Hospitality and Tourism Entrepreneurship: Administrative Barriers in Imo State, Nigeria

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Received: September 2019 | Accepted: February 2020
DOI: 10.5937/turizam24-22955

Abstract

Impeding factors to the operational efficiency of hospitality and tourism enterprises in Imo State, Southeast Nigeria, were examined in this study. The conceptual model considered if access to funds, government policies and infrastructure determine the efficiency of hospitality and tourism enterprises through the impact on sales volume, cost of operation and productivity. A 21-point questionnaire was administered to 384 respondents of 63 hospitality and tourism enterprises across the state, in which 311 valid instruments were used for analysis. Means and standard deviation were measured in relation to the consequent variables. Hypotheses were tested in Pearson Chi-square to determine significant relationships between the variables and to justify the research model. The result revealed that poor access to funds, inconsistent government policies (like multiple taxation) and poor infrastructure affect sales volume, operating cost and productivity of hospitality and tourism enterprises. The study equally exposed policy weaknesses of the government in providing enabling environment for sustainable hospitality and tourism entrepreneurship, thus leading to poor sectoral development and job loss. Recommendations include the expansion of road networks in the state and prioritization of waste management processes in order to enhance access to hospitality and tourism locations, as well as lessen the overwhelming burden of waste disposal which increases the operating cost of hospitality enterprises.

Keywords: access, administrative barriers, cost, entrepreneurship government; hospitality and tourism enterprises.

Introduction

The prevailing economic circumstances in Nigeria and other developing countries have made the citizens see the benefits of looking inwards in terms of setting up businesses that will create jobs and increase revenue generation. Currently, entrepreneurship development and inno-

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vation through small and medium scale enterprises in hospitality and tourism are important drivers of economic success in developing nations (Obiora, Nwokorie, 2018). It is a viable tool for job creation, foreign exchange generation, poverty alleviation and worldwide dynamism. This rapid evolution calls for new entrepreneurial approach to factors that affect entrepreneurial performance in new enterprise development and management of existing businesses.

Ebiringa (2011) opined that entrepreneurship is basically concerned with creating wealth and livelihood through production of goods and services. The generation of business opportunities in any country is a direct function of entrepreneurial activities (Anderson, Jack, 2002). This emanates from idea generation leading to wise and profitable combination of human, material and financial resources towards the actualization of pre-determined goals. Entrepreneurship is a process of identifying gaps in one’s immediate environment, community and society at large and bringing together resources in innovative way to fill these gaps. Khanka (1999) stated that a “tourism entrepreneur” is a person or a group of persons producing and managing tourism products. Hospitality and tourism entrepreneurship has been recognized as the basic way of providing strategic support for maintaining business development especially in rural areas (Obiora, Nwokorie, 2018).

Entrepreneurship in hospitality and tourism covers a wide spectrum of organization, ranging from ownership of a souvenir or gift item shop and coffee bar, right up to multi-national corporations like hotels, airlines and leisure parks. While extolling the importance of hospitality and tourism entrepreneurship, Elliot (1997, p.4) observed that “in the periods of economic decline, world recession, massive unemployment and a growing gap between the rich and the poor, tourism and hospitality is one of growth industries which has the capability to provide economic sustainability through job creation, redistribution of wealth, generation of foreign exchange and provision of revenue desperately needed by those countries in dire financial strait.”

The relevance of entrepreneurial development in Nigeria cannot be underemphasized especially in a period where the prices of oil in the international market keep falling considering Nigeria’s over dependence on oil as a major source of foreign exchange. Development of entrepreneurship creates more industries especially in rural areas through income generation and redistribution of wealth (Oteh, 2009; Onwuka et al., 2015; Obiora, Okwuise, 2016; Obiora, Nwokorie, 2018). As Henry, Hill and Leitch (2003) stated: “It is now widely recognized that the promotion of entrepreneurship is not only necessary for a healthy economy, but also critical for sustaining prosperity and creating new jobs”. Initiatives related to entrepreneurship in various settings abound. The heightened interest in entrepreneurship has been as a consequence of a diverse range of contributory factors including the belief that it can reduce unemployment and act as recipe for economic prosperity (Gladwin et al., 1989; Klein et al., 2010; Mansi, Achla, 2013; Kushalakshi, Raghurama, 2014; Obiora, Nwokorie, 2018).

The role entrepreneurship plays in African economies particularly in the hospitality, tourism, sport and leisure industries, is enormous and cannot be taken for granted in the provision of employment, wealth creation and innovation. The primary goal of entrepreneurship is profitability and growth (Babagbale, 2005). Nigeria is rich in human resources with abundant tapped and untapped natural resources. The enormous natural and human resources notwithstanding, Anyadike, Emeh, and Ukah (2012) wrote that Nigeria is still one of the poorest countries in the world and has one of the highest rate of youth unemployment in sub-Saharan Africa despite its alleged economic growth. This may not be unconnected to neglected factors that affect the output and performance of entrepreneurs.
However, Entrepreneurs in other parts of Africa and Europe face challenges and issues to remain in business (Abi, 2007; Klein, et al., 2010; Wioleta, 2011). Eriobunah and Nosakhare (2013) opined that entrepreneurs, especially in Africa, lack access to credit facility and basic entrepreneurship infrastructure such as electricity good road networks requisite for entrepreneurial growth.

**Research Problem**

Access to finance, which is the fundamental support of a business, is essential in acquiring the service of skilled labour, modern technology, and machinery for creation of value to meet perceived needs for profit is very essential. Lack of capital for project execution and expansion can be perceived as a factor affecting entrepreneurs mostly in the hospitality sector, and the inability of hospitality establishments to secure credit facilities overtime, affects their growth and survival propensities (Adejumo, 2001).

Hospitality and tourism enterprises in the state are faced with lots of infrastructural problems, bad road network, flood, poor waste disposal, epileptic power supply and insecurity (Nwokorie, Igbojekwe, 2019). Given the general perception that entrepreneurship development is the key to poverty eradication, employment generation and rapid economic development, various governments in Nigeria have, over the past three decades, evolved policies and programmes, aimed at developing entrepreneurship through the development of small and medium scale enterprises (SMEs). This study is necessitated due to lack of, or inadequate empirical studies to assess how these factors affect entrepreneurial performance of hospitality and tourism enterprises in Imo State, Southeast Nigeria, in order to achieve the full potential of the hospitality and tourism industry.

**Objectives of the Study**

The major objective of this study is to ascertain the factors affecting entrepreneurial performance in hospitality and tourism enterprises in Imo State. Specific objectives are to:

a) Determine the relationship between access to funds and sales volume of hospitality and tourism enterprises.

b) Determine the relationship between access to funds and cost of operation of hospitality and tourism enterprises.

c) Determine the effect of access to funds on productivity of hospitality and tourism enterprises.

d) Examine the impact of government policies on sales volume of hospitality and tourism enterprises.

e) Examine the impact of government policies on the cost of operation of hospitality and tourism enterprises.

f) Examine the impact of government policies on the productivity of hospitality and tourism enterprises.

g) Determine the relationship between poor infrastructure and sales volume of hospitality and tourism enterprises.

h) Examine the impact of poor infrastructure on cost of operation of hospitality and tourism enterprises.

i) Determine the relationship between poor infrastructure and productivity of hospitality and tourism enterprises.
Statement of hypothesis

The following null hypotheses ($H_0$) were tested:

$H_1$: There is no relationship between access to funds and sales volume of hospitality and tourism enterprises.

$H_2$: There is no relationship between access to funds and cost of operation in hospitality and tourism enterprises.

$H_3$: Access to funds has no positive effect on productivity of hospitality and tourism enterprises.

$H_4$: Government policies have no significant impact on the sales volume of hospitality and tourism enterprises.

$H_5$: Government policies have no significant impact on the cost of operation of hospitality and tourism enterprises.

$H_6$: Government policies have no significant impact on the productivity of hospitality and tourism enterprises.

$H_7$: There is no significant relationship between poor infrastructure and sales volume of hospitality and tourism enterprises.

$H_8$: Poor infrastructure has no significant impact on the cost of operation of hospitality and tourism enterprises.

$H_9$: There is no significant relationship between poor infrastructure and productivity of hospitality and tourism enterprises.

Literature survey

Conceptual Assessment

Entrepreneurship indicates an act in which an individual attempts a rational undertaking of some sort. Pickle and Abrahamson (1990) saw an entrepreneur as someone who organizes and manages a business, undertakes and assumes the risks for the sake of profit making. Bagby (1988) wrote that an entrepreneur is an individual who utilizes the opportunity of instability.
or turbulence to produce something new, or modifies an existing one for profit motive (Ayogu, Agu, 2015). Envick and Langford (2000) defined an entrepreneur as someone who owns and operates his own business. Murphy (2010) and Wongmuek (2018) considered an entrepreneur as a dynamic individual who would continue to seek opportunities and different methods of operation and will put extra efforts to achieve business success. For Castro and Ferreira (2019, p. 51), “…entrepreneurs are involved in tasks like identifying market gaps and exploiting them, setting goals and defining strategies to attain them, formulating business strategies, negotiating, constructing effective relationships, dealing with problems and taking responsibility to solve them…” An entrepreneur can, however, be a male or a female (Low, Macmillan, 1988; Obiora, Nwokorie, 2018).

Theoretical Assessment

Two relevant theories are significant to the success of the study and are explored accordingly.

i) Social Embeddedness Theory: The social embeddedness theory is employed to serve as the theoretical foundation upon which the discourse on entrepreneurial performance is erected. The theory, as developed by Mark Granovetter (1985, cited in Greenwood, Meyer, 2008), suggests that economic activities take place in a social context. This context is a shaping mould. The social context is a mélange of the political, economic, technological and cultural influences. In general, it consists of the influences that shape the cognition or world view of the entrepreneur. The cultural context sets the social and behavioural norms, gives legitimacy and recognition to business entrepreneurship, and permits or encourages the entrepreneur to take to entrepreneurship (Garsombke, Garsombke, 2000; Kikooma, 2010). It structures inter-actor ties, which make possible the formation of meaningful relationships and social networks for acquiring social capital; structures governance institutions for regulation of entrepreneurship and related services such as the approval, registration, issuance and revocation of business permits or operating licenses (Yang, 2004).

ii) Resource-based Entrepreneurship Theories: The Resource-based theory of entrepreneurship argues that access to resources by founder/originator is an important predictor of opportunity based entrepreneurship and new venture growth. The theory stresses the importance of financial, social and human resources to entrepreneurship. Thus, access to resources enhances the individual’s ability to detect and act upon discovered opportunities. Financial, social and human capital represents three classes of theories under the resource-based entrepreneurship theories.

a) Financial capital/liquidity theory
This theory suggests that “people with financial capital are more able to acquire resources to effectively exploit their entrepreneurial opportunities” (Yadav, 2015, pp.46), and set up a firm (Clausen, 2006). Researchers believe that the theory tends to view entrepreneurs as having individual specific resources that support the recognition of new opportunities and the accumulation of new resources for the developing enterprise (Alvareza, Busenitz, 2001; Simpeh, 2011). Setting up of new firms is more common when people have access to financial capital.

b) Social capital or social network theory
Entrepreneurs are embedded in a larger social network structure that constitutes a significant proportion of their opportunity structure (Clausen, 2006). An indi-
individual may have the ability to recognize that a given entrepreneurial opportunity exist, but might lack the social connections to transform the opportunity into a business start-up (Eckhard, Shane 2003; Forbes, et al., 2006). The theory further explains that stronger social ties to resource providers facilitate the acquisition of resources and enhance the probability of opportunity exploitation. Social network was equally identified while highlighting the four stages in the sociological theory by Reynolds (1991).

c) **Human capital entrepreneurship theory**
The human capital entrepreneurship theory are two factors, education and experience, which helps entrepreneurial exploits (Becker, 1993). As Simpeh (2011, pp.5) wrote: “The knowledge gained from education and experience represents a resource that is heterogeneously distributed across individuals and in effect central to understanding differences in opportunity identification and exploitation.”

Empirical Assessment

Evidences abound how economic and social forces could determine the success of entrepreneurial undertakings. Mohd Shariff, Peou and Ali (2010) examined the moderating effect of government policy on entrepreneurship and growth performance of small and medium enterprises (SMEs) in Cambodia. The study used entrepreneurial value, firm financing, management, market practices, and government policy as factors that influenced the growth performance of SMEs. The finding of the study indicates a positive relationship between the variables mentioned and growth performance of SMEs. The result also confirms that government policy has an essential role as a full moderator in such relationships. Chittithawan, Islam, Keawchana and Yusuf (2011) determined the factors affecting business success of SMEs in Thailand. The result of the study revealed that variables such as management and know-how, customer and market, SMEs characteristic, the way of doing business and cooperation, product and services, resources and finance, strategy and external environment have positive and significant effect on the business success of SMEs.

Okpara (2011) investigated the factors constraining the growth and survival of SMEs in Nigeria and the implication for poverty. Findings show that financial constraints, lack of management, corruption, and infrastructure constraints are negatively correlated with small business performance. Also the result of the study indicated that the greatest impediments to small business growth and survival in Nigeria include lack of financial support, corruption, poor management, poor experience and training, insufficient profits, poor infrastructure and low demand for product and services. Similarly, Philip (2011) carried out a research to investigate the factors affecting business success of SMEs in Bangladesh. It was found out that management know-how, products and services, and external environment, as factors that have significant relationship with business success of SMEs. But resources and finance, and SMEs characteristics do not have a significant relationship with the business success of SMEs in the study.

In the recent study by Obiora and Nwokorie (2018) on impediments to rural youth entrepreneurship towards the hospitality sector in Ihitte-Uboma, Imo State Nigeria, trade union support, compliance to information and communication technology (ICT), availability of credit and access to market were indicated as performance conditions for successful rural entrepreneurship, which have negatively affected the fortunes of rural entrepreneurship in the study area. The study equally indicated poor energy supply as an impediment to youth entrepreneur-
ship in the rural area. Also, Castro and Ferreira (2019) saw lack of available financial support from the government to small businesses as a barrier to successful rural tourism entrepreneurship in Portugal, citing bureaucracy and lack of information as other forms of restrictions. However, the gap in literature shows that studies have not broadly focused on hospitality and tourism enterprises to a reasonable extent as it concerns the evaluation of government policies, infrastructure and access to funds and their consequences on productivity, cost of operation and sales volume of hospitality and tourism business, which is the driving force for this study. The outcome will bridge the gap in literature on the issues and challenges faced by entrepreneurs in the tourism sector from a broader perspective.

**Methodology**

The model developed for the study was premised on the need to tackle the challenges of entrepreneurial performance based on the consequent variables investigated. The research design for the study was survey based using structured questionnaire to elicit responses from samples and other secondary sources including previous studies. A 21-point questionnaire was prepared in a four-point Likert scale of strongly agreed, agreed, disagreed, and strongly disagreed. Due to the convenience of studying both large and small populations, the non-probability sampling technique was adopted (Osuala, 2002) to select 63 hospitality and tourism related enterprises from the three geo-political zones of Imo State and to also give all the samples equal chance of being selected.

**Population and Sample**

The target population includes managers and owners of the selected hospitality and tourism enterprises in the study area. As the population is infinite, Cochran’s formula for sample size determination (Cochran, 1963) was employed to estimate the minimum sample size for the study. The sample size is 384 given the value of the formula which is thus stated:

\[
 n_0 = \frac{z^2 \cdot p(1-p)}{e^2}
\]

Where,
- \( n_0 \) - Estimated sample size
- \( z^2 \) - Selected critical value of desired level of confidence
- \( p \) - Estimated proportion of an attribute that is present in the population or maximum variability of the population
- \( e \) - Desired level of precision or margin of error

** Validity and Reliability of Instrument**

The validity of the instrument was confirmed in two ways via a pilot study and content validity approach. First, a pilot study question was posed to 22 respondents, and their responses were in conformity with prior expectations of the study, hence, the instrument was considered valid for the study.
In the content validity, the emphasis is to ensure that the study’s core variables are present in the questionnaire. Hence, the factors that guaranteed the content validity of the research instrument used in this study are that: (a) the questions presented in the questionnaire are in conformity with the objectives of the study and the formulated hypotheses, and (b) all relevant dimensions (conceptual assessment) of the topic have been reasonably explored.

The study applied stability reliability to obtain similar scores with repeated testing, using the same group of respondents. This was done through a test-retest procedure that involved administering the same instrument to the same individuals under comparable conditions over a period of time (Maars, 2009). Operationally, the results of the test obtained were recorded using Pearson’s correlation (r) as the test-statistics for reliability and the coefficient (r) obtained indicated the reliability of the instrument at 0.98 (Table 1).

<table>
<thead>
<tr>
<th>Table 1. Validity and reliability statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s α</td>
</tr>
<tr>
<td>.98187</td>
</tr>
<tr>
<td>Source: Data output</td>
</tr>
</tbody>
</table>

Method of Data Analysis

The study applied the use of inferential statistics in analyzing data to determine means and standard deviation of the responses with the aid of Statistical Package for Social Science (SPSS) version 23 (2015). Hypotheses were tested in Pearson Chi-square to determine significant relationships between variables. While assuming a 95% confidence interval and 5% level of significance at $\alpha = 0.05$, decision rule is: accept ($H_0$) if $p$-value $\geq 0.05$, otherwise reject $H_0$. Level of significance for hypotheses test at 5%, means that the probability of rejecting the hypothesis or if it is true (type 1 error), is fixed at 0.05. Rejecting $H_0$ means that there is significant relationship between two variables, while acceptance means that there is no significant relationship (Schawnms, 1994; Egbulonu, 2007; Nwokorie, 2017).

The formula for Pearson Chi-square is thus given:

$$\chi^2 = \sum_{i=1}^{n} \left( \frac{(O_i - E_i)^2}{E_i} \right)$$

where;
- $\chi^2$ = Pearson Chi-square
- $O_i$ = Observed frequency
- $E_i$ = Expected frequency
- $\Sigma$ = Summation sign (Bladock, 1998).

The degree of freedom (df) is calculated thus;

$$df = (r - 1) (c - 1)$$

where:
- $r$ = number of rows
- $c$ = number of columns
while the expression for determining population standard deviation is given as:

$$ s = \frac{(X - \bar{X})^2}{\sqrt{n-1}} $$

Where;
- $X$ = standard random variable
- $\bar{X}$ = sample mean
- $n$ = total number of items or variable
- $s$ = population standard deviation (Egbulonu, 2007).

**Results**

A total of 384 copies of questionnaire were distributed to respondents made up of 63 owner-entrepreneurs of the selected hospitality and tourism related enterprises and 321 manager-entrepreneurs in the establishments while 311 copies of the total questionnaire were appropriately completed and returned, showing a return rate of 80.99% with a usable rate of 96.46% (300) from the questionnaires returned (Table 2). While 61.54% of the respondents are males and 38.46% are females, their age bracket is between 20 and 55 years.

**Table 2. Return rate of questionnaire**

<table>
<thead>
<tr>
<th>Option</th>
<th>Distributed</th>
<th>№ Returned</th>
<th>% Returned</th>
<th>Usable</th>
<th>Unusable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-entrepreneurs</td>
<td>63</td>
<td>59</td>
<td>15.36</td>
<td>3</td>
<td>56</td>
</tr>
<tr>
<td>Manager-entrepreneurs</td>
<td>321</td>
<td>252</td>
<td>65.63</td>
<td>8</td>
<td>244</td>
</tr>
<tr>
<td>Total</td>
<td>384</td>
<td>311</td>
<td>80.99</td>
<td>11</td>
<td>300</td>
</tr>
</tbody>
</table>

*Source: Data output*

**Table 3. Analyses of responses**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Responses</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>SD</th>
<th>$\bar{X}$</th>
<th>$\sigma_X$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entrepreneurs’ awareness of high prospect of hospitality business in the state</td>
<td>92</td>
<td>115</td>
<td>69</td>
<td>24</td>
<td>8.0</td>
<td>2.53</td>
<td>0.56</td>
</tr>
<tr>
<td>2. Hospitality entrepreneurs have increased over the last 10 years in the state</td>
<td>69</td>
<td>138</td>
<td>55</td>
<td>38</td>
<td>12.7</td>
<td>2.79</td>
<td>0.58</td>
</tr>
<tr>
<td>3. Government policies have not improved the productivity of hospitality enterprises</td>
<td>120</td>
<td>111</td>
<td>54</td>
<td>15</td>
<td>5.0</td>
<td>3.12</td>
<td>0.64</td>
</tr>
<tr>
<td>4. Government policies have not improved the sales volume of hospitality enterprises</td>
<td>92</td>
<td>115</td>
<td>69</td>
<td>24</td>
<td>8.0</td>
<td>2.53</td>
<td>0.56</td>
</tr>
<tr>
<td>5. Government policies have not improved the cost of operation in hospitality business</td>
<td>84</td>
<td>126</td>
<td>66</td>
<td>24</td>
<td>8.0</td>
<td>2.90</td>
<td>0.59</td>
</tr>
<tr>
<td>6. The right policies would stimulate enterprise expansion</td>
<td>115</td>
<td>96</td>
<td>50</td>
<td>39</td>
<td>13.0</td>
<td>2.96</td>
<td>0.60</td>
</tr>
<tr>
<td>7. Access to funds does not enhance the productivity of hospitality enterprises</td>
<td>36</td>
<td>51</td>
<td>111</td>
<td>102</td>
<td>34.0</td>
<td>2.07</td>
<td>0.60</td>
</tr>
<tr>
<td>8. Access to funds does not enhance the sales volume of hospitality enterprises</td>
<td>39</td>
<td>30</td>
<td>126</td>
<td>105</td>
<td>35.0</td>
<td>2.01</td>
<td>0.61</td>
</tr>
</tbody>
</table>
Hospitality and Tourism Entrepreneurship: Administrative Barriers in Imo State, Nigeria

Statement | Responses | \( \overline{X} \) | \( \sigma_X \) \\
--- | --- | --- | --- \\
9. Access to funds has no impact on cost of operation in hospitality businesses | | | | \\
| SA | A | D | SD | \\
| 45 | 15.0 | 84 | 28.0 | 75 | 2.33 | 0.57 |

10. Available infrastructure enhances the sales volume of hospitality enterprises | | | | | | | \\
| 27 | 9.0 | 63 | 21.0 | 114 | 38.0 | 96 | 32.0 | 2.07 | 0.61 |

11. Poor infrastructure has no effect on the productivity of hospitality enterprises | | | | | | | \\
| 39 | 13.0 | 30 | 10.0 | 126 | 42.0 | 105 | 35.0 | 2.01 | 0.61 |

12. Poor infrastructure has no impact on cost of operation in hospitality business | | | | | | | \\
| 33 | 49.0 | 54 | 35.5 | 114 | 9.0 | 99 | 6.5 | 2.07 | 0.60 |

Source: Data output

Scale & Symbol Codes: SA = Strongly Agreed; A = Agreed; D = Disagreed; SD = Strongly Disagreed; \( \overline{X} \) = Mean; \( \sigma_X \) = Standard Deviation.

Decision Rule: Response is negative if \( \overline{X} \leq 2.49 \), otherwise response if positive. Decision is based on effective sample size (\( \geq 100 \)) for multiple sub-scale and nature of data, as \( \overline{X} \) is expected to increase significantly from a lesser degree; hence, the Mean-Value Theorem applies (Egbulonu, 2007; Nwokorie, Obiora, 2018).

Table 4. Responses on independent and dependent variables

| 13. Access to funds variables affecting sales volume functions | \\
| Access to Funds | Guest Turnover | Guest Loyalty | Sub-total (%) | Total (%) | \\
| High interest rate | 120 (40.0%) | 100 (33.33%) | 220 (73.3) | \\
| Excessive procedure | 20 (6.67%) | 40 (13.33%) | 60 (20.0) | \\
| Others | 10 (3.33%) | 10 (3.33%) | 20 (6.7) | 300 (100) |

| 14. Access to funds variables affecting cost of operation functions | \\
| Access to Funds | Operating Expenses | Equipment Maintenance | \\
| High interest rate | 165 (55.0%) | 54 (18.0%) | 219 (73.0) | \\
| Excessive procedure | 25 (8.33%) | 45 (15.0%) | 50 (16.7) | \\
| Others | - | 11 (3.33%) | 11 (3.7) | 300 (100) |

| 15. Access to funds variables affecting productivity functions | \\
| Access to Funds | Upgrade of Facilities | New Product Creation | \\
| High interest rate | 50 (16.67%) | 10 (3.33%) | 60 (20.0) | \\
| Excessive procedure | 130 (43.33%) | 70 (23.33%) | 200 (66.7) | \\
| Others | 30 (10.0%) | 10 (3.33%) | 40 (13.3) | 300 (100) |

| 16. Government policy variables affecting cost of operation functions | \\
| Government Policies | Operating Expenses | Equipment Maintenance | \\
| High tax | 100 (33.33%) | 95 (31.67%) | 195 (65.0) | \\
| Poor policy implementation | 10 (3.33%) | 20 (6.67%) | 30 (10.0) | \\
| Excessive levies & charges | 30 (10.0%) | 25 (8.33%) | 55 (18.3) | \\
| Others | 10 (3.33%) | 10 (3.33%) | 20 (6.7) | 300 (100) |

| 17. Government policy variables affecting sales volume functions | \\
| Government Policies | Guest Turnover | Guest Loyalty | \\
| High tax | 60 (20.0%) | 90 (30.0%) | 150 (50.0) | \\
| Poor policy implementation | 25 (8.33%) | 30 (10.0%) | 55 (18.3) | \\
| Excessive levies & charges | 40 (13.33%) | 20 (6.67%) | 60 (20.0) | \\
| Others | 25 (8.33%) | 10 (3.33%) | 35 (11.7) | 300 (100) |
Government policy variables affecting productivity functions

<table>
<thead>
<tr>
<th>Government Policies</th>
<th>Upgrade of Facilities</th>
<th>New Product Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>High tax</td>
<td>96 (32.0%)</td>
<td>97 (32.33%)</td>
</tr>
<tr>
<td>Poor policy implementation</td>
<td>20 (6.67%)</td>
<td>23 (7.67%)</td>
</tr>
<tr>
<td>Excessive levies &amp; charges</td>
<td>24 (8.0%)</td>
<td>20 (6.67%)</td>
</tr>
<tr>
<td>Others</td>
<td>10 (3.33%)</td>
<td>10 (3.33%)</td>
</tr>
<tr>
<td></td>
<td>300 (100)</td>
<td></td>
</tr>
</tbody>
</table>

Infrastructure variables affecting productivity functions

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Upgrade of Facilities</th>
<th>New Product Creation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good roads</td>
<td>30 (10.0%)</td>
<td>30 (10.0%)</td>
</tr>
<tr>
<td>Constant energy supply</td>
<td>106 (35.33%)</td>
<td>69 (23.0%)</td>
</tr>
<tr>
<td>Adequate waste management</td>
<td>23 (7.67%)</td>
<td>20 (6.67%)</td>
</tr>
<tr>
<td>Others</td>
<td>17 (5.67%)</td>
<td>5 (1.67%)</td>
</tr>
<tr>
<td></td>
<td>300 (100)</td>
<td></td>
</tr>
</tbody>
</table>

Infrastructure variables affecting cost of operation functions

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Operating Expenses</th>
<th>Equipment Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good roads</td>
<td>20 (6.67%)</td>
<td>27 (9.0%)</td>
</tr>
<tr>
<td>Constant energy supply</td>
<td>75 (25.0%)</td>
<td>73 (24.33%)</td>
</tr>
<tr>
<td>Adequate waste management</td>
<td>60 (20.0%)</td>
<td>30 (10.0%)</td>
</tr>
<tr>
<td>Others</td>
<td>5 (1.67%)</td>
<td>5 (1.67%)</td>
</tr>
<tr>
<td></td>
<td>300 (100)</td>
<td></td>
</tr>
</tbody>
</table>

Infrastructure variables affecting sales volume functions

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Guest Turnover</th>
<th>Guest Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good roads</td>
<td>74 (24.67%)</td>
<td>96 (32.0%)</td>
</tr>
<tr>
<td>Constant energy supply</td>
<td>80 (26.67%)</td>
<td>5 (1.67%)</td>
</tr>
<tr>
<td>Adequate waste management</td>
<td>12 (4.0%)</td>
<td>12 (4.0%)</td>
</tr>
<tr>
<td>Others</td>
<td>7 (2.33%)</td>
<td>14 (4.67%)</td>
</tr>
<tr>
<td></td>
<td>300 (100)</td>
<td></td>
</tr>
</tbody>
</table>

\( n = 300 \)

Source: Data output

### Table 5. Result of chi-square tests

<table>
<thead>
<tr>
<th>(H_0)</th>
<th>Statistical Approach</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>MEC</th>
<th>Table Data</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>(H_1)</td>
<td>Pearson Chi-square Likelihood Ratio n</td>
<td>8.485* 8.617 300</td>
<td>2 2</td>
<td>.014 .013</td>
<td>10.0</td>
<td>4.13</td>
<td>Rejected</td>
</tr>
<tr>
<td>(H_2)</td>
<td>Pearson Chi-square Likelihood Ratio n</td>
<td>8.485* 8.327 300</td>
<td>2 2</td>
<td>.010 .011</td>
<td>10.0</td>
<td>4.14</td>
<td>Rejected</td>
</tr>
<tr>
<td>(H_3)</td>
<td>Pearson Chi-square Likelihood Ratio n</td>
<td>8.485* 8.617 300</td>
<td>2 2</td>
<td>.014 .013</td>
<td>10.0</td>
<td>4.15</td>
<td>Rejected</td>
</tr>
<tr>
<td>(H_4)</td>
<td>Pearson Chi-square Likelihood Ratio n</td>
<td>19.550* 19.933 300</td>
<td>3 3</td>
<td>.000 .000</td>
<td>17.5</td>
<td>4.17</td>
<td>Rejected</td>
</tr>
<tr>
<td>(H_5)</td>
<td>Pearson Chi-square Likelihood Ratio n</td>
<td>19.550* 19.933 300</td>
<td>3 3</td>
<td>.017 .016</td>
<td>17.5</td>
<td>4.16</td>
<td>Rejected</td>
</tr>
<tr>
<td>(H_6)</td>
<td>Pearson Chi-square Likelihood Ratio n</td>
<td>19.550* 19.933 300</td>
<td>3 3</td>
<td>.000 .000</td>
<td>17.5</td>
<td>4.18</td>
<td>Rejected</td>
</tr>
</tbody>
</table>
Hospitality and Tourism Entrepreneurship: Administrative Barriers in Imo State, Nigeria

Discussion of Findings

From the result of analyses (Table 3), responses from sample indicate that the statement bothering on entrepreneurial awareness of the high prospect of hospitality business in the state has as much as 207 agreement responses and 93 disagreement responses, with mean and standard deviation of 2.53 and 0.56. Increase in the number of hospitality entrepreneurs over the last 10 years also has combined agreement responses of 207, 93 contrary responses and means and standard deviation of 2.79 and 0.58. Recent studies indicate a high level of entrepreneurship in major cities of Nigeria including those with linkages to hospitality and tourism that could benefit the sector (Onwuka, et al., 2015; Obiora, Okwuise, 2016; Obiora, Nwokorie, 2018). However, up to 231 respondents agreed that government policies have not improved the productivity of hospitality enterprises, while 69 respondents had a contrary view. Also, government policies have not improved the sales volume of hospitality enterprises according to 207 of the total respondents; the policies have equally not improved the cost of operation in the hospitality businesses studied as indicated by 210 respondents. Yet, 211 respondents attested that the right policies would stimulate enterprise expansion in the state against 89 contrary responses. Nwokorie and Obiora (2018) advocated adequate collaboration between local authorities and hospitality organizations to enable hotels and related establishments function optimally within their area of operation. Businesses are not expected to thrive where government authorities fail to formulate viable policies that would improve the operation of business enterprises (Martins, et al., 2004; Wioleta, 2011; Owodolu, et al., 2013).

Poor access to funds was indicated as an impediment to entrepreneurship in the study. Up to 87 respondents agreed that access to funds does not enhance the productivity of hospitality enterprises, while 213 disagreed, with a mean and standard deviation of 2.07 and 0.06. Similarly, 69 respondents made agreement responses to indicate that access to funds does not enhance the sales volume of hospitality enterprises studied contrary to the rest of 210 respondents. Means and standard deviation scores for the statement were 2.01 and 0.61. On the statement that access to funds has no impact on cost of operation in hospitality businesses, 129 respondents made agreement responses, and 171 respondents disagreed (Table 3). These show that there is little or no opportunity to access funds for business development from financial institutions for entrepreneurs in the state. Martins, et al., (2004) viewed that lack of funds could be the greatest barrier to entrepreneurship development, while Nwokorie, Ojo, Everest,
Ekantor (2014) supported the provision of credit from financial institutions to encourage sustainable entrepreneurship especially when there is availability of human capital to manage the business idea. Nevertheless, access to fund remains a facilitator with positive impact of most entrepreneurial engagements (Ebiringa, 2011; Wioleta, 2011; Obiora, Nwokorie, 2018; Castro, Ferreira (2019)

The study observed inadequate infrastructure as a barrier to hospitality and tourism entrepreneurship as attested to in the response. As much as 210 respondents disagreed that available infrastructure enhances the sales volume of hospitality entrepreneurs, while only 90 affirmative responses were recorded. Similarly on the statement about poor infrastructure having no effect on the productivity of hospitality enterprises, 69 respondents attested in the affirmative while 231 disagreed with the statement. A total of 87 responses were in the affirmative that poor infrastructure has no impact on cost of operation in hospitality businesses in the study area, while 213 respondents disagreed (Table 3). Whereas Petrin (1994) viewed that infrastructure is a catalyst for entrepreneurship and community development for developing societies, Obiora and Nwokorie (2018) agreed that available infrastructure hastens entrepreneurial development to quickly achieve economic emancipation for the younger generation in developing nations.

Table 4 shows responses for the dependent and independent variables in relation to the objectives and the conceptual model for the study. The independent variables (access to funds, government policies, and infrastructure) were tied against the dependent variables (sales volume, cost of production, and productivity) in the research instrument. This is done to elicit responses from samples and further determine the relationship between the variables and their impact on hospitality and tourism enterprises in the study area. Out of the 300 respondents, 40, 20 and 10 respondents attested that high interest rate, excessive credit procedures and other access to funds bottlenecks determine guest turnover, while 100, 40, and 10 respondents agreed that similar access to funds variables determine guest loyalty which are sales volume functions. Similar access to funds variables affected cost of operation functions including operating expenses and equipment maintenance. While 165 and 25 respondents affirmed that operating expenses of hospitality and tourism enterprises are affected by high interest rate and excessive credit procedures, 55, 45 and 10 respondents indicated that high interest rate, excessive procedures and some other difficulties determine the routine of equipment maintenance. On the relationship of access to funds with productivity, upgrade of new facilities and new product creation were indicated to be affected by high interest rate, excessive procedure and other restrictions, as indicated in the table. Poor access to credit has been indicated in previous studies to impact negatively on entrepreneurship in developing societies. Kerr and Nanda (2009, p. 1) observed that “there are important frictions in the credit markets precluding high-quality entrepreneurs with good ideas (that is, positive net present value projects) from entering product markets because they are unable to access adequate capital to start a new business.” Ekpe, Mat and Razak (2010) also found out that lack of opportunity for micro-credit is a constraint to women entrepreneurs’ performance. The present study proves that hospitality and tourism enterprises in the study area still grapple with the reality of lack of access to credit which hampers business efficiency.

Government policies were tallied with the dependent variables of the study. As a result, respondents affirmed that government policies and decisions leading to high tax (multiple taxation), poor implementation of policies, excess levies and charges, and other policy bottlenecks affect the cost of hospitality and tourism business operation in their operating expenses and equipment maintenance. Sales volume is also affected by government policy elements
which determine guest turnover and the level of guest loyalty for the establishments investigated as pointed out by respondents. Productivity components such as upgrade of enterprise facilities and new product creation were also indicated to be affected by government policy components. Ibrahim and Muritala (2015, p. 156) observed that “consistent and increasing government presence in an economy can hinder economic growth, especially in developing countries.” Evidence from their study indicates relationship between monetary policies and return on assets in business organizations, in which value added tax was also reported to have significant impact on return on investment. The undue presence of government results in excessive bureaucracies that cause growth restrictions in tourism entrepreneurship (Castro, Ferreira, 2019).

On infrastructure, respondents affirmed that variables such as road, energy supply and adequate waste management affect productivity, operation and sales volume variables. Obokoh and Goldman (2016, pp.1) observed “…the negative impact of infrastructure deficiency in the profitability and performance of SMEs, due to the high cost incurred by SMEs in the self-provision of infrastructure and distribution of finished goods.” Infrastructure quality also impacts on investment climate which equally determines the confidence of entrepreneurs to invest in an economy. Bbaale (2018, pp.1) suggested that: “More attention needs to be put to the elimination of power outages so as to improve the productivity of all firms particularly those that cannot afford to use generators in the place of electricity from the public grid.” The researcher argued that the electricity outages experienced by small and medium enterprises negatively impact on their productivity and also increase cost of operation. Inadequate transport and utility infrastructures were also found to impact negatively on the distributions of goods and services for manufacturing industries, thus affecting the sales volume of retail outlets of the products (Corong, Dacuycuy, Reyes, Taningco, 2013) which include hospitality and tourism enterprises, judging from the linkage with manufacturing industries.

Test of Hypotheses

Pearson Chi-square was adopted in testing the nine null hypotheses for the study. As shown in Table 5, H1 was tested at 2 df (degree of freedom) with a likelihood ratio of 8.617. The p-value of 0.014 for H1 showed that there is a relationship between access to funds and sales volume of hospitality and tourism enterprises in the study. Access to funds plays a vital role in the sales volume of the enterprises because fund is needed for business expansion and sales enhancement (Abereijo, Fayomi, 2005). The rate of guest turnover could also be influenced by the inability of an establishment to meet guest expectation as a result of inadequate capital to generate new products (Kerr, Nanda, 2009), which subsequently impacts on guest loyalty. H2 was rejected to show there is a relationship between access to funds and cost of operation in hospitality and tourism enterprises, after testing at a likelihood ratio of 8.327 with 2 df and p-value of 0.010. Access to funds avail entrepreneurs the opportunity to develop their enterprises and acquire better technologies for production, thus enhancing competitiveness and maintenance of standard (Nwokorie, Obiora, 2018). Poor capital base has been indicated as a setback for cost of operation and service recovery for hotel businesses (Nwokorie, 2016) and has also hindered young entrepreneurs from reaching their potentials (Ekpe, et al., 2010). Test for H3 was carried out at a likelihood ratio of 8.617 and 2 df for a p-value of 0.014 to conclude that access to funds has positive effect on productivity of hospitality and tourism enterprises. Chittithawan, et al. (2011) adopted the use of ordinary least square to discover that access to finance affects enterprise productivity. This could be as a result of the inability to create new product due to poor
equipment maintenance which would result in high guest turnover (Ekpe, et al., 2010; Nwokorie, Obiora, 2019).

With a likelihood ratio of 19.933 at 3 df and p-value of 0.000, $H_4$ was rejected to indicate that government policies have significant impact on the sales volume of hospitality and tourism enterprises. Whereas $H_5$ was tested at 3 df, a likelihood ratio of 19.933 and p-value of 0.017 to reveal that government policies have significant impact on the cost of operation of hospitality and tourism enterprises, $H_6$ was tested for relationship using a likelihood ratio of 19.933 and 3 df with a p-value of 0.000 to assert that government policies have significant impact on the productivity of hospitality and tourism enterprises (Table 5). While estimating the moderating effect of government policy on entrepreneurship and growth performance of small medium enterprises, MohdShariff, et al. (2010) used regression analysis to discover that government policies have essential roles to play as moderator between entrepreneurship and profitability in terms of sales volume through implementation of viable policies that will provide fertile environment for the growth of businesses. Consequently, when government policies fail to meet business expectations, business enterprises are at the receiving end of the negative impact. Obasi (2006) examined the unfavourable policies to include high tariffs chargeable by government that weigh down new enterprises, tax burdens, and excessive charges from local governments and environmental protection agencies, which increase cost of operation.

Table 5 further reveals that $H_7$ was tested with a likelihood ratio of 42.909, 3 df and p-value of 0.010 to assert that there is significant relationship between poor infrastructure and sales volume of hospitality and tourism enterprises. $H_8$ was also rejected after testing with a likelihood ratio of 42.909, 3 df and p-value of 0.000 to show that poor infrastructure has significant impact on the cost of operation of hospitality and tourism enterprises, while $H_9$ was also rejected with a likelihood ratio of 42.909, 3 df and p-value of 0.000 to uphold that there is significant relationship between poor infrastructure and productivity of hospitality and tourism enterprises. Oseni and Pollit (2013) opined that poor electricity generation affects cost of operation of business enterprises as entrepreneurs have to source for alternative sources of energy which is expensive and leads to increased cost of operation, thus affecting productivity.

**Implication of Findings**

The independent variables are essential for hospitality and tourism entrepreneurs to make meaningful inputs to their business success which will manifest in their cost of production, productivity and sales volume to enable the business prosper. Business success for hospitality and tourism enterprises in the study area, which is also tied to the independent variables is reliant on access to funds for entrepreneurs to drive their innovation, government policies to foster enabling business environment, and available infrastructure that improve entrepreneurship. Access to funds include loans, overdrafts and trade credits. Entrepreneurs in the study area have had difficulties accessing funds due to high interest rates, administrative bottlenecks and high collateral demand. Government policies include tax related matters and barriers to entry which may influence commencement and sustainability of the business, while infrastructure relates to availability of energy supply, good road network and waste management facilities that could stimulate business confidence on the part of investors. This suggests that hospitality and tourism entrepreneurship is less successful in the study area in recent times and could imply loss of invested capital for the entrepreneur and loss of jobs as a result of apparent employee turnover. Thus, businesses that have linkages with the tourism sector of the economy would suffer cost-effective distress that could result in gradual rise in the poverty level of the local population.
Conclusion

This research has proven that poor access to finance is a barrier to hospitality and tourism entrepreneurship. In Imo State particularly, financial institutions find it difficult to offer credit facilities to hospitality and tourism entrepreneurs. Where the facilities are available, they are laden with high interest rates and could lead to inability to upgrade existing facilities and other productivity functions for the industry.

Policies set by government play a vital role in hospitality and tourism business survival in emerging economies. From the outcome of the study, the existing policies of government in the study area have not improved hospitality and tourism entrepreneurship in terms of cost of production, productivity and sales volume. Existing taxes are unfavorable as they affect operating expenses and other cost of operation constructs.

The state lacks quality infrastructure in terms of good road network, efficient power supply, improved water facilities, and adequate waste management, thus creating an unfavourable hospitality and tourism business environment by the reduction in sales volume, increase in cost of operation and reduced productivity.

In all, entrepreneurs are aware that the prospects of hospitality and tourism business is high in the state given the right policies of government, access to finance and provision of adequate infrastructure. This could be evidenced in the increased number of hospitality entrepreneurship over the period of ten years in the state.

Recommendation

Government should outline favourable policies for hospitality and tourism businesses. This should particularly be addressed towards reduction in excessive taxation and other levies simultaneously charged by different government agencies. These excessive charges could have adverse effect on productivity and may cause hospitality and tourism enterprises to introduce high tariffs to cushion the adverse effect. This strategy may create unexpected guest turnover due to the consequent gradual withdrawal of patronage (eating out habit) that would set in as a result of high cost of products and services.

Financial institutions should assist in creating a favourable business climate for local economic prosperity by minimizing bottlenecks in granting credit facilities to hospitality and tourism entrepreneurship. Funds are required by hospitality enterprises, especially for take-off. The economic value of magnificent edifices would quickly be diminished when entrepreneurs lack adequate finance to start off, maintain or upgrade facilities as may be necessitated. Moreover, the relationship between financial institutions and the hospitality industry should be strengthened in the state bearing in mind the existing linkage between the tourism and banking sectors that would be beneficial to the local economy.

Road access to hospitality and tourism locations as well as efficient waste disposal are essential for success in the sector. While good road network enhances regular patronage, the amount of waste generated by hospitality and tourism enterprises has always been a responsibility hotels cannot manage without assistance from appropriate authorities. Therefore, government should upgrade infrastructure to meet current business demand. Expansion of road networks in the state should be prioritized alongside waste management processes. This will enhance access to hospitality and tourism locations, as well as lessen the overwhelming burden of waste disposal which increases the operating cost of hospitality enterprises.
Hospitality and tourism entrepreneurs should register with relevant national professional associations where they can avail themselves of the opportunity of research and networking. This will provide a platform for idea generation, knowledge and information sharing on global best practices in the industry which the association could translate to policy decisions and inform government on new policy direction for the industry.

Government should devise empowerment and enlightenment programmes targeted at hospitality and tourism entrepreneurs, to train and educate them on government’s policy formulation plan as may be necessitated. This would create an environment for dialogue where entrepreneurs and government representatives could take a discourse in driving the economy to prosperity through hospitality and tourism entrepreneurship. Government can also provide financial assistance for new hospitality and tourism entrepreneurs on a continuous basis like other sectors delivered through the bank of industry. This would foster sustainable development for the sector to ensure that hospitality and tourism entrepreneurship thrives in the state for the benefit of the local people.

In the event of regular power failure in the state and the huge cost incurred through power generation using fuel generators, hospitality and tourism enterprises should embrace the usage of renewable energy. The services of solar energy corporations should be enlisted for provision and constant supply of energy. This will help improve cost of operation which has been worsened by usage of power generators, occasioned by the noise pollution and adverse effect in the immediate environment against sustainable development practices for the hospitality and tourism industry.

Reference


Statistical Package for Social Science (SPSS) version 23. 2015.


