primary data collection was adopted to solicit information from respondents on how policies introduced by government of Ghana have affected tourism industry. In this regard, the Google form was used as the tool to solicit information from various managers and heads of tourism industry. This aided in identify how policies have influence tourism and how COVID 19 has also impacted the sector.

4.0 Data, Analysis and Discussion

This chapter considers the data gathered to achieve the objective of the study. The study tends to focus on the various objective of the study to analyse and discuss the objective of the study. The therefore tests for the unit root, the co-integration test. It also looks at the hypothesis testing of study and finally, provides qualitative interpretation to the study for in-depth understanding of phenomenon.

4.2 Summary Statistics

This section provides summary of data used in the analysis.

Table 4. 1 Summary Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
GDP	30	5.475174	2.411073	2.178207	14.04712
POP	30	2.504722	.205148	2.192829	2.896004
Trade	30	73.28414	11.82417	62.02115	116.0484
EXCH	30	1.594025	2.196538	.032616	9.52063
INFL	30	23.74529	15.20039	7.14	80.75458
TOUR	30	5.296554	1.810715	2.533493	9.864135
RESOURCE	30	11.13619	2.719763	6.386813	28.21927
CRIME	30	1.986737	.171118	1.66	2.3
INFRA	30	48.51849	21.88817	.1618378	70.51116

This section of the study provides summary statistical analysis of the data used in the study. The outcome of the study suggests that mean value of Gross Domestic Product was 5.475 and having a standard deviation of 4.11. The minimum value from 1990 to 2019 was found to be 2.1782 and the maximum value was estimated to be 14.047. Also, in relation to population growth, the outcome of the study revealed that from 1990 to 2019, the mean growth rate value in Ghana was 2.505 and a standard deviation of 0.205; suggesting that the values of the population growth in Ghana is closer to the mean value. Likewise, the minimum and maximum values in the same period were found to be 2.193 and 2.896 respectively. Moving on to international trade, the mean value from 1990 to 2019 was 73.284 and had a standard deviation of 11.824. It was also found that the minimum and maximum value for the international trade from 1990 to 2019 were 62.02115 and 116.0484 respectively. Exchange rate is also another variable that is key to this study as it impacts the growth and development of an economy. It was therefore revealed that from 1990 to 2019 the mean and standard deviation of exchange of Ghana were at 1.594 and 2.196 respectively. The minimum and maximum values were also found to be at 0.326 and 9.521 respectively. In the same period, the mean inflation was found to be 23.74 whereas the standard deviation was also estimated as 15.20. The minimum value was also estimated at 7.14 and the inflationary value at 80.755 from 1990 to 2019. Tourism which is the main explanatory variable for the study also found to have an average value of 5.297 and standard deviation of 1.811 from 1990 to 2019. The minimum and maximum value for tourism in the same period made values of 2.533 and 9.864 respectively. The study also adopted natural resources as the instrumental variable for the study. It was recorded that the mean value was estimated to be 11.13619 and the standard deviation was also found at 2.719763. The study revealed that the minimum and maximum values were estimated to be 6.386813 and 16.28886 respectively. Crime rate was also found to be significant to the study. The average value from 1990 to 2019 was 1.986737 with a standard deviation of 0.171118. The study also found that the minimum and maximum value were estimated to be 1.66 and 2.3 respectively from the same period. Finally, infrastructure as key variable to the study was also found to have an average value of 48.51849 and a standard deviation of 21.88817. The minimum and maximum value was also estimated to be 0.1618378 and 70.51116 respectively from 1990 to 2019.

4.5 Pearson Correlation

Pearson correlation was key to this study. It was to determine the relationship among the variables used in the study. The result of the study showed international trade is positively related to the dependent variable, which is GDP. The result showed a strong positive correlation between international trade and GDP (0.8621). Also, there was a negative weak relationship between population growth and GDP. However, exchange rate showed a strong positive relationship with GDP growth. The outcome of the study also revealed that inflation and GDP had a weak negative relationship. Tourism as the main explanatory variable was also analyzed to identify the relationship with GDP growth. The outcome of the study showed that tourism has a strong positive relationship with economic growth of the country. Crime as a key variable to the study was also looked at to identify its relationship with GDP growth. The result showed that crime had negative relationship with the economic growth of the economy of Ghana. It is not surprising as tourism and crime had a negative relationship. Infrastructure and GDP growth were found to have a positive relationship. The result of the study also show that tourism and infrastructure has a positive relationship. This will be further explained the subsequent sections.

Table 4. 2 Pearson Correlation

	GDP	Trade	POP	EXCH	INFL	TOUR	CRIME	INFRA
GDP	1.0000							
TRADE	0.8621	1.0000						
	0.0000							
POP	-0.2230	-0.1829	1.0000					
	0.2363	0.3332						
EXCH	0.8486	0.7623	-0.4885	1.0000				
	0.0000	0.0000	0.0062					
INFL	-0.0961	-0.1684	0.2511	-0.2269	1.0000			
	0.6133	0.3738	0.1807	0.2280				
TOUR	0.7345	0.5815	-0.1330	0.4748	0.0379	1.0000		
	0.0000	0.0008	0.4835	0.0080	0.8424			
CRIME	-0.2454	-0.1264	0.1824	-0.2241	-0.1305	-0.3123	1.0000	
	0.1912	0.5058	0.3348	0.2337	0.4917	0.009		
INFRA	-0.0370	0.0677	0.4476	-0.1693	0.3504	.0487614	0.2240	1.0000
	0.8461	0.7222	0.0131	0.3710	0.0576	0.072	0.2340	

Source: Computation obtained on World Development Indicators

4.6 Graph and regression indicating the statistical relationship between infrastructure and tourism in Ghana.

The study found the need to identify the statistical relationship between tourism and infrastructure development. The outcome of the study showed that the R-squared and adjusted R-squared of the distribution were found to be 0.1110 and 0.0792 respectively. Thus, infrastructure had about 11 percent influence on tourism development in Ghana. The result of the study also found the intercept of coefficient of study to be 0.0487614. This clearly indicates a positive relationship between tourism and infrastructure development in Ghana. In testing for the hypothesis of the study on whether infrastructure has a positive relationship with tourism, the outcome of the study showed that at there is no significant relationship between tourism and infrastructure development in Ghana. The p-value of 0.0720 was not significant at both 5 and 1 percent. Tourism and infrastructure were however, had a positive significant relationship at 10 level of significant. The study was however, measured on 5 percent and 1 percent level of significant thereby making the relationship between tourism and infrastructure insignificant. The outcome of the study however, indicates a positive relationship between tourism and tourism. This could be found in figure 4.1. The result clearly shows a positive direction of the line graph of both infrastructure and tourism. The result therefore shows that even though relationship between tourism and infrastructure was not significant, there is positive relationship between infrastructure development and tourism development. The outcome suggests that as infrastructure increases, tourism increases.

Figure 4. 1 Relationship between Infrastructure and Tourism

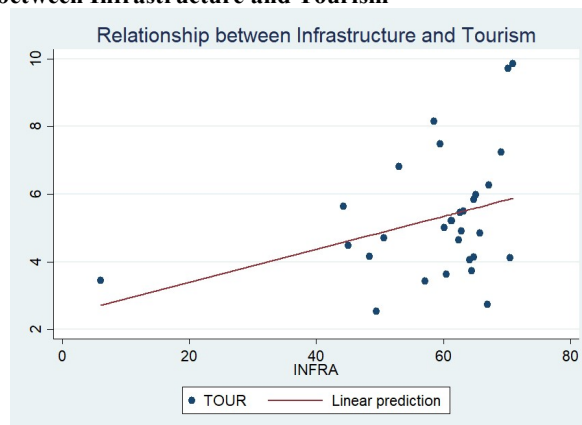


Table 4. 3 Estimation of Infrastructure and Tourism Model

Variables	Coefficient	Robust Std. Err	Prob (t)
INFRA	.0487614	.0260794	0.072
R-squared	0.1110		
Adjusted R-squared	0.0792		
Observations	30		

Source: Author 2020; Computation based on information from World Bank, IMF and HDI.

4.7 Hypothesis test on Relationship between Tourism and Crime in Ghana

This section of the study focused on the relationship between tourism and crime in Ghana. Several studies analysed have provided mixed information. Some have indicated that crime could influence the growth of tourism in an economy. To them, an increase in crime for a country could negatively influence tourism development. The study therefore investigated this hypothesis to identify if it works in Ghana. The R-squared value showed a value of 0.2212 and adjusted R-squared with a value of 0.1934. The result of the hypothesis testing showed that at alpha of 0.01, there was a significant relationship between tourism and crime in Ghana with p-value of 0.009. The relationship between tourism and crime was however found to be negatively related. Thus, at alpha of 0.01, tourism and crime are negatively related in Ghana. Thus, as crime in Ghana increases, tourism receipt in Ghana falls and as crime falls, tourism receipt increases. This is further detailed in the graph below. From figure 4.2, the line graph clearly depicts a negative relationship between tourism and crime. As crime was increasing, tourism is found to fall and as crime falls tourism in Ghana increases. The result of the study reveals as tourism in Ghana increases from the period of 1990 to 2019, crime tends to fall within the same period and tourism falls within the same period, crime also increases from 1990 to 2019.

Figure 4. 2 Relationship between Infrastructure and Tourism

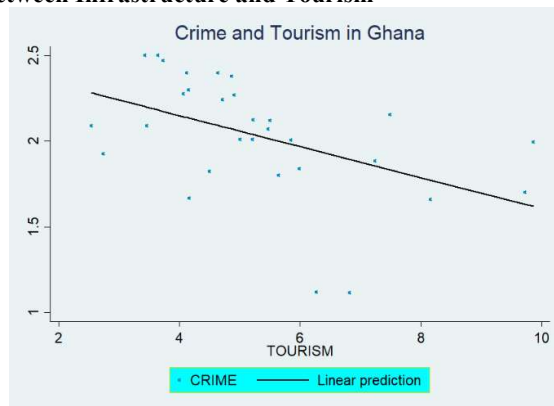


Table 4. 4 Estimation of CRIME and Tourism Model

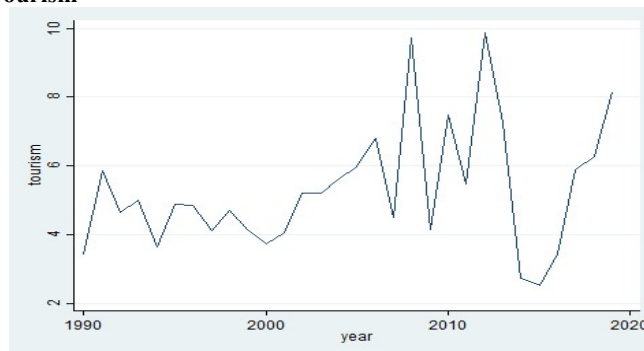
Variables	Coefficient	Robust Std. Err	Prob (t)
Crime	-.0904048	.0320588	0.009
R-squared	0.2212		
Adjusted R-squared	0.1934		
Observations	30		

Source: Author 2020; Computation based on information from World Bank, IMF and HDI.

4.8 Trend Analysis of Tourism in Ghana

Identifying how the tourism has fared in Ghana is very significant to this study. This trend was analysed from 1990 to 2019. This figure 4.3 clearly provides the nature of tourism in Ghana and in our subsequent chapter; we will focus on how that has impacted the growth of the economy. From the figure below, it could be indicated that in 1990, the tourism receipt in Ghana was below 4% to GDP. This however changed in the previous year as it started to soar. This increase immediately changed in subsequent years. Around 1995, the sector experienced a setback as its receipt to GDP reduced. It could however be found that after 1995 sector experience a relative stability until the year 2000. Increase tourism receipt begun to have significant increase from the year 2000. This could be attributed to the policies that were put in place by the government. From the figure below, it is evident that after 2007, the sector has experienced high level of fluctuations. This could be attributed to global economic recession in 2010. It could however, be as result of changes in policies due the changes in government. The sector had tremendous progress from 2015 to 2019. This is as result of an improved policy in sector. In 2018/2019, the Government of Ghana initiated “The year of return” which positively impacted the sector until COVID 19 negatively affected such progress. In summary, it could be said that sector has had fluctuations in its progress rather than consistent and steady progress.

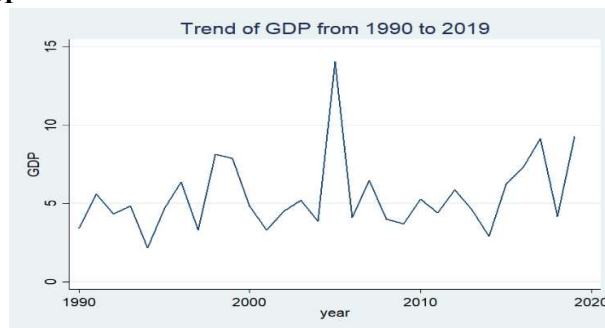
Figure 4. 3 Trend of Tourism



4.8.1 Trend Analysis of GDP in Ghana

The dependent variable for the study which is GDP growth was also of importance. The study considered the trend analysis of GDP growth in Ghana. From the study, it is evident that in 1990, the GDP growth Ghana was less than 5%. It however, started to peak up which even saw more than 5% return on the economy. The study it could also be seen that from year 2000, GDP made consistent increase until around 2008 and 2009 which could be attributed to the global economic recession. The economy achieved high economic growth 2011 due to the discovery of oil. There was sharp decline in GDP growth due to power outage that took place from 2012 to 2016. The economy however started to pick up in 2017. The analysis given reveal the tremendous improvement in at certain period but was however shaken during other periods.

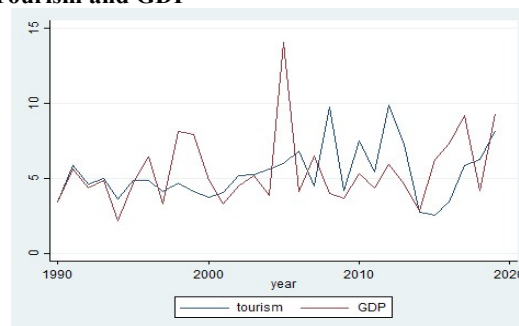
Figure 4. 4 Trend of GDP



4.8.2 Trend Analysis of Tourism and GDP in Ghana

The result of the graph depicts the trend from 1990 to 2019 between GDP and tourism. The outcome of the result indicates that as tourism increases from 1990, GDP of Ghana also increases. The study also found that as tourism fell in 1995, GDP growth also fell in the same period. It could also find that both tourism and GDP growth of Ghana experience an increase in 2011. There was however, a fall in both tourism and GDP growth was also found in 2011. It is also evident from the graph that as tourism started to spike up, GDP growth also increased from 2016 to 2019. The result of the study gives a clearly indication that trend of tourism and GDP growth are interrelated. Generally, as tourism increased, GDP growth in Ghana increased and as tourism falls, GDP falls. However, the graph also reveals that the changes in economic growth cannot whole be attributed to the progress of tourism.

Figure 4. 5 Trend between Tourism and GDP



4.9 Effect Tourism on the Economic growth of Ghana

This section of the study focuses on the effect of tourism on economic growth and development. The study also looks at how lag of GDP could influence the current GDP growth in Ghana. That is, the study identified how the previous year’s growth in GDP could influence the current growth. With that Generalized method of Moment was the method adopted in this section.

4.9 Estimation of the effect of Tourism on GDP with Instrumental Variable Regression

Despite the relevance of Granger causality test in the previous analysis, it failed to indicate the direction of the relationship between the dependent variable and the independent variables. As such there was the need to estimate a method that provides the direction of the effect from the independent variables on the dependent variable. This section provides instrumental variable regression estimation as such estimation tries to isolate the main explanatory variable (tourism) to establish the causal effect on the dependent variable which is economic growth.

4.9.1 Simple Regression Estimation of GDP Growth Model (GDP)

In order to conduct the instrumental variable, there was the need to conduct simple regression estimation to establish whether tourism has any effect on economic growth of Ghana. As such, this sub-section of the study focused on simple regression estimation. It was conducted to provide the overview of result of the explanatory variables on the dependent variable which is economic growth (GDP). The table below gives a detailed report on the estimation.

Table 4. 5 Simple Regression Estimation of GDP Growth Model (GDP)

Variables	Coefficient	Robust Std. Err	Prob (t)
LNTOUR	.3522166	.1166781	0.006
LNOPEN	2.067384	.9233175	0.036
LNPOP	.1228677	.3182287	0.703
LNINF	.0014819	.0101292	0.885
LNCRIME	-.7746329	.5273137	0.156
LNEXCH	.6136452	.119483	0.000
LNINFRA	.0017509	.0128005	0.892
LNRES	-.8125251	.5686187	0.168
R-squared	0.9249		
Adjusted R-squared	0.9010		
Observations	30		

Source: *Author 2020; Computation based on information from World Bank, IMF and HDI.*

The simple regression estimator used in this study was to provide the direction and effect of each variable in order to allow the use for instrumental variable. The outcome from the data showed R-squared value of 0.9249. The adjusted R-squared had a value of 0.9010 indicating that the changes in the economic growth of Ghana which is the dependent variable is influenced by the explanatory variables in the study being trade, population growth, exchange rate, inflation and tourism. The study adopted the regression analysis as the first approach to identify the effect of the explanatory variable on the independent variable. With the dependent variable being GDP growth as a proxy of economic growth and development, and the explanatory variables having to be international trade, population growth, natural resource, inflation, crime, infrastructure, exchange rate and tourism. The study showed that international trade has positive significant effect on the economic growth in Ghana at 5% percent level of significant with p-value of 0.036. This indicates that all things being equal, there international trade in Ghana positively affect the growth of the country. The study also identified that another controlled variable which is exchange rate of Ghana also have a positive effect on the economy at 1 percent level of significant with a p-value of (0.000). The study however found that population growth of the country has no significant effect on the growth and development on the economy but however, showed a positive relationship with economic growth. Inflation was also found to have no significant effect on the economic growth of Ghana. It was however, found to be positively related to the economic growth of country. Infrastructure development showed a positive relationship on economic growth in Ghana. However, the outcome of the study showed no significant effect on economic growth of the country. This study adopts instrumental variable estimation. To conduct such statistic, there is the need to have a naturally, born variable that are not influence by any other variable as such, natural resource was the variable used to identify whether its depletion influence tourism and how that affect economic growth of the country. Thus, the need for natural resource (rivers, forest reserves, etc) which is a naturally borne variable was introduced to identify whether it has any direct effect on the dependent variable. The result of the study showed that natural resource of the country had no significant effect on the economic growth of Ghana. However, when the main independent variable to for the study which is tourism was selected, the outcome of the study showed that showed that at 1% level of significant, and there is a positive relationship between tourism and economic growth of Ghana.

The result of the study clearly depicts that tourism has a significant effect on the economic growth of Ghana. However, this method failed to factor in the effect of endogenous variable on the study. Thus, the simple regression estimation tends to be bias in terms of its interest of relation which is related to reverse causality, selection bias and measurement error. In effect, there is the need to estimate a method that takes into consideration the various endogenous variables and biases in its estimation. Thus, the need for instrumental variable estimation.

4.9.2 Estimation of Tourism Model

In order to approve the instrumental variable estimation, there was the need to identify a variable that is naturally born, and has no direct effect on the dependent variable but has direct effect on the main explanatory variable that is under studied. Thus, instrumental variable should influence the dependent variable indirectly through the main explanatory variable and must be naturally born to eliminate error term in the study. The study tested if changes in tourism could be influenced by natural resource of the country. The study reports the outcome in the table below.

Table 4. 6 Estimation of Tourism Model

Variables	Coefficient	Robust Std. Err	Prob (t)
LNRES	.3487916	.0965296	0.001
R-squared	0.3180		
Adjusted R-squared	0.2936		
Observations	30		

Source: *Author 2020; Computation based on information from World Bank, IMF and HDI.*

In determining the endogenous variable, tourism was estimated on natural resources to know whether the changes in natural resources of the country could influence the tourism industry in Ghana. That is, whether the receipt of tourism in Ghana is influenced by the increase or decrease in natural resources of the country. The outcome of the study showed that indeed, natural resources which is naturally borne variable tends to influence the tourism receipt in Ghana. In effect, natural resource was found to have positive significant effect on tourism of Ghana at 1% level. That is, less degradation and less depletion of land and other resources of Ghana tends to impact the tourism industry in Ghana positively and increase the depletion of the resources negatively impacts the growth of tourism industry in Ghana. The outcome provides the evidence that natural resource as a naturally born variable and had no direct impact on the economic growth of Ghana could serves as an instrument variable for the study.

4.9.3 Intrumental Variables Estimation of GDP Growth Model (GDP)

This section of the study provides the basis to adopt the instrumental variable estimation as the best method to identify the effect of tourism on GDP growth. That is, in order to establish a clear and consievable causal refernce between GDP and tourism, there was the need to conduct regression estimation with the aid of instrumental variable. This method allowed the researcher to ensure that variables that are endogeneous to the the explanatory variable are also taking into consideration to ensure accurate causal effect of tourism on GDP growth. Thus, natural resource selected as the instrumental variable per the information given in the previous section.

4.9.5 First Stage Regression

In an attempt to ensure that the instrument used in the study was a strong instrument, another post estimation test was conducted. That is the first stage regression test. The null hypothesis of the study states that there are ‘weak instruments in the estimation’. Whereas the alternative hypothesis on the hand claims that there are no weak instruments. The result can find in table 4.8.

Table 4. 7 First Stage Regression Test

Variable	R-Sq	Adjusted R-Sq	Partial R-sq	F(1,27)	Prob > F
LnTour	0.6647	0.6150	0.4857	25.5013	0.0000

Source: *Author 2020; Computation based on information from World Bank, IMF and HDI.*

The result from the first stage test had R-square and Adjusted R-squared of 0.6647 and 0.6150 respectively. This indicates a relatively strong association among the instruments. In addition, with the statistical value of 25.5013 and a p-value of 0.000, it is an indicative that at 1% percent level of significant, there is no enough evidence to support the null hypothesis. Thus, claim that there are ‘weak instruments in the estimation’ is rejected and the alternative hypothesis which claims that there are no weak instruments is accepted. As such we conclude that instrument used for the study is strong and valid for the study. The study therefore concludes that tourism receipt in Ghana has a positive significant effect on economic growth. That is, from the study, as the receipt on tourism increases in the country, the growth of the economy also increases. This could be affirmed from the support that

has been devoted to tourism by successive government in recent years as an approach to improve the growth of the nation.

4.9.6 Generalized Method of Moment (GMM) Estimation of GDP Growth Model (GDP)

In an attempt to ensure that issues of heteroskedasticity and auto correlation is resolved, the best approach to adopt is the Generalised Method of Moment. This section therefore introduced GMM in the estimation of result in order to ensure the validity of outcomes.

Table 4. 8 Generalized Method of Moment (GMM) in Intrumental Variables Estimation of GDP Growth Model (GDP)

Variables	Coefficient	Robust Std. Err	Prob (z)
LNTOUR	3.9009430	0.8812411	0.000
LNPOP	2.686365	1.64759	0.103
LNTRADE	0.1148264	0.03540021	0.001
LNINF	-.0099569	.0274203	0.717
LNCRIME	-.00592919	0.481007	0.218
LNEXCH	.0942919	0.0343154	0.000
LNINFRA	0.0592853	0.0481007	0.218
R-squared	0.9241		
Observations	30		

Source: Author 2020; Computation based on information from World Bank, IMF and HDI.

In an attempt to ensure that heteroskedasticity as well as endogeneity are eliminated, the study adopted generalized method of moment to test for statistically significant of tourism on economic growth and development. The result of the study revealed the R-squared to be 0.9283. This suggests that 92.41% of the outcome in economic growth is explained by the independent variables. The outcome of the study indicates that with the estimation of result using the generalized method of moment approach showed that population growth of Ghana had no significant effect on economic growth of the country. The result gave the notion that there was a positive relationship between population and economic growth. Thus, as the population increases, the economic growth of the country falls and as the population falls economic growth increases. Likewise, inflationary rate in the country showed no significant effect on the growth of the nation. However, the outcome indicated a negative relation between the economic growths of the country. The result also indicated that as the inflation of the country increases, the GDP growth falls and as the inflation falls, GDP growth also increases. In relation to exchange rate which is one of the explanatory variables, the result revealed that at 1% level of significant, exchange rate of Ghana has positive significant effect on the economic growth of the country. Thus, when the value of the country's currency is favourable, it results in a positive growth of the economic and an unfavourable currency of the country also results in the fall of the economic growth of the nation. This outcome of the study showed that tourism and international trade and exchange rate have significance effect on the economic growth of Ghana at one percent level of significant and all, having a positive relationship with the growth of the economy of Ghana.

4.10 Policies on the Tourism Development in Ghana.

In order to identify the role of government in tourism development in Ghana, information were gathered from individuals that work in the sector. This was to provide the researcher with an in-depth information on tourism policies and the role of government in pursuit of the development of the sector. This information was gathered from various the hospitality industries in Ghana as well as from management of tourism sites. The study revealed that largely, tourism business in Ghana is characterized by hotels, antique sites and natural site seeing. The most profitable of these however are the hotel businesses. It was also found that taxes were huge setback to the sector. Local tourism industries pay taxes even though some of them hold that because their earnings tend to be low sometimes, they are unable to meet their tax obligations. Also, hotels engage in other growth and expansion activities such as building new hotels in other sites, expanding existing ones and operating bigger restaurants that supply food to people other than those who patronize hotel and other events. Aside publicly owned centres or tourism facilities, there is no direct investment from government in the sector. Even though there are programs and policies from government aimed at developing the sector, there seems to be a cold air of dissatisfaction among industry players on government commitment to the development of the sector. Non-governmental organisations are generally seen as regular clients because of their ties with expatriates who visit the country for their intervention activities. The need for growth in the tourism sector is a collaborative effort. In this regard the study found whether there has been some support provided by successive government to promote the growth of the industry. Participants

sampled for the study provided varying responses. The result of the study indicated that there has been some financial support by the government of Ghana as a stimulus package to promote the growth of the industry. It was discovered that this package is as result of the Novel Corona Virus that has impacted negatively on the sector. Thus, the government in its attempt to ensure its sustainability. In addition, responses from participants concluded that 2019, which the Ministry of Tourism Art and Culture launched “The year of Return” has also contributed to the sustainability of the industry is it is what has actually held most organization during this difficult period. One thing for which the government is lauded is the awards given to tourism outfits in different categories. As well, the government through the trade ministry organizes trade fares which offer the needed platform to showcase what tourism businesses have on offer to the public who patronize such events.

Also, the result of the study indicates that not all respondents sampled for the study believe that government is improving the sector. Some participants were of the notion that all successive government focus on widening their tax net rather concentrating on improving the sector. Even though some participants concluded that government’s role in improving the sector is low, some also have the view that there is an effort from government to improve the sector. They say this on the notion that government has given them tax waiver and funds to sustain them during the period of Covid 19. Some even responded that without such waivers and stimulus packages, things would have been difficult for them in keeping their employees as well as payment of certain production cost. Also, within every year, the government in association with some other local companies provides a collaboration with other stakeholders to showcase the art and tourism industry to the rest of the world. For instance, the Media Tourism program, the PanaFest, Art, and other programs that tends to be joint venture. For this reason, there was the need to find out whether these organisations benefit from such activities. It was revealed by respondents that in deed, government and private organisations collaborate to organize programs that could trigger the progress of the sector. On the Mechanisms aimed at promoting a sustainable tourism industry in Ghana, it was identified that even though knowledge exists on sustainable practices and mechanisms, enforcement remains the gap between knowledge and practice. The National Tourism Development Plan (2013-2027) aims at improving the database on tourism industry in Ghana, rewarding customer loyalty, engaging host community knowledge for improving local tourism, local authorities need to have people who oversee tourism in their decentralized jurisdictions and protection of reserves from damage through regulated patronage of such areas.

4.11 Discussion of Findings

The outcome the study clearly provides interesting view about the nature of tourism in Ghana and how that influence not only the growth and development of the economy, but also other relevant sectors in the economy. This gives the indication of how important it is for the sector to improve to support and sustain the economy. Per the outcome of the study, it is evidently clear that there is a positive significant effect of tourism on economic growth. The study also realised the how tourism crime tends to have a negative relationship. Thus, when there is an increase in crime, tourism receipts fall and when crime rates fall, tourism receipt in the economy increases. The study also found the importance of how infrastructure development in the tourism sector. Even though there was no significant effect, the result clearly indicates a positive relationship between infrastructure development and tourism receipt in Ghana. Taking economic growth and tourism, the study showed how tourism positively impact the growth of the economy. The result of the study was consonant with the work of Gwenthure and Odhiambo (2017) where their study was of the view tourism plays an important role the development of an economy. The work of Demiröz, and Ongan (2005) that was conducted in Turkey resulted in bidirectional causal relationship between tourism and GDP. Thus, whereas the outcome of the study indicates that tourism had positive significant effect on economic growth with an aid of regression analysis, the work of Demiröz, and Ongan (2005) uses Granger Causality test and the outcome showed that there is bidirectional relationship between tourism and economic growth. Similarly, a study conducted in Asian countries reported on bidirectional cause between tourism and GDP (Wu and Wu 2018). It is clear from the outcome of the study that tourism has causal effect on the growth of an economy.

The result of the study depicts that as tourism in country is improved through government’s support, partnership with other relevant stakeholders and positive improved in natural resources, the economy is also set to grow positively. Thus, their outcome is in relation to this study as they both conclude that tourism has significant effect on the economic growth of the country. This study however found to be limited to the work of Baker and Stockton (2014) as they expressed that the connection between crime percentages and the tourist cannot be fully established. They however, highlight different elements affecting the crime percentages, essentially the quantity of police in the urban areas, since their examination has shown an association between high police personnel and decreased crime percentages.

Also, the study focused on infrastructure development and tourism in Ghana. The result of the study showed no significant relationship between tourism and infrastructure development. The study reveals that despite no significant relationship, the coefficient of infrastructure and tourism and the time series data showed a positive relationship. The result could also be confirmed by Morley et al., (2014) that tourism is a structure of global exchange, the tourism revenue are is said to improve the growth of the economy. Also, Porfiriev (2012) purported that the lack of infrastructure including transportation limits the growth of the tourism industry and with this regard, it is critical to have better transportation networks to improve the industry which is in relation to this study. The study is also in relation to the statement that the “improvement of tourism has been almost associated with advances in transport innovation and advancement, which has led to various countries identifying ways upon which transportation can be developed to improve the networking of that invariable improves tourism” (Lohmann and Pearce 2012). Sietchiping et al., (2012) in their study postulated that for Africa and for that matter Ghana to make better returns from tourism, then it must restructure the transportation system for improved networks. Studies gives various perspectives on the number variables in addressing tourism infrastructure. Subsequently, as per the Tourism and Transport Forum (Tourism and Transport Forum, 2012), infrastructure is the main network of transport, social and natural foundation working together at a territorial level to make an appealing tourism objective. Transport foundation in this chain gives objective admittance to tourists from the global world and domestic business sectors, and incorporates streets, air terminals, and railroads.

Focusing on the policies and challenges of COVID 19, the literature showed that corona virus affected every sector as well as economy in the world. However, one of sectors that got hit the most was tourism sector (UNWTO 2020). From the studies and information revealed by the respondents, it was evident that the policies governing the sector are most often not performing its duties and this has put a toll on the agents and agencies in the sector. It was however discovered that even though some of the tourism businesses struggle to meet their tax obligations due to low sales and profits, local tourism organisations nonetheless contribute towards development through the payment of taxes, job creation and yielding foreign exchange to the country from foreign tourists. The study also found that despite lack of adequate support, the government is found to be the only a regulator through the Ghana Tourism Board and the Trade Ministry and a collector of taxes. Government investment in the sector remains quite low even though there are some publicly owned antique sites in the country. As well, the government remains a policymaker and employer to an extent within the sector for those working in the public-owned facilities and awards excellence occasionally for best performers within the sector as a way of improving quality service delivery.

As indicated earlier, the improvement in the sector cannot be solely focused on economic growth but also improvement in the areas like infrastructure and reduction as found in the study. Though the most recent challenge of the sector is the effects of the coronavirus pandemic, lack of government commitment in providing the road infrastructure required to improve accessibility to facilities, host-community conflicts, low local patronage which is tied to the poor economic situation of the country and a poor attitude towards leisure have long remained challenges of the sector. Notable also is the issue of frequent leadership changes inspired by politics and the inability of the sector to attract and keep skilled labour force. The influence of national economic challenges on sectors such as the tourism sector buttress the earlier data from the World Bank (2018) on the effects of the financial shocks experienced by Ghana in 2016. Challenges with host communities can be reduced when there is an improved legal framework that incorporates the local governments in the national tourism development plan as well as mandate them to undertake tourism development at the local government level.

5.3 Conclusion

Per the data gathered and the discussion made, it clearly shows how important the tourism sector is to the economy of Ghana. From the correlations to the regression estimation, there is the credence as to how all the variables in the economy are interrelated. It is very key for the country to improve its tourism sector, however, if other sectors are left undeveloped, it negative impact the economy. This could be found from the fact that infrastructure development of the economy shows a positive relationship with tourism. Another area that is resonate to this study is crime rate and tourism. Per the discussion of the study, it shows that when crime is high tourism tends to be low and when crime is low tourism tends to be high. With this, it suggests the need to reduce crime rate if tourism is to be improved. Now on the part of the estimation, instrumental variable estimation showed that tourism had positive effect on the economic growth of Ghana. This provides the notion that one of the key approaches for Ghana to achieve economic growth is to improve its tourism receipt. The outcome of the study revealed how the sector had reduced the unemployment rate in country through the provision of both direct and indirect job for its people. We cannot however say that everything is in perfect position as the sector has its challenges. The sector now coupled with challenges such policy issues and COVID 19 as revealed by players in the sector indicates the overreliance on government. It was however found that private individuals also provide some level of support to

the sector in terms of organisation of events. It however suggests the need for government support for improving the sector to ensure that its benefits are reaped.

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