

## POST EFFECTS OF COVID-19 PANDEMIC ON SERVICE DELIVERY OF HOTELS IN GOMBE STATE

By

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### **Abstract**

*Service industry, especially Hotels sector are so important in the development of the society, hence the need always proffer solution to the likely threat to its survival. The study is concerned with the post effect of COVID 19 popularly known as corona virus on the service delivery of Hotels in Gombe State. The respondents were the major principle officers that have been in the system three years before the pandemic with the aid of well structure questionnaire with close ended questions. Thirty (30) participant were participated in the exercise which was analyzed using simple percentage. Out of the over ten perceived effects of corona virus on service delivery, the following are the most opted option which revealed that, the Hotels contributions to the national GDP, State and Local Governments treasuries were poorly affected, similarly, some Hotels cease to operate, while some Hotels were hugely affected by multiple taxation/increase in taxes, in the same way, a lot of opportunities were said to have opened for online business and other essentials. The study concluded that, many Hotels were pushed out of business while other Hotels have to look for another existing opportunity in another sector. Thus, it recommended that, Hotel owners/workers should always be entrepreneurially minded so that they will always change along the situation and tap from the existing opportunities as a result of uncertainty.*

**Keywords:** *Corona Virus, Hotels, Gombe State, Service Industry, Pandemic,*

### **Introduction**

Corona virus is a global pandemic that caused serious damages across the globe, and the world fought and battled to stop its spread at all cost. Corona virus known as COVID 19 is an air transmittable virus that was first appear in Wuhan, China in 2019. The virus is as deadly as the feared SARS CoV-2 that claimed several lives in China. The virus globally has affected not only some business activities, rather it has distracted all sectors of the economy. Before the outbreak of Corona virus, movement were not restricted, majority of people were not known with using nose mask and using hand sanitizers (Uford, Effiong & Charles, 2023). However, during

and after the outbreak of Corona virus, people were subjected to wear nose mask while going to the public, using sanitizers all the time, and some were restricted to travel. The restriction of movement seems to have affected the service industry majorly. Further, according to Sambo (2021) depict that, the coming of corona virus has created a lot of opportunities for new businesses, online business, high demand of sanitizers, nose mask, medical kits, among others.

Corona virus in Nigeria was first discovered in Lagos on 27<sup>th</sup> February, 2020 on an Italian citizen that once worked in Nigeria. The case has actually put Nigerian medical system on it toes, while Government on his part, put down some measures that has helped in mitigating the spread of the virus in the country. In lieu of the measures put in place by the Government and its agencies, which includes, restriction on human movement, imposing social distancing in public places like market and worship places where people were avoiding contact with each other. Other measures include, restriction or change style while shaking hands, both civil and public servants were advised to work from home which directly affected some business activities (Uford, Charles & Ekong, 2022). The major blow to the entire economic system, was the total lock-dawn in the country, where many organizations were stopped to produce the products and or offer services. Prices of some goods were hiked by the middle men since the goods/products were no longer coming to them, while the end users have no option (Nseyo, Essiet & Effiong, 2023).

Similarly, Gombe State was not left out, as the first case was discovered 11<sup>th</sup> May 2020 in the Specialist General Hospital Gombe. In the same vein, fear was created among people of the state, making people not to visit places like markets and worship places. In Gombe State, majority of its citizens are low-income earners (), that is to say, there are many householders that depend on daily income for survival. The panicking has caused a lot of businesses to suffer while some businesses like telecommunication business and those selling nose mask and hand sanitizers were taking advantage of the situation, since, part of the measures was to ensure frequent washing of hands and wearing nose mask if going public places. Some institutions and organizations and even homes were made to provide water with sanitizer at the entrance for public use as a preventive measure. Even the worship centres were not spared of the measures aforementioned. It is against this background that this study investigated the before, during and after the corona virus era in Gombe State, since some serves as an opportunity to them while others have suffered serious causality with their business wind up.

### **Statement of the Problem**

In analyzing the situational effect of corona virus on the service sector, such as Hotel industry, where low patronage has been experienced, which lead to massive Lay-off of staff that create unemployment was an order of the day. Other challenges that were perceived including hoarding of goods by middle men and

other suppliers that caused hike prices, in another words, inflation (increase in price) has become imperative (Uford & Mfon, 2023). Other factors associated with the break out of Corona virus includes, restriction of human movement, imposition of lockdown, compulsory wearing of nose mask among others. These and many of the policies and rules by the Government to curtail the menace of the Corona virus but of all these guiding rules, the most affected sector is the Hotel and other service industry that is why this study choose to undercover the extent of effects before, during and after the outbreak.

Service industry in Nigeria according to NBS (2019, 2020, 2021 and 2023) shows that, there was thoughtful decline in their yearly contributions to GDP. For example, in 2019, that is before the COVID 19 pandemic, the industry worth was about ₦5,329,000,000 and ₦4,489,500,000 in 2020, despite the effect of Covid-19 pandemic, the difference was negligible (Mordor Intelligence report, 2024).

The Nigeria Food service market size is estimated at ₦14,673,451,040, and is expected to reach ₦43.12 trillion by 2029, growing at a compound annual gross rate (CAGR) of 11.49% during the 2024-2029 forecast period (Mordor Intelligence report, 2024). The sector grew nominally by 15.11% year-on-year in 2023 fourth quarter and it quarter-on-quarter growth stood at 23.58% constituting an annual growth of 13.05% (NBS, 2023). In the first quarter of 2024, food services sector grew nominally by 1.78% year-on-year and it quarter-on-quarter growth stood at 7.04% (NBS, 2024). The food services sector provides employment opportunities and feeds many people daily (Onyekwelu, 2021). In view of these importance, the performance of the organization becomes vital.

### **Objective of the Study**

The core objective of this study is to assess the service delivery of Hotel Industry in Gombe State after the emancipation of corona virus, popularly called COVID 19 virus with specification to Hotels in the State capital as the context of the study.

### **Literature Review**

Coronavirus disease (COVID-19) is an infectious disease caused by a new discovered coronavirus, the virus that causes COVID-19 is mainly transmitted through droplets generated when and infected person coughs, sneezes or exhales (WHO, 2020). According to the statistics released by World Health Organization as at 17 January, 2021, 05.11 GMT reported that the total number of confirmed global cases was 94,961,696 and 2,031,129 deaths with 67,778,429 recovered while the total number of confirmed cases in Nigeria as at 17 January, 2021, 05.11 GMT reported 107,000 cases and 1,413 deaths with 84,535 recovered. (WHO, 2021).

The world has experienced unprecedented social and economic shocks, challenges,

devastating impacts that have affected businesses due to the pandemic; this has led to nations across the world to join in communal efforts to alleviate the suffering of millions of their citizens (Ezeobi, 2020). As a result of this, in response to the challenges caused by the pandemic, countries all over the world had to put control measures in place to curtail the spread, preventive social distancing, impose lockdown, closure of many businesses, travel and mobility bans, stay at home campaigns restrictions on crowding, ban of religious activities, temporary closure of formal and informal economic activities. Consequently, daily lives and social lives of people were drastically affected. A remote work for many became a viable option to replace office space.

COVID-19 pandemic has proven to be one of the largest disruptions in contemporary history; having spread to over 200 countries and regions around the world and subsequently triggered the worst economic depression since the Great Depression (International Monetary Fund, 2020). Governments and businesses alike initially went into panic mode, torn between choosing lives or livelihoods, which seemed mutually exclusive (Madgavkar, et al., 2020). Hotels and other service industries have been hardest hit by the effects of this pandemic –from the curfews, social distancing, to the supply chain disruptions that saw them compelled to close much earlier, shut down entertainment and personal service sectors, and contend with shortage of much needed supplies (World Bank, 2020).

Coronavirus also known as (COVID 19) is a contagious respiratory illness transmitted through the eyes, nose, and mouth, via droplets from coughs and sneezes, close contact with infected person and contaminated surfaces (World Health Organization 2020). The organization further state that the virus has an incubation period of approximately one to fourteen days. The symptoms include cough, fever and shortness of breath, and it is diagnosed through a laboratory test. The contagion could lead to severe respiratory problems or death, particularly among the elderly and persons with underlying chronic illnesses. Some infected persons however, are carriers for the virus with no symptoms while others may experience only a mild illness and recover easily.

Moreover, Sambo (2020) noted that Coronavirus has become one of the social, economic, political and health issues affecting the world, which lead to many enterprises pack-up, downsizing, job loss and forcing many to shift focus from routine operation to crisis management, this issue has affected the growth and development of the state. It is on that note that, Government instituted strict measures to control the spread of this dreaded disease, such as restriction of movement into and out of the affected Counties, doing some work from home, closure of social centers such as bars and restaurants, even religious gathering, place of curfew, and the ban on local and international air travel (Kaberia & mauthe, 2020). These measures led to loss of income and reduced operating hours, with some firms, particularly MSMEs that have unsteady cash flows, being forced

to lay off workers or send them on unpaid leave indefinitely. The uncertainty of the situation and how long it may last has led to a decrease in proceeds; adversely affecting aggregate demand and supply.

United Nation (2020) noted that as a result of social distancing, compulsory use of face mask, restriction on transportation, total and partial lockdown, compulsory use of hand sanitizers and many more will lead to sharp decline in earning for each share, sale growth, and profitability: return on equity, return on investment and return on sales. UN further, noted that service industry suffered a bigger blow as the stay-home campaigns became the only' solution at hand. Shafi et al., (2020) describe the five most challenge effect of covid-19 pandemic on business activities in general, which includes disruptions in supply chain, declines in demand and decrease in customer patronage and profits, which has consequently decreased the level of performance of hotels.

Abioye et al., (2020) noted that partial lockdown measure that was applied had an increasing likelihood effect on low customers' patronage among the Hoteliers especially in the developing countries but there is a contrary result in the context of the food and agriculture sector. In addition, partial lockdown increases the likelihood of switching approaches of business (coping strategies) for other businesses whereas total lockdown has a negative influence on the coping strategies. Similarly, Olapegba et al., (2020) noted that banning congregations of more than 10 individuals, shutting down shopping malls, closing establishments of high physical proximity, such as nightclubs and hairdressers and restricting restaurants, cafes and bars to take-away service only, exempting healthcare facilities/workers and essential commercial establishments might have threatened the business activities of entire service industry

Singhal (2020) conducted a review on the effect of corona virus of 2019 and it was published by Indian journal of Pediatrics, found that COVID 19 is a deadly disease. The study sampled 360 owners of SMEs in the city and Pearson correlation technique was used to analyze the effect COVID 19 on the performance of SMEs. The findings from the study showed that, pandemic has really affected the general activities of SMEs in the city and concluded that, preventing such occurrences would help the avert the ugly situation that run many businesses out of the system.

## **Theoretical Review**

### **Real Options Theory**

Real option theory is underpinned on this study to explore the assumption and tie it with the variables under investigation. Real option theory was propounded by Myers (1977), which analyzes the managerial flexibility in adapting and revising future decision, also has a focal point on how managers can make better decisions when faced with uncertainty, by creating real option for themselves in which they



have an opportunity rather than an obligation to take during decisions. Undoubtedly, pandemics such as COVID-19 have created the highest level of uncertainty in the current reality of life, thus leaving the businesses in precarious situations. Some business-oriented individuals have quickly exploited the opportunity by swiftly changing their modes of operations by applying differentiation strategy, for example, restaurants started home delivery, supermarkets started offering deliveries at no cost upon customers placing online orders –thus the flexible businesses adopted new strategies, which is likely to progress beyond the pandemic. Some businesses and economies too, have exploited the situation to gain a competitive advantage; such as China that has seized the opportunity to acquire European based infrastructure as well as technology (Rapoza, 2020). However, most Hotels make very minimal profit during the pandemic not to talk of competition. This theory is tied to this study based on the assumptions of the real option theory which stated that, uncertainty and opportunities exist in every situation. Furthermore, the flexibility to adopt and revise decisions toward future success.

### **Methodology**

This study adopted retrospective approach, whereby the research is based on event that took place in 2020 and the data were generated from the sampled staff and customers of the selected Hotels in Gombe Metropolis. The population of the study are the registered hotels is 30 as at 2023 according to the ministry of commerce and industry of Gombe State, while the sample size is the entire population of the study explores interview of the sampled staff/owners of the hotels using interview guide and schedule. The study adopted survey approach to generate data from the sampled key officials of the Hotels in Gombe State. The key respondents include among others are; owners, managers, cashiers, supervisors and any other prominent staff of the Hotel.

### **Results and Discussions**

The findings are majorly subjective in nature as must of the respondents respond on how they perceive the effects of the pandemic on their service delivery. The variables were to examine if industry's contribution to nation's GDP were affected and also investigate if opportunities were created as the result of the pandemic and as well whether service delivery were affected through multiple taxations. Table 1 below shows the rate of the responses;

Table 1  
Participant Responses in Percentage

SN	Questions Post effect of Corona virus on service delivery of Hotels	No of Responses	%	Remark
1	Hotels staff were retrenched after the COVID 19 Pandemic	29	98%	Supported
2	Corona virus created a lot of opportunities for hotel owners after global pandemic	30	100%	Supported
3	Taxes were not increased after the COVID 19 virus for hotels in Gombe State	3	0.1%	Not Supported
4	Some hotel in Gombe were shut down as a result of COVID 19 virus and cease to exist till date	30	100%	Supported
5	Since the appearance and disappearance of COVID 19 hotels experience Low patronage of customers	15	51%	Supported
6	The profit margin has been affected negatively after the corona Virus pandemic	14	45%	Not Supported
7	Government policies after corona virus of 2020 affected the service delivery of hotels in Gombe State	23	76%	Supported

Based on the responses from the participants, the results showed that, some questions were not attempted, of the 12 questions directed at the post effect of COVID 19 virus, 7 questions were answered. On the question on whether staff were affected, the respondents answered that staff were actually retrenched or voluntarily leave the work due the shutdown of the hotels as a result of global pandemic. This is in line with the work of Sambo (2021) that stated that corona virus has affected the lives of many people especially those in the service industry. Similarly, multiple taxation has negatively affected the smooth delivery of services by Hotels which was imposed on Hotels and other businesses after corona virus pandemic. The finding is in line with that of Bala, Mbasua and Enoch (2016) which stated that, some businesses are been affected by too many taxes from tiers of Government and their agencies. The general responses on whether Hotels were shut down as a result of the global pandemic, the results showed 100% agreed to the assertion that a lot of Hotels shut itself due to the pandemic. However, there is divergent in some opinion regarding the increase in tax after the corona and whether it has affected the service delivery of Hotels, the result revealed that, there was no increase in taxes as a result of corona virus, thus, there was no effects to that effects. Similarly, the question on some government policies after the pandemic outbreak have affected the service delivery of Hotels under investigation, the responses showed that, some policies really affected the service delivery of Hotels with 75% responses agreed to it.

Most importantly for the survival of the business is the issue of profit margin, the respondents were asked if the profit margin has increase or otherwise, the

respondents were almost 50:50 but is 45%:55% on increase and decrease in profitability of hotels. This indicate that, some hotels experience increase in profit while others did not.

### Recommendations

The study recommended that, if event such as corona virus occur, government and it agencies should be lenient to the Hotels to caution the effect of the pandemic, this is because multiple tax has effects on service delivery of Hotels in Gombe State. Secondly, the study recommends that, Hotel owners/managers should always behave like entrepreneurs to explore the existing opportunities in an event where their business are been affected by such calamities.

### Suggestions for Further Studies

Further studies can explore between the scope of Gombe State and investigate wider understanding of the post effects of COVID 19 pandemic in Nigeria, specifically in Lagos State where it first brokeout and as well look into other industries other than service industry since this study has limit it investigation to Gombe State only.

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