

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

In recent times, small and medium scale business has been a major source of revenue to most urban dwellers in Nigerian cities. World Tourism Organization (2016) has pointed out that hotels are now regarded as one of the best monuments in developed and developing countries of world. First class hotels in Abuja, Lagos, Port-Harcourt, Calabar, Kano, Kaduna, etc now rank one of the best tourist attractions in Africa. This is evidence that hotels and recreational centers serve as tourism centers through the provision of tourism facilities in most Nigerian Cities (Fred, 2017). Awaritefe (2004) opined that environmental perception is one of the psychological processes that occur as a result of the interaction of humans with their environment. Awaritefe (2003) emphasize the significance of positive perceptions by consumers in their selection of holiday resorts. This implies that small scale hotels plays significant role in the development of Oleh.

Small scale business such as hotels and recreational centers is necessary as it is imperative to incorporate new business idea in form of entrepreneurship in business which will equip tourists to meet the socio-economic requirement of the world of work. It will empower the young youths and provide job for the timid unemployed youths in Nigeria (Evans, 2016). Through small scale businesses, they can explore the business and economic opportunities around them to become self-employed and create job for other people. Through small scale business, specific skills that are needed for successful entrepreneurship is taught such as the knowledge of the business environment, managerial skills, marketing strategies etc. According to Martins (2017), small scale businesses which is an essential tool for economic development, will take cognizance of the need to provide unemployed youths with the ability and skills to be gainfully employed upon completion of their programme as well as prepare them for setting up their small businesses as entrepreneurs. All these are in tandem with the National Economic Empowerment and Development Strategies (NEEDS) thrust on value orientation, employment generation and wealth creation.

As observed by Elvis (2014), tourism has been of great help to most entrepreneurs who see the need of venturing into small scale businesses such as hotels and recreational centers. The Delta State Ministry of Culture and Tourism Development in 2016 declared Wellington Hotel, Warri, Grand Hotel, Asaba, Delta Plaza, Obiaruku, Home Base Hotel Kwale, and other fancy hotels within the states which meets tourism requirement as tourists sites. In this vein, the World Tourism Organization (WTO) in recent years has approved various hotels such as Chariton Hotel, Abuja and Leki Suit, Lagos as monuments and tourists attractions (Tourism Factbook, 2017). Osuala (2009) predicted that small scale business at grass root level will not only drastically reduce social vices among the youth but will also cater for all interests, the dropouts, the handicapped, the geniuses and other physically-fit persons.

Small scale business at grass root entails the strategies as adopted by the tourists, which vary from locations to locations. A hotel which is usually positioned at urban centers and open places will always have more people patronizing it than that located in villages and remote areas that are inaccessible. Okon (2002) confirmed that small scale business strategies include not only the manner of presentation of tourist facilities, but everything that he/she (tourists) does in the way of arranging tourism items within the hotel to tourism activities.

According to Obi, (2005) small scale business is much more than opening a business, it involves turning the

small business into big business opportunities which eventually become tourist attraction in future. This is in agreement with the tourism approach proposed by Shepherd and Douglas in Agbamu, (2011) and has been touted as an effective path towards developing the entrepreneurial spirit. This approach requires a shift from the traditional small scale businesses to active participation in a real life entrepreneurial environment (Nyanducha, 2006). The approach enables the tourist engage in some activity, reflect upon the activity, derive insight from the analysis and incorporate the result through a change in understanding of what (Sherman, Serbora & Pigman, 2008) calls experiential learning, which is gained through experience.

Osuola (2009) opines that small scale business remains a practical experience that empowers the youths for greater challenges of the future, as it will enable the individual to understand how the economic decision he makes will influence his present and future standard of living as he will understand how the labour market functions. Thus, entrepreneurship in business at grass root is supposed to be dynamic, practice-oriented and activity based through the application of different teaching strategies. According to Fred (2017), assessing the challenges of small scale hotels in Nigeria would help highlight the challenges confronting small scale hotels in Nigeria with a view to tackling such challenges so that investors can be confident enough to invest in the Nigerian economy which would at the long run help in the socio-economic development of Nigeria.

Studies have shown that people have neglected small scale business and business environment have not been friendly for people who do not have the required capital to sustain the business especially the establishment of hotels and recreational centers which requires huge capital and finance. It is against this background that this study is carried out to assess the challenges of small scale hotels in Oleh, Delta State.

## **1.2 Statement of the Problems**

The major problem associated with small scale businesses is the sustainability of the business. Majority of the hotels in Oleh lack the required hotel facilities needed to make tourists and others comfortable (Evans, 2016). The establishment of hotels requires huge capital and adequate funding. Most hotels managers in Oleh lack the required managerial skill to run the business and the knowledge in making the hotel a tourist attraction sites (Fred, 2017). Awaritefe (2017) in his inaugural lecture highlighted the problems facing Nigerian development and tourism sectors. He opined that most travelers often find it difficult to patronize hotels and recreational centers due to lack of facilities.

Another major problem facing the development of hotels in Oleh is the negligence of hotel owners who see hotel business as profit making rather than tourism venture. Tourism is best effective if hotels are developed and provided with the tourism items needed so as to make tourists who wish to lodge after the see-sighting such as the case of Obudu Cattle Ranch and Tinapa, Calabar, Cross River State. It has been observed that small scale businesses have not yielded much profit as expected. This often discourages businessmen/women who wish to venture into hotel business since they see it as seasonal business. Resource are therefore diverted to other sectors thereby causing serious setback in tourism since hotels when developed to world standard are major sources of tourist attraction in developed and developing world.

Most hotels which are located in flooded areas and difficult terrain face usually have low patronage since most tourists prefer accessible areas than inaccessible routes. These problems have hindered the development of hotels in Delta State at large. This study is therefore carried out to address the aforementioned problems.

### 1.3 Aim and Objectives of the Study

The aim of this study is to assess the challenges of small scale hotels in Oleh, Delta State. The study will achieve the following objectives;

- identify the challenges facing small scale hotels in Oleh, Delta State;
- examine the factors responsible for slow growth of small scale hotels in the study area;
- examine the factors that can enhance the growth of small scale hotels in Oleh, Delta State;
- to suggest possible solutions to the development of small scale hotel in Oleh, Delta State.

### 1.4 Research Questions

The following questions were raised in this study;

- What are the challenges confronting small scale hotels in Oleh, Delta State?
- What are the factors responsible for slow growth of small scale hotels in the study area?
- What are the factors that can enhance the growth of small scale hotels in Oleh, Delta State?
- What are the possible solutions to the development of small scale hotel in Oleh, Delta State?

### 1.5 Hypothesis

The following research hypothesis states in the null form will be tested in this study;

**H<sub>01</sub>**: There is no significant relationship between the challenges facing small scale hotels and the level of development of Oleh, Delta State.

**H<sub>02</sub>**: Small scale hotels has no significant impact on the economy of Oleh.

### 1.6 Significance of the study

This study focuses on the assessment of hotels in Oleh, Delta State. This will enhance the development of hotels since they act as tourist attraction centers. The overall consideration of the significance of the study will be summarized in the following statements.

- Fill the gap in the literature in the areas of hotel development,
- It become not a primary but a secondary source of information for researchers , academicians and practitioners,
- Serve as guiding documents for policy makers for the adaption, formulation and implementation of a genuine urban development strategies, efficient urban management, migration policy, through hotel establishment, etc.
- Give insight for the town administrators about the existing and emerging socio-economic challenge of the migrants in relation with the socio-economic services provided by the town administration.

### 1.7 STUDY AREA

#### 1.7.1 Location and Size

Oleh is located between latitude  $6^{\circ} 09'1''N$  and  $6^{\circ} 29'1''N$  of the equator and longitude  $5^{\circ} 30'1''E$  and  $6^{\circ} 03'1''E$  of the Green Witch meridian. Oleh is a town in Isoko South Local Government Area of Delta in southern Nigeria. As a matter of fact, it is the headquarter of Isoko South Local Government Area which occupies an area of  $732\text{km}^2$ . Like any other community, Oleh is divided into two (2) region namely; urban and rural areas. The nature, topography and terrain of Oleh is such that encourages landform development especially the establishment of hotels, although other factors still prevail in the area hindering the development of hotels in Oleh.

## **ASSESSING THE CHALLENGES OF SMALL SCALE HOTELS IN OLEH, DELTA STATE-NIGERIA**

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