



Moving Out from Business as Usual: Conditions for Wealth Creation in Nigerian Tourism and Hospitality Industry

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Abstract: This study examines the conditions under which firms can move beyond “business-as-usual” operations to achieve sustainable wealth creation in the Nigerian tourism and hospitality industry. Specifically, it investigates the effect of strategic leadership orientation on wealth creation, the mediating role of innovation capability, and the moderating influences of institutional support and environmental dynamism. Grounded in the Resource-Based View and Dynamic Capability Theory, the study adopts a positivist philosophy and a deductive, explanatory research design. Data were collected through a cross-sectional survey of 215 managers and executives from registered tourism and hospitality firms across major Nigerian tourism hubs, with the proposed moderated–mediation model being tested using Partial Least Squares Structural Equation Modeling (PLS-SEM). The findings reveal that strategic leadership orientation has a significant positive effect on wealth creation and strongly predicts innovation capability. Innovation capability, in turn, significantly enhances wealth creation and partially mediates the leadership–performance relationship. At the same time, institutional support fails to strengthen the direct effect of strategic leadership orientation on wealth creation. These results suggest that leadership-driven innovation, supported by enabling institutional frameworks, is essential

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for sectoral transformation. The study offers important managerial and policy implications by emphasizing structured innovation systems, strategic leadership development, and institutional strengthening as pathways to tourism-driven economic growth. Its originality lies in integrating leadership, innovation, and contextual contingencies within a single moderated–mediation framework tailored to an emerging economy tourism setting, thereby extending strategic management theory into a critically underexplored sector.

Keywords: Innovation Capability; Institutional Support; Strategic Leadership Orientation; Tourism and Hospitality Industry; Wealth Creation

JEL Classification: D31; L83; O30; Z32

1. Introduction

Tourism and hospitality industries have increasingly been recognized as strategic drivers of economic diversification, employment generation, and inclusive wealth creation across both developed and emerging economies. Globally, tourism contributes significantly to gross domestic product (GDP), foreign exchange earnings, and local enterprise development, particularly in countries seeking alternatives to extractive-resource dependency (World Tourism Organization, 2023; Adeola et al., 2020; Bankole, 2002). In developing contexts, tourism serves not only as a revenue-generating sector but also as a platform for community empowerment, cultural preservation, and regional development. However, despite possessing abundant natural landscapes, cultural heritage assets, festivals, wildlife reserves, and historical landmarks, Nigeria’s tourism and hospitality industry remains underperforming relative to its economic potential.

Nigeria’s tourism and hospitality industry remains markedly underdeveloped despite its abundant cultural, natural, and historical resources that could drive substantial socio-economic growth (Okure, 2021; Olaleye et al., 2026). The country is endowed with diverse attractions, including Yankari National Park, Olumo Rock, Osun Sacred Grove, Ado-Away Suspended Lake, and numerous cultural festivals, yet these sites fail to generate the expected economic returns from tourism demand, domestic patronage, or foreign exchange earnings (Ndanusa et al., 2014). This paradox highlights a gap between potential and actual performance, suggesting that Nigeria’s tourism sector remains trapped in “business as usual” practices characterized by limited innovation, weak stakeholder engagement, and a lack of effective value-creation mechanisms.

A key barrier is Nigeria's limited recognition of tourism's economic potential, which is often seen as a luxury rather than a viable sector for employment, foreign exchange earnings, or regional growth. This perception, rooted in poor infrastructure, inconsistent policies, weak promotion, and apathy towards local attractions, dampens demand and investment, despite tourism's potential contribution to GDP and jobs. Policymaker and community neglect have worsened these issues, with weak policy implementation, limited stakeholder involvement, and inadequate funding hindering sector growth (Okure, 2021). The lack of strong Destination Management Organizations (DMOs) and human capital development impairs destination management, marketing, and service quality, further limiting Nigeria's tourism potential.

Infrastructure deficits, especially poor road networks, limited accommodation standards, weak connectivity, and unreliable public utilities, also contribute significantly to the sector's underperformance. Poor access to attractions, high travel costs, and substandard hospitality facilities discourage travel both within Nigeria and from foreign markets, leading to low visitation rates and limited economic multiplier effects (Amanawa, 2022). Many Nigerians do not prioritize exploring local heritage or supporting domestic tourism, preferring international travel due to socioeconomic challenges and the perception that domestic leisure has little value (Ndanusa et al., 2014). Without changing values and increasing awareness of tourism's potential for wealth creation, preferences will favor foreign destinations, limiting local growth. Traditional, reactive approaches focused on infrastructure are inadequate for transforming Nigeria's tourism industry. Instead, strategic, innovation-driven models involving community engagement, destination management, capacity building, and coordinated marketing are needed. Without these reforms, Nigeria's tourism sector will remain underdeveloped and fail to make a significant contribution to economic diversification and sustainable wealth.

Despite the recognized importance of these capabilities, empirical research has examined only the structural conditions necessary for wealth creation in Nigeria's tourism and hospitality industry. Much of the existing literature emphasizes constraints and descriptive challenges but does not systematically theorize the transformation mechanisms required to convert tourism potential into economic prosperity. This gap leaves policymakers and practitioners without a coherent framework for transitioning from traditional operations to innovation-driven wealth creation models.

Accordingly, this study responds to calls for strategic transformation in emerging-market tourism contexts by identifying and theorizing the conditions required to generate wealth within Nigeria's tourism and hospitality industry. By integrating resource-based, innovation, and dynamic capability perspectives, the study moves beyond problem diagnosis toward solution-oriented conceptualization. It seeks to articulate how moving away from business-as-usual operations can unlock value embedded within Nigeria's rich tourism assets and reposition the sector as a viable contributor to economic diversification.

Given Nigeria's urgent need for economic diversification beyond oil dependence, understanding the structural conditions that enable tourism-driven wealth creation is both academically relevant and practically imperative. Without deliberate strategic transformation, Nigeria's tourism and hospitality industry will remain constrained by outdated operational paradigms, underutilized assets, and unrealized economic potential. This study, therefore, advances the argument that moving beyond business as usual is not optional; hence, it is essential for unlocking sustainable wealth within the sector.

2. Theoretical Framework and Hypotheses Development

2.1. Resource-Based View Theory

The Resource-Based View (RBV) posits that companies can maintain a competitive advantage by possessing resources that are valuable, rare, inimitable, and non-substitutable (VRIN) (Barney, 1991). In fields like tourism and hospitality, intangible assets such as brand reputation, service innovation, organizational culture, and experiential design usually serve as the main differentiators. However, RBV researchers increasingly understand that merely owning resources is insufficient. These resources must be actively harnessed through organizational routines and capabilities to generate value (Sirmon et al., 2007). This emphasis on resource application aligns with dynamic capability theory, which highlights a firm's ability to reconfigure resources in response to environmental shifts (Teece et al., 1997). In tourism, creativity and knowledge management are crucial intangible assets, but their actual economic influence depends on how effectively firms integrate them into their innovation processes.

2.2. Strategic Leadership Orientation and Wealth Creation

Strategic leadership orientation reflects the extent to which top management articulates long-term vision, allocates strategic resources, aligns stakeholders, and drives adaptive transformation within an organization. In volatile and underdeveloped sectors such as Nigeria's tourism and hospitality sector, leadership is central to moving firms beyond routine, reactive operations toward structured, wealth-generating systems. According to the resource-based view (RBV), leadership plays a critical role in orchestrating valuable and rare resources to achieve sustained competitive advantage (Barney, 1991; Sirmon, Hitt & Ireland, 2007). Without strategic direction, even resource-rich environments fail to produce superior performance outcomes.

Strategic leadership orientation enables firms to identify growth opportunities, mobilize internal capabilities, and exploit market potential through disciplined execution. In emerging markets characterized by institutional voids, leadership compensates for systemic weaknesses by coordinating innovation efforts, building alliances, and embedding adaptive learning structures. Consequently, firms with a strong strategic leadership orientation are more likely to achieve higher revenue growth, market expansion, employment generation, and long-term competitive positioning.

H1: Strategic leadership orientation has a positive and significant effect on wealth creation in the Nigerian tourism and hospitality industry.

2.3. Strategic Leadership Orientation and Innovation Capability

Dynamic capability theory suggests that leadership is instrumental in developing innovation capability by shaping organizational culture, encouraging experimentation, and allocating resources toward new initiatives (Teece, Pisano & Shuen, 1997). Innovation capability refers to a firm's ability to systematically generate, implement, and commercialize new services, processes, and business models. In tourism and hospitality contexts, this may include digital transformation, experiential service redesign, destination branding innovations, and operational efficiency improvements.

Strategic leaders influence innovation capability by setting innovation priorities, fostering risk-tolerant environments, and establishing cross-functional collaboration mechanisms. In industries previously dominated by traditional operational models,

leadership orientation toward innovation becomes a necessary precursor for capability development. Thus, firms led by strategically oriented executives are more likely to cultivate robust innovation capability structures.

H2: Strategic leadership orientation has a positive and significant effect on innovation capability.

2.4. Innovation Capability and Wealth Creation

Innovation capability represents a dynamic mechanism by which firms recombine resources to generate value. Classical innovation theory, particularly the work of Joseph Schumpeter (1934), emphasizes that wealth creation emerges from new combinations that disrupt routine practices. Within tourism and hospitality, innovation capability enhances service differentiation, customer experience quality, operational efficiency, and market competitiveness.

Firms possessing strong innovation capability can adapt to market changes, attract new customer segments, and sustain revenue streams despite environmental volatility. Innovation enhances value capture by improving service design, reducing costs, increasing customer loyalty, and strengthening brand equity. Therefore, innovation capability serves as a critical pathway linking strategic intent to measurable wealth outcomes.

H3: Innovation capability has a positive and significant effect on wealth creation.

2.5. Mediating Role of Innovation Capability

While strategic leadership orientation may directly influence wealth creation, theoretical and empirical evidence suggest that leadership primarily generates performance outcomes through intermediate capabilities. According to the dynamic capability perspective, leadership shapes the firm's ability to integrate, build, and reconfigure resources (Teece et al., 1997). In this framework, innovation capability serves as the mechanism that translates leadership vision into tangible economic outcomes.

Strategic leadership orientation alone does not automatically produce wealth unless it manifests in actionable innovation processes. Therefore, innovation capability mediates the relationship by transforming strategic direction into marketable

services, improved customer experiences, and enhanced operational systems. In the context of Nigeria's tourism industry, where "business as usual" practices dominate, innovation capability becomes the structural pathway enabling transformation.

H4: Innovation capability mediates the relationship between strategic leadership orientation and wealth creation.

2.6. Moderating Role of Institutional Support

Institutional support refers to the extent of government policy implementation, regulatory facilitation, financial incentives, infrastructural provision, and inter-agency coordination that enable industry growth. In emerging economies, institutional environments significantly shape organizational performance outcomes. Even strategically oriented leaders may struggle to create wealth if regulatory bottlenecks, weak infrastructure, or policy inconsistency constrain operations.

Institutional support enhances the effectiveness of strategic leadership by providing enabling conditions such as tourism promotion policies, security assurance, investment incentives, and infrastructure development. When institutional support is strong, the positive effect of strategic leadership orientation on wealth creation becomes amplified. Conversely, weak institutional frameworks may dampen leadership effectiveness.

H5: Institutional support positively moderates the relationship between strategic leadership orientation and wealth creation, such that the relationship is stronger when institutional support is high.

Hence, these relationships are being depicted diagrammatically in Figure 1 below.

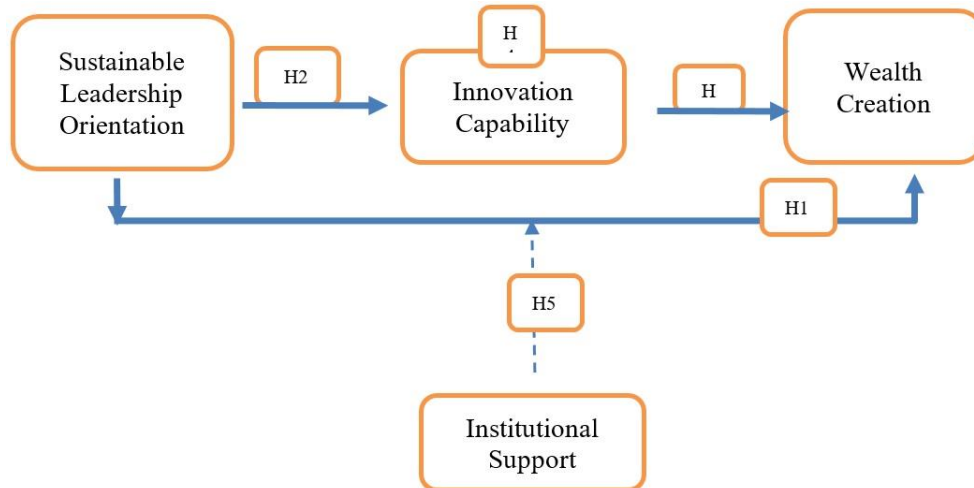


Figure 1. Research model

Source: Authors' research compilation

3. Methodology

3.1. Research Philosophy, Design and Approach

This research adopts a positivist philosophy, viewing social phenomena as objectively measurable via empirical observation and statistics. Positivism is ideal for hypothesis testing with quantifiable variables and structured tools. Since the study explores causal links among strategic leadership, innovation, support, and wealth creation, a positivist approach enables systematic hypothesis testing and broad generalizations. It adopts a post-positivist view, recognizing that objective reality exists but is best approached through rigorous methods and statistical validation. Post-positivism allows for complex models such as mediation and moderation, which are suitable for the proposed framework. This paradigm supports the use of structural equation modeling to analyze relationships within the Nigerian tourism and hospitality sector.

This study employs a deductive approach, starting with established theories like the Resource-Based View (RBV) to derive testable hypotheses. It tests whether strategic leadership influences wealth creation through innovation, conditioned by institutional support. This approach is suitable because the aim is to validate and extend existing theories in a new context, rather than to generate new ones. The study

uses a quantitative, explanatory design to examine causal relationships and test mediation and moderation effects. Data are collected at a single point in time from tourism and hospitality firms in Nigeria using a cross-sectional survey that covers diverse geographic regions and firm categories within the industry.

3.2. Population and Sampling Procedure

The target population comprises registered tourism and hospitality enterprises operating within Nigeria. These include hotels (three-star and above), resorts, travel and tour operators, event management firms, destination management organizations, and tourism service providers formally registered with state tourism boards or relevant regulatory authorities. The focus on formally registered entities ensures access to structured leadership systems and identifiable organizational processes necessary for measuring strategic leadership orientation and innovation capability. Nigeria's tourism and hospitality industry is geographically dispersed across major tourism hubs such as Lagos, Abuja, Cross River, Rivers, Ogun, Kaduna, and Kano states. These states have high concentrations of hospitality enterprises and tourism activity, providing an appropriate context for examining wealth-creation mechanisms within the sector.

A multi-stage sampling procedure is adopted. First, purposive sampling is used to identify states with high tourism and hospitality activity. Second, a stratified sampling technique is employed to ensure representation across different categories of firms (e.g., hotels, tour operators, event firms). Stratification enhances sample representativeness and reduces sampling bias. Within each stratum, respondents are selected using systematic random sampling, targeting senior managers, operations managers, innovation managers, and executives who possess knowledge of strategic leadership orientation and innovation practices within their firms. These respondents are appropriate because the constructs under study are managerial-level phenomena.

The minimum sample size is determined using the 10-times rule and a power analysis for PLS-SEM. Methodologically, the minimum sample size should be 10 times the maximum number of structural paths leading to a specific construct (Hair et al., 2019). In this model, wealth creation is influenced by strategic leadership orientation and innovation capability, as well as their interaction terms. Given the model's complexity, at least 200 respondents are needed to ensure adequate statistical power. Nonetheless, the study aims to recruit 350–400 respondents to improve robustness

and generalizability, accounting for potential nonresponse or incomplete data. The total sample size of 215 was obtained after excluding some replies as outliers due to missing data, from four hundred surveys distributed. Thus, 53.75% remains the response rate for the study.

3.3. Inclusion and Exclusion Criteria

To ensure the rigor, relevance, and credibility of the study, clearly defined inclusion and exclusion criteria were established to guide the selection of participating firms and respondents within the Nigerian tourism and hospitality industry. These criteria were designed to ensure that only organizations and individuals possessing adequate structural maturity and strategic insight were included in the empirical analysis, thereby enhancing the validity and reliability of the findings.

The inclusion criteria required that participating firms be formally registered tourism and hospitality enterprises operating within Nigeria. This includes hotels (particularly three-star category and above), resorts, travel and tour operators, destination management companies, event management firms, and other recognized tourism service providers registered with relevant regulatory authorities such as state tourism boards or corporate affairs institutions. Formal registration was necessary to ensure organizational legitimacy, traceability, and the presence of structured managerial systems. Additionally, firms were required to have been operational for at least 3 years. This threshold was set to ensure that participating organizations had sufficient operational history to demonstrate leadership structures, innovation routines, and measurable wealth-creation indicators. Newly established firms were excluded because they may not yet have developed stable strategic orientations or institutionalized innovation processes.

Furthermore, respondents were required to occupy managerial, supervisory, or executive-level positions within their organizations. Eligible respondents included chief executive officers, general managers, operations managers, innovation managers, marketing managers, and senior administrators with direct involvement in strategic decision-making processes. The rationale for this criterion was that the constructs examined in this study, strategic leadership orientation, innovation capability, and wealth creation, are organizational-level phenomena best assessed by individuals with comprehensive knowledge of firm strategy and performance outcomes. Respondents were also required to have worked in their respective

organizations for at least one year to ensure familiarity with internal processes and strategic initiatives.

Conversely, the exclusion criteria eliminated firms and individuals that did not meet these standards. Informal or unregistered tourism businesses were excluded due to the absence of structured leadership systems and formal accountability mechanisms. Firms operating for less than three years were excluded because early-stage ventures may not yet exhibit stabilized strategic practices or measurable performance outcomes. Additionally, junior employees, contract staff, interns, and frontline personnel who were not involved in strategic decision-making were excluded to minimize response bias and ensure informed responses. Organizations not directly engaged in tourism or hospitality service provision, such as peripheral suppliers without core tourism functions, were also excluded to maintain sectoral focus and conceptual clarity.

Collectively, these inclusion and exclusion criteria strengthened the study's internal validity by ensuring that data were obtained from relevant, experienced, and strategically informed participants. By focusing on established, formally structured tourism enterprises and knowledgeable managerial respondents, the study enhanced the credibility of its findings on the conditions necessary to move beyond business-as-usual operations toward sustainable wealth creation in Nigeria's tourism and hospitality industry.

3.4. Data Collection and Instrumentation

Data were collected via a structured, self-administered questionnaire that used validated scales from prior research. All constructs are measured with multi-item Likert scales (five- or seven-point), from strongly disagree to agree, adopted from previous studies. Strategic leadership orientation indicates how leaders anticipate, envision, stay flexible, and empower others to create strategic change. Meanwhile, its scale is derived from studies by Hitt, Ireland, and Hoskisson (2007), in conjunction with the strategic leadership framework, as evidenced by Boal and Hooijberg (2000). Furthermore, innovation capability items measure service innovation, process innovation, and commercialization routines with five items (Deshpandé et al., 1993; Olaleye et al., 2021). Meanwhile, institutional support captures perceptions of policy support, regulatory facilitation, and infrastructural adequacy with eight items (Fatoki, 2019; Bahadır et al., 2024; Olaleye et al., 2024;

Wesselink et al., 2017). Wealth creation is assessed through perceived revenue growth, profitability, competitive advantage, and employment generation. It is measured using eight items drawn from previous studies (Amit & Zott, 2001; Ireland et al., 2003; Zahra & Dess, 2001).

3.5. Method of Data Analysis

This study uses PLS-SEM with SmartPLS to analyze complex relationships, including direct effects, mediation, moderation, and moderated mediation. PLS-SEM suits this because it estimates multiple relationships simultaneously without strict assumptions, ideal for prediction and theory extension, especially in the Nigerian tourism context. It handles non-normal data and moderate sample sizes well, which are common in developing economies. The analysis involves a two-step approach: assessing the measurement and structural models. In evaluating the measurement model, construct reliability and validity are established through indicator reliability (outer loadings ≥ 0.70), internal consistency (Cronbach's alpha and composite reliability ≥ 0.70), and convergent validity (AVE ≥ 0.50). Discriminant validity is confirmed using the Fornell–Larcker criterion and the HTMT ratio. The structural model is then assessed using path coefficients (β), R^2 , effect size (f^2), and Q^2 for predictive relevance, with bootstrapping (5,000 resamples) used to test significance. Mediation effects are examined through bootstrapped indirect effects; moderation effects via interaction terms.

4. Results

4.1. Data Screening

The study primarily employed self-reported measures across all constructs. This approach may introduce common method variance (CMV), as respondents provided data for both variables. To address potential bias, participant anonymity was ensured, and it was emphasized that there were no correct responses (Podsakoff et al., 2003). CMV was assessed after data collection using Harman's one-factor test. This test determined whether a single factor accounted for the majority of variance. The analysis showed that total variance explained was 29.4%, below the 50% threshold. Additionally, the "unmeasured latent factor" technique was applied in Confirmatory Factor Analysis (CFA). An unobservable latent variable aggregated the indicators to

estimate shared variance, with uniform, unstandardized loadings required. The proportion of variance was determined by squaring these loadings. Findings indicate that CMV does not pose a significant concern. Partial least squares structural equation modeling (PLS-SEM) with maximum likelihood estimation was used to test the hypotheses. The model demonstrated acceptable fit ($\chi^2 = 1,380.229$; SRMR = 0.078; NFI = 0.746), supporting its validity and satisfactory fit to the data.

4.2. Measurement Model

In the initial review, we set out to test the reliability of our constructs by examining Cronbach's alpha and Composite Reliability values, which impressively ranged from 0.753 to 0.891 (see Table 1). These strong results not only exceed the recommended threshold of 0.70 but also align with the standards set by Hair et al. (2019), giving us confidence in the internal consistency of our measures. To further validate our approach, we used a two-step process to assess convergent validity, focusing on outer loadings and Average Variance Extracted (AVE) values. Each outer loading exceeded 0.70 and was statistically significant ($p < 0.001$), providing clear evidence of convergent validity, as described by Hair et al. (2022). The lack of multicollinearity, with Variation Inflation Factor values comfortably below 5 (ranging from 1.211 to 2.669), adds another layer of strength to our analysis. Moreover, every AVE exceeded 0.5, further confirming convergent validity. By meeting the criteria for cross-loading, internal consistency, and AVE, our findings align with the benchmarks set by Hair et al. (2019) and are consistent with previous research (Khumalo & Olaleye, 2025; Radzi et al., 2025).

Table 1. Reliability and validity outcomes

Constructs	Loadings	α	rho_A	CR	AVE
Innovation capability (INC)	0.723-0.930	0.894	0.943	0.920	0.698
Institutional support (ITS)	0.773-0.918	0.905	0.930	0.924	0.608
Strategic leadership orientation (SLO)	0.770-0.836	0.885	0.899	0.909	0.560
Wealth creation (WTC)	0.764-0.925	0.945	0.954	0.954	0.723

Source: Field Survey, 2025

Following the establishment of the initial framework, the subsequent phase entailed the systematic development of tests to confirm both convergent and discriminant validity, which are essential for verifying the measurement model. Tables 2 and 3 present the discriminant validity results obtained through the Fornell-Larcker and HTMT methods across the four identified constructs. The Fornell-Larcker criterion was met, as the average variance extracted (AVE) for each latent variable exceeded its corresponding off-diagonal value. The HTMT ratios for INC, ITS, SLO, and WTC were all below 0.90, as indicated in Table 3. Satisfying the thresholds for both HTMT and Fornell-Larcker criteria confirmed robust discriminant validity. The model's explanatory power was further evaluated by assessing validity, reliability, and item performance.

Table 2. Discriminant validity (Fornell-Larcker's criterion)

Variables	INC	ITS	SLO	WTC
Innovation capability (INC)	0.835			
Institutional support (ITS)	0.784	0.780		
Strategic leadership orientation (SLO)	0.310	0.286	0.748	
Wealth creation (WTC)	0.346	0.275	0.374	0.851

***Diagonal values in bold are the square root of AVE, when using Fornell-Larcker's criteria**.*

Source: Field Survey, 2025

Table 3. Discriminant validity (Heterotrait-Monotrait Ratio (HTMT))

Variables	INC	ITS	SLO	WTC
Innovation capability (INC)				
Institutional support (ITS)	0.872			
Strategic leadership orientation (SLO)	0.330	0.322		
Wealth creation (WTC)	0.348	0.283	0.386	

Source: Field Survey, 2025

4.3. Structural Model

The model uses bootstrapping to assess structural paths and examines the instrument's causal links, as shown in Figure 2. Both strategic leadership orientation and innovation capability significantly affect wealth creation in tourism and hospitality firms. H1 is supported, indicating a positive relationship between strategic leadership and wealth creation ($\beta = 0.251$, $t = 2.984$). Strategic leadership also positively relates to innovation capability, aligning with H2 ($\beta = 0.310$, $t =$

4.708). Innovation capability correlates positively with wealth creation (H3: $\beta=0.285$, $t=2.354$). H4 indicates that innovation capability partially mediates the relationship between strategic leadership and wealth creation ($\beta = 0.088$, $t = 2.003$). H5 was unsupported; institutional support negatively and insignificantly moderates this relationship. Sullivan and Feinn (2012) recommend reporting effect size (f^2), β , p-value, and R^2 to show the extent of the effect. Table 4 shows effect sizes for direct paths, and Cohen (1988) classifies an f^2 of 0.15–0.35 as a low effect size, indicating all paths have a low impact.

Table 4. Path Analysis Result

Relationship	Std. Beta	Std. Error	T-Value	p-value	F ²	R ²	Decision
H1: SLO → WTC	0.251	0.084	2.984	0.003***	0.063	0.208	Accept
H2: SLO → INC	0.310	0.066	4.708	0.000***	0.106	0.096	Accept
H3: INC → WTC	0.285	0.121	2.354	0.019***	0.038	0.208	Accept
Indirect Effects							
H4: SLO → INC → WTC	0.088	0.044	2.003	0.036***	Partial Mediation		Accept
H5: ITS*MOD_SLO → WTC	-0.081	0.071	1.148	0.252***	-		Reject

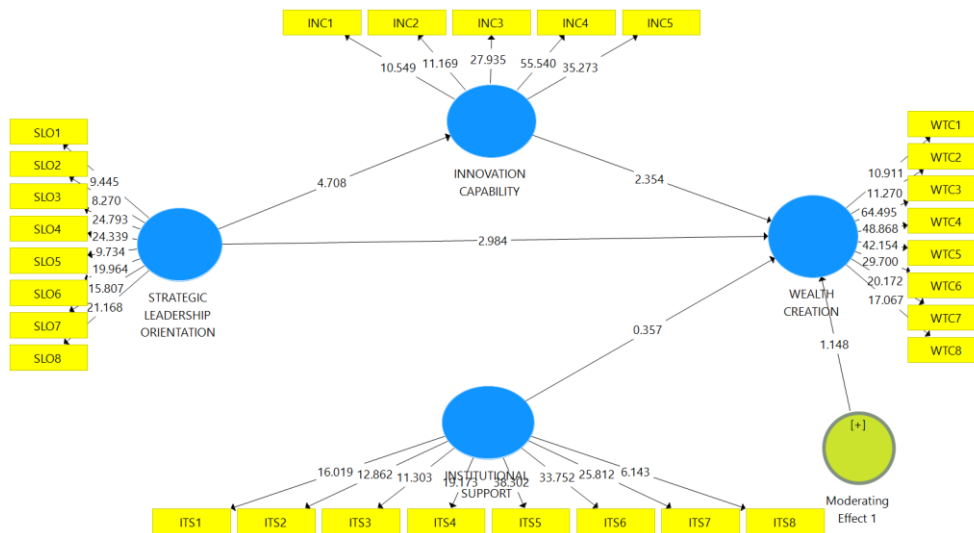


Figure 2. Path analysis and t-statistic

5. Discussion and Conclusion

5.1. Discussion of Findings

The objective of this study was to examine the conditions under which tourism and hospitality firms in Nigeria can move beyond routine operational models and achieve sustainable wealth creation. Specifically, the study investigated the direct effect of strategic leadership orientation on wealth creation, the mediating role of innovation capability, and the moderating roles of institutional support. The findings provide strong empirical support for the proposed framework and offer meaningful theoretical and contextual insights.

First, the results demonstrate that strategic leadership orientation exerts a significant positive effect on wealth creation. This finding aligns with the Resource-Based View (RBV) (Barney, 1991) and the strategic entrepreneurship literature (Ireland et al., 2003), which emphasize the role of leadership in orchestrating valuable, rare, and inimitable resources to achieve performance outcomes. In the Nigerian tourism and hospitality context, where institutional inefficiencies and infrastructural deficits are prevalent, leadership emerges as a critical internal driver of value generation. Firms led by strategically oriented executives, those who articulate clear visions, allocate resources proactively, and foster adaptability, are better positioned to convert tourism assets into revenue growth, profitability, market expansion, and employment generation. This finding reinforces the argument that leadership is not merely administrative but transformational in sectors seeking to escape “business-as-usual” routines.

Second, the study confirms that strategic leadership orientation significantly enhances innovation capability. This result is consistent with dynamic capability theory (Teece et al., 1997), which posits that leadership plays a foundational role in building the firm’s ability to integrate, reconfigure, and deploy resources in changing environments. In emerging markets such as Nigeria, innovation capability does not evolve organically; it requires deliberate strategic direction. Leaders who prioritize experimentation, invest in technology, encourage cross-functional collaboration, and embed learning systems cultivate an organizational climate conducive to innovation. This finding echoes prior empirical work suggesting that leadership vision and support are antecedents to innovation performance (Chen & Huang, 2009; Hon et al., 2014). Thus, leadership orientation functions as a catalyst for developing structured innovation systems within tourism enterprises.

Third, innovation capability significantly predicts wealth creation. This result supports Schumpeter's (1934) classical theory of innovation, which argues that wealth arises from new combinations that disrupt routine economic activities. In the tourism and hospitality industry, innovation capability translates into service redesign, digital transformation, improved customer experiences, and operational efficiency gains. Firms that systematically innovate are better able to differentiate themselves, attract new market segments, and retain customer loyalty. The finding also corroborates tourism-specific innovation research (Hjalager, 2010; Divisekera & Nguyen, 2018), which emphasizes that innovation drives competitiveness and financial performance. In the Nigerian context, where traditional operational approaches dominate, innovation capability appears to be the structural mechanism that transforms static tourism assets into dynamic revenue streams.

Importantly, the study establishes that innovation capability partially mediates the relationship between strategic leadership orientation and wealth creation. This mediation result provides deeper theoretical clarity by demonstrating that leadership does not automatically produce wealth; rather, it does so by developing intermediate capabilities. In line with Sirmon et al. (2007), resources must be effectively bundled and leveraged through organizational processes to create value. The findings, therefore, extend the RBV by empirically demonstrating the "resource-process-performance" pathway within an emerging tourism setting. Strategic leadership provides direction and resource commitment, innovation capability operationalizes that direction into concrete initiatives, and wealth creation emerges as the outcome of those initiatives. This insight is particularly relevant in Nigeria, where leadership rhetoric often fails to translate into structured innovation systems. The study thus provides empirical evidence that moving out of business-as-usual requires embedding leadership intent into institutionalized innovation routines.

Furthermore, institutional support does not significantly moderate the relationship between strategic leadership orientation and wealth creation. This finding highlights the importance of the external environment in shaping firm-level outcomes. Even strategically oriented leaders face constraints when regulatory systems are inconsistent, infrastructure is weak, or policy support is inadequate. When institutional support is strong through effective tourism policies, infrastructure investments, security assurances, and promotional frameworks, the positive impact of leadership on wealth creation is amplified. Conversely, weak institutional conditions attenuate leadership effectiveness. This result resonates with institutional theory perspectives, suggesting that organizational outcomes are embedded within

broader regulatory and normative systems. In Nigeria's tourism sector, where policy implementation gaps persist, institutional strengthening becomes a necessary complement to firm-level leadership transformation.

Collectively, the findings confirm that sustainable wealth creation in Nigeria's tourism and hospitality industry requires an integrated configuration of leadership orientation, innovation capability, and supportive institutional conditions. Moving beyond business-as-usual operations is achieved not through isolated reforms but through systemic transformation that links internal capabilities to external enablers.

5.2. Managerial and Practical Implications

The findings of this study carry substantial managerial and policy implications for tourism and hospitality stakeholders in Nigeria and similar emerging economies.

At the managerial level, the results emphasize the strategic centrality of leadership orientation in wealth creation. Tourism and hospitality executives must move beyond operational supervision toward visionary and innovation-driven leadership. This requires articulating long-term strategic goals, embedding innovation priorities into corporate agendas, and aligning organizational structures with growth objectives. Managers should institutionalize strategic planning processes, establish innovation committees, and allocate dedicated budgets for experimentation and service redesign. Leadership development programs should focus on strategic thinking, opportunity recognition, and adaptive decision-making to strengthen the innovation mindset within firms.

Second, managers must treat innovation capability as a structured organizational process rather than ad hoc creativity. Firms should implement formal knowledge-sharing systems, invest in digital technologies (e.g., online booking systems, customer relationship management platforms), and create cross-functional innovation teams. Training programs should enhance employee skills in service innovation, digital marketing, and experiential design. Importantly, innovation metrics should be integrated into performance appraisal systems to ensure accountability. By embedding innovation capability into daily operations, tourism enterprises can transform intangible resources into measurable financial outcomes.

Third, the findings highlight the importance of collaborative engagement with institutional actors. Managers should actively engage with government agencies, tourism boards, and industry associations to advocate for supportive policies and

infrastructure development. Public–private partnerships can be leveraged to improve destination marketing, security assurance, and transport accessibility. Firms may also collaborate in cluster-based initiatives to enhance destination competitiveness. Rather than operating in isolation, tourism enterprises should adopt an ecosystem approach, recognizing that wealth creation often depends on coordinated action among stakeholders.

From a policy perspective, the moderating role of institutional support suggests that government intervention is pivotal in amplifying private-sector leadership efforts. Policymakers should prioritize consistent tourism policies, infrastructure development, and regulatory transparency. Investment in transportation networks, security infrastructure, digital connectivity, and destination branding campaigns will enhance the sector’s attractiveness. Establishing strong Destination Management Organizations (DMOs) with clear mandates can improve coordination and international competitiveness. Incentive programs such as tax relief, innovation grants, and tourism investment funds can further stimulate entrepreneurial activities within the sector.

Additionally, policymakers should invest in human capital development through tourism education, vocational training, and entrepreneurship programs. Strengthening institutional capacity ensures that systemic weaknesses do not undermine firm-level strategic initiatives. The study, therefore, underscores that sustainable wealth creation in tourism is a shared responsibility between private leadership and public institutions.

Practically, tourism operators should also prioritize domestic tourism awareness campaigns to reshape societal perceptions that undervalue local attractions. By leveraging digital marketing and experiential storytelling, firms can stimulate domestic demand and reposition Nigerian tourism as a viable leisure and investment sector. Moving out from business-as-usual requires both structural innovation and cultural reorientation toward valuing indigenous tourism assets.

5.3. Limitations and Suggestions for Future Study

Despite its theoretical and practical contributions, this study is subject to several limitations that warrant careful consideration. First, the cross-sectional design restricts causal inference. While structural equation modeling provides statistical evidence of mediation relationships, the temporal ordering of leadership orientation,

innovation capability, and wealth creation cannot be conclusively established. Building on these limitations, several promising avenues for future inquiry emerge: longitudinal research designs should be employed to capture the dynamic evolution of innovation capabilities and wealth outcomes.

Second, while innovation operations were modeled as a mediating construct, the study does not disaggregate different types of innovation (e.g., service innovation, process innovation, digital innovation, business model innovation). Different innovation forms may vary in their mediating strength and strategic importance. A more granular analysis could reveal which innovation dimensions most effectively convert intangible assets into wealth outcomes and incorporate sustainability-oriented innovation outcomes.

Third, the contextual focus on tourism and hospitality firms within Nigeria limits generalizability. While emerging economy dynamics provide a compelling research setting, institutional, cultural, and economic conditions vary across regions. The resource–process–wealth relationships identified in this study may differ in more mature tourism markets characterized by advanced technological ecosystems and stronger institutional frameworks. Comparative cross-country research would clarify the model’s boundary conditions by examining institutional moderators such as regulatory quality, technological infrastructure, and market sophistication. Researchers could determine whether the mediating role of innovation operations strengthens or weakens under different environmental conditions. Such a comparative analysis would enhance the external validity of the proposed framework.

Fourth, the operationalization of wealth creation emphasizes firm-level economic performance but does not explicitly incorporate broader stakeholder outcomes such as community development, environmental sustainability, or social value creation. Tourism industries often operate within socio-ecological systems where wealth creation extends beyond financial metrics. Future research could expand the conceptualization of wealth to include multidimensional performance indicators aligned with sustainable development objectives.

Finally, the study focuses primarily on internal firm capabilities and does not incorporate external relational factors such as strategic alliances, supplier networks, or customer co-creation mechanisms. In tourism ecosystems, inter-organizational collaboration may significantly influence innovation outcomes. Future research should consider ecosystem-level wealth creation by integrating community

engagement, public–private partnerships, and destination-level governance mechanisms. Tourism wealth creation often transcends firm boundaries, and examining collective innovation processes could provide a broader systemic perspective.

5.4. Conclusion

This study demonstrates that tourism and hospitality firms achieve sustainable wealth creation when creativity and knowledge management practices are embedded within structured innovation capability. The findings confirm that strategic leadership orientation is necessary to move industry operations. However, it is insufficient for wealth generation, as innovation capability and institutional support serve as mechanisms that transform resource inputs into economic outcomes. By integrating RBV within an emerging tourism context, the study provides a resource–process–wealth framework applicable to similar developing markets.

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