Original Research Article

THE ROLE OF TOURISM IN PROMOTING INCLUSIVE GROWTH IN NIGERIA

ABSTRACT

This study examines the relationship between tourism and inclusive growth in Nigeria from 1995Q1 to 2022Q4. The objective is to determine the effect of tourism on inclusive growth in Nigeria. Auto Regressive Distributed Lags (ARDL) modelling is utilized to estimate the linkage of tourism and inclusive growth over the period. The results show a positive and significant relationship between international tourism receipt at lag period 1 and inclusive economic growth in Nigeria, a positive and significant relationship between international tourist arrivals at levels and inclusive growth in Nigeria, a negative and insignificant relationship between exchange rate at levels and inclusive economic growth in Nigeria and no long run cointegrating is established with tourism and inclusive economic growth in Nigeria.Also, jointly all the variables in the model significantly influence inclusive growth in Nigeria.The findings suggest that tourism is influencing inclusive economic growth in Nigeria only in the short run period. The study recommends increasing investment in tourism related infrastructures, strengthening social welfare programs to ensure that benefits of tourism receipts reach marginalized population, and strengthening exchange rate to ensure higher earnings from tourism, all these measures will ensure that the benefits of tourism will go beyond short-term benefits to long- term benefits to citizens in Nigeria.

Keywords: Tourism, Inclusive Growth, Butler's Theory, Time Series Analysis, Nigeria.

JEL Classification: Z32, L83, O10, C22.

1.0 INTRODUCTION

"Tourism has become a substantial contributor to global economic growth, drawing the attention of policymakers, scholars, and industry stakeholders. The global perspective on tourism and how itaffects economic growth highlights the potential of the tourism industry to stimulate economic development, create employment opportunities, and generate foreign exchange earnings. On a global scale, tourism accounts for $1,106 thousand per arrivals and $1,073 billion in revenues" (United Nations World Tourism Organization [UNWTO], 2022; World Travel and Tourism Council [WTTC], 2023).

"As per the UNWTO's report in 2022, tourism holds the top position in international services trade, constituting 40% of global trade in services and 6% of total world trade. Directly, the tourism industry provides approximately 3% of global employment, amounting to 192 million jobs, equivalent to one in every twelve jobs within the formal sector" (Ferguson, 2007). Furthermore, tourism exhibits an indirect impact that extends beyond employment,

encompassing tourism-related goods and services, air travel, and global consumption patterns. The significance of tourism for the global economy cannot be disregarded by analysts seeking to comprehend evolving global patterns in poverty and inequality.

In the African context, tourism has been recognized as a pivotal catalyst for economic growth and poverty reduction. According to UNWTO (2022), it contributes $12 billion in revenues, facilitates 8.8% gross domestic product growth, and generates $252 in receipts per arrivals. The African Union's Agenda 2063 acknowledges tourism as a priority sector for advancing sustainable development and regional integration (African Union, 2015). Numerous African nations have acknowledged the significance of tourism and have implemented strategies to harness its potential for economic transformation.

In Nigeria, the tourism sector is responsible for generating more than 391,000 jobs and earning over $1.4 billion in revenue (UNWTO, 2022; World Bank Development Indicators [WDI], 2022). As the nation with the highest population on the African continent, Nigeria possesses an abundance of cultural heritage, diverse natural landscapes, and historical sites, making it an enticing tourist destination.The cultural richness and diverse nature of Nigeria has consistently been cited as a compelling reason why the tourism sector should serve as a significant source of foreign exchange earnings. ‘’Nigeria possesses a wealth of tourist sites, including the Osun Osogbo Groove, Sukur Cultural Landscape in Adamawa, Obudu Cattle Ranch, Ogbunike Cave, Oguta Lake, Yankari Game Reserve, Olumo Rock, Idanre Hills, Ikogosi Warm Spring, and Mambila Plateau, as well as vibrant festivals like the Olojo Festival, Argungu Fishing Festival, Osun Osogbo Festival, Calabar Carnival, Eyo Festival, Ojude Oba Festival, Badagry Festival, New Yam Festival, and Durbar Festival. All of these sites and festivals are known to attract a significant number of tourists from Europe and America, providing economic benefits to both the host communities and Nigeria as a whole’’ (Oladunjoye and Areyemi, 2021). Despite the abundant tourism resources it possesses, Nigeria's tourism industry has encountered various challenges, such as inadequate infrastructure, security concerns, limited marketing and promotion, and a lack of policy and regulatory frameworks.

Due to the macroeconomic developmental benefits associated with the tourism industry, including employment opportunities and foreign exchange generation, an increasing number of countries are formulating "national tourism development plans" wherein tourism serves as the cornerstone of a nation's development.One of the challenges confronting any contemporary economy is the achievement of a sustainable level of growth and development, with the primary objective of enhancing the welfare of the population. Consequently, this has led development economists to propose a desirable transition from pro-poor growth to inclusive growth. While growth itself is beneficial, sustained high growth is even more advantageous. However, sustained high growth coupled with inclusivity represents the most optimal scenario (Migap, Okwanya&Ojeka, 2015). Nigeria for longhas been acknowledged as the largest African nation, primarily due to its estimated population of 200 million individuals. Nonetheless, a significant

proportion of its populace lives below the poverty line of $1.25 per day. According to the Organization for Economic Cooperation and Development (OECD, 2008), inclusive growth can be defined as economic growth that ensures equal opportunities, employment, and poverty reduction. It represents a situation where the disparity in wealth between individuals of high socioeconomic status and those living in poverty has been significantly reduced and the resulting benefits of growth are shared in a more equitable manner. This leads to improvements in the standard of living and outcomes that are essential for enhancing people's quality of life.

Some studies such as Caglayan et' al (2012), Lawalet' al (2018), Ighadaro and Adeboye (2020), Manzoor et' al (2019), Oladunjoye and Areyemi (2021) have established link between tourism and economic growth, but not inclusive growth. Osinubi and Osinubi (2020) investigated the link between tourism and inclusive growth but their analysis stopped in 2018. This study builds on the works of earlier studies by examining the link with tourism and inclusive growth in Nigeria, extending the analysis to 2022 and using household final consumption expenditure per capita to capture inclusive growth as against Osinubi and Osinubi (2020) that used GDP per person employed. Following the introduction section, the rest of the study consists of a literature review, methodology, results and discussion, conclusion and policy recommendations.

2.0 Review of Related Literature

2.1 Tourism Led-Growth Hypothesis

The hypothesis of tourism-led growth (TLG) postulates that the tourism sector has the potential to make a substantial contribution to the overall economic growth of a nation. The theory affirms the idea that an increase in tourism activities can act as a catalyst for economic advancement through various channels, including the generation of foreign exchange earnings, the creation of job opportunities, and the facilitation of investments in crucial infrastructure. It is worth noting that tourism stands out as a significant source of foreign exchange for many countries, a resource that can be utilized to support the financing of imports, mitigate external debt burdens, and promote stability in the national currency exchange rates. Moreover, the tourism sector plays a crucial role as a significant employer, not only directly in sectors such as accommodation services, food and beverage establishments, and transportation services but also indirectly by stimulating job creation in related industries. The enhancement of tourism frequently necessitates significant investments in crucial infrastructure elements like transportation networks, communication systems, and utility services, all of which possess the potential to produce favorable spillover effects on the wider economy. The expenditure associated with tourism activities can trigger a multiplier effect, whereby the money flows through various sectors of the economy, generating supplementary income streams and employment opportunities. (Brida, Pulina, &Lisco, 2016; Balaguer&Cantavella-Jorda, 2002)

Despite the considerable attention garnered by the TLG hypothesis, the empirical evidence regarding its validity presents a mixed picture. Certain studies have provided backing for this hypothesis, revealing a positive connection between tourism development and economic growth (Brida, Pulina, &Lisco, 2016). On the contrary, additional research efforts have produced

inconclusive or unfavorable results, demonstrating that the impact of tourism on economic growth varies among different nations and depends on a variety of factors, such as the country's economic structure, the type of tourism activities, and the government's policy frameworks (Balaguer&Cantavella-Jorda, 2002).

2.2 Butlers Tourism Area Life Cycle

The study is grounded in Butler's (1980) theory of tourism, which provides the theoretical framework for understanding how tourist resorts evolve over time in response to demand from the tourist industry. According to Butler's theory, there are six stages of tourist resort development: ‘’exploration, involvement, development, consolidation, stagnation, and rejuvenation or decline’’ Butler (1980) The exploration stage focuses on the emergence of tourism in a specific area, where the numerical figure of tourists is limited and tourism is primarily based on natural or cultural attractions. “During this stage, there are no secondary tourism attractions and tourism has no significant economic or social impact on the host country. In the involvement stage, there is some limited growth in tourism, as the host country starts to provide secondary tourism facilities such as guest houses and improves its road networks to accommodate tourist arrivals. The development stage, which is the third phase, experiences a surge in tourist arrivals, surpassing the local population, particularly during peak periods such as festivals. This stage offers investment opportunities in tourism and entails extensive advertising to develop the tourism market. Both local and foreign investors are motivated to provide secondary tourism attractions, and natural and cultural attractions are developed and promoted. Structural development also takes place in the area to enhance the attractiveness of the destination. In the consolidation stage, as outlined by Butler's theory, tourism growth may slow down, but the number of tourists still exceeds the local population. Consequently, the country's economy becomes increasingly dependent on tourism growth”(Osinubi and Osinubi 2020).

“In summary, Butler's theory of tourism suggests that the development and investment in tourism activities contribute to economic growth. Specifically, a rise in the number of tourists is expected to lead to higher tourist receipts and expenditures, resulting in improved inclusive economic growth. This, in turn, generates foreign reserves, creates job opportunities, generates tax revenues, and fosters investment in physical capital, human capital, and technology, among other positive outcomes. Remarkably, the positive effects of enhanced inclusive growth can be observed in the increased level of tourism activity” (Osinubi and Osinubi 2020).

“Moving to the fifth stage, the stagnation stage symbolizes the unfavourable aspects of tourism in the host country. During this stage, tourist arrivals no longer increase as visitor numbers reach their peak. Additionally, tourism brings about environmental, social, and economic challenges. Consequently, the resort deviates from its original geographic environment, and artificial tourism attractions replace natural and cultural attractions. Therefore, in an economy experiencing these circumstances, a decline in inclusive growth can be expected, as both tourism revenues and expenditures decrease due to the stagnation in the number of tourists”. [26]

“The final stage, which arises as a consequence of the stagnation stage, is the ultimate phase in the progression. Butler posits that the stagnation stage can yield either rejuvenation or decline as potential outcomes. In the event of rejuvenation, the host country would observe an upswing in tourist arrivals if there is a substantial shift in tourist attractions and untapped tourism resources. The aim of this stage is to foster inclusive growth by facilitating employment opportunities, ameliorating income inequality, and reducing poverty levels. The host country will transition to a decline stage due to its inability to compete with newer tourism attractions and the replacement of tourism facilities with non-tourism facilities, such as converting hotels into retirement homes or residential flats. Consequently, the revenue generated from tourism would dwindle, thereby exerting an adverse impact on inclusive growth”(Osinubi and Osinubi 2020).

2.3 Empirical Literature

Oladunjoye and Areyemi (2021) “conducted a study to investigate the influence of tourism and globalization on economic growth in Nigeria. The researchers utilized the ARDL technique and secondary data on GDP per capita, international tourism receipt, exchange rate, and foreign direct investment (FDI). The findings indicated that the combined effect of tourism and globalization is negative but having statistically insignificant impact on economic growth in Nigeria. However, FDI and exchange rate were found to significantly promote economic growth in the country”.

In a study conducted by Obafemi (2020), on the relationship between economic growth and tourism development in Nigeria from 1995 to 2019 was empirically examined. The researcher employed Vector Autoregressive Regression (VAR) and ARDL techniques in the analysis. The results revealed that tourism receipts and arrivals have the potential to effectively stimulate both long-run and short-run growth, similar to investments in human and physical capital.

Osinubi and Osinubi (2020) conducted an investigation into the causality of tourism and inclusive growth in Nigeria. The researchers utilized principal component analysis (PCA) and the Toda-Yamamoto Granger Causality test on various variables including tourist arrivals, international tourism receipts, international tourism expenditure, and GDP per capita. The results validated the hypothesis of tourism and inclusive growth using tourists' arrivals and the tourism activity index. However, the neutrality hypothesis, which suggests no causality, was for inclusive growth and each of tourism receipts and expenditures.

Ighodaro and Adeboye (2020) examined the long-run connection of tourism and economic growth in Nigeria from 1983 to 2017 using ARDL cointegration analysis. The study found a one-way long-run relationship from tourism to economic growth, although the direct effect of tourism on economic growth was found to be weak.

Manzoor et al. (2019) investigated the impact of tourism on Pakistan's economic growth and employment from 1990 to 2015. The researchers used the annual growth of tourism and

employment as independent variablesand GDP as dependent variables. The results revealed a positivesignificant impact of tourism on economic growth and employment in Pakistan. Additionally, a long-run relationship was established among the variables in the study using ARDL regression and cointegration techniques.

Lawal et al. (2018) employed the Auto Regressive Distributed Lag (ARDL) testing approach to examine the existence of cointegration among economic growth, agricultural output, and tourism development in Nigeria. The results indicated the presence of cointegration between economic growth and agricultural output, as well as between economic growth and tourism development. Furthermore, cointegrationwas observed between agricultural output and tourism development.

In a study conducted by Adebayo et al. (2014), the economic impact of tourism development in Ile-Ife, Osun State, Nigeria was examined. The researchers collected primary data through personal surveys and questionnaires and analyzed the data using frequency tables and percentages. The findings revealed that tourism generates income for the community and is considered an industry with economic impact in Ile-Ife.

Ajake and Amalu (2012) conducted an examination on the significance of tourism on economic advancement of cross river state, Nigeria. This investigation employed descriptive statistics, including the use of questionnaires, surveys, and participatory research methods. The outcomes of this study revealed that tourism has made a substantial contribution to the economy of cross river state. Furthermore, it has also created employment opportunities and improved income levels.

Caglayan et al. (2012) undertook an investigation to explore the causal connection of tourism revenue and gross domestic product (GDP) by utilizing panel data from 135 countries spanning the period from 1995 to 2008. The findings indicated a bidirectional causality between tourism revenue and GDP in Europe. In Latin America and the Caribbean, a unidirectional causality was observed, with GDP influencing tourism. On the other hand, in East Asia, South Asia, and Oceania, the causality was found to be in the reverse direction, with tourism revenue affecting GDP. However, no causal relationship was established in Asia, the Middle East, North Africa, Central Asia, and Sub-Saharan Africa.

Fayissa et al. (2007) examined the role of tourism on economic growth and development of 42 African countries during the period from 1995 to 2004. This analysis was conducted within the framework of the conventional neoclassical approach. The results demonstrated that the tourism industry significantly contributes to the economic growth of Sub-Saharan African countries.

This study builds on the works of earlier studies by examining the link with tourism and inclusive growth in Nigeria, extending the analysis to 2022 and using household final

consumption expenditure per capita to capture inclusive growth as against Osinubi and Osinubi (2020) that used GDP per person employed.

3.0 Methodology

3.1 Type and Sources of Data

This investigation solely relied on secondary data, utilizing yearly time series data from 1995Q1 to 2022Q4. The choice of the base year corresponds to the beginning period for tourism data, and the terminal year of 2022 is selected based on data availability. The data set used in this study includes Household Final Consumption Expenditure Per capita as a proxy for inclusive growth, International Tourism Receipt, International Tourists Arrivals, and Exchange rate. These data were obtained from the World Bank Development Indicators 2022.

3.2 Method of Analysis

To conduct the empirical study, the Autoregressive Distributed Lag (ARDL) techniquewas employed. The ARDL model, also known as the bounds testing approach, has gained popularity in recent years for analyzing relationships between variables. One key advantage of ARDL models is that they can be estimated using ordinary least squares regression, regardless of whether the variables are I(0), I(1), or mutually cointegrated. This eliminates the need for pre-testing associated with standard cointegration techniques. Moreover, the ARDL approach allows for the modeling of variables as a combination of both levels and first differences, enabling robust long-run and short-run estimates. In this study, the ARDL technique is well-suited for several reasons. Firstly, the variables exhibit a mix of I(0) and I(1) characteristics, which aligns with the ARDL framework. Secondly, the availability of annual time series data spanning multiple decades makes ARDL suitable for determining cointegration relationships. Lastly, the ability to estimate both short and long-run effects within a single model provides valuable policy insights.Pesaran et al (2021).it helps to determine estimation of short run and long run estimates. If there is cointegration both short run and long run model is estimated and if no cointegration only the short run model is estimated.

3.3 Model Specification

The model specification adapted in this study is based on the theoretical frameworks and the empirical framework proposed by Osinubi and Osinubi (2020). The model includes the optimal set of variables to address the research objective of examining the effect of tourism on inclusive growth in Nigeria, while also controlling for economic conditions through the exchange rate. In this model, inclusive growth is modeled as a function of international tourism receipt, international tourist arrivals, and the exchange rate.Unlike Osinubi and Osinubi (2020), this study used household final consumption expenditure per capita to proxy inclusive growth and did not include international tourism expenditure because they are expenditures by outbound tourists from Nigeria to other countries and as such do not affect the economy of Nigeria, this

study focused on international tourism receipt which are expenditures by inbound tourist into Nigeria and international tourism arrivals into Nigeria.

The functional and baseline models are presented in equation 1,2 and 3.

$HFPC = f(INTRR, INTRA, EXR)$1.

$HFPC = \alpha_0 + \alpha_1 INTRR + \alpha_2 INTRA + \alpha_3 EXR + \in_t$2.

The ARDL form of the model is given as; $HFPC = \propto_0 + \sum_i^p = i \propto_1 LnHFPC_{t-i} + \sum_i^q = i\, \alpha_2\, INTRR_{t-i} + \sum_i^q = i\, \alpha_3\, INTRA_{t-i} + \sum_i^q = i\, \alpha_4\, EXR_{t-i} + e_t$3.

*Apriori*Expectation: INTRR, INTRA > 0; EXR < 0.

where, α_0 is the intercept; α_1, to α_4 are the coefficients of the variables; ε_t represents the error term,and, $\sum_i^p = i$ and $\sum_i^q = i$ are the lags of the dependent and independent variables, HFPC stands for household final consumption expenditure per capita, INTRR stands for international tourism receipt, INTRA stands for international tourism arrivals and EXR stands for exchange ratewhich is the control variable.

3.4 Estimation Procedure

3.4.1 Descriptive statistics

The dataset was subjected to a comprehensive descriptive analysis in the study, wherein key statistical parameters such as mean, minimum and maximum values, standard deviation, skewness, kurtosis, and the Jarque-Bera test were examined. This analysis provided valuable historical insights into the behavior of the data.

3.4.2 Test for Stationarity: To examine the presence of non-stationarity in the data, the Augmented Dickey Fuller (ADF) stationarity test will be conducted.

3.4.3 The ARDL Approach

The ARDL approach involves a series of sequential steps. Firstly, after performing the stationarity test, the presence of co-integration is assessed using the bounds testing procedure pioneered by Pesaran et al. (2001). Once long-run connections among the variables are established, the next step is to estimate both the short and long-run relationships. Finally, the stability of the model is assessed in the fourth stage using the cumulative sum of recursive residuals (CUSUM) and cumulative sum of squares of recursive residuals (CUSUMSQ) tests.

4.0 Presentation and Analysis of Result

4.1Descriptive Statistics

Results of the descriptive statistics are presented on Table 1

Table 1: *Descriptive Statistics Result*

	HFPC	INTRR	INTRA	EXR
Mean	1687.845	5.75E+08	3886735.	168.4010
Median	1818.574	4.92E+08	4355500.	133.7233
Maximum	2181.608	2.62E+09	6113000.	425.9792

Minimum	935.6322	47000000	1031000.	21.88443
Std. Dev.	370.0085	5.83E+08	1833551.	105.1761
Skewness	-0.876552	1.667560	-0.277734	0.812218
Kurtosis	2.461500	5.479209	1.411373	2.936082
Jarque-Bera	15.27523	78.43231	12.86326	12.00307
Probability	0.000482	0.000000	0.001610	0.002475
Observations	109	109	109	109

Source: *Author's computation using E-views.*

The average value of HFPC, INTRR, INTRA and EXR are 1687.845, 5.75E+08, 3886735 and 168.4010respectively and are within the minimum and maximum values except for international tourism receipt. There appears to be substantial variation in the values of the variables; HSPC varies with 370.0085, INTRR with 5.83E+08, INTRA 1833551., EXR 105.1761showing considerable volatility, EXR and INTRR have positive skewness indicating a long right tail, this suggests potential outliers in the upper end of their distributions, while HSPC and INTRA have negative skewness indicating a long-left tail,the kurtosis of the variables except for INTRR which is below 3 implies that most of the variable's distribution is flat and would turn platykurtic. The Jarque-Bera statistics indicates that all the variables are normally distributed.

4.2 Unit Root Test

Table 2: Unit Root Test Result

Variable	Order	ADF. Cal	Prob. Value	Conclusion
HFPC	At Levels	-0.0303	*0.6704*	
	At First Difference	-2.8272	*0.0051*	1(1)
INTRR	At Levels	-1.9593	*0.0483*	1(0)
	At First Difference	-3.7455	*0.0003*	
INTRA	At Levels	0.2281	*0.7505*	
	At First Difference	-2.7224	*0.0069*	1(1)
EXR	At Levels	1.7559	*0.9806*	
	At First Difference	-2.5453	*0.0112*	1(1)

Author's computation using E-views

The result of the Augmented Dickey Fuller (ADF) unit root test is presented on Table 2. From the result, HFPC, INTRA and EXR are stationary at first difference, while INTRR is stationary at levels, thus providing justification for use of ARDL.

4.3 ARDL Results: With the optimal lag structure for the modelbased on the lag length criteria given as 2, the outcome of the ARDL bound test and short-term results are presented below.

4.3.1 The ARDL Bound Test

Table 3: *ARDL Bound Test Result*

F-Bounds Test		Null Hypothesis: No levels relationship		
Test Statistic	Value	Signif.	I(0)	I(1)
F-statistic	1.971499	10%	2.37	3.2
k	3	5%	2.79	3.67
		2.5%	3.15	4.08
		1%	3.65	4.66

Author's computation using E-views

The bounds test F-statistic obtained is 1.971499. This falls below the lower bounds of the 5% significance level. Since the test statistic does not exceed the upper bound, the null hypothesis of no long-run cointegrating relationship cannot be rejected at 5% level. Therefore, the test suggests there is no evidence of a statistically significant long-run equilibrium linkage between household final consumption expenditure per capita, international tourism receipts, international tourism arrivals and exchange rate based on the variables in the ARDL model. This implies that only an analysis of the short-run dynamics is feasible using this model. Valid long-run inferences cannot be made given the lack of a cointegrating relationship evident from the bounds test.

4.3.2 ARDL Short-run Estimation

The ARDL short-run model presented on Table 4 was estimated to confirm the short-run dynamics and interactions of the parameters in the model.

Table 4:*ARDL Short-Run Coefficient Estimates*

Dependent Variable: *(HSPC)*

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
LOG_HSPC (-1)	1.622684	0.075788	21.41084	0.0000
LOG_HSPC (-2)	-0.678006	0.077472	-8.751651	0.0000
LOG_TOURISM_RECEIPT	-0.042016	0.018493	-2.271968	0.0253
LOG_TOURISM_RECEIPT (-1)	0.072725	0.032462	2.240340	0.0274
LOG_TOURISM_RECEIPT (-2)	-0.030556	0.018708	-1.633285	0.1057
LOG_TOURISM_ARRV	0.222266	0.077131	2.881667	0.0049
LOG_TOURISM_ARRV (-1)	-0.323713	0.140999	-2.295856	0.0239
LOG_TOURISM_ARRV (-2)	0.113110	0.080498	1.405124	0.1632
LOG_EX_RATE	-0.033511	0.038744	-0.864925	0.3893
LOG_EX_RATE (-1)	0.013045	0.068057	0.191672	0.8484
LOG_EX_RATE (-2)	0.024920	0.039338	0.633484	0.5279
C	0.210931	0.095998	2.197248	0.0304
CointEq(-1)*	-0.055323	0.017261	-3.205082	0.0018
R-squared	0.992272			

Adjusted R-squared	0.991377		
F-statistic	1108.943		0.000000

Source:*Author's Computation using E-views.*

This ARDL short run model examines the dynamics between changes in household final consumption expenditure per capita, international tourism receipts, international tourism arrivals, and exchange rate. Jointly all the independent variables taken together significantly influence inclusive growth in Nigeria going by the value of F-statistic 1108.943 which is highly significant. The lagged dependent variable HFPC (-1) has a significant positive coefficient of 1.622684, indicating that changes in HFPC are positively related to past changes in HSPC in the short run. International tourism receipts at levels negatively affects HFPC, but after first difference its effect is positive and significant (0.07) implying a 1% rise in international tourism receipts increases HFPC by 7%, thus tourism has potential to boost inclusive growth in Nigeria if effectively managed. International tourism arrivals havea significant positive effect on HFPC at levels (0.222), a 1% increase in tourist arrivals boost inclusive growth by 22%, Implying that investment in tourism related infrastructures such as transportation, accommodation if enhanced can encourage tourists to come into Nigeria, thereby boosting receipts and inclusive growth. Exchange rate has an insignificant negative relationship with HFPC with a 1% rise in exchange rate associated with a -3% decrease in HFPC, implying that a weaker exchange rate is contributing to income inequality across segment of the population and majority of the segment of the population not having access to health care, employment e.t.c to boost inclusive growth in Nigeria, but at lag 1 and 2 exchange rate is positive but not significant. The error correction term CointEq*(-1) * is* significant with a coefficient of -0.055 confirming the absence of a long run relationship but some short run adjustment towards equilibrium each period at a speed of 5.5%. The model has decent explanation power for the short run with an R-squared and R-squared adjusted of 0.992 and 0.991,jointly the explanatory variables have a significant effect on HFPC in Nigeria over the time periods. The findings of this studyareinconsistent with*Osinubi* and Osinubi (2020), whose study validates no causality for tourism receipt and inclusive growth in Nigeria and Oladunjoye and Areyemi (2021) whose study reveals a negative insignificant relationship between tourism receipt, globalization and economic growth in Nigeria. But consistent with Obafemi (2020) and Lawal et al (2018) whose findings reveal positive and significant relationship between tourism and economic growth.

4.4 Residual Diagnostic Test Results
Serial Correlation Test

Table 5

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	1.542924	Prob. F(2,93)	0.2192
Obs*R-squared	3.436361	Prob. Chi-Square(2)	0.1794

Author's computation using E-views

Presented on Table 5 is the outcome of the Breusch-Godfrey serial correlation LM test. The test accepted the null hypothesis of no serial correlation in the residual, since the probability of both the F-statistics and its Observed R-squared values were both greater than 5%, indicating the absence of serial autocorrelation from the model.

4.5 Heteroskedasticity Test

Table 6

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
F-statistic	0.837846	Prob. F(11,95)	0.6030
Obs*R-squared	9.462478	Prob. Chi-Square(11)	0.5793
Scaled explained SS	28.77664		

Author's computation using E-views

Presented on Table 6 is the outcome of the Breusch Pagan Godfrey heteroskedasticity test. The test accepted the null hypothesis of homoskedasticity, since the probability of both the F-statistics and its Observed R-squared values were both greater than 5%, indicating the absence of heteroskedasticity from the model.

4.6 Stability Test Result: For the stability test, the outcome of CUSUM and the CUSUMSQ tests are presented on Figures 1 and 2. The plots of tests statistic on Figure 1 were all within the 95% confidence interval indicating the model was stable. Also, figure 2 which is the CUSUMSQ test shows only a slight portion of the line crossing the 95% confidence interval, but most part of the line is within the 95% confidence interval.

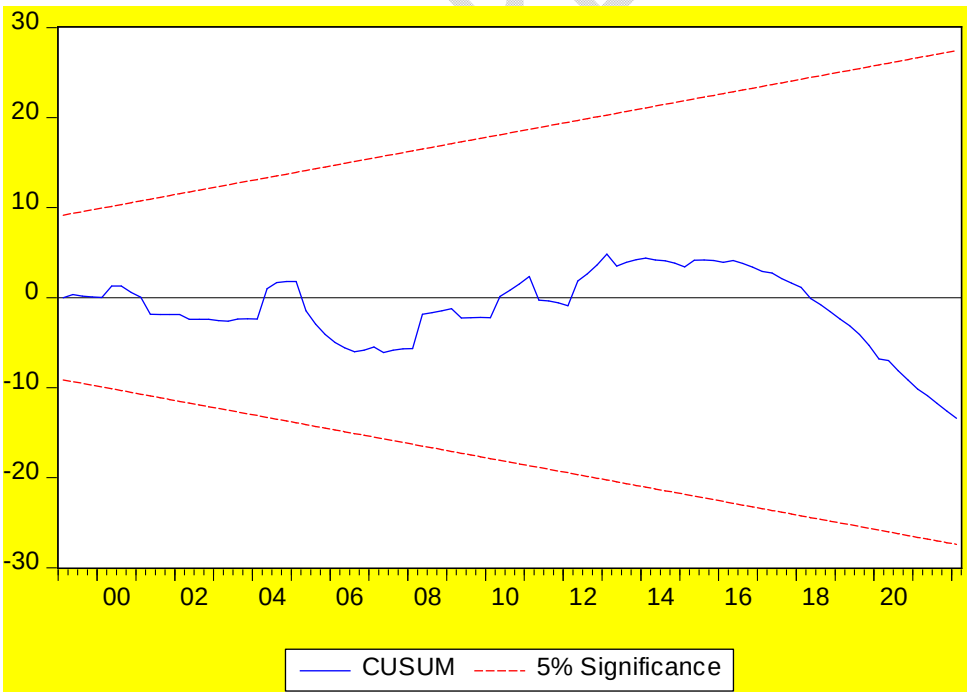

Figure 1: *CUSUM Plot Result*

Source: *Authors computation using E-view*

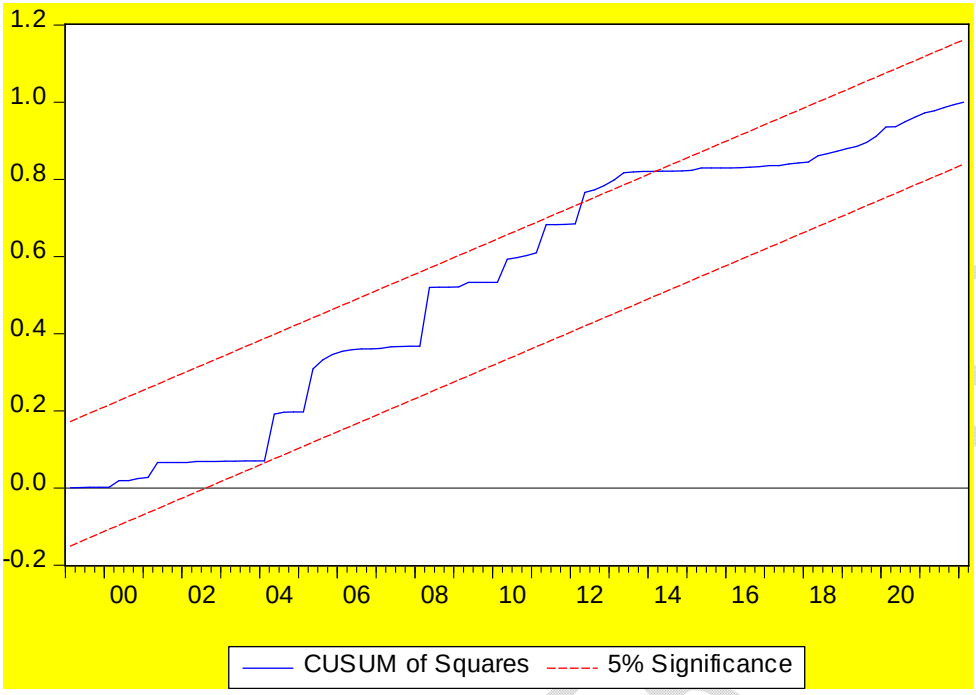

Figure 2: *CUSUM of Squares Result*

Source: *Authors computation using E-view*

5.0 Conclusion and Recommendations

The examination conducted in this study delves into the pivotal role played by tourism in the advancement of inclusive growth within the Nigerian context, spanning from the first quarter of 1995 to the fourth quarter of 2022. This analysis is firmly grounded on Tourism Led Growth Hypothesis and Butler's theory as theoretical framework, underpinned by the utilization of ARDL modeling methodologies. The findings brought to light the existence of noteworthy short-term linkages, wherein international tourism receipts exhibit a positive connection with inclusive growth, while international tourism arrivals similarly wield a significant impact on the enhancement of inclusive growth in Nigeria. Furthermore, it was observed that the exchange rate exerts a negative influence on inclusive growth in Nigeria, primarily attributable to the diminished value of the domestic currency consequent to exchange rate devaluation.

In order to fortify the assertion that tourism exerts a substantial influence on inclusive growth in Nigeria spanning not just the short term but also extending into the long-term horizon, it becomes imperative to channel investments towards the development of tourism-related infrastructures encompassing domains such as transportation, accommodation facilities, and tourist attractions, thereby fostering an upsurge in revenue generation and bolstering inclusive growth. Additionally, governmental interventions may be warranted to fortify social welfare

initiatives aimed at ensuring that the dividends stemming from tourism receipts trickle down to the segments of the population that are marginalized and vulnerable. Furthermore, concerted efforts should be directed towards enhancing the exchange rate regime to ensure a more robust valuation of the domestic currency, thereby paving the way for heightened earnings emanating from the tourism sector.

Disclaimer (Artificial intelligence)

Option 1: No generative AI was used in drafting the Manuscript

Author(s) hereby declare that NO generative AI technologies such as Large Language Models (ChatGPT, COPILOT, etc) and text-to-image generators have been used during writing or editing of manuscripts.

Option 2:

Author(s) hereby declare that generative AI technologies such as Large Language Models, etchave been used during writing or editing of manuscripts. This explanation will include the name, version, model, and source of the generative AI technology and as well as all input prompts provided to the generative AI technology

Details of the AI usage are given below:

1.

2.

3.

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