

INNOVATION PRACTICES AND PERFORMANCE OF HOTELS IN BIDA, NIGER STATE, NIGERIA

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ARTICLE INFO

Article No.: 0314

Accepted Date: 02/04/2026

Published Date: 30/04/2026

Type: Research

ABSTRACT

The primary purpose of this study is to examine the effect of innovation practices on hospitality business performance. This study adopted cross-sectional research design as well as the survey method in investigating the effects of innovation on performance hotels. The population of this study consists of 22 (twenty-two) luxury hotels in Bida metropolis that have so far registered with Corporate Affairs Commission (CAC). Due to the very small size of the population, it is scientifically recommended to conduct a census (surveying all 22 hotels) to eliminate sampling error entirely. Therefore, the total sample size of hotels for this study was twenty-two (22). As such, in each of the hotel sampled, four (4) respondents (owner/ CEO, manager, supervisor; and accountant) of the hotel were randomly selected to have a proportional representation in the twenty-two (22) hotels sampled for the study. Therefore, eighty-eight (88) respondents were engaged for the study. However, the researcher administered a total of 88 questionnaires, in which 80 were duly filled and returned. From the hypotheses tested, the results indicated that innovation (service and organizational innovation) and hotel performance (sales growth and profitability) were significantly related. The study therefore recommended that Management of hotel businesses in Bida metropolis should focus on adopting technology such as 5G network, Internet of Things (IoT) for safety and improve efficiency that will drive value and sustainability.

KEYWORDS: Innovation Practices, business performance, service innovation, organizational innovation, profitability, sale growth

Introduction

Hotels that track and respond to customers' needs and preferences perform at higher levels while achieving sustained success and maintaining a strong competitive position (Rosli & Sidek, 2023). Customarily, hospitality business performance has been measured through operational dimensions to measure operational performance (Hameed et al., 2021). Recurrently, these dimensions include customer satisfaction (Usman et al., 2021); profit generated; sales growth (Burger et al., 2021); and return on investment (ROI), (Elbaz & Majdouline, 2023). Innovation in this context enables hotel owners/managers to introduce new services that improve quality of service delivery that meet the varying requirements of potential guests and increasing their sales, profits and market share (Lau, 2020). Innovation is the process of turning an idea into a product or service that create value. It is the application of better solutions to the new problems (Hameed et al., 2021). Innovation is a continuous process that requires by business owners or entrepreneurs to go through at interval. The entrepreneur's focus should be based on service innovation, whether on an extrinsic or on an intrinsic level of differentiation. Though, the organization must expand the scope of its innovation to include new ways of shaping the business's operations, processes, and markets (Elbaz & Majdouline, 2023).

Hotels in advanced societies are increasingly introducing visual recognition technologies that enable guests to check into their rooms using facial recognition instead of relying on physical key cards that are vulnerable to theft or loss in an effort to improve their business resilience and performance. By using machine learning algorithms, artificial intelligence software also helps hotels provide their customers personalized services like fast self-check-in, dining preferences, and wake-up alarms (Usman, *et al*, 2021). In Bida metropolis, hotels have been reluctant to embrace hotel innovation and technologies, but as the hospitality sector grows and investors setting their sights on further tapping into its developments in hotel technology that will satisfy international tourists accustomed to digital lodging, meet guest demand, and offer competitive levels of guest service (Usman *el tal*, 2021).

Problem Statement

Innovation is crucial to the economic development of any nation because it gives businesses operating in various economic sectors a competitive edge. Expanding customer service offerings to draw in new clients and keep existing ones depends heavily on the ability to provide cutting-edge services more successfully and efficiently than rivals (Barr & McNeilly, 2024). According to Rosli & Sidek (2023) in their study, hotel establishments in the hospitality industry are faced with a challenge in offering improved and new services. A review of the literature revealed that the majority of theories and research on innovations have concentrated on products, with very little attention paid to services. This was to be expected given the prior emphasis on product development, which had a major impact on the economies of countries all over the world (Rosli & Sidek, 2023). The study of Usman *et al* (2021) have proved that innovations in the hotel industry have potential to improve hotel productivity by lowering operational costs and adding value to the services offered to the guests. However, despite on the praises attributed to innovations on service performance in hotels, majority of hotels in Bida have recorded huge losses as a result of declining sales caused by economic hardship; stiff competition; outdated facilities, ignoring innovations on smart-room technology makes the hotel facilities outdated; and poor guest experiences. It is against this background that this study examined the relationship between innovation and performance of hotels in Bida metropolis, Niger State

Objectives of the Study

The main objective of the study is to examine the effect of innovation on Performance of the Hotel businesses in Bida metropolis of Niger State, while the specific objectives are to:

- i. Examine the effect of service innovation on performance of hotel businesses in Bida metropolis
- ii. Examine the effect of organizational innovation on performance of hotel businesses in Bida metropolis.

Research Hypotheses

H₀₁: There is no significant effect of service innovation on the performance of hotel businesses in Bida metropolis

H₀₂: There is no significant effect of organizational innovation on the performance of hotel businesses in Bida metropolis

Review of Related Literature

Concept of Innovation

Innovation is a strategic tool used by firms to obtain a competitive edge and thrive in the global marketplace. German economist Joseph Schumpeter developed the early concept of innovation in economic development and entrepreneurship. (Rosli & Sidek, 2023). According to Joseph Schumpeter, innovation includes creativity, R&D, new procedures, new goods or services, and technological advancements (Rosli & Sidek, 2023). The creation of new wealth or the modification and improvement of preexisting resources to create new wealth is another definition of innovation. According to Rosli & Sidek (2023), it is also viewed as a process of coming up with ideas, developing inventions, and eventually bringing new goods, services, or processes to market.

Dimensions of Innovation

Rosli & Sidek, (2023) discussed the three dimensions of innovation in this study below.

i. Service innovation

In order to improve client pleasure, efficiency, and personalization, service innovation in the hotel sector entails implementing new technology, procedures, and experiences. AI-powered chatbots, smart room technology, smartphone apps for check-in/control, and sustainable, health-focused facilities are some of the major themes. These developments seek to produce seamless, memorable, and customized visitor experiences.

ii. Marketing innovation

Rosli & Sidek, 2023 (2023) claim that in order to satisfy consumer preferences, market innovation consists of market mix and market selection. The discovery of something new is considered marketing innovation. The goal of marketing innovation is to increase sales by shifting customer demand from elastic to inelastic market sectors (actual or imagined). The ability of a business to create or produce new goods with sustained commercial viability is known as marketing innovation.

iii. Organizational innovation

According to Rosli & Sidek, 2023 (2023), creative strategies are applied to a business's commercial procedures, workplace structure, or external relations. In order to improve a company's utilization of information, the caliber of its goods or services, or the efficiency of its work processes, organizational innovation refers to changes in organizational structure or management techniques. It also refers to the application of a new organizational strategy in a company's external interactions, workplace structure, or business procedures.

Business Performance

Every company's goals are the outcomes they intend to attain while conducting business. A business's performance indicates how well it has accomplished these goals (Burger *et al.*, 2021).

A business's success is a multifaceted concept that encompasses both financial and non-financial metrics (Hameed *et al.*, 2021). In particular, non-financial measurements express expectations that cannot be measured in terms of financial indices, while financial indicators convey specific financial expectations that have been met throughout predetermined time periods (Hameed *et al.*, 2021).

Theoretical Review

Schumpeter Theory of Innovation

The exponent of the theory is Peter Schumpeter in 1934. The Schumpeter theory of innovation suggests that businesses create innovations through research and development or inventors which get profits for the business. According to Schumpeter, the innovation will occur over again before the economy equilibrates and he highlighted that entrepreneur motivation to pursue new opportunities potential to make good revenue would increase income spherical flow. The Schumpeter theory put down difference between the innovator and inventor where innovator is tasked with bringing novel combinations such as new services, new products, new processes, while inventor conceptualizes something new. According to Schumpeter, when the new combination enters the market and it is stabilized, the innovator ends to be known as an innovator. Service firms like hotels develop new technologies with a purpose of gaining value from process efficiency and cut operational costs. Thus, the Schumpeter theory of innovation is an appropriate theory to explain the effect of service innovation in certifying improvement in hotel performance.

Organizational Innovation Theory

The organizational innovation theory by Sullivan in 1998 argues that innovation in an organization is a summation of knowledge accumulation from learning which ends from trial and error process that is rooted from collective as well as individual research. According to the organizational innovation theory, innovation process nature will prompt organizations to either adopt strategies to help in developing such innovation or adapt other strategies known as adaptive strategies that guarantee survival of the organization by implementing status quo rather than venturing in an uncertain innovation process. In a business setting, organizational innovation usually relates to the employment of new ways of running the organization mostly through organizing and leading. Senguo & Kilango (2016) are of the view that the organizational innovation theory sets the process for better-quality practices of management in an organization through boosted structures and processes for enhanced organizational goals accomplishment. Jafari (2019) claims that the organizational innovation is equal to new methods development of coordinating and effectively utilizing the vital organizational resources such as financial resources, technological resources, and human resources. This theory is appropriate to explain organizational innovation and its effect on hotel performance.

Empirical Review

Gunday *et al.* (2020) carried out a study on the implication of process innovation, marketing innovations, service and organization innovations on firm performance. The study was based in Turkey and the study established that the firms' performance was positively impacted by strategic innovations.

Jafari (2019) surveyed the impact of organizational innovation on product innovation, innovative performance and market of the company. The aim of this study was to examine the impact of organizational innovation on product innovation, market performance and innovative performance of the companies. Findings indicated that organizational innovation has significant impact on product innovation, market performance and innovative performance of the company. Ferreira *et al.* (2020) conducted research on the impact of service innovation on staff performance

in five-star hotels in Nigeria. The researchers used a descriptive research design for their investigation. An approach based on content analysis was used to analyze the data. This is due to the fact that it is heavily reliant on secondary source information. The findings revealed that service innovation had a positive and statistically significant impact on task performance; that service innovation has a positive impact on Service quality; and that service innovation has a statistically significant impact on task performance. Also, it was recommended that hotels adopt a user-friendly customer interface to make operations and comprehension by consumers easier; this will boost customer happiness.

Twaliwi & Isaac (2017) examined the impact of innovation (organizational innovation, process innovation and service innovation) on the performance of small and medium scale enterprise in Gwagwalada, Abuja using Ordinary least Square method of multiple regressions. The study found that there is significant relationship between innovation and performance of SMEs in Gwagwalada- Abuja. Other findings show that there is a significant relationship between service innovation, process innovation, organizational innovation and performance (sales volume) of SMEs in Gwagwalada, Abuja. Tuan *et al.* (2016) examined the effects of innovation on firm performance of supporting industries in Hanoi. They specifically investigated the impacts of innovation on the different aspect of innovation performance, and then their effects to firm performance (process, service, organizational, marketing and financial performance) using reliability, factor analysis and regression. The result demonstrated there are positive effects of process, service, marketing, and organizational innovations on firm performance in supporting firms. More specifically, the higher the level of innovation activities is, the greater the innovative performance is, which means the larger level of Process, service, organizational and marketing innovation activities are, the higher level of innovative performance are likely to be. Secondly, the higher the level of Process, service, organizational, and marketing innovation, the better the level of firm performance is likely to be.

Mensah and Acquah (2015) examined the effect of innovation types on the performance of small and medium-sized enterprises in the Sekondi- Takoradi metropolis using Partial least squares (PLS) and structural equation modelling (SEM). The study revealed that all four different types of innovation significantly influence organizational performance positively, except the product innovation/organizational performance relationship which were positive but not significant. The results also suggest that innovation accounted for more than fifty one percent of the variation in organizational performance. Karabulut (2015) investigated the effects of innovation types on performance of manufacturing firms in Turkey using factor analyses and multiple regression analyses. The study found that the service innovation, process innovation and organizational innovation have positive impacts on financial performance, customer performance, internal business processes performance and learning and growth performance. The marketing innovation has positive impacts on financial performance, customer performance, and internal business processes performance. However, the marketing innovation has a negative impact on learning and growth performance. The innovation type explains customer performance more than other dimensions of firm performance. Using regression model. Nwosu, Awurum & Okoli (2015) carried out an evaluation of the effect of technological innovations on corporate performance: A study of selected manufacturing firms in Nigeria using t-test statistics. The result of the study revealed that process innovation; service innovation; organizational structure and employee development significantly affect firm's performance positively.

A litany of studies on influence of innovation on the performance of businesses has been reviewed from various stand points. Their findings are robust and insightful. However,

there seems to be a rareness of studies in this subject in Bida metropolis, States Niger which happens to be one of the largest economic hubs in Niger State after Minna and Suleija. Most of the studies reviewed were carried out in Asia. None of the studies conduct in Nigeria was in Bida metropolis, Niger State. This study therefore fills a literature gap by investigating the effect of innovation on performance in the hospitality industry: a study of selected hotels in Bida metropolis, Niger State.

Methodology

This study was based on a cross-sectional research design. The population of this study consists of twenty-two (22) luxury hotels in Bida metropolis that have so far registered with Corporate Affairs Commission (CAC) in Niger State. Due to the very small size of the population, it is scientifically recommended to conduct a census (surveying all 22 hotels) to eliminate sampling error entirely. The researcher adopted probability sampling. As such, in each of the hotel sampled, four (4) respondents (owner/ CEO, manager, supervisor; and accountant) of the hotel were selected to have a proportional representation in the hotels sampled for the study. Thus, the sample size of the study is eighty-eight (88). Data generated through the questionnaires were analyzed using descriptive and inferential statistics. Descriptive statistics involve frequency distribution, percentage, mean and standard deviation while the inferential statistics of correlation analysis were analyzed through the use of SPSS 26.0.

Result and Discussion

H₀₁: There is no significant effect of service innovation on the performance of hospitality businesses in Bida metropolis.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995 ^a	.989	.988	.07840

a. Predictors: (Constant), Service innovation drive customer loyalty and in turn, increase hotel sales, Adoption of new technological service delivery systems correlate with hotel operational effectiveness, and Implementation of service innovation in hotels affect perceived service quality and customer satisfaction

Model Summary Interpretation

The Model Summary table shows the strength of the relationship between service innovation variables and the performance of hospitality businesses. The R value = 0.995, which indicates a very strong positive relationship between service innovation variables and hospitality performance. The R² value = 0.989, meaning that 98.9% of the variation in hospitality performance (sales growth) is explained by the service innovation variables included in the model. The Adjusted R² = 0.988, indicating that after adjusting for the number of predictors, about 98.8% of the variation in hospitality performance is still explained by the model. This suggests that service innovation factors strongly explain the performance of hospitality businesses in Bida metropolis.

H₀₂: Organizational innovation does not have a positive effect on hospitality businesses in Bida metropolis.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.990 ^a	.980	.978	.11042

a. Predictors: (Constant), Top management support for innovation directly correlate with higher profitability in the hotel businesses, Organizational culture and atmosphere influence a hotel's ability to improve its profit performance, adopting a new value system lead to increased profit in the hotel businesses.

Model Summary Interpretation

The Model Summary table explains the strength of the relationship between organizational innovation variables and the performance of hospitality businesses measured by profitability. The R value = 0.990, indicating a very strong positive relationship between organizational innovation variables and hospitality performance. The R² value = 0.980, meaning that 98.0% of the variation in profitability of hospitality businesses is explained by the organizational innovation variables included in the model. The Adjusted R² = 0.978, which indicates that after adjusting for the number of predictors, 97.8% of the variation in profitability is explained by the regression model. This result shows that organizational innovation variables strongly explain the profitability of hospitality businesses in Bida metropolis.

Discussion of Findings

Finding from the hypothesis one indicates that service innovation drive customer loyalty and in turn, increase hotel sales, adoption of new technological service delivery systems will increase hotel operational effectiveness, service quality, and customer satisfaction

Findings from the hypothesis two indicated that, top management support for innovation directly correlate with higher profitability in the hotel businesses, organizational culture and atmosphere influence a hotel's ability to improve its profit performance, adopting a new value system lead to increased profitability in the hotel businesses.

Conclusion

The study concluded that innovation practices and hospitality businesses in Bida metropolis were empirically related. Adoption of new technological service delivery systems increase hotel operational effectiveness, service quality, and customer satisfaction. More so, top management support for innovation and adopting a new value system lead to higher profitability in the hotel businesses in Bida metropolis of Niger State.

Recommendations

Based on the findings of the research, it is recommended that the following measures be put in place:

- i. Management of hotels in Bida metropolis should move beyond traditional service model and adopt technological innovation in smart solutions by implementing contactless check-in and digital keys to reduce friction and wait times. By integrating these technologies, hotels in Bida can enhance guest satisfaction, which will directly lead to higher sales growth.
- ii. Also, management of hotel businesses in Bida metropolis should introduce incentive programs that will enhance profitability by creating formal reward systems for employees who propose cost-saving or revenue generating ideas. Also, hotels management in Bida metropolis should adopt total quality management (TQM) practices that include employee engagement that will drive higher guest satisfaction, improve financial performance.

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