

The Impact of Government Support on Hotel Performance in Southwest Nigeria: The Perspectives of Hotel Guests

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ABSTRACT

Purpose:

The impact of government assistance on hotel performance in Southwest Nigeria is investigated in this study. It examines this effect from the viewpoint of hotel visitors, concentrating on elements like funding, the advancement of infrastructure, and governmental regulations. In order to shed light on areas where government assistance would be most advantageous, the study attempts to determine the relationship between these government support characteristics and hotel performance.

Methodology

Using a sample of 1,900 hotel visitors from 380 hotels in Southwest Nigeria, a survey research design was used. A standardized questionnaire was used to gather the data, and the main indicator of hotel success was guest satisfaction. The study analyzed the data and tested the hypotheses using both descriptive and inferential statistical approaches, such as multiple regression analysis and partial correlation.

Findings:

The research revealed that hotel performance in Southwest Nigeria is largely influenced by government policies and infrastructure development, while financial support had no statistically significant effect. The relationship between regulatory policies and hotel performance as well as between infrastructural support and hotel performance is somewhat good. Furthermore, there was an evident interactive influence of the government assistance variables on hotel performance, suggesting that these factors collaborate to impact hotel performance in the area.

Originality of the Research

This study makes a distinctive contribution by investigating how well government assistance affects hotel performance from the viewpoint of Southwest Nigerian hotel visitors. Empirical evidence is presented regarding the correlation between various forms of government support and hotel performance. This underscores the necessity of more deliberate government intervention, specifically in the areas of policy formulation and infrastructure development, to augment the competitiveness and sustainability of the hospitality industry in the area.

Keywords: Hotel Performance, Government Support, Hospitality Management

INTRODUCTION

The hospitality industry thrives on tourism, generating substantial revenue, foreign exchange, and employment opportunities. However, the performance of the hotel industry remains a key metric for evaluating productivity, efficiency, and its overall contribution to the economy (Jorge & Suarez, 2013; Weerathunga et al., 2020). The performance of hotels is crucial because it serves as a key indicator that shows the health of the tourism sector, influencing factors such as job creation, revenue generation, and overall tourism success (Assaf

et al., 2017; Enemark & Zhang, 2016). To ensure a thriving hotel sector, governments often implement various support programs. These initiatives may include tax breaks (Hoppe & Bueren, 2015), funding for renovations and staff training, marketing assistance, and more, all aiming to enhance hotel infrastructure, service quality, and overall competitiveness (Subedi & Kubickova, 2023). However, the effectiveness of these programs in directly translating to improved hotel performance remains a question.

In Nigeria there are various government initiatives that have been developed to enhance growth of private sectors which in which the hospitality sector remains a key actor. Some of these programs include financial support through tax relief policies, grants, staff training, and infrastructural development (Opafunson & Adepoju, 2014; Shonubi et al., 2022). However, much success has not been recorded due many factors that can be attributed to poor governance and misplacement of priorities which has often led to calls from the informal sector for judicious use of taxes (Nejo, 2023). The hotel industry in Nigeria remains a key contributor to its socio-economic development (Simon-Oke, & Jegede, 2012; Busayo et al., 2014). Despite this fact, the industry is still underperforming. Some studies have attributed to this to factors like poor maintenance (Ojo et al., 2019), quality of facilities (Arohunsoro et al., 2019), accesses to credit facilities (Olaiya & Oluwole, 2021), and marketing strategies (Arohunsoro et al., 2020). In addition to this, some hotelier has complained that government policies in Nigeria have not been favourable to hotel operations (Onyedikachi & Mintah, 2022). For instance, new report from showed that the informal sector suffers from paying multiple taxes and different other levies which they believe affects their businesses and leading to poor patronage despite claiming to provide policies that support business growth (Nejo, 2023).

Customers are also becoming more interested in the service performance of businesses due to technological advancement, increasing data accessibility, heightened expectations for personalized experiences, seamless interactions, and value-added services (Janković et al., 2012; Kofand, 2017). Meeting these expectations relies so much on internal and external factors influencing hotel performance. However, there are very limited evidence to show the impact of government support on hotel performance (Onyebu & Omotayo, 2017; Munaf et al., 2019; Ogbuanakwor et al., 2022, Zakaria et al 2024). Further still, none of these studies have examined the effectiveness of government support or the interactive influence of these variables of government support on hotel performance. Hence, the motivation to examine government support's influence on hotel performance in South-West, Nigeria. Specifically, the study investigates the effectiveness of government support to hotels, find out the relationship between government support variables and hotel performance and examines the impact of government support on hotel performance in Nigeria.

LITERATURE REVIEW

Hotel Performance

The concept of hotel performance does not have a consensus in its definition. It has been examined from different perspectives while others attempt to provide a general background. As it applies to all sectors, the term performance is synonymous to success, achievement and accomplishment. Organization's performance is viewed as result that specifies or replicates the firm efficiencies or inefficiencies in terms of corporate image, skills and financial performance through its services (Khandekar & Sharma, 2015, Poldrugovac et al., 2016; Murimi et al., 2021). Building on this background, hotel performance can simply be referred to as the success and effectiveness of hotel services. It also refers to the measurement and evaluation of various factors that indicate the success, efficiency and effectiveness of a hotel in achieving its objectives and goals (Mitrovic *et al.*, 2016). These factors typically encompass a range of quantitative and qualitative metrics that assess different aspects of the hotel's operations, financial health, customer satisfaction, and market position (Murimi et al., 2021; Kala & Bagri, 2014).

Jochen (2020) provided more holistic perspectives on measuring hotel performance emphasizing on key major metrics in measuring hotel performance; these include finance, sales performance, asset management, and service excellence (Figure 1). The financial metric serves as a foundation metric in measuring hotel performance, encompassing key financial indicators such as revenue, profit margins, average daily rate, occupancy rate, and revenue per available room (Min et al., 2008). Similarly, sales performance metrics focus on evaluating the effectiveness of sales and marketing efforts in driving revenue growth, attracting new customers, and retaining existing ones (Anirban *et al.*, 2013, Wuambua, 2014; Jamil & Mohamed, 2014). In the

case of hotels, sales performance includes analyzing metrics such as room bookings, average length of stay, customer acquisition costs, and conversion rates to assess the hotel's sales effectiveness. Other important metrics are asset management which include hotel property, location and geographical region (Wong et al., 2021; Assaf & Tsionas, 2018) equipment and inventory (Purba, 2020).

Innovation, sales performance, asset management, and guest satisfaction are critical variables in assessing hotel performance, each contributing uniquely to a hotel's overall success. The use of innovation in hospitality industry involves the adoption of new technologies, service improvements, and process enhancements to improve efficiency and customer experience (Hjalager, 2010). Hotels are not embracing innovations, such as digital check-ins, artificial intelligence (AI) for personalized recommendations on their websites, and smart room technologies, tend to achieve higher guest satisfaction and operational efficiency (Law et al., 2014). Moreover, service innovation, including unique customer engagement strategies and loyalty programs, enhances brand differentiation and competitiveness in a highly saturated market (Victorino et al., 2005). Innovation also extends to sustainability practices, where hotels implement green initiatives such as energy-efficient lighting, water recycling systems, and eco-friendly materials to appeal to environmentally conscious travelers while reducing operational costs (Jones et al., 2016). In using sales performance as a key metric in evaluating hotel success, it measures the effectiveness of marketing and sales strategies in driving revenue growth and customer retention. It includes key indicators such as room occupancy rates, average daily rate (ADR), revenue per available room (RevPAR), and customer acquisition costs (Chen & Schwartz, 2013). Hotels with strong sales performance often invest in digital marketing, dynamic pricing strategies, and partnerships with online travel agencies (OTAs) to maximize their market reach and attract diverse customer segments (Noone & Mattila, 2009).

Asset management on the other hand, encompasses the strategic management of a hotel's physical plant, equipment, and investments in order to maximize long-term profitability (Singh et al., 2012). Proper asset management guarantees that hotel properties are well maintained, updated, and consistent with changing guest expectations. Guest satisfaction also continue to be a key performance indicator of hotels, which in turn affect customer loyalty and brand image. Guest satisfaction of high level is a function of service quality, cleanliness, staff responsiveness, and personalized experiences (Ali et al., 2021). Empirical evidence has consistently shown that satisfied guests are likely to come back, write positive reviews, and recommend the hotel to others, thereby making guest satisfaction a key determinant of long-term business success (Rita et al., 2019).

In addition to conceptualizing hotel performance from financial, sales, asset management and service quality performance indicators, hotel performance can be viewed in the context of operational efficiency, positioning within the market, and sustainability (Kandampully et al., 2018). Operational efficiency considers the effectiveness of a hotel to maximize resources, maintain costs at the lowest possible level, and achieve greatest productivity without sacrificing high service standards. These are workforce management, technology adoption, supply chain efficiency, and energy consumption, all of which influence overall performance (Rahimi & Kozak, 2017). Market position-wise, how a hotel's reputation is maintained in terms of brand, pricing competitiveness strategy, and ability for differentiation from other hotels are vital performance measures (Harrington et al., 2017; O'Connor, 2019). However, for the purpose of this study, hotel performance is measured in terms of level of customer satisfaction.

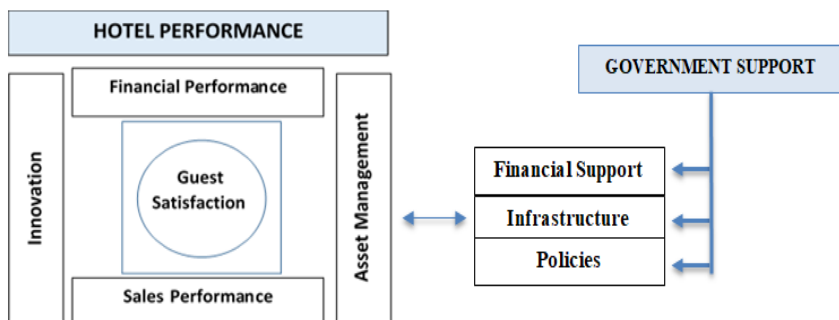


Figure 1: Hotel Performance

Source: Adapted from Jochen 2020

Hotel service quality encompass various dimensions of the guest experience, including responsiveness, reliability, assurance, empathy, and tangibles (Yilmaz, 2009). The most promising ways to measure the service quality level is through customer satisfaction (Rita et al., 2019; Kofand, 2017; Vu, 2021). A major reason is because the guests are the customers and high service quality levels are associated with higher guest satisfaction levels, which in turn correlate with increased loyalty, positive brand perception, and competitive advantage in the hospitality market (Javadin *et al.*, 2012; Bhuian, 2021). Charena et al., (2023) noted that guest satisfaction encompasses the overall contentment, happiness, and fulfillment experienced by individuals or customers who have utilized or engaged with a service, product, or experience provided by a hotel. Studies have indicated that a strong correlation between guest satisfaction levels and key performance outcomes such as occupancy rates, revenue growth, and profitability. Moreover, satisfied guests are more likely to become repeat customers, advocates for the brand, and sources of positive referrals, contributing to long-term business success and sustainability (Jochen, 2020).

Government Support and Hotel Performance

Government support is a vital tool used to explain a diverse array of methods used to sustain the welfare of businesses, and entities operating with their environment (Radwan & Radwan, 2017). It also encompasses the strategies and initiatives implemented by governments aimed at fostering growth, stability, and progress within their realms. It also encompasses a spectrum of policy instruments and actions crafted to attain particular goals. These objectives include but not limited to fostering innovation, safeguarding marginalized communities, or addressing deficiencies within markets (Estrin & Goetze, 2014). Such interventions manifest in various forms, either through direct methods like providing financial aid or indirectly through the establishment of regulatory structures and investments in infrastructure.

Government support within the context of hotel industry covers a broad range of measures put in place by the government or hotel governing bodies to ensure development and sustainability of hotels and hospitality-related businesses (Allaberganov et al., 2021). The goal of government support in the confines of hospitality industry is to address various aspects within the industry, spanning from economic development and infrastructure enhancement to regulatory frameworks and promotional strategies (Murphy & Kielgast, 2008; Borbon, 2023). This study's government support is conceptualized in terms of financial support, infrastructural development and policies (Figure 2).

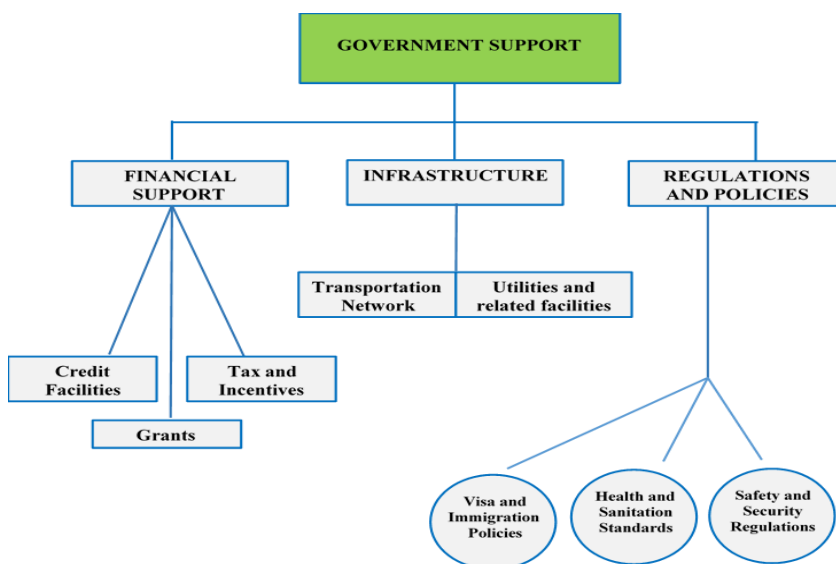


Figure ii: Government Support in Hotel Industry

Note. The Government support model is developed to accommodate various aspects of government support.

Onyebu and Omotayo, (2017) posits that government support may include providing financial assistant or incentives to hotels, especially during challenging times or for specific developmental purposes. This aid could include grants, low-interest loans, or tax incentives to stimulate investment, renovations, or expansion of hotel

facilities. In most developing countries and in Nigeria, In Nigeria, Government support is provided to hotels to support the sector through diverse policies and initiatives. Its involvement in the tourism industry significantly impacts the growth, performance and sustainability of hotels (Chen et al., 2014). Furthermore, support can also be made available in terms of infrastructure such as transportation networks, utilities, and tourism-related amenities which contribute significantly to the growth of the hotel industry (Munaf et al., 2019).

Nwosu (2016) also pinpointed the importance of government role in enhancing conducive environment and development of the hospitality industry. Favourable government policies can help the hotel sector to operate sustainable while ensuring a safe business environment which significantly influence choice and patronage. The correlation between security and hotel selection underscores the importance of government policies promoting safety in the hospitality sector (Bello & Bello, 2021). Similarly, Onyebu & Omotayo (2017) also underscore the necessity of government efforts to prioritize employee welfare and job satisfaction within the hotel industry, and through routine hygiene inspection enacting regulatory policies promoting cleanliness in hotels (Ogbunankwor et al., 2022).

Although with numerous studies that have attempted to describe the determinants of hotel performance, yet there has not been agreement on whether government interventions are the most important determinants. For instance, research by Assaf and Tsionas (2018) compared the efficiency of hotels across different nations and determined that while financial incentives and infrastructural development are in favour of hotel performance, internal factors such as managerial experience, branding, and service quality have a more direct effect on it. Similarly, Wong et al. (2021) emphasized the role of asset management, particularly the physical attributes and geographic location of hotels, in their performance rather than government-sponsored programs. On the other hand, have argued that tax relief policies, financial grants and training programs have positive impact on hotel performance especially in improving operational efficiency and reducing cost burdens (Munaf et al., 2019; Ogbunankwor et al., 2022). Also, Onyebu and Omotayo (2017) regulatory framework and government-driven tourism promotion significantly influence hotel revenue generation, particularly in regions where private sector investments are limited.

In Nigeria, the effectiveness of government support is closely tied with performance of businesses (Alabi et al., 2019). Some of the observable government support that influences the performance of businesses include financial related policies (taxes, interest rates, exchange rate, subsidies etc.), infrastructural development (road construction, transportation, water supply, electricity etc.) and regulations. However, studies have shown that these policies were not well implemented thereby reducing its effectiveness (Alabi et al., 2019; Ogunsanwo & Gbenga, 2022; Oparah et al., 2023). This therefore has contributed to the crippled nature of the business sectors in Nigeria in which the hospitality industry is not an exception.

METHODOLOGY

Study Area

The Southwest region of Nigeria is one of the geopolitical zones of Nigeria consisting of 6 states which include Lagos, Ogun, Ondo, Osun, Oyo and Ekiti states (Figure 3). It is a popularly known as the Yoruba region of the country where there is a considerable high concentration of Yoruba speaking people, but with different dialects. The states in this region possess similar climatic conditions with lowland tropical rain forest and tropical hinterland type of climate with distinct wet and dry seasons. The average temperature ranging between 27°C to 28°C. Some parts of Southwestern Nigeria experience rainfalls throughout the year, but the three months of November, December and January may be relatively dry for all the regions. The mean annual rainfall ranges from 1000mm to 1250mm and not exceeding 2000 millimeters (Adebayo, 1993). Southwestern region of Nigeria has many hotels which is driven by the region's economic growth, cultural richness, and increasing tourism activities (Olowoporoku et al., 2021). These include hotels in citifies like Lagos, Ibadan, and Akure which attracting business travelers, while destinations such as Abeokuta, with its historical sites, and the scenic landscapes of Ekiti State, appeal to leisure tourists. The expanding infrastructure, including improvements in road networks and airports, further supports the hospitality sector's growth. Additionally, the rising middle class and increasing disposable incomes contribute to higher demand for quality accommodation. With a focus on enhancing service quality, adopting modern hospitality technologies, and leveraging local

attractions, hotels in Southwest Nigeria are well-positioned to capitalize on both domestic and international tourism opportunities.

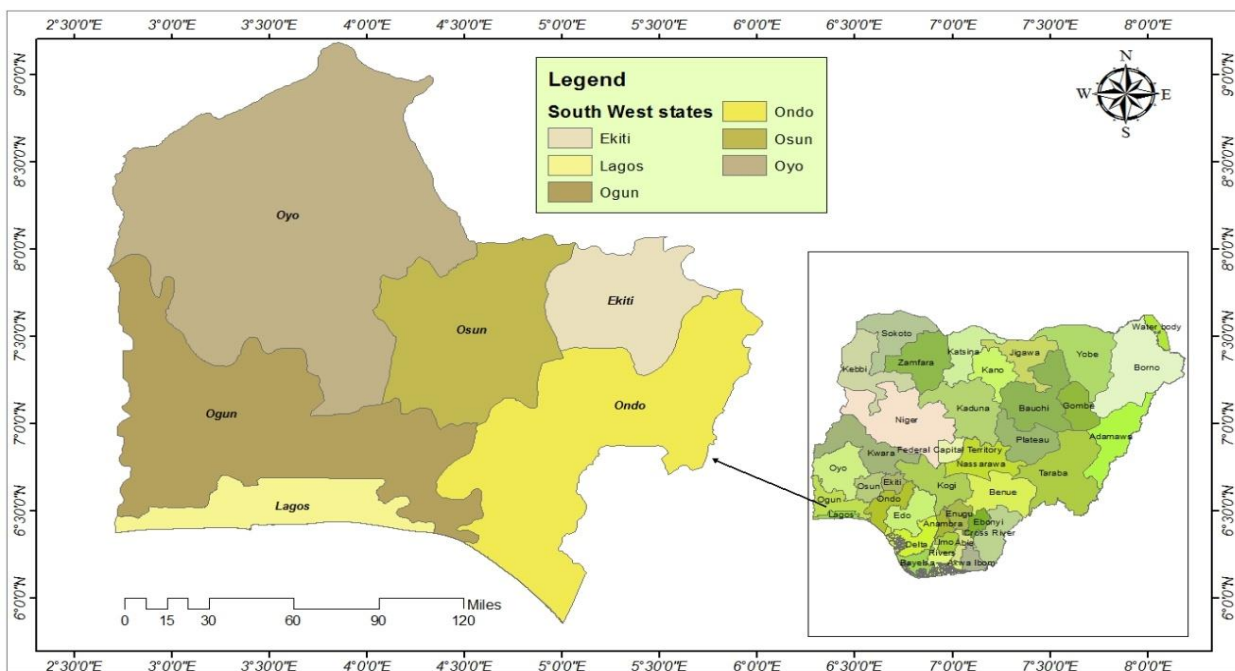


Figure iii: Map of Southwest Nigeria.

Source: Retrieved from www.ontheworldmap.com

Research Design, Population and Sampling Procedure

The study adopts a survey research design, utilizing a well-structured questionnaire to obtain data on the variables under consideration. This design is considered appropriate for the study because it helps capture the opinion of the population using a representative data and facilitate quantitative analysis (Owens, 2002; Macháček, 2019). The target population comprised of an estimated 228,800 hotel guests from a total of 5,722 hotels in Southwest Nigeria (Individual Hotel List, 2023). This is inferred from an estimation of 40 guests from each hotel within the region.

An approximate sample size of 1900 hotel guests were selected in all from the sampled hotels in Southwest Nigeria. The sample was obtained from the study area through the employment of the multistage sampling technique. At the initial stage, Yamane's (1967) sample size was employed to select a total of 380 hotels from the study region at a confidence level of 0.05 ($5722/1+5722(0.05)^2$). At the secondary stage of sampling selection, the stratified sampling technique was employed to select 5 guests from each of the chosen hotels, resulting in a total of 1900 guests in all. The criteria for the guests' selection was age and place of resident. The research endured that only respondents who were above 18 years could participate in data collection and those who resides in nearby cities and could give better information on government support to hotels.

Data Collection and Instrument

To achieve the purpose of the study, a well-structured questionnaire was designed to include the variables under study. As earlier stated in the concept of hotel performance, customer or guest satisfaction remains the most reliable metric within this context. On the other hand, the variables related to government support include financial support, infrastructure, and policies. The instrument used to measure guest satisfaction was adopted from Aparna (2015), with responses ranging from HS = Highly satisfied, S = Satisfied, M = Moderately satisfied, DS = Dissatisfied, and HDS = Highly dissatisfied. For the government support, the items were self-designed with a four-point Likert scale, which includes: Strongly Agree (4), Agree (3), Disagree (2), and Strongly Disagree (1). Face and content validity were used to ascertain the instrument's validity, which was done by experts in the Department of Tourism and Hospitality Management at Federal University, Ekiti State.

Likewise, the instrument reliability test was carried out using the Cronbach alpha reliability coefficient, obtaining a coefficient of 0.77, which is high enough for the instrument's reliability. The instrument was administered to the guests within a period of 2 months with the help of 5 research assistants. The consent of each participant was obtained before administering the questionnaire. The instrument was retrieved immediately after it has been completed, and guidance was provided when needed. Although this process produced a very high response rate, a major limitation was the

Data Analysis

Data obtained for this study was analyzed using both descriptive and inferential statistical techniques. Simple percentage and mean were used for the descriptive analysis while partial correlation and multiple regression analysis were used for testing the hypotheses at 0.05 level of significance.

RESULTS

Table i: Socio-Demographic Characteristics of the Hotel Guests in Southwest Nigeria

Variable	Items	Frequency	Percentage
Gender	Male	1405	73.9
	Female	495	26.1
Age group	18 – 30	125	6.6
	31 – 50	1075	56.6
	51 – 65	640	33.6
	Above 65	60	3.2
Religion	Islamic	915	48.2
	Christianity	920	48.4
	Traditional	35	1.8
	Others	30	1.6
Marital Status	Single	625	32.9
	Married	1175	61.8
	Divorced/Separated	45	2.4
	Widowed	55	2.9
Ethnicity	Yoruba	1225	64.5
	Igbo	315	16.6
	Hausa	60	3.2
	Foreigner	23	1.2
	Others	277	14.6

Table i: provides information on the socio-demographic characteristics of hotel guests in Southwest Nigeria. Among the guests surveyed, males dominated the sample, constituting 73.9%, while females represented 26.1%. This provides an insight that hotels in Southwest Nigeria were more patronized by male guests compared to female. As regarding age groups, most guests fell within the 31 – 50 years' bracket, comprising 56.6% of the sample. This suggests that middle-aged individuals form a significant portion of the hotel's clientele, indicating potential trends in the types of services and amenities most sought after by this age demographic. Additionally, while guests above 65 years were fewer in number, their presence signifies the importance of catering to the needs of older patrons, such as accessibility and amenities conducive to their comfort and well-being. On religious affiliation among hotel guests, the result revealed a predominance of Christianity, with 48.4% of guests identifying as Christians. Islamic guests accounted for 48.2%, while a smaller percentage identified with traditional or other religions. This reflects the dominant religion in the study area. On the marital status, result highlighted a diverse mix of guests, with both single and married individuals comprising significant portions of the sample. Single guests represented 32.9% of the sample, while married guests constituted 61.8%. Lastly, the ethnic composition of hotel guests reflected the multicultural nature of the region, with Yoruba guests forming the majority at 64.5%, followed by Igbo guests at 16.6%. However, there were fewer presence of guests from Hausas, foreigners, and other ethnic backgrounds.

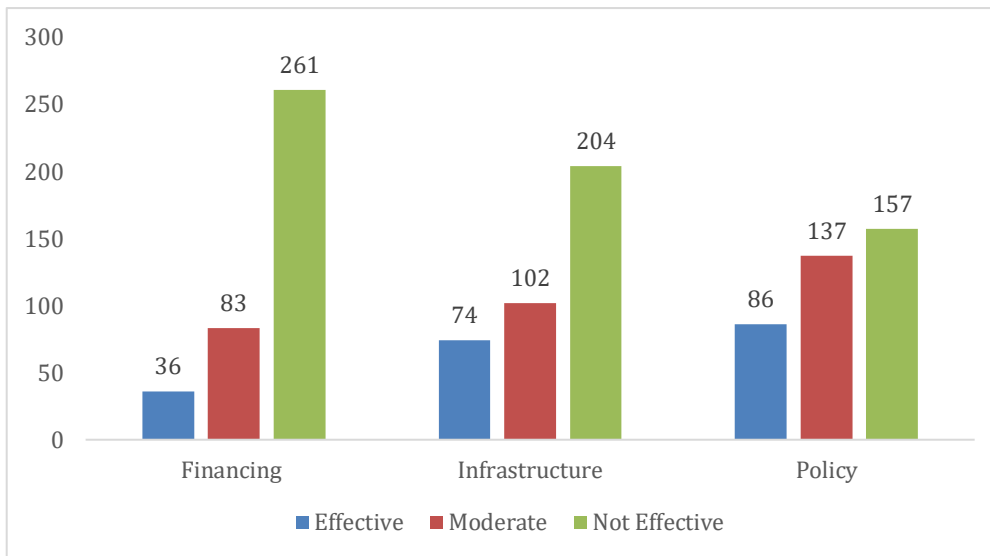


Figure iv: Effectiveness of Government Support towards Hotels in Southwest Nigeria

Figure 4 shows the effectiveness of government support variables towards hotels in Nigeria. The responses revealed that the financial support provided by the government has not been effective, with only 9.5% of respondents agreeing to its effectiveness. Regarding infrastructure, the respondents also believe that it has not been as effective as it should be. Although 26.8% of the respondents agreed that it is moderately effective and 19.5% agreed that it is effective, the majority still believes that much is left to be achieved in terms of infrastructural provisions in Southwest Nigeria. Concerning policy formulation, the results showed that the support provided by the government might be quite effective. 22.6% of respondents think they are effective, 36.1% agreed that they were moderately effective, while 41.3% agreed that they were ineffective. This indicates that a total of 58.7% of guests believe that policies in Ekiti state have some positive aspects towards the development of hotels in Ekiti state. Overall, the data suggests a mixed perception among guests regarding the effectiveness of government support towards hotels in Southwest Nigeria. While there is acknowledgment of some effectiveness, particularly in terms of policy formulation, there are also significant concerns regarding the effectiveness of financial support and infrastructure provisions.

Table ii: Partial correlation showing the relationship between hotel performance and government support variables while controlling for the effect of hotel years in operation

Control variables	Government Support	Hotel Performance	
		r	Sig.
None	Financial Support	.104	.135
	Infrastructure	.326	.011
	Regulations/Policy	.311	.001
Years in Operation	Financial Support	.276	.013
	Infrastructure	.314	.011
	Regulations/Policy	.164	.118

$p < 0.05$

The correlation between financial support and hotel performance as shown in Table 2 is weak and not significant ($r = .014$, $p > .05$), while there is a moderate positive correlation between infrastructure support and hotel performance and statistically significant ($r = .326$, $p < .05$). Likewise, a statistically significant and moderate correlation exist between regulations/policy and hotel performance in Ekiti state ($r = .311$, $p < .05$). However, while controlling for hotel years in operation it financial support a positive significant correlation exists between financial support and hotel performance ($r = .276$, $p < .05$), infrastructure and hotel performance ($r = .314$, $p < .05$) but there is not significant correlation between regulations/policy while controlling for hotel performance ($r = .164$, $p < .118$).

Table iii: Multiple Regression Analysis to show the impact of government support variables on hotel performance

Variable	Beta	t	p	R ²	F	Sig.
Financial Support	.143	1.654	.138	.384	18.62	.001
Infrastructural Development	.328	4.211	.010			
Government Policies	.070	4.634	.004			

The regression summary result presented in Table 3 is used to establish the contribution of government support on hotel performance through guest satisfaction among hotels in Southwest Nigeria. The result revealed that infrastructural development ($t(380)=4.211$, $p<.05$) and government policies ($t(380)=4.634$, $p>.05$) significantly contribute to hotel performance in Southwest Nigeria while financial support ($t(380)=1.654$, $p>.05$) has not statistical influence on hotel performance in Southwest Nigeria. This suggests that investments in infrastructure, such as road networks, utilities, and public amenities, play a pivotal role in enhancing the attractiveness and competitiveness of hotels in the area. Also, the regulatory environment and policy frameworks established by the government have a tangible impact on the operational efficiency and profitability of hotels in Southwest Nigeria. Furthermore, the result revealed a significant interactive influence of the government support variables on hotel performance in Southwest Nigeria ($F=18.62$, $p<.05$).

DISCUSSION

The findings on the effectiveness of government support in hotels in Southwest Nigeria using the government support variables (financial support, infrastructure, and government policies) provided valuable insights into the dynamics of support within the tourism and hospitality sector. It became evident that there were notable disparities in the effectiveness of these government support variables, shedding light on areas for improvement and strategic intervention. On financial support, the study revealed a concerning trend. Despite government efforts to provide financial assistance for the development of the tourism and hospitality sector, the impact has been less than satisfactory (Oparah et al., 2023). It has been observed that the financial support initiatives implemented by the government have not yielded the desired results (Olodi, 2019; Onyebu & Omotayo, 2017). This suggests a need for a reevaluation of existing financial support mechanisms and a reconsideration of how funds are allocated and utilized within the sector.

In contrast, the effectiveness of infrastructural support emerged as a relatively positive aspect of government intervention. The study findings indicated that infrastructural support initiatives have been somewhat effective in enhancing the operational capabilities of hotels and tourism destinations. However, it was noted that while infrastructural support has been beneficial, there remains a significant gap between the existing infrastructure and the ideal infrastructure needed to fully support the growth and development of the tourism and hospitality sector. Many hotels and destinations still lack basic infrastructure such as transportation networks, healthcare facilities, and reliable power supply, hindering their ability to provide quality services and experiences to guests (Eno & Aniedi, 2019). Hence, there is room for improvements in terms of infrastructural provisions in Southwest Nigeria. This is an indication of the fact that many of the government support policies were not well implemented (Ogunsanwo & Gbenga, 2022; Oparah et al., 2023). However, customers however believed that the policies formulated to support hotel growth in Southwest Nigeria is quite effective and may have more tangible and positive impact on hotel development compared to financial and infrastructural interventions.

The findings from the study also revealed a significant correlation between certain government support variables and hotel performance, shedding light on the nuanced relationship between governmental interventions and the hospitality sector's success. Notably, infrastructure development and government policies emerged as influential factors contributing to hotel performance, while financial support exhibited no statistically significant influence on hotel performance. This correlation result shows the importance of prioritizing infrastructure development and implementing supportive policy frameworks to enhance hotel performance and overall sector growth. In line with this finding, Chen et al. (2014) and Munaf et al. (2019) emphasized the critical role of infrastructure in shaping the competitiveness and attractiveness of tourism destinations, highlighting the need for governments to invest in infrastructure projects that directly benefit the hospitality industry. Similarly, Bello and Bello (2021) highlighted the significance of well-defined policy

frameworks in fostering a conducive business environment and driving continuous improvements in hotel performance.

Moreover, when considering the years in operation of hotels, an interesting pattern emerged regarding the influence of financial support and government policies on hotel performance. The analysis revealed a positive correlation between financial support and hotel performance, particularly for hotels with established experience. This suggests that financial support may have a more pronounced impact on the performance of seasoned hotels, potentially enabling them to leverage financial resources more effectively to enhance their competitiveness and operational efficiency. In contrast, the findings indicated that government policies did not exhibit a significant correlation with hotel performance based on years in operation (Shonubi et al., 2022). This insight emphasized the varying effects of government policies on hotels of different operational durations. While established hotels may have adapted to existing policies over time, new entrants into the market may face challenges in navigating regulatory frameworks and compliance requirements, potentially affecting their performance and sustainability.

In addition to the findings above, it was discovered that infrastructural development and government policies play pivotal role in enhancing hotel performance (Nwosu, 2016) while financial support does not have a significant influence. However, there is an interactive influence of government support variables on hotel performance, emphasizing the importance of holistic approaches to policy formulation and implementation in supporting the growth and competitiveness of the hospitality industry.

CONCLUSION

This research provided important insights into the ways in which various types of support affect the travel and hospitality industry by analysing the effect of government support on hotel performance in Southwest Nigeria. The results show that infrastructure development and government policies significantly improved hotel performance, whereas financial support programs had a little impact. Customers felt that government policies that assist hotel growth were especially successful, which indicates that well-crafted policies can have a greater influence on hotel development than just financial or infrastructural initiatives.

It's interesting to note that the relationship between financial support and hotel performance varied according to the number of years the establishment has been in business. This suggests that new entrants may face difficulties navigating the regulatory landscape. This shows that, despite the potential benefits of financial support for established hotels, the regulatory complexity of newer hotels may make it difficult for them to properly utilize these resources.

Practical Implications for the Hotel Sector

These findings highlight how crucial it is for hotel owners and other industry stakeholders to participate in infrastructure projects and government programs to improve performance and competitiveness. Government policies have a significant impact on the growth trajectory of the hotel business, so owners should keep a close eye on them and adjust as needed. Hotels can establish an operating environment that is more supportive by matching their business plans with rules that are advantageous to them. This could result in improved customer satisfaction and overall success.

Additionally, the study's regulatory issues should be taken into consideration by hotel operators, especially those who are new to the business. Maximizing the advantages of government assistance requires an understanding of and ability to navigate these difficulties, particularly in the early years of operation.

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