

THE PROBLEMS ENCOUNTERED WHEN SETTING UP A SMALL SCALE HOSPITALITY BUSINESS IN EKITI STATE, NIGERIA.

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Abstract

The study investigated the problems encountered when setting up a small scale hospitality business in Ekiti State. The study employed a descriptive analysis. The sample for the study consisted of 75 respondents selected through stratified random sampling to cover the 3 senatorial districts in the State. Stratified simple random sampling was used in selecting small scale hospitality industries in Ekiti State. A self-structured questionnaire tagged “The Problems Encounter in Hospitality Business in Ekiti State (PEHBES)” was used for the study. Four research questions was raised for the study and answered descriptively. Two research hypotheses were equally formulated for the study and they were tested using Chi square of independent sample at 0.05 level of significance. Based on the data analysis, findings revealed that there was a significant challenges faced when setting up small scale hospitality business in Ekiti State. Also, there was significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State. The study recommended that small businesses should have a global outlook and that businesses of all sizes across the globe can interact and share information, technology and products. Also, small businesses should consider what global trends are affecting availability of resources, increasing or decreasing demand for products or service and where there is an unfilled need one might be able to meet. This may prove a challenge to SMEs but the government can step in here to provide information on business trends.

Keywords: Hospitality; Small Scale Business; Tourism Industry; Infrastructural Development; Ekiti State

Introduction

In recent times, small and medium scale business has been a major source of revenue to most urban dwellers in Nigerian cities. World Tourism Organization (2023) has pointed out that hotels are now regarded as one of the best monuments in developed and developing countries of world. First class hotels in Abuja, Lagos, Port-Harcourt, Calabar, Kano, Kaduna, Ekiti, etc. now rank one of the best tourist attractions in Africa. This is evidence that hotels and recreational centers serve as tourism centers through the provision of tourism facilities in most Nigerian Cities (Fred, 2017).

Awaritefe (2014) opined that environmental perception is one of the psychological processes that occur as a result of the interaction of humans with their environment. Awaritefe (2013) emphasize the significance of positive perceptions by consumers in their selection of holiday resorts. This implies that small scale hotels plays significant role in the development of Ekiti State. Small scale business such as hotels and recreational centers is necessary as it is imperative to incorporate new business idea in form of entrepreneurship in business which will equip tourists to meet the socio-economic requirement of the world of work. It will empower the young youths and provide job for the timid unemployed youths in Nigeria (Evans, 2016).

Through small scale businesses, they can explore the business and economic opportunities around them to become self-employed and create job for other people. Through small scale business, specific skills that are needed for successful entrepreneurship is taught such as the knowledge of the business environment, managerial skills, marketing strategies etc. According to Martins (2017), small scale businesses which is an essential tool for economic development, will take cognizance of the need to provide unemployed youths with the ability and skills to be gainfully employed upon completion of their programme as well as prepare them for setting up their small businesses as entrepreneurs. All these are in tandem with the National Economic Empowerment and Development Strategies (NEEDS) thrust on value orientation, employment generation and wealth creation.

As observed by Elvis (2014), tourism has been of great help to most entrepreneurs who see the need of venturing into small scale businesses such as hotels and recreational centers. The Ekiti State Ministry of Culture and Tourism Development in 2016 declared Ekiti state hotels which meets tourism requirement as tourist’s sites. In this vein, the World Tourism Organization (WTO) in recent years has approved various hotels in Nigeria such as Chariton Hotel, Abuja and Leki Suit, Lagos as monuments and tourists attractions (Tourism Factbook, 2017). Osuala (2019) predicted that small scale business at grass root level will not only drastically reduce social vices among the youth but will also cater for all interests, the dropouts, the handicapped, the geniuses and other physically-fit persons. Small scale business at grass root entails the strategies as adopted by the tourists, which vary from locations to locations. A hotel which is usually positioned at urban centers and open places will always have more people patronizing it than that located in villages and remote areas that are inaccessible.

According to Okon (2012), small scale business strategies include not only the manner of presentation of tourist facilities, but everything that he/she (tourists) does in the way of arranging tourism items within the hotel to tourism activities. According to Obi, (2015) small scale business is much more than opening a business, it involves turning the small business into big business opportunities which eventually become tourist attraction in future. This is

in agreement with the tourism approach proposed by Shepherd and Douglas in Agbamu (2011) and has been touted as an effective path towards developing the entrepreneurial spirit. This approach requires a shift from the traditional small scale businesses to active participation in a real life entrepreneurial environment (Nyanducha, 2016).

Statement of the Problem

The major problem associated with small scale businesses is the sustainability of the business. Majority of the hotels in Ekiti state lack the required hotel facilities needed to make tourists and others comfortable. The establishment of hotels requires huge capital and adequate funding. Most hotels when in Ekiti lack the required managerial skill to run the business and the knowledge in making the hotel a tourist attraction sites. Tourism is best effective if hotels are developed and provided with the tourism items needed so as to make tourists who wish to lodge after the see-sighting such as the case of Obudu Cattle Ranch and Tinapa, Calabar, Cross River State.

It has been observed that small scale businesses have not yielded much profit as expected. This often discourages businessmen/women who wish to venture into hotel business since they see it as seasonal business. Resource are therefore diverted to other sectors thereby causing serious setback in tourism since hotels when developed to world standard are major sources of tourist attraction in developed and developing world. Most hotels which are located in flooded areas and difficult terrain usually have low patronage since most tourists prefer accessible areas than inaccessible routes. These problems have hindered the development of hotels in Ekiti state at large. This study is therefore carried out to address the aforementioned problems.

Significance of the Study

This study focuses on the assessment of problems encountered when setting up a small scale hospitality business in Ekiti State. This will enhance the development of hotels since they act as tourist attraction centers. The overall consideration of the significance of the study will be summarized in the following statements. It will fill the gap in the literature in the areas of hotel development.

Aim and Objectives of the study

1. Identify the challenges facing when setting up small scale hospitality business in Ekiti State.
2. Examine the factors responsible for slow growth of small scale hotels and problems encountered in setting up a small scale hospitality business in Ekiti State.

HYPOTHESES

Two hypotheses were set of this research work

H₀₁: There are no significant challenges facing when in setting up small scale hospitality business in Ekiti State.

H_{A1}: There are significant challenges facing when in setting up small scale hospitality business in Ekiti State.

H₀₂: There is no significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State.

H_{A2}: There is significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State.

Challenges in the Hospitality Sector:

- 1. Shortage of skilled employees:** One of the greatest challenges plaguing the hospitality industry is the unavailability of quality workforce in different skill levels. The hospitality industry has failed to retain good professionals.
- 2. Retaining quality workforce:** Retention of the workforce through training and development in the hotel industry is a problem and attrition levels are too high. One of the reasons for this is unattractive wage packages. Though there is boom in the service sector, most of the hotel management graduates are joining other sectors like retail and aviation.

- 3. Shortage of rooms:** The hotel industry is facing heavy shortage of rooms. It is estimated that the current requirement is of 1, 50,000 rooms. Though the new investment plan would add 53,000 rooms by 2017, the shortage will still persist.
- 4. Intense competition and image of Nigeria:** The industry is witnessing heightened competition with the arrival of new players, new products and new systems. The competition from neighboring countries and negative perceptions about Nigerian tourism product constrains the growth of tourism. The image of Nigeria as a country overrun by poverty, political instability, safety concerns and diseases also harms the tourism industry.
- 5. Customer expectations:** As Nigeria is emerging as a destination on the global travel map, expectations of customers are rising. The companies have to focus on customer loyalty and repeat purchases.
- 6. Manual back-end:** Though most reputed chains have IT enabled systems for property management, reservations, etc., almost all the data which actually make the company work are filled in manual log books or are simply not tracked.

Prospect of Hospitality Industry

Generates Income

Hospitality generates income in a variety of ways. The Government earns revenue from the industry. The tourists put in a lot of money in their travel plans these days. Tour businesses and individuals involved in the sector also earn much. They, in turn, put the money back for the further growth of the industry. Besides, income is also generated through the use of various services like hotels, restaurants, monuments and other places of tourist interest. These facilities are improved and better maintained to attract more tourists. So the benefit is all round. Money is spent by tourists also on many other human needs when visiting a new place. They spend on medicines, clothes, food, transportation, entertainment and also on souvenirs. This supports global trade.

Employment Creation

The biggest contribution that the industry makes to the economy of a country is creating a host of new jobs. Direct job opportunities are available as tour guides, tour planners and operators, travel consultants and in hotels, restaurants and resorts. As Hospitality and Tourism grows so do these jobs. Jobs are also created in several related industries such as the cruise industry, airlines, event management, amusement parks etc.

Boosts Other Local Industries

Indirect jobs are also created for instance in the agriculture and food production sector, in retail industry and so on.

Foreign Exchange Earnings

This is the most important contribution the industry can make to the economy of a country. All touring expenditure incurred by foreign tourists is a source of foreign exchange earnings. Many countries of the world make it mandatory for tourists from abroad to carry a certain amount of foreign currency for the entire length of their stay. So, foreign tourists are the best means of bringing in foreign currency to the host nation.

Preserves Traditional Industries

Another advantage that the Hospitality industry confers on to an economy is preservation of traditional industries and handicrafts. Tourists all over the world take great interest in the indigenous products of the places they visit. So communities make all efforts to maintain any quaint industry or form of art they specialize in.

Research Design

The study employed a descriptive survey design. A descriptive survey design was used due to the fact that it enables information to be obtained from a representative sample of a targeted population in order to describe situations as they exist. The study was directed at the population of the residents of Ekiti State, South Western Nigeria. This design is a fact finding study which involves collecting data directly from a population thereof at a particular time. This design is ideal for this study because the study will be conducted in a setting that requires direct responses from the respondents while investigating existing phenomenon without manipulating the variables.

Sample and Sampling Techniques

Simple random sampling was adopted for the study. The researcher administered not less than 25 questionnaires to the selected respondents from each senatorial district, this gives a total of 75 questionnaires that was administered through stratified random sampling technique.

Research Instrument

The instrument used for data collection for this survey was a self-structured questionnaire. This was due to the nature of information required and the form of analysis to be conducted. The questionnaire tagged "The Problems Encounter in Hospitality Business in Ekiti State (PEHBES)" was designed and administered on the respondents from each senatorial districts of the respondents. The instrument was made of a four-point response item and it consisted

of two parts. Part A dealt with the personal data of the respondents while part B contained 20 response items structured to elicit information.

Data Presentation and Analysis

The questionnaire was structured in line with the research objectives, questions and hypotheses of the study. The responses obtained from the questionnaires were presented in tabular forms. The Chi Square Test of independent sample was used to test the hypotheses at 0.05 level of significance using SPSS statistical tool.

Table 1: Presentation of Respondents' Demographic Information

Demographic Variable	Categories	Frequency	Percentage
Gender	Male	67	89.3
	Female	8	10.7
	Total	75	100.0
Status	Owner	13	17.3
	Employee	62	82.7
	Total	75	100.0

Source: *Researcher's field survey (2024)*

Table 1 shows the demographic characteristics of the respondents sampled in this study. In relation to gender, the result shows that 67 (89.3%) of the respondent are male while 8 (10.7%) of the entire respondent are female. Based on the result, majority of the respondent are male. In relation to status the result shows that majority of the respondent are employees 62 (82.7%) while 13 (17.3%) of the entire respondent are the owners.

Hypothesis 1:

H₀₁: There are no significant challenges facing when in setting up small scale hospitality business in Ekiti State.

H_{A1}: There are significant challenges facing when in setting up small scale hospitality business in Ekiti State.

Table 2: Chi square analysis of the challenges facing when in setting up small scale hospitality business in Ekiti State.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	8.007 ^a	4	.030	.047		
Likelihood Ratio	7.0816	4	.024	.061		
Fisher's Exact Test	8.414			.035		
Linear-by-Linear Association	5.973 ^b	1	.007	.011	.006	.002
N of Valid Cases	75					

a. 4 cells (44.4%) have expected count less than 5. The minimum expected count is .60.

b. The standardized statistic is 2.531.

The result of the analyses in table 4.6 showed the challenges facing when in setting up small scale hospitality business in Ekiti State. The chi-square test revealed that calculated χ^2 (.030) was less than the significant level at the 0.05. This implies that there is significant challenges facing when in setting up small scale hospitality business in Ekiti State. Hence the null hypothesis was not upheld while the alternate hypothesis which stated that there is significant challenges facing when setting up small scale hospitality business in Ekiti State was upheld.

Hypothesis 2:

H₀₂: There is no significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State.

H_{A2}: There is significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State.

Table 3: Chi square analysis of the contribution of hospitality and tourism industry to Internally Generated Revenue (IGR) in Ekiti State.**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)	Point Probability
Pearson Chi-Square	22.039 ^a	6	.000	.000		
Likelihood Ratio	31.756	6	.000	.000		
Fisher's Exact Test	29.014			.000		
Linear-by-Linear Association	7.508 ^b	1	.004	.004	.001	.001
N of Valid Cases	75					

a. 6 cells (50.0%) have expected count less than 5. The minimum expected count is .91.

b. The standardized statistic is -2.611.

The result of the analyses in table 3 showed the factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State. The chi-square test revealed that calculated χ^2 (.000) was less than the significant level at the 0.05. This implies that there is significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State. Hence the null hypothesis was not upheld while the alternate hypothesis which stated that there is significant factors responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State was upheld.

FINDINGS

The descriptive analysis of the study revealed that some of the critical challenges facing the establishment of small scale hospitality business in Ekiti State are, but not limited to low level of startup fund, epileptic nature of power supply, huge cost of running and maintaining alternative power supply, technical know-how and proximity of the location. Also, it was shown that some of the factors that are responsible for slow growth of small scale business and problems encountered in setting up a small scale hospitality business in Ekiti State are lack of knowledge and awareness, weak promotion activity, lack of tourism-related infrastructure and lack of tourism safety, political instability, religious and inter-ethnic crises while it was believed that lack of technical experience is not a barrier to the growth of small scale business in hospitality industry.

Furthermore, it was revealed that some of the factors response to the factors that can enhance the growth of small scale hospitality business in Ekiti State includes creating an environment conducive for hospitality business, regular flow of financial support and funding, effective management, easy access to raw materials as well as vigorous advertisement on print and visual media, as well as social media. In addition, it was shown that some of the possible solutions to the development of small scale hospitality business in Ekiti State are responsive Government policy on establishment of small scale business, easy access to loan and grant, training and retraining of the personnel, good road network to the location as well as ensuring stable electricity.

The inferential analysis of the study revealed that there is significant challenges faced when in setting up small scale hospitality business in Ekiti State.

Lastly, it was revealed that there is significant factors responsible for slow growth of small scale business and problems encountered when setting up a small scale hospitality business in Ekiti State.

Summary, Conclusion, And Recommendations

The research was designed to investigate the problems encountered when in setting up small scale hospitality businesses in Ekiti State, Nigeria with a view to making recommendations towards the challenges facing when in setting up small scale hospitality business, as well as the factors responsible for slow growth of small scale hotels and problems encountered in setting up a small scale hospitality business in Ekiti State. Also on the factors that can enhance the growth of small scale hospitality business, and suggest possible solutions to the development of small scale hospitality business in Ekiti State.

Conclusion

The study has been able to establish the nature of the relationships that existed between small scale hospitality industry and challenges faced when setting up hospitality business in Ekiti State. The study concluded that there is significant challenges facing when in setting up small scale hospitality business, as well as significant factors responsible for slow growth of small scale business and problems encountered when setting up a small scale hospitality business in Ekiti State.

Recommendations

Based on the findings of this study, the following recommendations are put forward. It is appreciated that each business has its own unique combination of critical success factors, but some are important for all businesses;

1. First small businesses should have a global outlook. Businesses of all sizes across the globe can interact and share information, technology and products.
2. Small businesses should consider what global trends are affecting availability of resources, increasing or decreasing demand for products or service and where there is an unfilled need one might be able to meet. This may prove a challenge to SMEs but the government can step in here to provide information on business trends.
3. Government can accelerate the development of markets for financial services suited to the special characteristics of SMEs by promoting product innovation and building institutional capacity.
4. In financial markets, improving SMEs access to credits requires an increase in the number of financial institutions that find lending to SMEs to be profitable and therefore sustainable.
5. Easy accessibility to credit through specialized or development oriented banking or financing institutions.
6. Funds being made available through these sources should be given at preferential interest rates.
7. The government could also assist by establishing a well-funded National Credit Guarantee Fund that will act as buffer for credit facilities from banks and other financial institutions over and above the equity provided under SMIEIS.

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