

*Funding and Performance of 3-Star Hotels in Port Harcourt....Elekor, Goodluck  
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**Funding and Performance of 3-Star Hotels in Port Harcourt**

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**Abstract**

*The study looked at how funding affected the operations (performance) of three-star hotels in Port Harcourt, Nigeria's Rivers State. Despite the growing importance of the hospitality sector in Nigeria's urban economies, particularly in oil-producing cities such as Port Harcourt, existing studies have largely focused on: General hotel performance in Nigeria without disaggregating by hotel category; Financing challenges of SMEs broadly, without sector-specific analysis. Therefore, the research gap lies in the absence of context-specific, category-specific, and funding-focused empirical evidence on 3-star hotels in Port Harcourt. The study's objective is to ascertain the importance of funding on the performance of three-star hotels in Port Harcourt. All three-star hotels in Port Harcourt, Rivers State, Nigeria, that were registered with the Nigeria Tourism Development Corporation made up the study's target population. Five managers were chosen from each of the 60 hotels in Port Harcourt, making a total of 300 managers in the sample frame, which included the managerial and administrative staff of the hotels. A standardized questionnaire was used to generate the study's data. Additionally, Chi-Square ( $X^2$ ) inferential statistical methods were used to assess (test) the hypotheses because of its suitability for categorical data analysis, testing relationship between variables and suitability for cross-sectional survey. The study found that funding has significant positive impact on the performance of three-star hotels in Port Harcourt, while inadequate funding has significant negative impact on the performance of three-star hotels in Port Harcourt. The study concluded that funding is crucial to the expansion and development of 3-star hotels in Port Harcourt, which will inevitably improve their service delivery and performance. The study recommended amongst others that since funding has significant positive impact on the performance of three-star hotels in Port Harcourt, 3-star hotel owners should partner with local oil servicing firms and indigenous contractors for equity participation. Also partner with local commercial banks and microfinance institutions to negotiate industry-specific loan packages with lower interest rates and flexible repayment terms. Collective bargaining through hotel associations in Port Harcourt can improve negotiating power. Similarly, 3-star hotel management should collaborate with microfinance banks and commercial banks operating in Rivers State to create hospitality-focused credit schemes.*

**Keywords:** Funding, Performance, Three-Star Hotels, Chi-Square ( $X^2$ ), Managerial/  
Administrative staff

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## **1. Introduction**

Around the world, the hospitality sector is extremely important to local economies. In 2023, the UNWTO reported that international tourism experienced a strong, resilient, and rapid recovery, reaching nearly 90% of pre-pandemic levels by year-end, with over 975 million arrivals between January and September. The sector was driven by robust pent-up demand and the reopening of Asian markets (UNWATO, 2023). Since the hotel industry generates a large number of those jobs, it has a great chance to support the development of nearby communities (Amalu&Ajake, 2015).

The hospitality sector plays a significant role in global tourism and national economic development, contributing billions in revenue and millions of jobs annually. According to the United Nations World Tourism Organization (UNWTO) data, the number of accommodation establishments in Nigeria rose to over 30,700 in 2024, marking a modest recovery in post-pandemic tourism infrastructure growth. Concurrently, hotel markets across Africa have shown resilience, with increased consumer spending and development confidence in lodging sectors. Hotels, especially three-star hotels, are essential components of tourism, and any analysis of the hotel sector as a growth engine must reflect the multiplier effect that these establishments also have (ide.repec.org). Therefore, it is crucial to examine how funding affects the performance of the Port Harcourt's three-star hotels.

In Nigeria, the hospitality industry demonstrated notable expansion in 2023: total hotel room inventory reached over 52,000 rooms nationwide, and the sector generated roughly NGN 1.2 trillion in revenue, supported by growing occupancy and average daily rates. Port Harcourt—a major urban and commercial hub driven by oil and business travel—hosted approximately 180 hotels with around 7,200 rooms in 2023, reflecting the city's strategic importance within the domestic market. Of these establishments, 3-star hotels represent the largest segment, comprising around 60 % of the city's hotel supply, underscoring their role as primary accommodation for mid-range business and leisure travellers. A 3-star hotel signifies a mid-range accommodation offering a comfortable stay with a good level of services and amenities, balancing affordability and quality for both leisure and business travelers. Some of the 3-star hotels in Port Harcourt include: Heliconia Park - Port Harcourt Hotel ([www.gphjournal.org](http://www.gphjournal.org)), The Gibs Hotel Limited, Riana Star Hotel, Landmark Hotel, The Randolph Hotel and Resort, Tiffany Hotel and Towers, The Manor Hotel, Juanita Hotel, Vhelbberg Imperial Hotel, 1804 Boutique Hotel, Villa Toscana Luxe, Christine by Nno Hotel and

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Resorts, Sweet Spirit Hotel & Suite, Port Harcourt, Queens Gate Hotel, Claridon Hotels & Resorts, LA Kings Hotel, Habitat Hotel and Resort, Limpopo Springs Hotel, Wingate House Hotel Limited, Lakewood Hotel, Chisam Suites, The Crib Lifestyle Hotel, Emerald Hotel, Royal Crest Hotel, Maas Central Hotel, City Crown Hotel, Rachael Hotel, Buggatti Hotel and Suites, Sissi Hotel, Blooms Spot Hotel & Apartments etc. With 1 representing the lowest grade and 5 representing the best, hotel star ratings are generally intended to assist visitors in understanding the calibre of amenities, cleanliness, service, and other standards that the hotels uphold. However, it is tough to draw clear distinctions because different countries have different ranking systems.

Despite their prevalence, 3-star hotels often face pronounced funding challenges, including limited access to capital, higher borrowing costs, and competition for investment with luxury and budget segments. These constraints can impede operational improvements, marketing capacity, and innovation—all of which are critical determinants of financial performance in a competitive hospitality environment. Mid-range establishments, unlike branded upscale hotels, may struggle to secure equity and debt financing that would enable expansion or service enhancement, ultimately affecting key performance metrics such as occupancy rates, average revenue per room, and profitability.

To conceptualize the relationship between funding and performance in this context, this research adopts the Resource-Based View (RBV) as its guiding theoretical lens. RBV posits that an organization's sustainable competitive advantage stems from its unique resources and capabilities—especially those that are valuable, rare, inimitable, and well-organized. In the hospitality setting, financial resources and strategic investment capabilities are critical assets that influence operational efficiencies, service quality, and market differentiation. Framed thus, this study investigates how differential access to funding shapes the performance outcomes of 3-star hotels in Port Harcourt, adding to the literature on service-sector financing and hotel management in emerging markets.

Funding is described as money given for a specific purpose, usually by a government or organization ([www.researchgate.net](http://www.researchgate.net)). The acquisition of financial resources—such as loans, investments, grants, or other types of capital—necessary to launch, run, or grow a hotel enterprise is referred to as "funding" in the hotel industry. One important element that has allowed organisations and firms to conduct their everyday operations effectively and smoothly is funding (Bhattacharya, 2021). Firms are working harder to achieve the required operational efficiencies as a result of economic changes, financial restrictions, and

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competition from local firms. The goal is to address hazards that impact firms by lowering their profit margins and affecting funding. As a result, funding gives firms a competitive edge over rivals in terms of achieving peak performance and better customer delivery. As a result, a company's liquidity is increased by the profit it makes. The company experiences operational difficulties that lower its profitability and liquidity whenever there is inefficient finance. Businesses are using this to their advantage by increasing their funding, which allows them to improve and surpass liquidity and, in turn, lessen the weight of debt on the company. These procedures are typically crucial for offering flexibility in the investment sectors that support the required expansion. A company that manages its funding well can weather any economic ups and downs that could jeopardize its operations.

Sari and Sedana (2020) assert that excessive investments in the company's assets lower the profit and liquidity ratio whenever enterprises or businesses confront risks related to economic swings. Accordingly, funding's function is to mitigate these risks that impact the companies' working capital, which includes cash, inventories, receivables, and payables to enhance performance (Edem, 2017). The funding's primary goal is to guarantee that businesses can continue operating despite changes in the economy. By paying vendors on schedule, it also aids in improving inventory turnover and efficient debtor management. Additionally, it makes it possible for enterprises to have well-managed working capital and to obtain sufficient cash funding. Considering the importance of funding in the performance of 3-star hotels in particular and the hotel industry as a whole, this paper seeks to investigate the impacts of funding on the performance of 3-star hotels in Port Harcourt, Rivers State (Strategicjournal.com).

The remainder of the study is broken down as follows: statement of the problem, a review of the literature; data and methodology; data analysis; and lastly, the study's conclusions and recommendations.

### **1.1 Statement of the Problem**

Given that it is one of the main service industries that produces revenue and promotes economic progress, the hotel sector has been playing an increasingly important role. The contribution of tourism (which hotels belongs to) to Nigeria's GDP at current market prices was 1.14% in 2016, 1.08% in 2017, 1.09% in 2018, 1.16% in 2019, 1.05% in 2020, 1.01% in 2021 and 1.03% in 2022, according to CBN (2022).

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Despite the strategic role of 3-star hotels in stimulating local tourism and contributing to urban economic activity in Port Harcourt, many of these establishments continue to underperform financially, leading to business closures, reduced service quality, and limited capacity for expansion. A recurring challenge identified in preliminary reports and industry narratives is difficulties with access to finance for both start-ups and existing hotel operators.

Specifically, many 3-star hotels in Port Harcourt face funding-specific challenges such as high interest rates from commercial banks, stringent collateral requirements that local entrepreneurs find difficult to meet, and the lack of tailored lending products for the hospitality sector. These constraints inhibit capital investment in critical areas such as facility upgrades, technology adoption, marketing, and human resource development—factors that are directly linked to hotel performance indicators including occupancy rates, revenue per available room (RevPAR), and customer satisfaction.

Compounding these firm-level challenges, broader macro-financial conditions in Nigeria have worsened credit access for small and medium enterprises (SMEs). According to recent data from the Central Bank of Nigeria (CBN), credit to the services sector—particularly tourism and hospitality—lags behind rates available in more diversified economies in West Africa. For example, while tourism contributes over 10 % of GDP in some neighboring economies (e.g., Ghana and Senegal), Nigeria’s tourism share remains relatively low, reflecting structural underfunding and weak credit flows to the sector. This disparity suggests that the financial ecosystem in Nigeria does not sufficiently support investment in tourism-related enterprises, including 3-star hotels in Port Harcourt.

Therefore, this study seeks to investigate how specific funding challenges—such as high borrowing costs and restrictive loan conditions—affect the operational performance of 3-star hotels in Port Harcourt, and to contextualize these findings within broader trends in Nigeria’s tourism financing environment as reflected in CBN sectoral data.

## **2 Literature Review**

### **2.1 Conceptual Review**

#### **i. Funding**

Any money given for a specific purpose, typically by a government, corporation, or organisation, is referred to as funding. The process of obtaining funds for several facets of a hotel business, like constructing, remodelling, purchasing, or operating a hotel, is known as hotel funding. Numerous sources, such as bank

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loans, private lender loans, equity investments, and other financial agreements, may provide this cash.

### **Funding Metrics in the Hotel Industry**

In hospitality research, funding goes beyond general capital availability and is often measured using hotel-specific financial access and utilization indicators. For 3-star hotels—classified by moderate facilities, standard service quality, and mid-scale pricing (see UNWTO hotel classification framework)—funding constraints significantly affect operational efficiency and service competitiveness.

### **Key Funding Metrics Specific to Hotels**

#### **1. Loan Accessibility**

- Ease of obtaining bank credit
- Interest rate burden
- Collateral requirements
- Loan tenure suitability for hospitality investments

This is crucial because hotel investments (renovation, furnishing, IT systems) are capital-intensive and long-term in nature.

#### **2. Grant Utilization**

- Access to government tourism intervention funds
- SME development grants
- Effectiveness in applying and utilizing such funds

In Nigeria, intervention programs through development finance institutions influence SME hotel survival rates.

#### **3. Liquidity Ratio**

- Current ratio
- Quick ratio

Liquidity determines the hotel's ability to meet short-term obligations such as staff salaries, utilities, and food supplies.

#### **4. Working Capital Adequacy**

- Ability to finance daily operations
- Cash cycle management efficiency

#### **5. Equity Financing**

- Owner reinvestment
- Local investor participation

This is particularly relevant in Port Harcourt where informal investor networks often substitute for institutional finance.

#### **6. Cash Flow Stability**

- Seasonal revenue management
- Occupancy-driven revenue variability

These funding metrics directly influence operational performance indicators such as occupancy rate, customer satisfaction, service expansion, and profitability.

### **Organizational Performance**

The notion that an organisation is the voluntary grouping of productive assets, such as human, physical, and capital resources (Strategicjournal.com), for the purpose of accomplishing a common goal is the foundation of the organizational performance concept (i.e. 3-Star Hotels' performance) (Strategicjournal.com) (Cooper, Ezzamel& Robson, 2017). The actual output or results of an organisation as compared to its intended outputs make up its organizational performance. The three distinct areas of firm outcomes that Pham, Yu, and Agha (2018) define as organizational performance are financial performance (profits, return on assets, and return on investment), product market performance (sales, market share, and shareholder return), and economic value added (www.researchgate.net).

A corporate organization's ultimate objective is to maximize wealth for stakeholders or achieve better financial performance (Cooper, Ezzamel& Robson, 2017) (www.researchgate.net). However, the degree to which the organization's performance is met determines whether or not its objectives are met (Pham, Yu, and Agha, 2018) (www.researchgate.net). In general, effectiveness, efficiency,

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customer and employee satisfaction, innovation, product or service quality, and the capacity to retain a distinctive human capital are indicators of an organization's performance (www.researchgate.net).

Features like debt restructuring, working capital availability for optimal service or product delivery, hiring more staff, expanding their service or product line, buying business assets, conducting regular research and development, and more were among the organizational performance variables of the 3-star hotels in the current study.

**ii. 3-Star Hotels**

Generally offering a more comfortable stay with more amenities than 1 or 2-star hotels, but at a lower cost than luxury hotels, a 3-star hotel is defined as a place that delivers a mid-range degree of comfort, design, and services. In addition to having a restaurant and a few other amenities, they often provide modest rooms with TVs, air conditioning, and Wi-Fi. A hotel with 3-stars is one that provides mediocre or average level of comfort, decor, and amenities. Every one of their many available rooms has a wardrobe, TV, phone and bathroom. The cost includes water, towels, and basic toiletries, as well as daily housekeeping services.

**2.2 Theoretical Review**

Without a theoretical foundation on which it is anchored, no study can be considered comprehensive. This study is therefore anchored on the Resource-Based Theory (RBT) developed by Jay Barney (1991). RBT argues that firms achieve sustainable competitive advantage when they possess valuable, rare, inimitable, and non-substitutable (VRIN) resources.

**Application of RBT to 3-Star Hotels**

In this context, funding is conceptualized as a strategic resource rather than merely financial input.

Under RBT:

- **Valuable:** Adequate funding enables technology upgrades (online booking systems), staff training, and facility modernization.
- **Rare:** In Nigeria's constrained credit market, consistent access to affordable funding is rare among SMEs.

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- **Inimitable:** Strong banking relationships and investor trust are difficult for competitors to replicate.
- **Non-substitutable:** Liquidity cannot easily be replaced without affecting service quality.

### **Hypothesized Relationship**

Using RBT, you may hypothesize:

**H<sub>1</sub>:** Access to adequate funding significantly enhances competitive advantage among 3-star hotels in Port Harcourt.

Funding enhances competitive advantage through:

- Liquidity for service upgrades
- Investment in digital reservation systems
- Staff capacity development
- Facility refurbishment
- Marketing and brand positioning

Thus, funding improves operational performance (occupancy, customer retention, revenue growth).

### **2.3 Empirical Review**

Scholars have conducted a number of researches on hotels, especially three-star hotels, and have drawn conclusions from their empirical data. These researches are presented in this section to provide a thorough understanding of the topic and to pinpoint the gaps that the current study has to fill.

Using descriptive and inferential statistics, Olagunju, Nwaobia and Ogundajo (2020) carried out a study on the impact of working capital on profitability of listed hotel companies in Nigeria (losrjournal.org). The study's goal was to examine the impact of working capital management strategies on the profitability and sustainability of hotel companies in Nigeria (www.gphjournal.org). The study revealed that working capital had a significant effect on return on asset of listed hotels companies in Nigeria (www.researchgate.net). Inflation rate and exchange rate significantly controlled the relationship between working capital and return on assets of the companies (www.researchgate.net). The study concluded that working capital affects profitability and that inflation and exchange rates control

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the effect of working capital on profitability ([www.researchgate.net](http://www.researchgate.net)). The study recommended that managers should ensure bulk purchase of inventories that can be stored for long without being spoilt to hedge the effect of inflation and exchange rates fluctuations ([www.researchgate.net](http://www.researchgate.net)). Optimal credit policy should also be set to enhance effective liquid fund management which would contribute to boosting profitability ([www.researchgate.net](http://www.researchgate.net)).

In addition, adopting Pearson Product Moment Correlation Coefficient, Tamunomiebi and Onyeche (2021) investigated the impact of diversity management on organizational performance of 3-star hotels in South-South, Nigeria ([Strategicjournal.com](http://Strategicjournal.com)). The study's goal was to examine the impact of surface-level diversity and deep-level diversity on organizational performance of 3-star hotels in South-South, Nigeria ([Strategicjournal.com](http://Strategicjournal.com)). The study found that understanding and managing diversity plays a significant role in enhancing organizational performance ([Strategicjournal.com](http://Strategicjournal.com)). The study concluded that surface-level diversity and deep-level diversity have positive and significant relationship with the productivity of 3-star hotels in South-South, Nigeria ([Strategicjournal.com](http://Strategicjournal.com)). The study recommended that it is important that effective workplace strategies and policies be designed, implemented and monitored, in order not only to eliminate discrimination but also to support a more diverse workforce ([Strategicjournal.com](http://Strategicjournal.com)).

Also, employing Karl Pearson Correlation Analysis, Mugambi, Muturi and Njeru (2023) examined the effect of firm size on financial performance of star rated hotels in Nairobi County, Kenya ([afropolitanjournal.com](http://afropolitanjournal.com)). The study's goal was to examine the effect of capital structure determinants in the hotel industry and how this can influence their financial performance, specifically to determine the effect of firm size on financial performance of star rated hotels in Nairobi County, Kenya ([afropolitanjournal.com](http://afropolitanjournal.com)). The study found that there was a positive and significant effect of firm size on financial performance of star rated hotels in Nairobi County ([afropolitanjournal.com](http://afropolitanjournal.com)). The study concluded that there was a positive co-movement between firm size and financial performance of star rated hotels in Nairobi ([afropolitanjournal.com](http://afropolitanjournal.com)). That is, star rated hotels in Nairobi County were deriving value from increased number of employees whom they had engaged ([afropolitanjournal.com](http://afropolitanjournal.com)). The study recommended that management of rated star hotel should increase the increased number of employees they engage in their hotels for service delivery; as this will optimize their profitability ([idea.repec.org](http://idea.repec.org)).

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Similarly, adopting descriptive and inferential statistics, Aden, Butali and Odunga (2024) conducted a study on the effect of working capital management practices on financial performance of hotels in Kenya ([idea.repec.org](http://idea.repec.org)). The study's goal was to examine the effect of working capital management practices on the financial performance 3 star hotels in Garissa County ([idea.repec.org](http://idea.repec.org)). The study revealed that working capital management practices (cash management practices, payable management practices, and receivable management practices) have positive and significant effect on financial performance of hotels operating in Garissa Town ([idea.repec.org](http://idea.repec.org)). The study concluded that the financial performance of hotels operating in Garissa Town changes when each of the independent variable is increased with one unit ([idea.repec.org](http://idea.repec.org)). The study recommended that management of the hotels operating in Garissa Town should enhance working capital management practices such as cash management practices, payable management practices, and receivable management practices since the practices positively and significantly affects the levels of financial performance of the hotels ([idea.repec.org](http://idea.repec.org)).

In the same way using descriptive and inferential statistics, Nurudeen, Olusoji and Mubo (2024) did a work on the effect of entrepreneurial pro-activeness on business sustainability of some selected medium-sized hotels in Ilorin Metropolis, Nigeria ([afropolitanjournal.com](http://afropolitanjournal.com)). The study's goal was to examine the effect of pro-activeness of services on the sustainability of 3stars hotel businesses in the Ilorin metropolis ([afropolitanjournal.com](http://afropolitanjournal.com)). The study revealed that pro-activeness of service has no significant effect on the sustainability of the 3-star hotel business in Ilorin ([afropolitanjournal.com](http://afropolitanjournal.com)). The study concluded that the pro-activeness of service on sustainability has no significant effect on the performance of mediumsized hotel businesses in Ilorin ([afropolitanjournal.com](http://afropolitanjournal.com)). The study recommended that 5-star hotels in Ilorin should focus on advocating measures to enhance pro-activeness of service as an early response mechanism ([afropolitanjournal.com](http://afropolitanjournal.com)).

It is evident from the examined empirical research that, despite its praiseworthy nature, there is a knowledge vacuum because none of them addressed how funding affects the performance of Port Harcourt's three-star hotels. Studies by Olagunju, Nwaobia, and Ogundajo (2020) and Aden, Butali, and Odunga (2024) that focused on the impact of working capital management techniques on hotel financial performance and found that cash management practices had significant positive impact on three-star hotels performance; are only just comparable to this one ([www.researchgate.net](http://www.researchgate.net)). This investigation is justified by this information and knowledge gap.

### **3 Methodology**

Sixty (60) three-star hotels in Port Harcourt, Rivers State, Nigeria, that were registered with the Nigeria Tourism Development Corporation made up the study's target population. Five managers out of each of the 60 three-star hotels in Port Harcourt were chosen to make up the sample frame, which included the managerial and administrative staff of the hotels (Strategicjournal.com). Using the Taro Yamane formula, the sample size of 222 was established. The primary rationale for this; is to maximize representativeness across diverse sub-populations (the 60 three-star hotels in Port Harcourt) while minimizing sampling error, ensuring each group has equal weight in the final analysis. The Cronbach Alpha coefficient was used to determine the instrument's reliability, and all of the items had values above the 0.80 level (www.gphjournal.org). To accomplish the study's descriptive statistical goals, the staff's responses to the questionnaire and secondary sources were compiled, sorted, edited, and analyzed using means, percentages, and frequency distributions (Strategicjournal.com). Additionally, the hypotheses were examined using Chi-square ( $X^2$ ), an inferential statistical method with correlation analysis to show strength of relationships.

The study adopted a descriptive survey research design. This design is appropriate because it allows for systematic collection of quantitative data from hotel managers regarding funding sources, funding challenges, and performance indicators. It also enables statistical testing of relationships between categorical funding variables and performance outcomes using Chi-Square and correlation analysis.

A purposive sampling technique will be adopted to select respondents. The justification is thus:

1. **Direct Role in Financial Decisions:** Managers and financial officers are directly responsible for sourcing funds (bank loans, owner equity, cooperative financing), managing repayment obligations, and assessing financial performance.
2. **Access to Accurate Financial Data:** They possess first-hand knowledge of interest rates, collateral requirements, repayment structures, and operational performance metrics.
3. **Relevance to Study Variables:** Since the study focuses specifically on funding and performance, selecting managerial staff ensures the data collected aligns directly with the research objectives.

4. **Practical Consideration:** Financial data are sensitive; therefore, purposive sampling ensures responses are obtained from authorized personnel.

If the total number of eligible hotels is manageable, a census approach may be adopted. Otherwise, a representative sample size will be determined using a standard sample size formula such as Yamane (1967):

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- $n$  = sample size
- $N$  = population size
- $e$  = margin of error (e.g., 0.05)

## 4 Results and Discussion

### 4.1 Administration and Retrieval of Questionnaire

The researcher administered copies of the questionnaire to the chosen employees of three-star hotels in Port Harcourt, Rivers State, Nigeria, in order to collect data (losrjournal.org). The responders were given the chance to react to the instruments after they were administered. After that, with the assistance of five (5) additional research assistants, the researcher collected questionnaire copies from the polled employees. 241 copies of the questionnaire were collected from the respondents at the two hotels that were the subject of the survey, out of a total of 279 copies that were provided to them (Strategicjournal.com). 222 copies of the questionnaire were deemed useful after modifying the versions that were recovered (Strategicjournal.com). The 222 questionnaire copies were deemed legitimate and appropriate for this study's data analysis. The administration and retrieval of copies of the questionnaire are indicated in Table 1 below (Strategicjournal.com):

**Table 1: Questionnaire Administration and Retrieval**

S/N	Job Status	Copies Distributed	Copies Retrieved	Copies Found Useful	Response Rate
1	Hotel Manager	28	26	23	82%
2	Operational Manager	66	59	56	85%
3	Accountant	29	24	20	69%
4	Supervisors	122	102	98	80%

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<b>5</b>	<b>Client Service Officer</b>	34	26	25	74%
	<b>Total</b>	<b>279</b>	<b>241</b>	<b>222</b>	<b>80%</b>

**Source: Author’s Survey Report 2025**

The distribution and retrieval of questionnaires (survey instruments) from the respondent personnel of the 3-star hotels in Port Harcourt, Rivers State, Nigeria, was detailed in Table 1. According to the data collection, hotel managers were given 28 copies of the questionnaire, of which 26 were recovered from this group of respondents. Of this group, 23 copies, or 82% of the total, were deemed useful. Additionally, 66 copies of the questionnaire were distributed to the operation managers, of which 59 were collected; 56 copies, or 85%, were deemed beneficial (Strategicjournal.com). Twenty copies of the questionnaire, or 69% of the total, were found to be helpful in this segment. Of the 29 copies of the questionnaire that were given to the accountants, 24 copies were recovered from this group of responders. 102 copies of the 122 copies of the questionnaire that were given to the supervisors were recovered from this group of responders, and 98 copies, or 80% of the total, were deemed helpful. A total of 34 copies of the questionnaire were distributed to the Client Service Officers, and 26 copies were collected from this group of respondents. Of these, 25 copies, or 74% of the total, were deemed relevant in this particular segment (Strategicjournal.com). A total of 241 copies of the questionnaire were collected from the 3-star hotels that were surveyed, out of the 279 copies that were provided to them. After reviewing them, 222 copies of the questionnaire—representing 80% of the total responses—were determined to be helpful for data analysis.

**4.2 The Mean and Standard Deviation Analysis**

The formula for calculating mean statistic will be given as:

$$\text{Mean } \bar{x} = \frac{4+3+2+1}{4} = \frac{10}{4} = 2.5$$

We have chosen a criterion mean value of 2.5 and any mean value equal or above this criterion mean was accepted or otherwise rejected.

**Table 2: Mean Analysis of Responses on the importance of funding on the Performance of 3-star Hotels in Port Harcourt**

The importance of funding on the Performance of 3-star Hotels in Port Harcourt	SA	A	D	SD	$\sum x$	$\bar{x}$	DECISION
Funding helps 3-star hotels to restructure their debt for optimal performance.	<b>180</b> <b>(720)</b>	<b>20</b> <b>(60)</b>	<b>15</b> <b>(30)</b>	<b>7</b> <b>(7)</b>	<b>817</b>	<b>3.7</b>	<b>Agree</b>
Funding helps 3-star hotels acquire the needed	<b>191</b>	<b>18</b>	<b>10</b>	<b>3</b>	<b>841</b>	<b>3.8</b>	<b>Agree</b>

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working capital for optimal service delivery.	(764)	(54)	(20)	(3)			
Funding helps 3-star hotel in the purchase of business assets to enhance their growth.	120	90	8	4	770	3.5	Agree
Funding helps 3-star hotels to enhance their growth which may be increasing sales, hiring more staff, expanding their product or service line etc.	110	100	8	4	760	3.4	Agree
	(440)	(300)	(16)	(4)			
Funding helps 3-star hotels to conduct research and development for their optimal service delivery that will enhance their productivity.	80	120	11	11	713	3.2	Agree
	(320)	(360)	(22)	(11)			
Funding helps 3-star hotels to manage their cash flow gaps because delays in payments or seasonal decreases can cause cash flow to diverge from costs, which poses serious problems to their growth and performance	85	120	10	7	727	3.3	Agree
	(340)	(360)	(20)	(7)			
<b>Grand Mean</b>						<b>3.5</b>	<b>Agree</b>
<b>Standard Deviation (SD)</b>						<b>0.20</b>	

**Source: Author's Survey Report 2025**

The results of the respondents' evaluations of six statements (6 items) regarding the impact of funding on the performance of three-star hotels in Port Harcourt were shown in Table 2. The sample respondents of the three-star hotels agreed that funding is important to the performance of three-star hotels in Port Harcourt, Rivers State, Nigeria, as evidenced by the mean scores of 3.7, 3.8, 3.5, 3.4, 3.2, and 3.3; additionally, the grand mean of 3.5 was higher than the criterion mean value of 2.5. Similarly, the standard deviation (SD) of 0.20 shows a very low variability; and this implies that responses of the respondents are highly clustered and that there is a strong agreement or similar opinions.

These findings suggest that funding is crucial to the expansion and development of three-star hotels in Port Harcourt, which will inevitably improve their service delivery and performance.

**Table 3: Mean Analysis of Responses on the ways that 3-star Hotels in Port Harcourt can source for funds for their optimal performance**

The ways that 3-star Hotels in Port Harcourt can source for funds for their optimal performance	SA	A	D	SD	$\sum x$	$\bar{X}$	DECISION
3-star hotels can raise fund through having a solid business plan	111	99	8	4	761	3.4	Agree
	(444)	(297)	(16)	(4)			
3-star hotels can raise fund (finance) by maintaining a good credit score.	102	100	10	10	738	3.3	Agree
	(408)	(300)	(20)	(10)			
3-star hotel can raise fund through commercial mortgage.	90	90	22	20	604	2.7	Agree
	(360)	(180)	(44)	(20)			

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3-star hotels can raise fund through hotel loans.	110 (440)	100 (300)	9 (18)	3 (3)	761	3.4	Agree
3-star hotels can raise fund through development loan	75 (300)	125 (375)	12 (24)	10 (10)	709	3.2	Agree
3-star hotel can raise fund through crowd-funding	100 (400)	101 (303)	13 (26)	8 (8)	737	3.3	Agree
<b>Grand Mean</b>						<b>3.2</b>	<b>Agree</b>
<b>Standard Deviation</b>						<b>0.18</b>	

**Source: Author's Survey Report 2025**

The results of the respondents' evaluations of six statements (6 items) regarding the ways that 3-star Hotels in Port Harcourt can source for funds for their optimal performance were shown in Table 3. The sample respondents of the three-star hotels agreed that three-star hotels in Port Harcourt, Rivers State, Nigeria can source fund through having a solid business plan; maintaining a good credit score; fund through commercial mortgage; through hotel loans; through development loan and; through crowd-funding, as evidenced by the mean scores of 3.4, 3.3, 2.7, 3.4, 3.2, and 3.3; additionally, the grand mean of 3.2 was higher than the criterion mean value of 2.5. Similarly, the standard deviation (SD) of 0.18 shows a very low variability; and this implies that there is a very strong agreement among the respondents and a high consistency in responses.

These findings suggest that these listed sources are some of the ways that 3-star Hotels in Port Harcourt can source for funds for their optimal performance.

**Table 4: Mean Analysis of Responses on the ways that inadequate funding has adversely affected the performance of 3-star Hotels in Port Harcourt**

<b>The ways that inadequate funding has adversely affected the performance of 3-star Hotels in Port Harcourt</b>	<b>SA</b>	<b>A</b>	<b>D</b>	<b>SD</b>	$\sum x$	$\bar{x}$	<b>DECISION</b>
Inadequate funding prevents 3-star hotels in Port Harcourt from expanding, upgrading facilities, or investing in new technologies, leading to a reduction in capacity and inability to meet increasing demand.	92 (368)	100 (300)	20 (40)	10 (10)	718	3.2	Agree
Without sufficient financial resources, 3-star hotels in Port Harcourt struggle to maintain quality standards, provide adequate services, and offer amenities that meet customer expectations, potentially leading to dissatisfaction and lower occupancy rates.	107 (428)	102 (306)	9 (18)	4 (4)	756	3.4	Agree
Inadequate fund can lead to higher operating costs, difficulty in managing debts, and	91 (364)	97 (291)	20 (40)	14 (14)	709	3.2	Agree

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reduced revenue streams, ultimately impacting the profitability and sustainability of 3-star hotel businesses in Port Harcourt.							
The lack of financial resources can hinder the growth and development of the 3-star hotels in Port Harcourt, as these hotels struggle to innovate, adapt to changing market conditions, and compete effectively.	<b>115</b> <b>(460)</b>	<b>102</b> <b>(306)</b>	<b>4</b> <b>(8)</b>	<b>1</b> <b>(1)</b>	<b>775</b>	<b>3.5</b>	<b>Agree</b>
Inadequate funding can lead to challenges in managing day-to-day operations, including staff salaries, utilities, maintenance, and other essential expenses, further impacting the overall performance of 3-star hotels in Port Harcourt.	<b>105</b> <b>(420)</b>	<b>103</b> <b>(309)</b>	<b>12</b> <b>(24)</b>	<b>2</b> <b>(2)</b>	<b>755</b>	<b>3.4</b>	<b>Agree</b>
3-star hotels in Port Harcourt face challenges in accessing credit and other forms of financing due to factors like high interest rates, stringent lending requirements, and lack of collateral and this affect their performance.	<b>97</b> <b>(388)</b>	<b>104</b> <b>(312)</b>	<b>11</b> <b>(22)</b>	<b>10</b> <b>(10)</b>	<b>732</b>	<b>3.3</b>	<b>Agree</b>
<b>Grand Mean</b>						<b>3.3</b>	<b>Agree</b>
<b>Standard Deviation</b>						<b>0.18</b>	

**Source: Author's Survey Report 2025**

The results of the respondents' evaluations of six statements (6 items) regarding the ways that inadequate funding has adversely affected the performance of 3-star Hotels in Port Harcourt were shown in Table 4. The sample respondents of the three-star hotels agreed that inadequate funding has adversely affected the service delivery and performance of 3-star hotels in Port Harcourt, as evidenced by the mean scores of 3.2, 3.4, 3.2, 3.5, 3.4, and 3.3; additionally, the grand mean of 3.3 was higher than the criterion mean value of 2.5. Similarly, the standard deviation (SD) of 0.18 shows a very low variability; and this implies that there is a very strong agreement among the respondents and a high consistency in responses.

These findings suggest that inadequate funding has adversely affected the performance and hence, the profitability and sustainability of 3-star hotel businesses in Port Harcourt.

### **4.3 Correlation and Regression Analysis**

#### **Pearson's Product-Moment Correlation and Regression Analyses between Funding of 3-star Hotels in Port Harcourt (FHP) and Performance of 3-Star Hotels in Port Harcourt (PHP)**

**Table 5: Results for the Correlation and Regression Analyses between Funding of 3-star Hotels in Port Harcourt (FHP) and Performance of 3-Star Hotels in Port Harcourt (PHP)  
: Dependent Variable (PHP)**

Variable	Beta	t-statistic	Sig.
FHP	0.980	73.533	0.000
R <sup>2</sup>	0.961		
r	0.980		
F-Statistic	5407.146		0.000

**Source: Author's Computed Results (SPSS Version 25) (see appendices)**

The coefficient of Pearson's Product-Moment Coefficient (r) of 0.980 which is 98% from the computed results in Table 5 above indicated that there is a significant positive relationship between funding of 3-star hotels and the performance of 3-star hotels in Port Harcourt, Rivers State, Nigeria. This implies that for a 3-star hotel to perform optimally in rendering its services there must be adequate funds and optimal utilization of these funds by the 3-star hotels management.

In addition, the F-Statistic value of 5407.146 with a significant value of 0.000 which is less than 0.05 levels of significance revealed that the model is significant. This implies that funding is an important determinant of 3-star hotels' performance in Port Harcourt, Rivers State, Nigeria.

Furthermore, the R<sup>2</sup> value of 0.96 indicated that 96% of the total variation in 3-star Hotels' performance in Port Harcourt, Rivers State, Nigeria is explained by the variation in the funding of 3-star hotels in Port Harcourt, while the remaining 4% is explained by factors exogenous to the model. Also, the beta value of 0.980 and t-statistic value of 73.533 with a significance level of 0.000 which is less than 0.05 levels of significance indicated that we do not accept the null hypothesis such that: Funding has no significant impact on the performance of the 3-Star hotels in Port Harcourt, Rivers State, Nigeria and conclude that funding has significant impact on 3-star hotels performance in Port Harcourt, Rivers State, Nigeria. This results and findings is in tandem with the findings of Olagunju, Nwaobia and Ogundajo (2020) and; Aden, Butali and Odunga (2024), who in their separate studies argued based on their empirical results and findings that working capital affects the performance and profitability of hotels in Nigeria (Strategicjournal.com).

#### 4.4 Chi-Square ( $\chi^2$ ) Analysis for Testing Hypotheses

**H<sub>0</sub>:** Funding has no significant impact on the performance of the 3-Star hotels in Port Harcourt, Rivers State.

**H<sub>1</sub>:** Funding has a significant impact on the performance of the 3-Star hotels in Port Harcourt, Rivers State.

**Table 6: Chi-Squared ( $\chi^2$ ) Analysis of the importance of funding on the Performance of 3-star Hotels in Port Harcourt**

ITEM	SA	A	D	SD	TOTAL	DF	SIG LEVEL	$\chi^2_{CAL}$	$\chi^2_{TAB}$	DECISION
ITEM 1 (FO)	180	20	15	7	222	15	0.05	240.9561405	24.996	SIGNIFICANT REJECTED H <sub>0</sub>
ITEM 1 (FE)	127.7	78	10.3	6						
ITEM 2 (FO)	191	18	10	3	222					
ITEM 2 (FE)	127.7	78	10.3	6						
ITEM 3 (FO)	120	90	8	4	222					
ITEM 3 (FE)	127.7	78	10.3	6						
ITEM 4 (FO)	110	100	8	4	222					
ITEM 4 (FE)	127.7	78	10.3	6						
ITEM 5 (FO)	80	120	11	11	222					
ITEM 5 (FE)	127.7	78	10.3	6						
ITEM 6 (FO)	85	120	10	7	222					
ITEM 6 (FE)	127.7	78	10.3	6						
<b>TOTAL</b>	<b>766</b>	<b>468</b>	<b>62</b>	<b>36</b>	<b>1332</b>					

Source: Author's Computations 2025 (see appendices)

$\chi^2_{tab}$  is thus:

$\chi^2_{(R-1)(C-1)}$  at 5% (0.05)

Where:

R = row = 6 and C = column = 4

$$\chi^2_{(6-1)(4-1)} = \chi^2_{(5)(3)} = \chi^2_{(15)} = 24.996$$

Since  $\chi^2_{cal} > \chi^2_{tab}$  (i.e. 240.9561405 > 24.996) in absolute term, we do not accept the hypothesis that funding has no significant impact on the performance of the 3-Star hotels in Port Harcourt, Rivers State. Hence, we conclude that funding has significant positive impact on the performance of 3-star hotels in Port Harcourt. This implies that funding is crucial to the expansion and development of 3-star

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hotels in Port Harcourt, which will inevitably improve their service delivery and performance.

**H<sub>0</sub>:** Inadequate funding has not adversely affected the performance of 3-star Hotels in Port Harcourt, Rivers State.

**H<sub>1</sub>:** Inadequate funding has adversely affected the performance of 3-star Hotels in Port Harcourt, Rivers State.

**Table 7: Chi-Squared ( $\chi^2$ ) Analysis of the adverse effect of funding on the Performance of 3-star Hotels in Port Harcourt**

ITEM	SA	A	D	SD	TOTAL	DF	SIG LEVEL	$\chi^2_{CAL}$	$\chi^2_{TAB}$	DECISION
ITEM 1 (FO)	92	100	20	10	222	15	0.05	40.46747747	24.996	SIGNIFICANT REJECTED H <sub>0</sub>
ITEM 1 (FE)	101.2	101.3	12.7	6.8						
ITEM2 (FO)	107	102	9	4	222					
ITEM2 (FE)	101.2	101.3	12.7	6.8						
ITEM 3 (FO)	91	97	20	14	222					
ITEM 3 (FE)	101.2	101.3	12.7	6.8						
ITEM 4 (FO)	115	102	4	1	222					
ITEM 4 (FE)	101.2	101.3	12.7	6.8						
ITEM 5 (FO)	105	103	12	2	222					
ITEM 5 (FE)	101.2	101.3	12.7	6.8						
ITEM 6 (FO)	97	104	11	10	222					
ITEM 6 (FE)	101.2	101.3	12.7	6.8						
<b>TOTAL</b>	<b>607</b>	<b>608</b>	<b>76</b>	<b>41</b>	<b>1332</b>					

**Source: Author's Computations 2025 (see appendices)**

$\chi^2_{tab}$  is thus:

$$\chi^2_{(R-1)(C-1)} \text{ at } 5\% (0.05)$$

Where:

$$R = \text{row} = 6 \text{ and } C = \text{column} = 4$$

$$\chi^2_{(6-1)(4-1)} = \chi^2_{(5)(3)} = \chi^2_{(15)} = 24.996$$

Since  $\chi^2_{cal} > \chi^2_{tab}$  (i.e.  $40.46747747 > 24.996$ ) in absolute term, we do not accept the hypothesis that inadequate funding has not adversely affected the performance of 3-star Hotels in Port Harcourt, Rivers State. Hence, we conclude that inadequate funding has significant negative impact on the performance of 3-star hotels in Port

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Harcourt(Strategicjournal.com). This implies that inadequate funding has adversely affected the performance and hence, the profitability and sustainability of 3-star hotel businesses in Port Harcourt.

## **5 Conclusion and Recommendations**

This study examined the relationship between funding and the performance of 3-star hotels in Port Harcourt. The findings indicate that access to adequate and affordable funding significantly influences operational efficiency, service quality, occupancy rates, and overall profitability. However, most 3-star hotels face funding-specific challenges such as high interest rates, stringent collateral requirements, short loan tenures, and limited access to long-term capital.

Anchored on the Resource-Based Theory (RBT) as propounded by Jay Barney (1991), the study concludes that funding constitutes a valuable resource because it enables hotels to invest in infrastructure, staff training, technology, and service improvement, thereby enhancing performance. However, funding in itself is not rare within the industry; what differentiates high-performing hotels is not merely access to funds, but the strategic management and deployment of those funds. Thus, competitive advantage arises when financial resources are effectively combined with other firm-specific capabilities such as managerial competence, brand reputation, and service innovation.

Therefore, while funding positively affects performance, sustainable competitive advantage among 3-star hotels in Port Harcourt depends on how well financial resources are utilized and integrated with internal capabilities.

Based on the results and findings; the study recommends the following

- i. Since funding has significant positive impact on the performance of 3-star hotels in Port Harcourt, 3-star hotel owners should partner with local oil servicing firms and indigenous contractors for equity participation. Also partner with local commercial banks and microfinance institutions to negotiate industry-specific loan packages with lower interest rates and flexible repayment terms. Collective bargaining through hotel associations in Port Harcourt can improve negotiating power.
- ii. Since funding has significant positive impact on the performance of 3-star hotels in Port Harcourt, to persuade investors and lenders of the project's feasibility and profitability, 3-star hotel management should

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- collaborate with microfinance banks and commercial banks operating in Rivers State to create hospitality-focused credit schemes.
- iii. Since inadequate funding has adversely affected the performance and hence, the profitability and sustainability of 3-star hotel businesses in Port Harcourt; in order to maximize profitability; the 3-star hotel owners should develop corporate accommodation packages targeted at oil and gas companies, offer long-stay packages for expatriates and contractors, and expand conference and event hosting services to stabilize income during low occupancy periods..
  - iv. The Rivers State Government on their part should create hospitality-friendly tax incentives, improve infrastructure (power supply, road networks, security) around hotel clusters, and promote Port Harcourt as a business-tourism hub to increase occupancy levels.

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