



## **Covid -19 pandemic and hospitality industry in Nigeria: issues, challenges and prospects for sustainable development**

**Ubong Nnana Umanah**

Department of Sociology and Anthropology  
Evangel University, Akaeze Ebonyi State  
E-mail ubong.umanah@evangeluniversity.edu.ng

**&**

**Clement Etti Willie**

Department of Sociology and Anthropology  
Evangel University, Akaeze Ebonyi State  
E-mail clement.willie@evangeluniversity.edu.ng

### **Abstract**

*The outbreak of the novel coronavirus otherwise known as Covid-19 has caught the entire globe unprepared for its ravaging consequences as the world economies have been negatively affected. The Nigerian hospitality industry has not been spared either, hence, the need for this study to examine the negative impacts of covid-19 pandemic on hospitality industry in Nigeria and by extension assess the issues and challenges faced by hospitality industry as a result of Covid-19 pandemic. Data for the study was generated from both primary and secondary sources including mail questionnaire, relevant online materials, newspapers, online Blog and interviews through social media chat. Findings of the study show that there have been negative impacts of covid-19 pandemic on hospitality industry in Nigeria. The study revealed that there are series of issues and challenges faced by hospitality industry in Nigeria arising from the Covid-19 pandemic. The issues and challenges include economic losses, job losses and salary cut for workers in the industry, declining patronage, sharp drop in sales, social distancing and lockdown. Based on the findings, the study recommends the need for the Nigerian government to undertake as a matter of urgency, economic diversification by opening new opportunities in other sectors to assuage the current economic uncertainties and instabilities resulting from Covid-19 pandemic. The study also recommends the revitalization of virtual platforms for survival of the hospitality industry in Nigeria to ensure continued business transaction notwithstanding covid-19 pandemic. Government intervention by way of palliatives measures to assist key players in the industry as prospects for sustainable development is also recommended.*

*Keywords: Covid-19 Pandemic, hospitality industry, sustainable development*

### **Introduction**

The global community was taken by surprise by the sudden outbreak of the novel coronavirus disease and its fast spreading effects in December, 2019. The disease abbreviated as Covid-19 has spread to about 196 countries and territories in every



continent across the globe including Nigeria despite concerted effort to curtail the spread of the infection.

According to Oruonye and Ahmed (2020), the pandemic has resulted in mass production shutdowns and supply chain disruptions causing global ripple effects across all sectors in a manner that was never expected as it is projected that the spread of the disease will have serious humanitarian challenges to the countries of the world and especially Africa and Nigeria in particular.

According to Wertheim, Chu, Peiris, Pond and Poon (2013) corona virus are important pathogens of birds and mammals. This implies that they are found in a diverse array of bats and birds species which are believed to act as natural host. The economic effects of Covid-19 have already been felt as demand for Africa's raw materials and commodities in global market has declined, while Africa's access to industrial components and manufactured goods from other regions of the world has been hampered. This development can only cause one to imagine the level of uncertainty in a continent already grappling with widespread geopolitical and economic problems. The Nigerian government in the wake of the outbreak of the pandemic after experiencing the index case on the 27<sup>th</sup> February, 2020 decided to put in place some measures to curb further spread of the disease. Some of these measures include, social distancing, stay-at-home policy, wearing of face-mask, banning of public gatherings and total lockdown. This policy imposed limitation in spending and decline consumptions. In the last decade according to Pizam and Elish (2003), the development of tourism potentials in countries such as Kenya, Brazil, South Africa, Taiwan, Nigeria among others has necessitated the rapid



growth of the hospitality industry in general and hotels in particular. It has been observed that most hospitality industry is not having up to 40% occupancy in their business (Kayode, 2015) and that was before the outbreak of the pandemic. The hospitality industry as observed by Eja, Otu, Agbor and Inyang (2013) vis-a-vis the hotel industry is capable of shouldering the challenges of sustainable development and also boosting the image of tourism in Nigeria. It would not be exaggeration to say that hospitality industry is seriously in jeopardy as a result of the outbreak of Corona virus pandemic in Nigeria.

In response to Covid-19 ravaging impact, many factories have shut down production and output, while in other instances, staff work from home to limit physical contact. The situation has worsened the poverty and unemployment challenges in Nigeria. CSEA (2020), observed that the last unemployment report released by the National Bureau of statistics (NBS) ranks Nigeria 21<sup>st</sup> among 181 countries with an unemployment rate of about 23.1%. The country has also been rated as poverty capital of the world with an estimated 87 million people living on less than \$2 a day threshold.

According to Oruonye and Ahmed (2020) the hotels and hospitality sector is a major revenue earner for the Nigerian economy with potentials of creating thousands of jobs annually. The hotels and hospitality subsector have also had their own share of the challenges from the Covid-19 lockdown policy of government of Nigeria. Most restaurant businesses became greatly affected with government announcement of stay-at-home policy, social distancing and movement restrictions. This led to rapid shutdown in cities and states in Nigeria to control the spread of Covid-19 disease, which threw many



restaurants and hotels across the country into economic shocks. Hence, the need for this study on covid-19 pandemic and hospitality industry in Nigeria: issues, challenges and prospects for sustainable development.

### **Objectives of the Study**

- (a) To determine if Covid-19 pandemic has negatively impacted on hospitality industry in Nigeria
  - (i) To assess the issues and challenges arising from Covid-19 pandemic.
  - (ii) To examine the prospects of hospitality industry in a Covid-19 pandemic era for sustainable development.

### **Issues and Challenges of Covid-19 Pandemic and Hospitality Industry in Nigeria**

The outbreak and spread of Covid-19 affected the tourism industry most. The era has witnessed countries of the world placing travel bans and restrictions and closure of their borders, cruise companies and hotels. Hospitality industry continues to face declining demand and patronage. For example, in Hungary alone, about 40 to 50% of hotels reservations have been cancelled (CSEA, 2020). The pandemic is placing up to 8 million jobs in the leisure and hospitality sector at risk with travel crashes and cancellations expected to continue (CSEA, 2020). Early in the year 2020 the National Association of Nigeria Travel Agencies (NANTA) with over 2000 registered members who also have over 35,000 employees that are seriously affected complained of having no other alternative means of livelihood.



Hotels across the world also witnessed booking cancellations worth billions of dollars and the hotels industry sought a bailout of \$150bn (Ozili and Arun, 2020). It is observed that resorts and hotels that were booked by excited vacationers and corporate conference attendees before the outbreak of the disease now received calls to post pone plans or cancel entirely their earlier proposed events. This has made most of the hotels and restaurants to embark on temporary suspension of normal operations which puts the estimated loss of jobs to 24.3 million globally, and 3.9 million in the US alone due to the decline in hotel occupancy during the pandemic period (Ozili and Arun, 2020). The economic losses of the Covid-19 pandemic on the hotels and hospitality industry has been enormous and has made it extremely difficult for many of the tourism industry players to continue to pay staff with a sharp drop in sales and income, resulting in job loss. Some hotels are already closing down because of low patronage and inability to meet payment of workers' salaries and electricity bills. Others have already cut down on their workforce, while some others have slashed their workers' salaries by 50 percent (Oruonye and Ahmed, 2020).

In Nigeria, Covid-19 pandemic is reported to have crippled entertainment and hospitality sectors. According to Bada (2020) in his special report observed that from New York to London, Paris to Berlin, Johannesburg to Lagos, the world social life has suffered a huge blow as a result of the Corona virus (Covid-19) pandemic which has ravaged the world. The report observed that after a riverting 2019 that ended with a superb Christmas and New Year festivities across the world, show biz impresarios, night curb owners, cinema operators and other individuals made projections for 2020. But sadly, a handful of these projections have remained but a dream due to the spread of Covid-19 pandemic across



the globe. Just like other countries that are battling to curb the spread of the novel virus, Nigeria's social life has come to its knees. Covid-19 has prevented the social life to have a breather with two bastions-social distancing and lockdowns. With every arm of the world's social life shattered like a window pane, business owners in the entertainment world and other related sectors like hospitality have been counting their losses in Nigeria. From the music and films industries to wedding, event management and night life industries, Covid-19 effects can be felt with a bang.

Musicians in the entertainment industry are beginning to count their losses after six weeks of no actions. Tour dates, concerts and music festivals have been postponed indefinitely, leaving them with devotion to live performance on social media such as Instagram and Facebook . According to a popular musician Davido "No money for now ... No show in sight abeg ... we shall dey here together" as he said it to his fans on Twitter when asked for a giveaway. Another player in the hospitality industry in Nigeria, Wale Oluwa Leimu, co owner of House 30 Lounge and Hotel according to Bada's report noted that his business was shut down for seven weeks until the lockdown was relaxed. The Nigerian federal budget for the year 2020 was prepared with significant revenue expectations but with contestable realizations according to Oruonye and Ahmed (2020). The approved budget had projected revenue collection at N 8.24 Trillion, an increase of 20% from 2019 figure (CSEA, 2020). The centre for the study of economies of Africa furthered that the revenue projection was based on anticipated increased global oil demand and table market with oil price benchmark and oil output respectively at \$57 per barrel and 2.18 Million barrels per day. But the effects of Covid-19 pandemic on every sector of the National economy necessitated a down ward review of the National budget



for 2020 in line with fiscal realities. Nigeria as a country becomes more affected by the present Covid-19 pandemic because of its high dependence on crude oil which has witnessed decline in demand in global market resulting in price crash.

The outbreak and spread of Covid-19 has affected the hospitality/tourism industry most as countries of the world continue to place travel restrictions and closure of their borders, cruise companies, hotels and hospitality industries being faced with declining demand and patronage. The strict enforcement of compliances to the lockdown guidelines by various state governments for several weeks has left even local pubs in bad shape. Apart from pubs owners and hotels which are less than one percent of the industry, socialites have found it hard to hobnob or exchange greetings by shaking hands.

However, the pandemic might have started another trend in the hospitality and entertainment industry. Though the outbreak may have disrupted the once lively night spots around the country, innovative Disc Jockeys (DJs) have keyed in to going virtual with their performances so that night crawlers and fun seekers do not miss it out. The virtual club trend is another example of how covid-19 has altered daily life in ways many never imagined until social distancing was imposed by government. The impact of Covid-19 has made every sector in Nigeria to seek virtual platforms for economic survival.

The federal government is reported to have spent N31bn to fight Covid-19 between April 1 and July 31. The amount represents 84 percent of the total donation it received leaving a balance of N5.9bn as reported by Accountant general of the Federation (Obi, Obogo, Olabiyi and Anyanwu, 2020). According to Gursory and Chi (2002) the pandemic has



confronted the hospitality industry with an unrepresented challenge. Strategies to flatten the Covid-19 curve such as community lockdowns, social distancing, stay-at-home orders, travel and mobility restrictions have resulted in temporary closure of many hospitality businesses and significantly decreased demand for businesses that were allowed to continue to operate (Bartik et al, 2020).

Almost all restaurants were asked to limit their operations to only take-outs. In Nigeria, while the hospitality industry is slowly recovering, the Covid-19 crisis continues to exert profound impacts on how hospitality industry operates in the country. Customers' health and safety become a concern in a Covid-19 pandemic environment.

### **Conceptual Clarifications**

#### **Covid-19 Pandemic**

This term refers to a disease that recently entered into Nigeria as a part of the world wide pandemic of Coronavirus disease 2019 caused by severe acute respiratory Syndrome (SARS). The first case of an Italian victim was reported on 2<sup>nd</sup> February 2020 while the second case was reported in Ewekoro, Ogun State on 9<sup>th</sup> March, 2020 of a Nigerian citizen who had contact with the Italian citizen. The effect of the spread of Covid-19 Pandemic Started from there and affected all sectors of the national economy including the hospitality industry.

#### **Hospitality Industry**

The hospitality industry is a broad group of businesses that provide service to customers. The industry can be broken down into 3 basic areas: accommodations, food and





beverages, travels and tourism. All of these are areas of customer-focused but sometimes they provide different levels of service.

- Accommodation: This includes hotels, motels, bed and breakfasts and other lodging services and businesses that we have in Nigeria.
- Food and Beverages: The area comprises restaurants, fast food chains and other establishments that provide food and beverages
- Travels and Tourism: This includes airline, trains and ships operating in Nigeria.

**Sustainable Development:** This concept as used by this study is the development in the area of hospitality sector that meets the needs of current generations without compromising the ability of future generation to meet their own needs. Sustainable development advocates design developments that meet need of the present generation without compromising the ability of unborn generations in meeting their own needs.

### **Methodology**

The study relied on data from primary and secondary sources. However, the study identified existing literature on Covid-19 through web-based generic search engines and its impacts on global economy and hospitality industry in Nigeria in particular.

Relevant online materials, especially newspapers and blogs were used. Interview was also carried out through social media chat with some key players in the hospitality industry in south-south, south east and south –west zones of the country. A total of 140 copies of questionnaire were sent out by mail to respondents in the three zones of the country. The data generated were analyzed using simple percentages.

Table 1: Percentage of Research participants

<b>Respondent variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Received	130	93
Not review	10	7
<b>Total</b>	<b>140</b>	<b>100</b>

Source: Field survey, 2020

The above table shows that one hundred and thirty (130) out of the one hundred and forty (140) copies of the questionnaire administered were received and ten copies were not returned. The percentage responses can be represented as 93% and 7% respectively. It can be assumed that the objective of the questionnaire administration can be achieved with 93% response rate.

Table 2: Determining if Covid-19 Pandemic has a negative impact on hospitality industry in Nigeria.

<b>Option</b>	<b>Responses</b>		<b>Total</b>	<b>Percentage (%)</b>
	Male	Female		
No	30	25	55	42.3
Yes	40	35	75	57.7
<b>Total</b>	<b>70</b>	<b>60</b>	<b>130</b>	<b>100</b>

Source: Field survey, 2020

The analysis above shows that 75 respondents or 57.7% said that there are negative impacts of covid-19 pandemic on hospitality industry in Nigeria and 55 respondents or



42.3% said that is no negative impact of covid-19 pandemic on hospitality industry in Nigeria.

Table 3: To determine if the hospitality industry witnessed job losses and pay cut for workers under covid-19.

Option	Responses		Total	Percentage (%)
	Male	Female		
No	20	15	35	29.9
Yes	50	45	95	73.1
<b>Total</b>	<b>70</b>	<b>60</b>	<b>130</b>	<b>100</b>

Source: Field survey, 2020

Form above analysis 73.1% of respondents said that the hospitality industry in Nigeria witnessed job losses and pay cut for workers in the industry as a result of Vovid-19 pandemic, while 29.9% said the hospitality industry has not witnessed job losses and pay cut for workers in the industry as a result of Covid-19 pandemic.

Table 4: To ascertain if the hospitality industry is faced with the challenges of declining patronage, sharp drop in sales and booking cancellations

Option	Responses		Total	Percentage (%)
	Male	female		
No	10	15	25	19.2
Yes	60	45	105	80.8
<b>Total</b>	<b>70</b>	<b>60</b>	<b>130</b>	<b>100</b>

Source: Field Survey, 2020



The table above shows that 105 respondents or 80.8% said that hospitality industry is faced with challenges of declining patronage sharp drop in sales and booking cancellation as a result of Covid-19 Pandemic in Nigeria, while 25 respondents or 19.2% said that the industry is not faced with these challenges as a result of Covid-19 Pandemic.

Table 5: To ascertain if travel restrictions, social distancing and lockdowns have affected hospitality industry in Nigeria as a result of Covid-19 Pandemic

Option	Responses		Total	Percentage (%)
	Male	female		
No	20	20	40	30.8
Yes	50	40	90	69.2
<b>Total</b>	<b>70</b>	<b>60</b>	<b>130</b>	<b>100</b>

Source: Field Survey, 2020

From the analysis on the table above, 90 respondents or 69.2% said that travel restrictions, social distancing and lockdown have negatively affected hospitality industry in Nigeria as a result of Covid-19 Pandemic, while 40 respondents or 30.8% said that hospitality industry is not negatively affected by travel restrictions, social distancing and lockdown as a result of Covid-19 Pandemic.

### Major Findings

The following findings were made by the researcher in the course of the study:

- (1) There have been negative impacts of Covid-19 pandemic on hospitality industry in Nigeria.



- (2) There are several issues and challenges of Covid-19 Pandemic which have affected hospitality industry in Nigeria
- (3) The issues of Covid-19 pandemic are economic losses, job losses and salary cut for workers in the industry.
- (4) The challenges also include declining patronage, sharp drop in sales and booking cancellations. Others are travel restrictions for tourists, social distancing and lockdowns.

### **Conclusion**

The study based on the findings draw the following conclusions:-

- (1) There have been negative impacts of Covid-19 pandemic on hospitality industry in Nigeria.
- (2) There have been several issues and challenges arising from Covid-19 pandemic which affect hospitality industry in Nigeria..
- (3) Issues of economic losses, job losses and salary cut have affected hospitality industry in Nigeria as a result of Covid-19 pandemic.
- (4) Declining patronage, sharp drop in sales and booking cancellations are challenges faced by hospitality industry in Nigeria as a result of Covid-19 pandemic.

### **Recommendations**

Based on the findings of the research the following recommendations are put forward for implementation.

- (1) The Nigerian government should as a matter of urgency undertake economic diversification by opening up new opportunities in other sectors in the hospitality

sector in order to assuage the current economic uncertainties and instabilities resulting from Covid-19 pandemic.

- (2) The hospitality industry requires a bailout from the government to cushion in the excruciating effect of the financial weakness occasioned by the Covid-19 pandemic.
- (3) There should be revitalization of virtual platforms for survival of the hospitality industry in Nigeria as these platforms will ensure that businesses in the industry will continue to be transacted notwithstanding Covid-19 pandemic.
- (4) There should be flexibility in the rebate and discount given to customers by the practitioners in the hospitality industry as a way of encouraging customers who are willing to patronize them.
- (5) Government intervention by way of palliatives measures to assist key players in the hospitality industry. Such interventions should include loan repayment waiver and moratorium to hotels and hospitality businesses.

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