

# Need for more Regulation, Standardization and Classification in the Lagos Hospitality Industry

By Damilola Adepoju

*It is important, for the health of the growing hospitality industry in Lagos that more concrete action is made, not only to register and license hospitality establishments, but to also begin to standardize and classify them.*

In 2010, there was an attempt by the Lagos State Government to carry out a standardization and classification process of hospitality establishments. There was even a technical session organized by the State's Ministry of Tourism & Inter-Governmental Relations, where we at W Hospitality Group presented a paper we had written on the same subject. However, almost four years later, I have yet to see any tangible action on standardizing or classifying hospitality establishments in Lagos.

The growth of the hospitality industry in Lagos is no secret. For instance, our research shows that the current supply of relevant hotel rooms in Lagos – those representing the mainstream industry and not including the numerous small, independent hotels and guest houses (mostly operating with very poor standards) – surpasses 10,000 rooms. This is a growth of almost 240 per cent from 2003, when we first started collecting this data.



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sanitization and food hygiene practices. It is not acceptable in the 21<sup>st</sup> Century that there are facilities that operate with no knowledge (or regard) for food hygiene,

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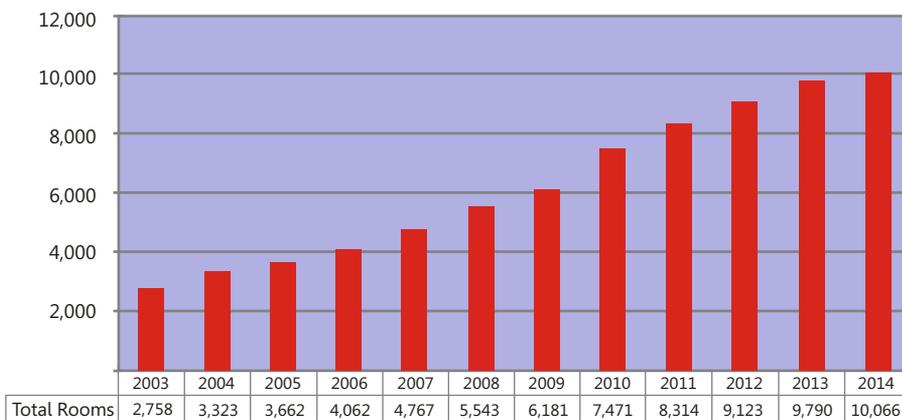
## The Process of Rating and Classifying Hotels

The 1- to 5- star system is by far the most common and widely used around the world. It is probably the one most understood by consumers. It simply means that the higher the number rating assigned, the more luxurious the property is. The American Automobile Association uses a diamond rating system for hotels and restaurants. Another method is the 'A to F' letter grading and the 'Satisfactory and Unsatisfactory' system used mostly for accommodations like motels. This assessment and classification system is based largely on the facilities and quality of service provided to guests. Facilities taken into consideration include food and beverage outlets, entertainment, room variations such as size, design, etc., the availability of spa and fitness centers, ease of access, location and so on. Quality of service may take into consideration factors such as employee training.

## Hospitality Regulation around the World

In Europe, the common classification system is the 1- to 5-star rating. The lowest level is the tourist category, which is denoted by 1 \*, the standard category is denoted with 2 \*\*, the comfort category 3 \*\*\*, the first class category 4 \*\*\*\* and the luxury 5 \*\*\*\*\*. Properties that go beyond the minimum standards for one category, but do not quite meet requirements for the next level are denoted by a 'Superior' flag. This system was developed and adopted by the German Hotel and Restaurant association in 1996. It was so successful that 80 per cent of Germany's hotel guests use the star system as the main criteria

Lagos Annual Hotel Rooms Supply



With this level of growth, it is quite apparent that the industry requires a legal framework to regulate its most preferably at the state level, as opposed to the national level. New entrants should be properly registered and monitored by the authorities. It is important that establishments operating in the state should comply with local and international standards, especially in the areas of safety,

where the water being served could be polluted, and the dangers of fire are not recognized. Regulation will also serve to curb the sprouting of illegal and substandard establishments in the city, and consumer and employee interests will be better protected. In all, this should help to increase the profile of Lagos in a wider global context.

when selecting a hotel. And it led to the creation of a common European Hotel-stars system in 2010. This consists of a union of hotel associations from Austria, Czech Republic, Germany, Hungary, Netherlands, Sweden & Switzerland.

The U.S has no official classification system. However, there is the AAA Diamond Rating Process widely used across North America. Hotels can apply for a rating. To be AAA approved, the hotel must meet basic requirements, covering comfort, cleanliness and safety. It evaluates service, amenities and décor of the hotel.

In India, there is a specially appointed Hotel & Restaurant Approval & Classification Committee (HRACC) in charge of inspecting and assessing hotels based on the facilities and services provided. This committee works together with the Hotel Association of India to ensure that hotels are properly approved, and follow guidelines for classification. The system employs the 1- to 5-star system, as well as Heritage categories (Basic, Classic & Grand). Hotel projects in the project phase are given licensing and approval at the implementation phase while operational hotels are classified under the various categories.

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In South Africa, the Tourist Grading Council handles ratings with the 1- to 5-star system. The agency provides the framework for grading and implementation and a consumer feedback mechanism is built in to monitor customers' expectations. The steps for obtaining a star rating include familiarization with the minimum standard requirements and criteria, choosing an assessing party, applying for the most appropriate star grading and then approval from the awards committee. Hotels are not compelled to be graded, however more than 50 per cent of the country's accommodations have chosen to be graded.



Aerial view of Lagos

### The Lagos Context

It is important, for the health of the growing hospitality industry in Lagos that more concrete action is made, not only to register and license hospitality establishments, but to also begin to standardize and classify them. It is only through efforts such as this that Lagos can truly achieve world-class levels. There are a few establishments in Lagos that are branded and operated by international chains; however this can often be in name only. The standards here are often lower than what can be obtained on a much more international scale, and this can be attributed to local lax standards and the lack of governmental monitoring. There are even establishments that “self-classify”, that is, call or brand themselves as a 5-star property. However, this is out of context when there is not a more universal classification system available.

The Lagos State Hotel Licensing Law 2003 (as amended in 2010) was to serve to ensure that all industry establishments in Lagos are properly licensed and regulated. It was also to enable the government better administer laws that ensure health and safety, fire risk assessment, proper food hygiene and environmental legislation in hospitality establishments. Clear guidelines were to be established in line with global best-practices. The State was challenged by the Federal Government over

whether it had the legal jurisdiction to enact such tourism-related laws. Fortunately, a Supreme Court Judgment found that the State did. Such moves are best made at a local level, especially in a city like Lagos that is so economically vital to the country and frankly relatively more advanced than the rest of the country.

Beyond overseeing the registration of establishments and administering a 5 per cent tourist consumption tax, there needs to be more effort to implement and enforce systems that make the industry work better. Regulation should lead to better administration of laws that ensure the health and safety of consumers. Classification and standardization will better serve to communicate the offerings of an establishment to the market. It will also ensure that these establishments work harder at maintaining standards and consistency. These efforts should also be more collaborative between the private and public sectors. The government can provide the legal framework, while the private sector can provide the technical skills and know-how.

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