



## **Influence of Autonomy on the Performance of Small and Medium Scale Hospitality Businesses in Ogun State, Nigeria**

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### **Abstract**

The study looked at how autonomy affected the success of a few chosen small and medium-sized hospitality companies in Nigeria's Ogun State. For the study, a descriptive survey design was used. Selected hotels and guest homes in three (3) Ogun State cities; Abeokuta, Sagamu, and Ijebu Ode were the subjects of the study. Twenty five (25) hotels and guest homes in all were purposefully chosen from the well-known hotels and guest houses in the research area. Three (3) structured questionnaires were given to 350 respondents in order to gather primary data. A statistical inferential technique was used to examine the collected data. Ogun State's small and medium-sized hospitality enterprises' performance is not significantly impacted by autonomy, according to the research. The results showed that the performance of Ogun State's small and medium-sized hospitality enterprises is not significantly impacted by autonomy. The study found that in Ogun State, Nigeria, autonomy had no discernible impact on the performance of small and medium-sized hospitality enterprises. Although autonomy has no discernible impact on hotel enterprises' performance, it was advised that it shouldn't be disregarded.

**Keywords:** Independence, Small and medium-sized enterprises, Effectiveness, Hospitality, Influence.

### **1. Introduction**

In order to boost national, regional, and local productivity, create jobs, lessen inequality, and foster more resilient and sustainable growth, it is imperative that SME company performance and capability be improved (Shane et al., 2019). They made up the vast majority of companies in the world and have a significant role in the creation of jobs and the advancement of the global economy (Gatewood et al., 2019). In both developed and developing nations, SMEs play a significant role in the economy. (Masso & Vahter 2018; Ogechukwu, 2018; Okpara, 2019; Terungwa, 2020) They are acknowledged as a pivot upon which industrial development, poverty alleviation, job creation, and economic progress can be built. Because of their capacity to quickly adapt to systemic shocks and their potential to create jobs and revenue during a period of fast decline in the major firm sector, SMEs are crucial to the growth plan (Kumarpeli & Semasinghe, 2018). Like many developing nations, Nigeria has acknowledged the

significance of SMEs as a driver of economic growth and the reduction of poverty. Due to a lack of documentation, it is challenging to determine the precise influence of SMEs on the Nigerian economy; however, it has been estimated that SMEs make up 97% of all enterprises in the nation (Ayodeji et al, 2020). They account for over 46% of the GDP and employ more than 50% of the workforce in the country (National MSME Collaborative Survey, 2017): Taiwo, et al., 2020). The desire for a company to run its own affairs is one of the factors that contribute to peak performance. In essence, the majority of firms strive for autonomy because it is essential to their significant growth. Julian (Oliver & Thomas, 2016).

The general view is that autonomy means that people make their own decisions without consulting others, despite individual variations in opinion on specifics (Dworkin, 2018; Metaal, 2016). Autonomous people aspire to be in a position where they can make their own decisions. (Shane et al., 2011; Gatewood et al., 2017; Kolvereid, 2017; Wilson, et al., 2018) The entrepreneur desires autonomy, sometimes known as independence or freedom. Among other things, people launch businesses to become independent, and frequently, the success of their company is crucial to reaching that goal. At the macroeconomic level,

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autonomy matters. Shane et al., (2019) claim that the relationships between autonomy and innovation, employment, and growth are intriguing and pertinent to policy. Morgan & Hughes (2017). Since a large company may be less dependent and vulnerable than a small one, some entrepreneurs may connect autonomy with the expansion of their business. For some, on the other hand, autonomy is linked to being small: anticipating greater freedom when there is little to worry about. Since operational facets of the company can now be delegated to others, employees may represent greater independence. Because one now has the obligations and concerns associated with hiring others, it may also be interpreted as implying less freedom. Since autonomy orientation implies doing something different and less concerned with what is traditional, autonomy and creativity are related in the context of innovation (Green et al., 2006).

However, when autonomy is the main objective, innovation could be constrained. According to Johanssen et al., (2015), autonomy is linked to organizational freedom and flexibility, which are concerned with fostering the development of entrepreneurial initiative among the members of the company. According to Fowler (2014), autonomy is the necessity for people to believe that they have choices, that their acts are their own, and that they are the source of their own activities. To achieve strategic advantages and entrepreneurial outcomes, entrepreneurial autonomy is essential (Lumpkin et al., 2009). The relationship between units and sub-units is referred to as autonomy in the context of an organization affecting goal-setting and decision-making (Morgan et al., 2012). Giving managers more freedom in a family business setting is probably going to encourage group ownership (Henssen et al., 2014). Additionally, a sense of autonomy improves a person's performance and attitude (Watson et al., 2021). Enhancing independence and autonomy in the workplace can change people's experiences at work and possibly boost output and performance. This is a result of people's innate desire for autonomy, choice, and the knowledge that their acts are guided by their own will. They get that from autonomy. They feel more contented with their jobs as a result, contented workers are more likely to be productive, which enhances overall business success. Additionally, when an employee has autonomy, they take greater ownership and responsibility for their work, which boosts engagement and may inspire them to put in more effort and care more about the results. Additionally, autonomy can lower turnover by fostering a positive company culture and boosting morale (Wales et al., 2021). In a survey of 320 small enterprises, Cornell University researchers discovered that autonomous businesses expanded four times faster than those that were traditionally supervised. Numerous incredibly successful companies worldwide, including Google, have demonstrated that giving employees more autonomy boosts their enthusiasm and output (Galkina et al., 2017). Carter, et al., (2018)

claim that Google has permitted employees to devote 20% of their time to personal endeavors. Many more creative thoughts and solutions result from having the opportunity to spend time on their own. Nonetheless, it can be inferred that workers who have greater autonomy over their job are also more likely to develop creative solutions that could boost the company's competitiveness (Pidduck et al., 2021). According to Lumpkin et al., (2009), entrepreneurial autonomy is recognized as a key component of firm-level entrepreneurial conduct that creates entrepreneurial value. Entrepreneurs who invest their resources in a new business profit from working autonomy in addition to the financial rewards of the investment choice (Block et al., 2015). Without mincing words, the hospitality sector is the engine of travel at all scales. According to the United Nations World Tourism Organization (UNWTO, 2017), between 70% and 75% of annual expenditures by foreign visitors go toward hospitality services. This demonstrates the industry's strategic significance to travel.

## 2. The Problem Statement

Majority of people are served by the hotel business, a global sector with high growth prospects, and the majority of workers strive to meet its goals. The hotel industry in Ogun State has seen a spike in growth and development recently, and it is anticipated that the sector will continue to expand quickly, as seen by the community's growing population and the influx of local tourists to the environs. This paradigm change in the development of the tourism industry places additional demands on practitioners in terms of technological advancement, resource acquisition, and production techniques, which in turn place a great deal of strain on the environment and the infrastructure that is already in place. It has caused additional environmental effects on the current climate. More than 90% of Micro, Small, and Medium-Sized Enterprises in Nigeria are informal, according to statistics from SMEDAN (2017). Their performance is impacted by autonomy problems and a lack of strategic direction. Nowadays, it is commonly asserted that entrepreneurship plays a crucial role in the process of economic development and progress. Theorized as a component of corporate entrepreneurship (CE), autonomy has not received significant attention in the literature up to this point because the majority of previous CE studies have not included autonomy measures. Significant research on autonomy in Nigerian SMEs has not been conducted. According to earlier studies, SMEs with an autonomous orientation are more likely to outperform those without. In light of this, it is essential that this study look into these claims and hypotheses and come to logical conclusions.

In businesses, autonomy enables people to be innovative, build commercial ventures, and take ownership of both success and failure. There is a favorable correlation between business performance and a company's ability to facilitate this among its employees. Entrepreneurial autonomy is linked to

business owners' independence and autonomy in making decisions because entrepreneurs take decisive and hazardous activities. Research has indicated a positive correlation between corporate performance and autonomy. The ability of entrepreneurs and whatever staff they have to take responsibility for their choices, however, will continue to be the most effective business strategy and actions, just like in developed economies. Despite being a key component of entrepreneurship, autonomy has received little to no attention in relation to the overall functioning of the company. Thus, this study looked at how autonomy affected the performance of a few Ogun State small and medium-sized hospitality enterprises.

### **3. Significance of the study**

By offering empirical insights on the impact of autonomy on the success of SMEs, particularly in the hospitality industry, the study's findings will be helpful to entrepreneurs, scholars, and policymakers. The results of this study will help small and medium-sized hospitality business owners and managers in Ogun State, as well as those in other regions of Nigeria and some developing nations in Africa, by giving them a better understanding of the advantages of using the autonomy parameter examined in this work to forecast the variables influencing SMEs' performance. The Nigerian government, especially Ogun State, will benefit from the study's conclusions. Hospitality contributes significantly to national development and is associated with the hotel industry. This would increase revenue and strengthen the state's hotel industry. Special events in Ogun State, such as the yearly Ojude Oba celebrations, the Olumo Rock, the Osungbo Shrine, etc., draw tourists who stay in the state's hotels and guest homes, consequently boosting the state's hospitality sector. Last but not least, this study will be crucial to policymakers because it will help them create policies that will promote the growth and establishment of small and medium-sized businesses, which will provide modern infrastructure and jobs for young people.

### **4. Research Objectives**

The particular goals are:

1. Analyze how autonomy affected the success of small and medium-sized hospitality enterprises in Nigeria's Ogun State.
2. Examine how innovativeness affects the performance of small and medium-sized hospitality enterprises in Nigeria's Ogun State.
3. Examine how proactiveness affects the performance of small and medium-sized hospitality enterprises in Nigeria's Ogun State.

### **5. Research Hypothesis**

Hypotheses below was formulated and tested in the study.

H01: The performance of a subset of Ogun State's

small and medium-sized hospitality enterprises is not significantly impacted by autonomy.

H02: The performance of a subset of Ogun State's small and medium-sized hospitality enterprises is not significantly impacted by innovativeness.

H03: The performance of a subset of Ogun State's small and medium-sized hospitality enterprises is not significantly impacted by proactiveness.

## **6. Methodology**

### **6.1 Research Design**

The study employed descriptive survey design to obtain information from respondents.

### **6.2 Population**

The population for the study consisted of forty six (46) prominent hotels/guest houses in Ogun State, Nigeria

### **6.3 Sample and Sampling Technique**

Stratified random sampling technique was adopted for the study. The sample consisted of twenty five (25) hotels/guest houses based on how long of existence in the study area. Primary data was collected with the aid of three (3) structured questionnaires, administered purposively to 350 respondents.

### **6.4 Reliability of Research Instrument**

Selected small and medium-sized hospitality enterprises in Oyo State participated in a pilot study. 10% of Oyo State's chosen small and medium-sized hospitality enterprises were utilized. The pilot test's outcome demonstrated the reliability of the research tool, since the scale's Cronbach's alpha was higher than 0.70.

### **6.5 Research Instrument**

Questionnaires for Managers, Employees and Customers of Hotel/Guest Houses (QMECHGH) was designed to collect Data for the study.

1. 25 Questionnaires for Managers of the Hotels/Guest Houses.
2. 75 Questionnaires for employees.
3. 250 Questionnaires for customers of the Hotels/Guest Houses.

### **6.6 Procedure for Data collection**

The questionnaires were personally administered to the managers and employees of the hotels/guest houses, while that of the customers of the hotels/guest houses was handed over to the managers who assisted in distributing to customers, and were retrieved after two weekends.

**Table 1: Autonomy has no significant influence on the performance of SMEs of hospitality businesses in Ogun State**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.000	.000	.161	-.002

a. Dependent Variable: PERFORMANCE

b. AUTONOMY

**Table 2: Innovativeness has no significant influence on the performance of SMEs of hospitality businesses in Ogun State**

Model	R	R square	Adjusted R square	Stand Error of the estimate
1	.548	.498	.195	.2547

a. Dependent variable: PERFORMANCE

b. Innovativeness

**Table 3: Proactiveness has no significant influence on the performance of SMEs of hospitality businesses in Ogun State**

Model	R	R square	Adjusted R square	Stand Error of the estimate
1	.396	.386	.183	.2103

a. Dependent variable: PERFORMANCE

b. Proactiveness

**Table 4: Table showing the estimate of the coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1(Constant)	-.066	.310		-.214	.833
AUTONOMY	.000	.161	.000	-.002	.998
INNOVATIVENESS	.498	.195	.548	2.547	.020
PROACTIVENESS	.386	.183	.396	2.103	.050

### 6.7 Method of Data Analysis

Data collected for the study was analysed using inferential statistical tool. The hypotheses were analysed and tested at 0.05 level of significance. The inferential analysis was done with the use of regression analysis.

### 7. Result

The regression model in Table 1 shows that autonomy has a beta value of 0.00. This indicate that autonomy was found to have no effect on the performance of selected small and medium scale hospitality businesses in Ogun State, Nigeria. In Table 2, Innovativeness was found to have a 0.55 effect on the performance of the hotel businesses amidst a constant influence of other factors. The influence of innovativeness was significant at 0.05%, thus innovativeness had a very strong positive influence on performance of the hotel businesses in Ogun State, Nigeria. Therefore, the null hypothesis was rejected, and alternative hypothesis

accepted. In Table 3, the influence of proactiveness on the performance of SMEs in the hospitality business in Ogun State accounted for 0.40 at 5% level of significance. Every successful proactive act embarked upon by the hoteliers, customer satisfaction and customer retention increases by 0.40.

### 8. Discussion

Autonomy influence on hotels in Ogun State was found to have no effect on the performance of hotel businesses in Ogun State, while the effects of other factors were constant. Though the influence of autonomy on the performance of the hotel businesses was insignificant, nevertheless it should not be neglected. The inability of autonomy to have any effect on the performance of the hotel businesses was because the degree and level of freedom accorded the hotel manager to use their discretion is extremely little without proper directive from the hotel owners. This is likely due to the fact that most of the hotels in Ogun State are solely owned by private individuals. Certain

task that needed to be done urgently are rendered stationary because of the huge capital outlay that must be approved by the hotel owners promptly but the hotel managers have no discretion to embark on such decision despite the inevitability of the needs. In contrast, the view of Metaal (2016), autonomy should be granted to employees in order to be outstanding in their overall job or for the specific tasks they perform. This is similar to the view of Birley & Westhead (2018). Improving autonomy and independence in businesses can transform the work experience for individual and lead to increased performance. The business owners are extremely active in monitoring and directing the activities of their hotel businesses. This decision can be relaxed for the optimum performance of their employees. The influence of innovativeness was significant at 0.05%, thus innovativeness had a very strong positive influence on performance of the hotel businesses in Ogun State, Nigeria. Thus the result supported the view of (Piralla 2017). Therefore, the null hypotheses was rejected, and alternative hypothesis accepted. The influence of proactiveness on the performance of SMEs in the hospitality business in Ogun State accounted for 0.40 at 5% level of significance.

## 9. Recommendations

The following recommendations were made based on the findings of the study

1. Private hotel owners should constitute board of directors that can take decisions on behalf of the hotel owners.
2. Customer patronage should not be discouraged due to inability to take prompt decisions for the advancement of the organization.
3. In order to forestall long term negative consequences on the hotel businesses, managers should be permitted to take quick decisions on demand.
4. Though autonomy effect on the performance of small and medium scale hotel businesses is insignificant, it should not be relegated.
5. Owners of the hotels should not jeopardize the confidence reposed on the hotel services thereby discouraging prospective customers.

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