

Human Capital Dimensions in an Emerging Tourism Market: The Case Study of Cross River State, Nigeria

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Abstract: The purpose of this study was to investigate the human capital dimensions of an emerging tourism market in Cross River State, Nigeria. A stratified sample of 80 tourism firms was randomly selected and a self administered structured questionnaire was employed to collate data. The study revealed that tourism managers were broad-minded in the setting of human capital objectives in their firms. Employment of educationally qualified and trained people did not show significant relationship with customers' satisfaction and profitability. Experience of employee prior to engagement and payment of competitive salary were significantly related with customers' satisfaction and firm profitability. The study recommended that a formal tourism education system, to be driven by academic and tourist researchers, should be established in the region.

Key words: Human capital, tourism industry, tourism market, cross river state, hospitality, Nigeria

INTRODUCTION

The tourism industry is the fastest growing sector of global economy (WTO, 2003). Most economies of the world, developing and developed, have long imbibed the economic theory of growth and have made tourism the major revenue generator and economic catalyst (Hjalager and Andersen, 2001; Ayres, 2001; Baum *et al.*, 1997; Gamble, 1992; Hodgson, 1987).

Nigeria is one country that has orchestrated tourism development since 1992, following the promulgation of Decree 82 of 1992. The country has little to show in terms of development, management and marketing in the industry. However, there was a turning point in 1999, following the democratization and liberation of the business of governance. Government is giving the sector more attention as a result of its campaign on diversification of the economy (Esu, 2004).

Cross River State is one state in Nigeria that is geared toward repositioning her economy from civil service oriented to a regional business hub using tourism as a developmental strategy. Subsequently, the state government has developed the major tourism sites and created some man-made attractions. These include: Obudu Ranch Resort, Afi Wildlife Sanctuary, Mary Slessor Tomb, Alok Nkarrassi Monolith, Tinapa Business Resort, Marina Leisure Resort, Calabar Botanical Garden, etc. There are also massive roads rehabilitation in the

major cities and feeder roads linking these attractions. Since 1999, information from the Cross River Tourism Bureau (CRSTB) shows that, the number of accommodation firms have grown by 200%. There is also a dramatic increase in the number of tour service providers and catering houses (restaurants). The upsurge of tourism firms is as a result of the favourable tourism business environment that the government has created. Today, most of the important corporate, national and international meetings that take place in Nigeria are held in Cross River State, further increasing or boosting the tempo of tourism and tourism related activities.

Understandably, the survival of the emerging tourism market is of utmost importance. One way of ensuring this is to provide effective human capital management for tourism organizations in the state.

The delivery of quality products and services in the tourism industry is a reflection of the quality of its human capital base. The importance of the "people" element cannot therefore be over emphasized in service delivery (Baum *et al.*, 1997; Zeithaml and Bitner, 2000). According to them, tourism institutions are not supposed to be looking for employees to provide basic services to customers, but to engage employees who would manage the service encounters. The proper management of service encounters and atmosphere will lead to producing satisfied customers, repeat visitors and ultimately loyal customers. Since, the tourism industry operates in the

global market, tourists are attracted to destinations where their touristic needs would be met. The survival of a firm or industry depends on the customer mix that is attracted to the destination, which in turn depends on the quality and stock of the human capital possess by the industry. It is in view of this understanding that the researchers are interested in analyzing the human capital dimensions of the emerging tourism market in Cross River State.

Objectives of the study: The specific objectives of this study are:

- To determine the human capital development objectives tourism firms pursue in the state.
- To determine the relationship between human capital strategy variables and performance of the industry.

Human capital dimensions: The exposition of Harbison (1973) on the role of human beings in enterprise development remains relevant in today's discussion of the theoretical understanding of human capital and productivity. Okorji and Okoye (2003) describe human capital as "productive investment embodied in human beings, including skills, abilities, ideas, health, etc, that result from expenditures on education, on-the-job training programme, medical care". The elements contained in the description reflect the basic human capital strategies used by organizations.

There has been much debate on what constitute human capital dimensions and whether changes in human capital significantly affect growth. The findings have been diverse. Even also, the human capital objectives of individual tourism firms differ. Okorji and Okoye (2003) opine that the universal broad objective of human capital development is two fold: you are either protecting what one has already or enhancing its value. Private firms emphasize organization objectives, public agencies and government emphasizes attainment of public goods; international agencies would like to make each employee a functional citizen of the global community in terms of skills. According to Cracknell (2006) lack of clear enterprise objectives have been identified as the reason for the failure of most new products. The products of the tourism industry are not a particular item, but a bundle of tourist experience engaged by the visitor.

Educational level of an employee is one factor that is commonly associated with human capital mix variables. Educational level is the key to the progress of a society. Education is a principal contributor to the development of human resources for national, economic and social improvement. Studies by Barro (1991) and Gemmel (1996) reveal that human capital correlates economic growth

positively. Benhabib and Spiegel (1994) present evidence that education affects the technological development of a people. Some other researchers have questioned the link between human capital growth. Cook and Belliveau (2004) study two historical attributes associated with human capital, namely; education and experience. Spivack (1997) identifies and measures gaps between the output of education and training delivery system as the current and future needs of employers and found that there is no relationship between education and training systems output and the delivery of quality service.

Delery and Doty (1996) also examine the relationship between human capital practices and profitability in a sample of banks in the US and found positive relationship. Wright and Gardner (2002) in their study found that human capital (which is an aspect of human resources practice) is significantly related to operational measure of performance and financial outcomes. Watson and Drummond (2002) give an insight into the 'Scottish people' training programmes. According to them, the training programmes of the body impacted positively on the bottom line, brought about change in attitudes, increase enthusiasm, lower absenteeism and staff turnover.

Plummer and Taylor (2004) argue that in order to enhance local growth in any industry, training should be considered. They attempt to position the role of education and training in human capital development. They argue that creation, refinement and enhancement of human resource is brought about by education and not training. What education does is to equip people to work within a global sphere of business or discipline. It illuminates the person's understanding of the requirement of the environment and the society at large. Training has a narrower perspective. Training equips people to meet the labour needs of existing local employers as a means of promoting local growth. Ross (1997) asserts that the problem solving orientation should be inculcated in the training of employees for the tourism industry. According to him, this will give the employee the leverage to offer guest high level of quality service that the guest expects, that will make them recommend to friends or family members or acquaintances. The implication is that it will lead to repeat visit and new customers.

McDonald and Hopkin (2003) support the idea that a solid comprehensive education programme of tourism employees is vital to keep human resources development in a connect with future planned growth of the tourism industry. That the quality of tourism employees determine to a great extent the growth in the level of visitor arrivals. McDonald and Hopkin (2003) also reported on the state of tourism education in Grenada. Grenada before 2002, had

two educational certificated hospitality institutions: New Life Organization (NEWLO) which provides quality vocational and life skills to disadvantage young people. T A Mary Show Community College (TAMSC) which is Grenada's main post compulsory institution and offers one year programme on food and beverage operation for waiters/waitresses, cooks, tour guides for students who did not gain admission to secondary school. TAMSC also offers a two year programme in hotel and catering which is targeted at providing skilled employees to any department. Grenada does not have any hospitality management degree programme as at 2002.

Hjalager and Andersen (2001) identify 4 groups of employees' education in the tourism; dedicated training, other education, no education and students. According to them dedicated training are those employees with a form of training in tourism at degree or diploma level, the second group are persons who have degrees and diplomas in other disciplines. The third category which is no education consists of those with no higher education (unskilled). The fourth group are students on intern. This by extension reflects on the level of employment in the tourism industry. Westlake (1997) divides tourism employment level into 4; management; supervisory craft (skilled) and operation (less skilled). Research findings indicate that the accommodation sub-sector has most difficulties filling positions at the craft or skilled level.

Hjalager and Anderson (2001) also found that 26% of all employees in the tourism sector are those with other formal educational background and that the sector preferred trained staff and students to unskilled personnel. It was also found that the people with dedicated training were not available in large number. Accommodation sub-sector employed subsequently higher proportion of dedicated staff than the restaurant and tour services sectors. Restaurant sub-sector was the largest employer of persons with dedicated training.

Cook and Belliveau (2004) in their study observed that micro-enterprises programmes attracted an educated student population. They also found that work experience was insignificant in the graduates' ability to complete home work in time. Vodopiec (1998) corroborates Cook and Belliveau's (2004) findings that experience is not significant to small business survival.

Evidence also suggests that hospitality firms are generally bound by traditional working methods and employment policy (Teare, 1996) in comparison with other service firms. Teare (1996) suggests the introduction of the concept of life long learning and appropriate support mechanism on one hand and effective collaboration between the industry and education in order to build the human capital that would support the tourism industry.

Heraty and Morley (1995) contend that, managers who themselves received little education and training are less likely to recognize or approve the need for investment in the training of their subordinates. Renwick and MacNeil (2002) express reservation about the willingness of line managers to conduct employees' development task properly. Line managers should be provided with training in carrying out their human resource development role in order to overcome the challenges of competence in training and development.

Baum *et al.* (1997) identify issues effecting the development of human resources and invariably human capital in the tourism industry, demographic and shrinking employment pool resulting in labour and specific skill shortages, negative employment images of the sector that serve as a barrier to recruitment, cultural and traditional perceptions affecting the recruitment and retention of quality employees, skill shortage in the key technical and some managerial areas.

Answer to the question as to whether tourism employment is a contingent work or professional career was attempted by Baum *et al.* (1997). This study reveals that the tourism industry does not have its own distinct career systems with clear internal career paths. The staff came into tourism with diverse backgrounds and irrelevant professional education and leaves for other sector or economic activities. According to Baum *et al.* (1997) most employees regard the tourism sector as a stepping stone to better jobs elsewhere. Similarly, Haven-Tang and Jones (2006) note the acute shortage of qualified personnel in the tourism industry and the negative image of the sector which affected recruitment in Whales. Employees in the tourism industry are always looking for and taking up employment opportunities in other industries, which offer better financial rewards. Higher pay creates the motivation for employees to stay in an industry. Salary has long been identified and used as motivational incentive by human resource managers (Inyang and Akpama, 2002). Okorji and Okoye (2003) also identify staff salary as one of the elements of human capital development.

MATERIALS AND METHODS

Cross River State is used for this study because it is an emerging tourism market. Almost all the tourism firms in the State are privately owned and managed. The accommodation firms that were privately owned by the government have been privatized, namely, Metropolitan Hotel and the Obudu Ranch Resort. Marina Sea Side Resort and Tinapa are still under construction. The nature

attractions are also not reckoned in the population of study. Tourism firms as used in this study include accommodation firms, catering (restaurants) and tour service providers. Calabar, the state administrative capital was used as the study area and is considered representative of the state. This is because 95% of the tourism firms are located in Calabar. Records in the CRSTB show that at the end of 2006, there were 100 registered accommodation firms (hotels, motels, guest houses), 50 restaurants (catering houses) and 24 tour service providers (tour operators, travel agents and tour guides). This gives a total of 174 registered tourism firms in Calabar. At the time of this research, the CRSTB was still in the process of grading and classifying the hotels.

The cross sectional survey design was used. A sample size of 80 firms was statistically estimated; since the population of tourism firms in the study area were known. The sample was drawn using the proportionate stratified sampling design. A written structured questionnaire was used to collect data. The instrument was administered on the firms that constituted the sample. The general managers, administrative managers and personnel managers responded to the questionnaire. The data collection instrument contained dichotomous questions, fixed scale response type questions and open-ended questions.

The level of importance that tourism firms attached to human capital development objectives was measured on a 5 point Likert Scale with "5" extremely important and "1" not important. The human capital strategy variables (educational qualification, employee training, length of employee experience before recruitment and payment of competitive salary) were also measured on a five point Likert scale with "5" as strongly agreed and "1" as strongly disagreed. The importance attached to human capital objective was analyzed by descriptively computing the mean rating. The relationship between the 4 human capital strategy variables and the firm performance was done by the use of Ordinary Least Square (OLS) regression analysis. The performance indicators are customer satisfaction and firm profitability. Customer satisfaction and profitability were measured in percentage and obtained by self reporting and the assessment of the manager who responded to the questionnaire. The relationship between human capital strategy variables and employee turnover was tested for significance using the Pearson Chi Square. A total of 63 respondents, representing a response rate of 79% was used for data analysis (46 from accommodation, 13 from restaurant and 4 tour service providers).

RESULTS AND DISCUSSION

Descriptive statistics: A total of 1195 people were employed in the 63 tourism firms surveyed. The percentage frequency distribution shows that 0.33% of the employees hold Ph.D degree, employees with master degree were 2.26%, those with first degree were 20.84%, those with ordinary diploma were 25.27%, Secondary School Certificate holders were 43.0%, Primary School Certificate holders were 6.95% and those without primary school education were 1.34%.

The proportion of employees with dedicated education (those with degree or diploma in tourism and hospitality or related disciplines were 5.86%, employees with degree or diploma in other disciplines were 40.09%, those with no higher education were 47.07% and students who were on internship were 6.98%. The mean rating for employment of qualified people as a human capital strategy variable was 3.03 (Table 1). Out of the 63 firms surveyed, 55.6% carried out employee training, while 36.4% did not organize training for their employees. The mean percentage budget allocation for employee training was 11.29% in 2004, 16.82% in 2005 and 23.37% in 2006. The mean score of employee training as human capital strategy variable was 3.49%.

The mean score for the employment of experience people was 3.93% (Table 1). The average length experience considered for the recruitment of employee into the industry is 3.14. The mean score of payment of competitive salary as human capital strategy variable is 3.35 (Table 1). Out of the 63 firms, 68.0% agreed that they experienced employee turnover, while 24% indicated that

Table 1: Mean rating of human capital strategies

	Educational qualification	Employee training	Length of experience	Competitive salary
N valid	63	63	63	63
Missing	0	0	0	0
Mean	3.03	3.49	3.92	3.35
Std. Deviation	1.344	1.045	1.168	1.003
Range	4	4	3	3

Table 2: Mean rating of human capital development objectives

	Mean	Std. Deviation	Analysis N
Quality suppliers	3.27	1.257	33
Positive attitude	4.21	0.893	33
Quality manpower	3.85	1.176	33
Improved negotiation skills	3.30	1.311	33
Improved technical skills	4.03	1.015	33
Increased work effectiveness	4.42	1.119	33
Narrow income gap	3.27	1.442	33
Reduce the level of ignorance	3.97	1.311	33
Increased productivity	4.21	0.992	33
Create employment	3.97	1.045	33
Reduce youth restiveness	3.58	1.173	33
Reduce poverty	3.58	1.173	33
Globalize best practice	3.33	1.472	33

they had not experienced employee turnover. The mean employee turnover for 2004 was 8.04%, 2005 was 8.44% and 2006 was 10.24%, respectively.

Descriptive statistics also show that tourism firms in the state attached varying importance to specific human capital development objectives. Increase work effectiveness scored the highest mean rating of 4.42 followed by development of good rational attitudes and increase productivity with a mean of 4.21, respectively. Reduction in the level of ignorance and creation of employment scored a mean of 3.97, respectively. The thirteen human capital objectives used in this study were scored above average by the respondents (Table 2).

Factor analysis using the principal component analysis produced 2 groups of objectives. The first are those that are organizational and societal focused (increase productivity, reduce poverty, technical skill, globalize best practice, increase work effectiveness, reduce level of ignorance, create employment). The second group of tourism objectives are those that are employee focused (develop quality manpower, improve negotiation skills, development of good rational attitude, improve quality of agents and suppliers and narrow income gap were no factors in the reduction process as their factor scores were below 0.30 suppression value (Table 3). However, only thirty four firms agreed that they have human capital development plans.

Inferential statistics: In an attempt to establish relationships between each individual human capital strategy variables and the firm's productivity variables, the following results were generated. First, was the regression of educational qualification, employees training, length of experience and competitive salary against customers' satisfaction using (OLS). The combine effect of the correlation was very weak ($R^2 = 0.096$). There was no statistical significance between the production

variables and the criterion variable ($F = 1.456$, $p > 0.05$). The coefficient table shows that there is no significant relationship between educational qualification, employee training and competitive salary and customers' satisfaction (this is because the t statistics shows p values greater than 0.05), except for employee length of experience that appears to be significant ($t = 2.016$, $p < 0.05$, beta coefficient 0.279). The beta coefficients indicate that for each year of experience gained by the employees before recruitment, the predicted customers' satisfaction will increase 0.279 (Table 4).

The predictor variables were again regressed against profitability, another firm performance indicator. The result shows that the correlation was positive and significant ($R = 0.296$, $F = 5.258$ and $p < 0.001$). The coefficient table shows that there is a significant relationship between employees' length of experience and profitability and competitive salary and profitability respectively (experience: $t = 3.052$, $p < 0.05$, $b = 0.381$; competitive salary $t = 2.429$, $p < 0.05$ and $b = -0.314$). Educational qualification and employee training did not

Table 3: Rotated component matrix

	Component	
	1	2
Increased productivity	0.867	
Reduce poverty	0.819	
Improved technical skills	0.783	0.407
Globalize best practice	0.741	
Reduce youth restiveness	0.728	
Increased work effectiveness	0.710	
Reduce the level of ignorance	0.610	
Quality suppliers		
Narrow income gap		
Quality manpower	0.341	0.850
Improved negotiation skill		0.779
Positive attitude	0.330	0.587
Create employment	0.430	-0.513

Extraction method: Principal component analysis, Rotation method: Varimax with Kaiser normalization, *Rotation converged in 3 iteration

Table 4: Coefficients for human capital strategies

Model	Unstandardized coefficients		Standardized coefficients		
	B	S.D. error	Beta	t	Sig.
1 (Constant)	39.092	13.894		2.814	0.007
Educational qualification	2.036	1.692	0.155	1.203	0.234
Employee training	-0.532	2.420	-0.032	-0.220	0.827
Length of experience	4.161	2.064	0.279	2.016	0.049
Competitive salary	2.768	2.583	0.156	1.072	0.289

Table 5: Coefficients for human capital strategies

Model	Unstandardized coefficients		Standardized coefficients		
	B	S.D. error	Beta	t	Sig.
1 (Constant)	47.352	17.775		2.664	0.010
Educational qualification	1.154	2.254	0.062	0.512	0.611
Employee training	0.903	2.956	0.040	0.305	0.761
Length of experience	7.863	2.576	0.381	3.052	0.004
Competitive salary	-7.841	3.269	-0.314	-2.429	0.019

show any significant relationship with profitability. This is because the p values for the t statistic were greater than 0.05 ($p > 0.05$) (Table 5).

The relationship between the predictors variable and employee turnover was also tested using the Pearson Chi Square (Pearson χ^2). Employee turnover; was measured in the respective years (2004, 2005 and 2006). This was to enable us estimate the mean turnover the human capital strategy variable was tested one by one per year. It was found that educational qualification of employee was only significant in 2006 ($p = 0.032$). The values for 2004 and 2005 were insignificant. The relationship between employee training and employee turnover was significant for 2004, 2005 and 2006, respectively. This is because p value was greater than 0.05, respectively. The relationship between length of employee experience and employee turnover was significant in only 2005 ($p = 0.010$). 2004 and 2006 show p values greater than 0.05. Competitive strategy shows significant relationship with employee turnover in 2005 and 2006, respectively ($p = 0.023$ and $p = 0.041$). p value in 2004 was greater than 0.05 ($p = 0.06$).

Tourism and hospitality industry is acclaimed globally as the highest employer of labour. A total of 1195 people were engaged in the employment of the firms surveyed. The number of employees varies according to the size of the tourism firm. The accommodation sector employed more since they were more in number and has more employees per firm. This is followed by the restaurant sub-sector. The tour service sub-sector has fewer employees because of their small size. At the moment, we cannot tell what percentage of the total work force in the region is represented by the tourism industry. The fact that, only a sample comprising 63 firms out of the total number of tourism firms in the region had engaged 1195 means that the industry is fulfilling one of its purposes (offering employment opportunities) to the society. However, as the industry becomes robust, it is expected to engage more people from the labour market. In Cyprus, Ayres (2000) reports that, between the year 1980-1996, 8 out of 10 jobs were in the restaurant and hospitality sub-sectors. That despite the decline in employment in agriculture and mining, there was expansion in the tourism industry. All the tourism firms used for this study are privately owned and managed.

Human capital development objectives: Objectives are specific measurable and realizable goals a firm set for itself. Objectives drive the firm and give direction to the actions of the firm. Objectives inform the strategies a firm adopts to achieve its mission. The overall success of a firm or industry is a function of its ability to achieve set objectives. Tourism firms in the region attach varying and

above average importance to all the objectives considered in this study. The firms that responded to this item indicate forwardness and commitment of the industry. The popular literature on human capital objectives (Gemmel, 1996; Barro, 1991; Banhabib and Spiegel, 1994) was of the opinion that human capital objectives are institution specific. According to them, some are emphasized by private sector, some by the firms, some by communities, etc. The principal component analysis points to the fact that tourism firms in the region pursue two types of objectives; those that are firm and societal focused and those that are employee focused. Since, firms in the industry pursue both, the region or state stands the possibility of achieving the overall objectives of using tourism as a development strategy if appropriate strategies are put in place. The firm and societal oriented objectives will increase industry efficiency and build a prosperous economy, while the second set of objectives (employee focused) will produce confidence and self esteem in the employees which translate to health citizenry. It is noted by Cracknell (2006) that most enterprises fail because of the absence of clear objectives.

Educational qualification of employees: Although, the mean rating of the employment of educationally qualified people in the industry was above average, it did not significantly correlate customers' satisfaction and profitability. This finding is confirmed by Spivack (1999) that there is no significant relationship between education and delivery of quality service. This could be explained by the fact that only 5.86% of those engaged in the service of tourism firms surveyed have dedicated training or have done diploma or degree in tourism or related disciplines. The majority of the employees though, with higher educational qualifications, are considered unskilled. The region requires a larger proportion of employees with education in tourism and hospitality to be able to impact on the quality of service that will affect the performance of the industry. Going by Westlake's (1997) model, the region lacks people to drive the industry at the management and supervisory levels. The number of employees with other higher educational qualification is 40% which is above the 26%. Hjalager and Andersen (2001) found in their study. The lack of large enough people, with higher education in tourism and hospitality in the region is also confirmed by Hjalager and Andersen (2001). The lack of skilled employee is attributed to the fact that there is no tertiary institution offering programmes in tourism and hospitality. The only one is Cross River University of Technology, where the Bachelor programme in tourism and hospitality is expected to commence in the 2007/2008 academic session. The lack

of skill people in an emerging tourism industry is not peculiar to this region. McDonald and Hopkin (2003) report that Grenada and Denmark had no degree awarding Institutions at the time serious tourism business started in the region. But today Grenada has a Master of Business Administration (MBA) programme in hospitality and tourism management in the Saint George's University, Grenada. If more educationally qualified people are produced and recruited, it may likely reduce the rate of employee turnover. This understanding is shared by most research findings (Szivas and Riley, 1999; Hjalager and Andersen, 2001). The low level of professionalism in the tourism industry is also reported by Wales Tourist Board. This has obvious implication on destination and business competitiveness, limits reinvestment and business growth (Wales Tourist Board, 2005). The delivery of quality tourism products and service according to Baum *et al.* (1997) depends on the kind of people the education system produces. A defective workforce will not be able to offer the expected service dimensions to visitor.

Employee training: The lack of large employee number with background in tourism and hospitality may affect the content of training receive by employees of those firms that had organized one form of training or another or had sent their employees to the ones organized by the Cross River State Tourism Bureau (CRSTB). CRSTB, the region's destination managers have organized a few training programmes for the accommodation and catering firms. None has been done for the tour service providers. The lack of significant correlation between employee training and customers' satisfaction and profitability can be explained by the fact that the training received by employees lacks the basic ingredient that can transfer skills that will drive the industry to offer globalize best practice and service. Effective industry training programmes have the advantage of impacting on the attitudes of employees, increase employee enthusiasm, lower absenteeism, lower employee turnover and increase productivity. This is possible because of the additional skills acquired (Watson and Drummond, 2002; Okorji and Okoye, 2003).

According to Plummer and Taylor (2003), training equips people to meet the labour needs of existing local employees as a mechanism to promote local growths.

Employee experience: Length of employee experience before recruitment reveals positive significant relationship between customers' satisfaction and industry profitability. However, a study by Cook and Belliveau (2004) reports that work experience was insignificant in

the micro enterprise programme graduands' ability to complete homework on time. A few of the accommodation firms engaged the services of expatriates from South Africa who had the requisite experience. Okorji and Okoye (2003) assert that "there is always an imperfect correspondence beneficiary of returns to investment. Industry mean length of cognate experience was found to be 3.14 years. Such experience may have to be on the cost of another firm. It is believed that when the industry emphasizes the recruitment of experienced people for employment, it will deliver quality service that will ensure customers' satisfaction and, repeat visitors at profit. There is less employee turnover when experienced people are employed.

Competitive salary: Competitive salary for employees in the tourism industry shows a significant relationship with firm profitability and insignificant relationship with customers' satisfaction. The payment of salary has positive and negative effect on the overall profitability of the firm. Excess levels of salary can erode the industry profitability. This is depicted by the beta coefficient of the "t" statistics (-0.314). A competitive salary will attract the best qualified people to the industry. In this study, employee turnover is 8-10%, which is on the high side for an emerging tourism industry. The researchers found that the common reasons employees give for learning their jobs are search for better jobs and further education, which in most cases are in other disciplines. Hjalager and Andersen (2001) had also reported poor salary as one of the reasons given by employees for leaving their job.

CONCLUSION

The human capital dimensions are weak in the region: few skilled people, limited investment in training, absence of effective tourism education system and high employee turnover.

The product of the tourism is not a single product or service but a bundle of physical or psychological benefits or what is referred to as the total touristic experience. To achieve this overall objective, the tourism industry in the region should engage employees with requisite knowledge and skills, an average of three years of cognate experience, payment of competitive salary and employment of people with dedicated training. McDonald and Hopkin (2003) have warned that tourism and hospitality education system should lead the industry rather than the reverse. Educated and properly trained employees have the tendency to offer the expected quality of service that will delight tourists and further lead to positive word of mouth (Ross, 1997). This is imperative

because tourism is in a global market. A destination must appeal to a tourist in a unique way to generate a repeat visit, which is an engine driver for industry survival and profitability. It is also hoped that quality tourism education, training and the competitive salary will increase employee self esteem and reduce existing turnover level below the current industrial average of 8-10% per firm. The industry should network with the Universities to produce tourism and hospitality experts by award of scholarships and fellowships to foreign countries for PhD programmes.

To ascertain the reliability of these findings, further studies are suggested in the areas of carrying out a comparative study of the effects of the human capital strategy variables and operational outcomes in one emerging tourism market and one developed or matured tourism market. This will help in construct refinement necessary for the understanding of the dimensions of human capital development in the tourism and hospitality industry. The customers' satisfaction gauge should be measured from the financial records or scorecard.

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