Economic Recession and Hotel Performance in Abia State, Nigeria

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ABSTRACT: *Because of the economic crisis almost all businesses are navigating difficult times with severe consequences for employment and the whole economy. The initial economic downturn, has affected almost all sectors of the economy. The economic crisis leaded the companies cut off investments, wages, and reduced personnel. Nevertheless, the high rate of unemployment reduced workers' income resulting to a further reduction of consumption. The whole situation simply feeds a recession cycle that cannot break without radical economic reform for the whole country and its economic activities. The main purpose of this paper is to empirically explore the influence of economic recession on hotel performance in Abia state, Nigeria. To achieve the objective of the study, survey research design was adopted. The researcher adopted primary data in getting the required information through the use of structured questionnaire. 210 management staff from 15 selected hotels in Abia State, Nigeria constitute the sample size of the study. Data collected were analyzed using multiple regression analysis. The findings revealed that economic recession (income rate, cost of production, and unemployment rate) has significant influence on customer patronage of hotels in the study area. The study recommends that government of Nigeria should work towards reducing the rising rate of inflation and other economic crisis to encourage businesses including hotel business in Nigeria. Also, Hotel industry in the midst of recession should cut down their cost of operation such as reducing unnecessary expenses that are not very important to the business. That would help in improving their performance.*

KEYWORDS; economic recession, hotel performance, income rate, unemployment rate, cost of production.

INTRODUCTION

The National Bureau of Economic Research (NBER), defines recession as "a significant decline in economic activity spread across the macro-economy, lasting more than a few months, normally visible in real gross domestic product (RGDP), real income, employment, industrial production and wholesale retail sales". When a country is in the phase of recession, the economy is far from the point of effective use of resources, i.e. Far from the optimal production and the natural rate of unemployment (Nikoloski and Lazarov, 2010; Anghel, Constantinescu, and Caescu, 2013) The recession has been challenging for hotel operators not adequately prepared for a downturn – whether in terms of the quality of the hotel product and service rendered, strong revenue management strategies, or the diversification of their demand markets. But for operators and investors who truly intend to be mid- to long-term players, a recession is simply part of the cycle, and it creates myriad investment opportunities in the sector. Nigeria's recession seems to have bottomed out in 2016 (Gehrels, and Blanar, 2012; Melvin and Taylor, 2019). An upswing in 2017 and beyond will mean more growth opportunities to invest in. For investors who already have existing hotels, this is a great period for strategic planning – doing the research to study the market, discover demand trends, identify and possibly diversify target markets, and reposition their properties, if necessary, and if feasible.

Economic slowdown can be harmful to countries and has regional and sectorial repercussions particularly on the tourism industry. Previous research revealed that it could make changes to consumer behavior, reduce number of international tourist arrivals to countries affected by crisis, increase unemployment rate and loss of income (Smeral, 2019; Baourakis, Kalogeras, Van Dijk, and Chatzitheodoridis, 2003). The global economic recession in 2008 had a great effect on the economies and industries of many developing and developed countries. The demand for the hospitality industry had largely influenced as a result of the poor economic conditions (Song and Lin, 2010). The economic and political crises have strong negative consequences on Nigeria's economy as the Gross Domestic Product (GDP) has declined by 3.2%, the foreign debts were increased and significant reductions occurred in employees' wages across all sectors particularly those working in the tourism and hospitality industry.

During economic challenges customers and firms reduce their expenditures on travelling in which negatively influence the volume of business (Henderson, 2017; Youn and Gu, 2019). During financial turbulence many hotel operators are struggling to manage declining demand and how best they can respond to the pressure to reduce tariffs. Almost all hotel categories have experienced falls in occupancy, average daily rate and revenue per available room in many parts of the world (Kimes, 2009). Gehrels and Blanar (2012) added that the recession lead hotels to re-consider their prices and the value offered to customers.

The economic recession affects all business sectors in Nigeria. The tourism and hospitality industry in Nigeria is suffering since 2011 as reflected in its contribution to GDP and the laying of thousands of employees. Tourism is considered one of the most important pillars in Nigeria's economy. According to the official estimates reported by the World Bank (2017) the international tourist arrivals were reached its peak in 2010 accounted for 14 million tourists with international receipts from tourism 13.6 Billion US dollars for the same year. However, these figures were reduced significantly in the following years in which number of tourists reached 9.6 million tourists in 2014 with 30 percent reduction compared to 2010, in addition, international tourism receipts accounted for 7.9 Billion US dollars in 2014. It can be noticed that number of tourist arrivals in Nigeria had witnessed a major declines since 2011. Nigeria lost about 5.7 Billion dollars as a result of the political and economic turbulences (Smeral, 2019; Baourakis, Kalogeras, Van Dijk, and Chatzitheodoridis, 2003).

The Nigerian hospitality industry is faced with a lot of problems. Among them are: high hotel charges and the slow pace on developing tourist sites that dot the various parts of the country (Akpabio, 2017). Others are erratic power supply (Amadi, 2018), poor services (Nwosu, 2018) and unethical behaviors by professionals in the industry (Awoseyin, 2017; Bonciu, 2010). In spite of these shortcomings, the hospitality industry in Nigeria contributed N680.1 million to the Nigerian economy in 1980, N492.4 million in 1984 (using 1984 constant basic prices for both periods), N477.9 million in 1990, N591.9 million in 2000 (CBN, 2013), N1950.0 million in 2004 and N2, 390.0 million in 2006 (using1990 constant basic prices) (CBN, 2016).

An analysis of any industry must at some stage take into account the context in which that industry exists. In more specific terms, it is important to examine the relationship of that industry to the government of the nation in which it functions. Government policies will determine many of the directions the industry will take and will also have an effect on the relationship of the industry to other industries in that nation as well as the economy of the nation as a whole (Gale and Odgers, 2010; Bricongne, et al., 2012). It is in the light of the above that this study focused on economic recession of Nigerian and how it affect hotel performance.

Objectives of the Study

The main objective of the study is to examine the economic recession and hotel performance in Abia state, Nigeria. The specific objectives includes:

(i) To examine the influence of income rate on customer patronage of hotels.
(ii) To determine the influence of unemployment rate on customer patronage of hotels.
(iii) To examine the influence of cost of production on hotel customer patronage.

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LITERATURE REVIEW

Conceptual Framework

The constant growth in the hospitality market is due to stable economy. The economy is enjoying a rare mix of low inflation, low unemployment, and stable GDP. Despite the fears of over development and another downturn for the hospitality industry, almost all prognosticators are projecting hotel profitability to continue to grow in the market. The continued productivity gains, constant demand growth and moderate supply will dramatically strengthen the industry's profitability (Su, 2018; Anghel et al., 2013; Sternad, 2012).

An aggressive hospitality industry will be active in pricing its products and services due to the increasing demand for such products and services. PKF Consulting (2017) established that the mid-price and the economy segments would have the lead in demand and supply growth, and the leisure travelers are expected to provide most of the stimulus for demand growth over the next few years. The operating efficiency also significantly improves the industry's profitability. The number of employees per 100 rooms declined sharply (in the U.S) since 1991(Ader and LaFleur, 2017). Although this factor is not related to the occupancy or average daily rate growth, the low guest-employee ratio had effectively lowered the economic break-even in the industry (Ader and Lafleur, 2017; Pearce, and Michael, 2016).

When an economy pulls out of a recession, the investments in real estate grow significantly. In a research conducted by Coopers and Lybrands (2015), the new room openings reached an estimated 92,500 rooms in 1996, a 45 percent increase from 1995. The United States pulled out of an economic recession in 1996. The researchers at Smith Travel Research also found out that in 1996, out of every 31 hospitality properties (with 20 rooms or more), one was a new built in the U.S, down from one out of every 77 properties in 1992 (Su, 2018). Of interest is the fact that when hotel companies could not use all the newly acquired funds to build hotels, they went out to buy. According to Hospitality Magazine published in May 1996, there were 2, 784 hospitality properties sold (in U.S) from 1991 to 1995 and 378 were in excess of $10 million each (Perles and Ramón, 2013; Su, 2018).

It could be argued that the sector most hit by the current global financial crisis is the hospitality industry. This is because entertainment, leisure and tourism are vulnerable to economic uncertainty and volatility (Amadi, 2018). Most travel and tourism activities involve optional expenses. During times of economic recessions, people like to conserve money to cover the essentials of life such as food, shelter and family necessities. This, however, does not mean that entertainment and tourism will be endangered specie.

In almost all periods of economic crisis or global tourism scare arising from events such as the 9/11 attack on the United States, people did not stop traveling but they traveled differently from the way they used to in times of economic boom. Tourism and hospitality businesses, which will survive in the periods of economic doom, are those with the ability to adapt to new circumstances (Amadi, 2018; Perles and Ramón, 2013).

Amadi (2018); Perles and Ramón (2013), predicted that destinations with "favourable" exchange rates might benefit from the current credit squeeze. Ironically, the surge in the value of the US dollar and the Euro may stimulate Americans, Europeans and the Japanese to resume traveling overseas. The growth of Chinese and Indian outbound travel may be slow but will continue because these economies are still growing. There is likely to be a growth in domestic travel or short hauls international travel as people choose to stay closer to home (Amadi, 2018; Perles and Ramón, 2013).

How has the global financial meltdown affected hotel businesses and tourism internationally and locally in Nigeria? Ward (2018) opined that there is very little effect on the hotel business in Nigeria. But in Europe, the USA and elsewhere, there has been a loss of confidence in the whole banking system, which has reduced lending to businesses and consumers alike. Coupled with the reduction in house prices, there has been a marked reduction in business activities and consumer spending. This affects the hotel industry, as business travel slows, and discretionary spending on leisure travel goes down. But there will be a knock-on-effect in 2009 observed Ward (2018). This is because as lower demand from China and elsewhere for Africa's oil and minerals reduces certain countries' income, including Nigeria, where the reduced oil price (resulting from a reduction in demand primarily in the USA and China) has a direct effect on government income and spending (Song and Lin 2010; Smeral, 2019).

The Causes of Recession

Recession can be caused by two broad factors: internal (endogenous) and external (exogenous). The former is usually as a result of conflict of ideas, misapplication of economic theory and regulatory negligence or policy inconsistency. The Asian financial crisis of 1997-1998 was caused partly by internal factors; banks were lending abroad in pursuit of high profit margin, due largely to slow downs at home, desire to pursue development without due consideration of economic fundamentals, corruption, and structural and policy distortions (Ward, 2018). Other factors were the overheating of private sector and excessive investments in real-estate with non-commensurate returns. In the same vein, the global financial crisis of 2007 and the ongoing recession was triggered by the United States housing bubble; excessive lending of banks into high-risk subprime and adjustable rate mortgages resulted in high default rates as well as downfall of banking sector (Nikoloski and Lazarov, 2010; Anghel, Constantinescu, and Caescu, 2013). Defaults and losses on other categories of loans also rose considerably as the crisis expanded from the housing market to other sectors of the economy. Bankruptcy of several high rated investment banks started to panic on the inter-bank loan and stock markets and eventually, the bubble busted. This resulted in the fall of global GDP, rising unemployment. The external causes of recession have to do with factors that are exogenous to the economy over which policy makers have little or no control. Factors like natural disaster, climate change, revolution and wars. An agricultural economy could face crop failure resulting in general economic slowdown. Also, a mono economy could suffer recession from international price shock for its product. The neoclassical economists are of the view that state interference in the market, labour union, monopolies and technological shocks are external causes of recession (Gehrels, and Blanar, 2012; Melvin and Taylor, 2019).

Measures to reduce the Economic Crisis Impact on Hotels in South East Nigeria

- Retain existing customers of the hotel by offering preferential rates or launching new marketing tools such as loyalty cards, gift cards, or the guaranteed price offer. But the real challenge is to maintain a portfolio of loyal customers, in this category entering tourists buying package tours or hotel services over a separate price level for several years (Su, 2018; Youn and Gu, 2019).

- Lower prices and tariffs. High prices and tariffs generally limits the access to the hotel services, which is reflected by reducing the customers number, reducing guest length of stay, reducing the range of purchased services. At this time, guest will be specially attracted by those products that are offered to convenient prices, thus stimulating the competitiveness between providers of tourist services which will try a stronger individualization of their offer.

- Reduction of certain categories of expenditure, respectively expenditure on raw materials, with consumables, etc.. Compared with most companies affected by the economic crisis who used a personnel policy restructuring in order to reduce the employees number and reducing to some extent, especially in the 2010 compared to previous years (Song, and Lin 2010; Umoru, and Anyiwe, 2013).

- Developing and diversifying the range of additional offer services. It's guest information services, brokerage services, commercial services, etc.. Tourist information services facilitating access to knowledge and access to specific offer and additional benefits made available by the hotel unit inside or outside it. Brokerage services, as well as other additional services are designed to satisfy customer's requirements. Park Hotel, within its discretion, mediates between his own tourists and specialized services providers the implementation of various works - repair or maintenance of objects in tourist facilities when these operations cannot be performed at unit level, reservations of tickets to various cultural, artistic events, booking of transport or other accommodation and several other fees, car rental from specialized units and some activities with special character (supervision of children and the disabled, translations for business, stenography, congresses, conferences, symposiums).

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- Improving the quality of hotel services. In times of crisis tourist customer's behavior changes, meaning he requires a more high quality, becomes more exigent and has high expectations regarding the services he requires. In this context, development and diversification of services is a guarantee of a more attractive tourism products offered by Park hotel and their quality, but also an opportunity to conquer new market segments (Song, and Lin 2010; Umoru, and Anyiwe, 2013)..

The Impact of Economic Crisis on Hospitality Worldwide

The current financial crisis that began in 2007 has created the greatest financial disorders since the Great Depression of the 1930s (Gehrels and Blanar, 2012; Melvin and Taylor, 2019).

As with most industries, the hospitality and tourism sector is experiencing numerous challenges as a result of the global economic crisis. The industry is feeling the impact of a shrinking capital market and decreased spending by both corporate and individual consumers (Notta. and Vlachvei, 2014; Okoli, 2014).

Businesses have reported a downturn in sales of lodging, foodservice, events and other hospitality products and some have closed their doors forever. The decline resulted not only from fewer customers in hotels, restaurants, conference and convention centres, etc., but also from a significant decline in the average expenditure per guest (Pizam, 2019; World Economic Forum (WEF) 2015).

The recession caused serious problems for luxury hotels in particular. However, many hotels in certain global markets, especially those catering to leisure travellers, were less affected. And the popularity and growth of the luxury hotel segment in recent years suggests that a strong rebound may not be unrealistic (Barsky, 2019; Okoli, 2014).

There were sharp differences in the performance of the various global regions in 2009. More specifically:

❖ Europe ended 2009 down 6%. Destinations in Central, Eastern and Northern Europe were particularly badly hit, while results in Western, Southern and Mediterranean Europe were relatively better.

❖ Asia and the Pacific(−2%) showed an extraordinary rebound. The second half of 2009 saw a 3% growth, reflecting improved regional economic results and prospects.

❖ In the Americas (−5%), the Caribbean returned to growth in the last four months of 2009.

❖ The Middle East (−6%), though still far from the growth levels of previous years, had a positive second half in 2009.

❖ Africa(+5%) was a strong performer, with sub-Saharan destinations doing particularly well.

The average price of a hotel room around the world was 14% cheaper in 2009 than in 2008, according to the Hotels.com Hotel Price Index. In fact, a hotel room was cheaper in 2009 than it was in 2004. Rooms cost 13% less in Europe during 2009 than in 2008, 14% less in the United States, 16% less in Asia and 21% less in Latin America. However, towards the end of 2009, the price falls started to stabilize (Barsky, 2019; Okoli, 2014).

THEORETICAL FRAMEWORK

This work is anchored on theory of constraints credited and economic crisis theory.

Theory of Constraints Credited

The theory of Constraints credited was propounded by Goldratt in 2011. The theory's position is that every system, organization or machinery has something that thwarts and inhibits its optimum performance. According to the theory, every system no matter how well it performs has at least one constraint that limits its performance. Constrains here represent things that inhibits, lowers or thwarts the performance of something. In this context therefore, constraints are seen as things that makes machines not to perform well, makes the equipment not to be as effective and efficient as possible therefore putting into question the reliability of the system especially in the area of security. Goldratt (2011) opines that constraints are things that limit the system from achieving higher performance relative to its purpose. This constraint can be in the area of insecurity which can reduce customer patronage thereby reducing performance and hindering sustainable development. The objective of firms could be increased productivity and customer service and response time through access to security and increased reliability and efficiency which are subjects to constrains such as security approach.

This theory links to this study because it focuses on the need to identify the bottleneck in a system that determines the performance of the system and to develop means to improve performance. These bottlenecks to performance could be in the approach of corona virus pandemic security prevalence in hospitality and tourism industry that can hinder their performance.

Economic Crisis Theory

Economic Crisis Theory, proposed by Paul Mattick (1974), argues that economic crises are inherent in capitalism and that neither the market nor Keynesianism can stop steady deterioration of economy. This theory is generally associated with Marxian economics. In this context, crisis refers to a sharp bust cycle of the regular boom and bust pattern of what Marxists term "chaotic" capitalist development. According to this theory, the "chaotic" development develops into a recession or depression if no countervailing action is taken. Marxists and Keynesians approach and apply the concept of economic crisis in distinct and opposite ways. The Keynesian approach attempts to stay strictly within the economic sphere and describes 'boom' and 'bust' cycles that balance out. Marxists, on the other hand, see economic crisis as part of the larger crisis of the social order they wish to supplant. Mattick says that the recession is not just a financial crisis; it manifests a truth about the socioeconomic system in which we live (Mattick, 1974).

Another theory of recession is the Austrian Business Cycle Theory: This attempts to explain business cycles through a set of ideas held by the heterodox Austrian School of economics. The Austrian model argues that downturns are the result of unsustainable growth. It is also referred to as the "hangover theory" of the business cycle. According to this theory, the business cycle unfolds in the following way: low interest rates tend to stimulate borrowing from the banking system. This expansion of credit causes an expansion of the money supply that is not created by a fair market value and system. This leads to an unsustainable credit-sourced boom which is eventually corrected by a recession when exponential credit creation can no longer be sustained. The money supply suddenly and sharply contracts when markets finally settle, causing

resources to be reallocated back towards more efficient uses. The recession is considered the corrective phase of the cycle. Thus the theory predicts that if market processes are not interfered with by government policies, the recession that follows the crisis will be sharp but short and will eliminate and correct the past errors.

EMPIRICAL REVIEW

Youn and Gu (2019) investigated the impact of the 2007 recession on U.S. restaurant firms in three different sectors, namely full service, economy/buffet, and fast-food. The study examined changes in firms' financial conditions and performances using a set of financial ratios in 2006, the prerecession year, and in 2008, the during-recession year. The findings indicate that the U.S. restaurant firms in all three sectors were negatively affected by the recession and significant deteriorations were found in ratios measuring liquidity, leverage, solvency, efficiency, and profitability. While changes were observed in numerous ratios within each restaurant sector, the changes in debt ratio was the most significant as it almost doubled over the two-year period for all three sectors. Youn and Gu (2019) suggested restaurant firms to reduce their heavy reliance on debt-financing and locate a new source of capital to survive through the recession. To this date, there has not been any study investigating the impact of the recent recession on financial performance of the U.S. hotel firms. The recent study by Youn and Gu (2019) solely focused on the restaurant sector. This study attempts to investigate the hotel sector exclusively as characteristics pertaining to hotel firms are likely to differ from those representing restaurant firms. Although hotels and restaurants are both hospitality businesses, they bear some distinguished characteristics. For example, the hotel industry is more fixed assets intensive and involves larger capital investments thus inclining to more debt financing. This recent recession was ignited by a financial crisis from mortgage lending. It may have an even greater financial impact on hotels than on restaurants. Use of an industry-specific sample is recommended whenever it is possible. A separate study of the impact of recent recession on the hotel industry is indeed necessary.

Ihenyen (2004) conducted a study on the impact of recession on business growth in Nigeria. The study was conducted using primary data and was tested using frequencies, percentages and mean deviation. The findings revealed that recession affect business growth in Nigeria

Naiyeju (2008) conducted a study on the role of recession in hotel industry in Nigeria. The study was conducted using 15 selected hotels in Nigeria. The result shows that recession affect the performance of hotels in Nigeria. The study was conducted using 15 selected hotels in Nigeria.
Okoli (2014), conducted study on the impact of recession on business performance. The study was carried out using 10 selected business in Nigeria. Data were collected through the use of structured questionnaire. Data were analyzed using descriptive statistics and the result shows that recession significantly affect business performance.

Ogbonna and Appah (2012), carried out a study on the problem of recession in hotels. The study was carried out using five selected hotels in Lagos. Data were collected through the use of structured questionnaire and personal interview. Data were analyzed using descriptive statistics and the result shows that recession is a problem to hotel business in the study area.

Umoru and Anyiwe (2013), conducted study on the effect of recession on organizational performance in Nigeria. The study was carried out using secondary data and was analyzed using regression analysis. The result shows that recession has a significant effect on organizational performance.

Research Gap

There are studies carried out by previous authors on the impact of economic recession on business performance both foreign and local studies. However, none of these studies has looked at how income rate of customers, unemployment rate and cost of production affect customer patronage in hotel industry and that is the gap this study intends to fill.

METHODOLOGY

Philosophical Assumption

This research aims to explain the relationship between two variables (consumption and academic performance), evaluate the variables, and draw conclusions based on the findings. The positivist paradigm is used. During this research work, a deductive approach was adopted. The quantitative research method was used to gather and analyze data in this study. Because this research involved testing hypotheses and the data acquired was tested using statistical techniques, quantitative research was used.

Research Approach and Strategy.
A positivistic method to quantitative research typically posits that hypotheses/assumptions are derived from some theoretical or imaginary concept, making it deductive in nature, which is occasionally referred to as theory testing. Because the goal is to see if current theoretical frameworks can be applied to our empirical study data, deductive research approach was adopted on this thesis titled “staff involvement in decision making and hotel performance”. The aim of the study is to determine the extent of staff involvement in decision making in hotel operation and how it affect hotel performance.

Research Hypotheses
The following null hypotheses will be tested in the course of this study
H0$_1$: Income rate has no significant influence on customer patronage of hotels.
H0$_2$: Unemployment rate has no significant influence on customer patronage in hotel establishments.
H0$_3$: Cost of production rate has no significant influence on customer patronage in hotel establishments.

Data Collection
The survey research design was used in this study. This is a quantitative approach of data collection from a group of people by asking them question relating to staff involvement in decision making and how it affect hotel performance. The usage of a survey in data gathering is focused toward answering the research questions inherent in the project in order to meet the research's goals and objectives. This helped in the development of remedies to the identified issue. To generate data from respondents, questionnaire instrument was used. Closed ended questions on a four -point scale were used to create the questionnaire. In addition, the questions are well-structured. The close ended includes; Strongly Agreed (SA) = 4, Agreed (A) = 3, Disagreed (D) = 2 and Strongly Disagreed (SD) =1

Sample Size
The sample size of the study are 210 selected staff of 10 selected hotels in Abia State Nigeria. Only available staff were evaluated, and convenient sampling method were used.

Data Analysis Techniques and Procedures
Descriptive statistics was used to summarize the gathered data in a clear and understandable manner using a numerical technique. To test hypotheses, simple regression approaches based on ordinary least square regression (OLS) was used.

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Decision rule: The variables are significant when the significant value is less than 0.05, otherwise not significant. As for decision on mean, mean value equal or greater than 3.0 is acceptable and vice versa.

RESULTS AND DISCUSSION

Data Presentation

Research Question 1: What is the influence of income rate on customer patronage of hotels?
Table 4.1: Mean responses on the influence of income rate on customer patronage of hotels.

S/N		Total score	Mean	Remark
1	Income rate influence customer patronage of hotels.	686	3.33	Accept
2	Income rate influence customer's standard of living thereby influencing their level of patronage in hotels.	682	3.31	Accept
3	Income rate influence customer choice of hotels	754	3.66	Accept
4	Income rate influence way of living thereby influencing their level of customer patronage in hotels	686	3.33	Accept
		Mean	**3.41**	

It was shown above that income rate influence customer patronage of hotels, income rate influence customer's standard of living thereby influencing their level of patronage in hotels, Income rate influence customer choice of hotels, income rate influence way of living thereby influencing their level of customer patronage in hotels. This is because all the items have mean greater than 2.5 which is the criterion mean. The grand mean of 3.39 implies that income rate influence customer patronage of hotels.

Research Question 2: To what extent does income rate influence hotel profitability?
Table 4.2 mean responses on the extent income rate influence hotel profitability.

S/N		Total score	Mean	Remark
1	Income rate influence profitability of hotels	686	3.33	Accept
2	Income rate influence customer's standard of living thereby influencing profitability of hotels.	682	3.31	Accept
3	Income rate influence customer choice thereby influencing profitability of hotels	754	3.66	Accept
4	Income rate influence way of living which also influence profitability of hotels	686	3.33	Accept
		Mean	**3.41**	

The table above shows that income rate influence profitability of hotels, Income rate influence customer's standard of living thereby influencing profitability of hotels, Income rate influence customer choice thereby influencing profitability of hotels and Income rate influence way of living which also influence profitability of hotels. This is because all the items have mean greater than 2.5 which is the criterion mean. The grand mean of 3.41 implies that income rate influence profitability of hotels.

Research Question 3: What is the influence of unemployment rate on customer patronage of hotel?

Table 4.3: mean responses on the influence of unemployment rate on customer patronage of hotels

S/N		Total	Mean	Remark
1	Unemployment influence customer patronage of hotels?	698	3.39	Accept
2	Unemployment influence customer's standard of living thereby influencing their level of patronage in hotels.	655	3.18	Accept
3	Unemployment influence customer choice of hotels	698	3.39	Accept
4	Unemployment influence way of living thereby influencing their level of customer patronage in hotels	666	3.23	Accept
		Grand mean	**3.30**	

The result in question three shows that Unemployment influence customer patronage of hotels, Unemployment influence customer's standard of living thereby influencing their level of patronage in hotels, Unemployment influence customer choice of hotels, Unemployment influence way of living thereby influencing their level of customer patronage in hotels. This is so because the items have mean value greater than 2.5 which is the criterion mean. It is also supported by grand mean which has the value of 3.30. This implies that unemployment rate influences customer patronage in hotels.

Descriptive Statistics

Table 4.4: Descriptive statistics of the study variables

	ER	INCOME	UNEMP	COP
Mean	3.764000	4.360000	4.712000	4.060000
Median	4.000000	4.000000	5.000000	4.000000
Maximum	5.000000	5.000000	5.000000	5.000000
Minimum	1.000000	1.000000	2.000000	1.000000
Std. Dev.	1.297319	0.785409	0.534977	0.990112
Skewness	-2.816474	-2.522902	-2.851750	-2.514714
Kurtosis	2.485385	8.954753	6.382191	4.321749
Jarque-Bera	30.53490	539.8710	262.0326	79.67856
Probability	0.000000	0.000000	0.000000	0.000000
Sum	941.0000	1090.000	1178.000	1015.000
Sum Sq. Dev.	419.0760	153.6000	71.26400	244.1000
Observations	205	205	205	205

Source: Extracted from *E-View result*

Table 4.4 presents the descriptive statistics of all the variables used for regression analysis. The number of observation for the study is 205. From the table above, the following information is distilled.

For economic recession (ER), the result revealed maximum and minimum values of 5.000 and 1.0000. ER also reveals mean and standard deviation of 3.764000 and 1.297319. income rate (income) has minimum value of 1.0000 and maximum value of 5.0000 with respective mean of 4.360000 and a deviation of 0.785409. Furthermore, unemployment rate (UNEMP) result reveals maximum and minimum values of 5.0000 and 2.0000. UNEMP also reveals mean and standard deviation of 4.712000 and 0.534977. Cost of production (COP), the result revealed maximum and minimum values of 5.0000 and 1.0000. COP also reveals mean and standard deviation of 4.06000 and 0.990112 respectively.

The skweness result for ER, INCOME, UNEMP and COP reveal values between -2.5 to +2.5 which means that data distribution for OS, BOD, TIM, PROFIT, SALES and ACC are normally distributed; this means that there is no bias in term of the responses gotten and it thus expresses a valid responses for further analysis.

As shown in the table above, ER, INCOME, UNEMP and COP have Jargue-Bera statistics of 30.53490, 539.8710, 262.0326, and 79.67856 with its associated probability values 0.0000, 0.0000, 0.0000, and 0.0000 which indicates that ER, INCOME, UNEMP and COP data are not normally distributed. Although data for the various variables are not normally distributed, the current study will not rely on that judgement since the data collected are ranked data and expresses the opinion of the general respondent which is not meant to be manipulated. The concern for a ranked data is the level of skweness which reveals the direction of expression by the respondent whether it contains level of biases.

Diagnostic test results

Table 4.5 Diagnostic test

TEST	TEST STAT	MODEL INCOME (Prob.)	MODEL UNEMP (Prob.)	MODEL COP (Prob.)
Independence of residuals	Durbin Watson	1.225112 (DW) / R^1 = 1.297915 (DW)	1.226350 (DW)/ R^1 = 1.268123 (DW)	1.194685 (DW) / R^1 = 1.190713 (DW)
Serial autocorrelation	Breusch-Godfrey SLLM test	1.35123 (Prob)	2.1209 (Prob)	1.9520 (Prob)
Heteroscedasticity	Breusch-Pagan-Godfrey Test	0.9255 (Obs. Chi.Sq. Prob)	1.6509 (Obs. Chi.Sq. Prob)	0.7550 (Obs. Chi.Sq. Prob)

Source: E View result

From Table 4.5 above, the following diagnostic result is revealed:
Result for model 1 reveal a Durbin Watson statistics of 1.225112. This indicates that the set of data for the model variables has residuals that cannot influence the outcome of the linear regression. This is supported by Field (2009) who posited that a Durbin Watson statistic within the range of 1 to 3 is appropriate for a linear model. The Breusch-Godfrey test with a probability value of 1.35123 (greater than 0.05) implies that the null hypothesis of no autocorrelation is accepted. This further prove that there is no autocorrelation in the linear model. The Breusch-Pagan-Godfrey Test has the probability value of 0.9255 (greater than 0.05) which also implies that the null hypothesis of no heteroscedasticity is accepted and therefore the model is free from any form of heteroscedasticity.

Result for model 2 reveal a Durbin Watson statistics of 1.226350. This indicates that the set of data for the model variables has residuals that cannot influence the outcome of the linear regression. This is supported by Field (2009) who posited that a Durbin Watson statistic within the range of 1 to 3 is appropriate for a linear model. The Breusch-Godfrey test with a probability value of 2.1209 further prove that there is no autocorrelation in the linear model. The Breusch-Pagan-Godfrey Test has the probability value of 1.6509 which implies that the model is free from any form of heteroscedasticity.

Result for model 3 reveal a Durbin Watson statistics of 1.194685. This indicates that the set of data for the model variables has residuals that cannot influence the outcome of the linear regression. This is supported by Field (2009) who posited that a Durbin Watson statistic within the range of 1 to 3 is appropriate for a linear model. The Breusch-Godfrey test with a probability value of 1.9520 further prove that there is no autocorrelation in the linear model. The Breusch-Pagan-Godfrey Test has the probability value of 0.7550 which implies that the model is free from any form of heteroscedasticity.

REGRESSION ANALYSIS

Effect of income rate, unemployment rate and cost of production on customer patronage in hotels.
Note: The analysis tables below represents hypotheses 1, 2 and 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.970[a]	.941	.940	.19798

a. Predictors: (Constant), COST OF PRODUCTION, INCOME RATE, UNEMPLOYMENT RATE

ANOVA[a]

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Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126.296	3	42.099	1074.056	.000[b]
	Residual	7.918	202	.039		
	Total	134.214	205			

a. Dependent Variable: CUSTOMER PATRONAGE
b. Predictors: (Constant), COST OF PRODUCTION, INCOME RATE, UNEMPLOYMENT RATE

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.074	.069		-1.082	.281
	INCOME RATE	.987	.051	.940	19.340	.000
	UNEMPLOYMENT RATE	.020	.083	.017	.236	.013
	COST OF PRODUCTION	.019	.073	.016	.256	.018

a. Dependent Variable: CUSTOMER PATRONAGE

The study analyzed the influence of economic recession on customer patronage in hotels. The coefficient of determination R-square of 0.941 implied that 94.1% of the sample variation in the dependent variable (customer patronage) is explained or caused by the explanatory variables (income rate, unemployment rate and cost of production) while 5.9% is unexplained. This remaining 33.4% could be caused by other factors or variables not built into the model. The value of R-square is an indication of a relationship between the dependent variable (customer patronage) and independent variable (income rate, unemployment rate and cost of production). The value of the adjusted R^2 is 0.940. This shows that the regression line which captures 94.0 per cent of the total variation in customer patronage is caused by variation in the explanatory variable (income rate, unemployment rate and cost of production) specified in the model with less than 6.0 per cent accounted for the stochastic error term. The F-statistic was also used to test the overall significant of the model. The F-value of 1074.056 is an indication that the model is statistically significant at 5 percent level of significant.

Hypothesis One

$H0_1$: Income rate has no significant influence on customer patronage of hotels.
The F statistic with 1074.056 has probability of 0.00% level of significance. Since the probability of the F statistics is below 5% level of significance, we would reject the null hypothesis, H_0 and therefore conclude that income rate has a significant influence on customer patronage of hotels.

Hypothesis two

$H0_2$: Unemployment rate has no significant influence on customer patronage of hotels.
The F statistic with 1074.056 has probability of 0.013% level of significance. Since the probability of the F statistics is below 5% level of significance, we would reject the null hypothesis, H_0 and

therefore conclude that unemployment rate has a significant influence on customer patronage of hotels.

Hypothesis three

H0$_3$: Cost of production has no significant influence on customer patronage of hotels.
The F statistic with 1074.056 has probability of 0.018% level of significance. Since the probability of the F statistics is below 5% level of significance, we would reject the null hypothesis, H_0 and therefore conclude that cost of production has a significant influence on customer patronage of hotels.

DISCUSSION ON FINDINGS

The findings revealed that economic recession has a significant influence on hospitality performance in form of customer patronage and profitability. The finding is consistent to the findings of Youn and Gu (2019); Henderson, (2017) that investigated the impact of the 2007 recession on U.S. restaurant firms in three different sectors, namely full service, economy/buffet, and fast-food. The study examined changes in firms' financial conditions and performances using a set of financial ratios in 2006, the prerecession year, and in 2008, the during-recession year. The findings indicate that the U.S. restaurant firms in all three sectors were negatively affected by the recession and significant deteriorations were found in ratios measuring liquidity, leverage, solvency, efficiency, and profitability. While changes were observed in numerous ratios within each restaurant sector, the changes in debt ratio was the most significant as it almost doubled over the two-year period for all three sectors. Also, Ihenyen (2004); Akpabio (2017) conducted a study on the impact of recession on business growth in Nigeria. The study was conducted using primary data and was tested using frequencies, percentages and mean deviation. The findings revealed that recession affect business growth in Nigeria. Similarly Naiyeju (2008); Amadi (2018), conducted a study on the role of recession in hotel industry in Nigeria. The study was conducted using 15 selected hotels in Nigeria. The result shows that recession affect the performance of hotels in Nigeria. The study was conducted using 15 selected hotels in Nigeria. Okoli (2014), Gehrels and Blanar (2012), conducted study on the impact of recession on business performance. The study was carried out using 10 selected business in Nigeria. Data were collected through the use of structured questionnaire. Data were analyzed using descriptive statistics and the result shows that recession significantly affect business performance.

CONCLUSION AND RECOMMENDATION

Conclusion

During economic challenges customers and firms reduce their expenditures on travelling in which negatively influence the volume of business. During financial turbulence many hotel operators are struggling to manage declining demand and how best they can respond to the pressure to reduce

tariffs. Almost all hotel categories have experienced falls in occupancy, average daily rate and revenue per available room in many parts of the world. The recession lead hotels to re-consider their prices and the value offered to customers. The economic recession affects all business sectors in Nigeria. The tourism and hospitality industry in Nigeria is suffering since 2011 as reflected in its contribution to GDP and the laying of thousands of employees. Tourism is considered one of the most important pillars in Nigeria's economy. However, the present economic recession has affected the income status of customers, the employment rate of customers thereby influencing their purchasing power which lead to decrease in profitability of hotels.
Based on the objectives of this study, data analysis, and discussion of findings and fieldwork information, the following findings were summarized:
(i) Income rate has a significant influence on customer patronage of hotels.
(ii) Unemployment rate has a significant influence on customer patronage of hotels.
(iii) Cost of production has a significant influence on customer patronage of hotels.

Recommendations
Based on the study, the following recommendations were made:
(i) Government of Nigeria should work towards reducing the rising rate of inflation and other economic crisis to encourage businesses including hospitality business in Nigeria.
(ii) Hospitality industry in the midst of recession should cut down their cost of operation such as reducing unnecessary expenses that are not very important to the business. That would help in improving their performance.
(iii) In order to enhance customer patronage in the midst of economic recession, hospitality industry should maintain quality product and service delivery. That will encourage customers to patronage them.

Research Implication
- The findings from this study will contribute to existing knowledge by revealing the extent to which economic recession can affect hotel performance. Therefore, the findings will guide policy makers in making decision that could help in curbing economic recession as well as providing enabling environment for hotel industry during economic recession.
- The findings from this study will contribute to existing knowledge by suggesting ways through which hotel industry can manage the recession and still enhance their performance. This can be achieved by retaining existing customers of the hotel by offering preferential rates or launching new marketing tools such as loyalty cards, gift cards, or the guaranteed price offer, reduction of certain cost and expenditure and maintaining low price and tariffs.

Suggestion for further research
- Further research should consider other macroeconomic variables such as inflation rate, money supply, foreign direct investment, human development index among others, that can affect hotel performance in the study area.

- Further research should look at other measures of hotel performance such as hotel profitability and sales growth.
- Finally, further research is suggested to be carried out in other part of the world since economic recession is a global problem. Therefore studies on economic recession should not be limited to Nigeria.

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