

Inflation Crisis Management Strategies and the Performance of Hospitality Businesses in Osun State Nigeria

Journal of Management and
Social Sciences
© The Author 2025
Reprints and permission
jmseditorial@gmail.com

Sakariyah, Aisha Aderonke

Federal Polytechnic, Ayede, Oyo State, Nigeria

Adebowale, Hammed Adesola

Summit University, Offa, Kwara State, Nigeria

Akinloye, Olusegun Adesola

Osun State University, Osogbo, Osun State, Nigeria

Abstract

Hospitality businesses in Nigeria were vulnerable to an inflation crisis following the removal of the fuel subsidy, which threatened their performance. The study examines how crisis management strategies affect the performance of the hospitality entities in Osun State, Nigeria. The four strategies examined in the study were human resource strategies (HRS), maintenance, marketing (MKT), and government support. Data were obtained from 206 hospitality business operators and employees using purposive sampling. Descriptive results show that maintenance-related strategies were the most employed, followed closely by human resources, marketing, and government support. Results from the regression indicate that human resource strategies positively impact all performance dimensions including, financial, employee and customer. Maintenance equally positively influence financial and employee but not customer performance. Marketing strategies positively impacts financial and customer performance, whereas government support impacts only the customer performance. Reinforcing HR, maintenance, and marketing measures is therefore central to achieving better performance in times of inflationary crisis.

Keywords

Crisis, crisis management, inflation, hospitality sector, performance

Introduction

The hospitality sector continues to be recognised as one of the most threatened sectors by crises because of its dependence on discretionary spending, consumer trust, and service quality (Zhang et al., 2023; Zhao & Xu, 2020). The

Corresponding author:

Hammed Adesola Adebowale, Department of Economics, Summit University Offa, Kwara State, Nigeria

Email: hammedadebo@summituniversity.edu.ng

crises can be natural, health-related, pandemics, political and security challenges, or economy crises, each of which puts strain on businesses in different ways (Coombs & Laufer, 2018). While some of these crises may be sudden and catastrophic, like terrorist attacks or a pandemic, others, like inflation and sustained economic downturns, happen more slowly, yet can be equally devastating if not adequately addressed. Coombs (2019) stipulates that a crisis is a turning point in managerial decision-making, and a weak response is most likely associated with organizational decline. In the hospitality sector, this weakness is compounded by its vulnerability to the consumer cycle in addition to its dependence on both global and local supply chains, and high labour-dependence (Novelli et al., 2018). Consequently, crisis management has emerged as a critical strategic discourse internationally in an attempt to explain how companies can proactively monitor, prepared for, and respond to diverse crises.

The current financial crisis in Nigeria is characterized by rampant inflation largely traced back to May, 2023, when President Bola Ahmed Tinubu removed the fuel subsidy. Although this was done in the interest of fiscal sustainability, it immediately led to an acute rise in the cost of petrol and diesel. This policy change increased the cost of energy for hospitality businesses especially in hotels and restaurants which mostly depend on diesel generators as a backup source of power. In many hotels for instance, report suggests that diesel currently contributes up to 40 percent of the operational costs (Obinna, 2024). Coupled with an increase in food prices and import-driven inflation, the removal of the subsidy intensified other economic stresses that pushed restaurant and hotel owners to either hike their prices or, in most cases, close shop. The Jollof Index report, which measures the price of staple foods in local dishes noted that the cost of preparing a family meal has shot up by 153 per cent between March 2023 and June 2025 (SBM Intelligence, 2025). Therefore, the combination of inflation and subsidies withdrawal has triggered a structural crisis in hospitality companies that impedes their financial performance, employee wellbeing, and client retention.

Literature affirms that crisis management strategies are effective in mitigating the negative effects of crises (Coombs, 2019). Such strategies in the context of hospitality businesses cut across four interrelated dimensions which include, marketing, operations or maintenance, human resources and government policy support (Cabaguing et al., 2024). Such marketing plans to confront declining consumer demand include discounts, online interactions, and innovative pricing to sustain customer loyalty (Adeokun et al., 2025). The human resources practices include staff training, welfare provisions, and flexible working that can play a significant role in service quality and morale of employees amid inflationary pressures. Maintenance and operations strategies include operating cost controls with energy-saving technologies, local sourcing, and preventive maintenance to enable continuity of operations. Furthermore, the degree of operational disruption due to crises can be reduced

by government policy support, including stable access to electricity, regulatory relief, and favourable tax policies (Oloso & Omar, 2025).

Crisis management strategies influence the business outcomes in many dimensions including the financial, the employee and the customer performance. Financial performance incorporates aspects of revenue growth, profit margins, and cost effectiveness, which serve short-term indicators of an organization's ability to survive under inflationary conditions. Employee outcomes, such as employee productivity, retention, and morale, are important since the industry is labour-intensive (Cabaguing et al., 2024; Coombs, 2019). In Osun State, where competition is intense among restaurants and hotels and the cost of switching is low, customer performance is especially crucial and is determined by satisfaction, repeat patronage, and loyalty levels (Adeokun et al., 2025).

Even though research on crisis management in the hospitality sector is increasing, the majority of the empirical evidence focus on pandemic and global crises like the SARS outbreak of 2003 (Zeng et al., 2005), the 2014 Ebola epidemic (Novelli et al., 2018), or COVID-19 (Zhao & Xu, 2020). Research into the Nigerian hospitality sector remains limited and the very few studies have focused on overall tourism or nationwide hotel performance, as opposed to focusing on sub-industries or regions (Oloso & Omar, 2025). Hence, strategies for crisis management should be context-specific and based on the realities of the socio-economic and infrastructural environment in the State. Thus, this study is undertaken to fill this gap by presenting empirical evidence on how restaurants and hotels in Osun State implement crisis management strategies together with how the crisis management strategies affect various performance dimensions. The study will provide managers of hotels and restaurants with information-based approaches to guide them through an emerging inflationary crisis.

Literature Review

Conceptual Review

To analyse how restaurants and hotels in the Osun State manage crises triggered by inflation, some of the concepts that are crucial for the study are discussed in this sub section.

Crisis Management

A crisis describes an unexpected event or disruption that has the potential to destabilise an organisation, its functioning, or even its survival (Bundy et al., 2017). In the hotel industry, crises take various forms including natural

disasters, disease outbreaks or epidemic, political unrest, and economic shocks, like inflation. Coombs (2019) noted that crises are turning points which can bring about the failure of an organisation if mismanaged. Inflation has become one of the intense crises facing Nigerian hospitality businesses largely due to the resultant sharp rise in energy, food, and transport prices (Ogboagha, 2025; Onakoya et al., 2024).

Crisis management encompasses an organised framework by which a business entity anticipates, prepare, respond, and recover from disruptive events that pose threats to long-term organisation's success (Coombs & Laufer, 2018). It encompasses not only reaction but also progressive planning to reduce threats. The hospitality industry, crisis management is very essential, since it is highly sensitive to the economic and social fabric of businesses, which literally impacts customer demand and service provision (Kukanja et al., 2020).

Crisis management strategies entail active approaches that firms implement to restore stability to their operations and make them resilient when confronted with crises. These plans usually entail certain changes in the human resources (welfare, flexible staffing), marketing (pricing strategy, digital marketing), maintenance (resource utilization, infrastructure management) and government policy support (Tapping applicable subsidies, tax relief and other financial concessions). These strategies are especially suited to an inflationary environment and where business costs are unstable, and where the purchasing power of customers is declining (Mukolwe, 2023; Olisemenogor, 2025).

Business Performance

Corluka et al. (2021) submitted that the concept of performance is the ability to achieve predetermined, measurable objectives, and fulfilling responsibilities effectively. Business performance is multi-faceted concept in any business including that of hospitality and it is seen from three main dimensions that are relevant to the hospitality business (Mohammed et al., 2017). These include financial performance, employee performance and customer performance. Financial performance encompasses the income, profitability, and price management (Kaplan & Norton, 1996; Nuhu & Ahmed, 2022). Employee performance includes staff productivity, motivation, and retention, which is key to the labour-driven sector like hospitality (Ohunakin et al., 2020). The customer performance on the other hand entail satisfaction, loyalty and repeat patronage by customer which directly translate into long-term sustainability (Zakari & Ibrahim, 2021).

Theoretical Framework

Literature on organisational resilience in times of crisis is based on a number of theoretical frameworks. However, the study is anchored on the Crisis Management Theory and Situational Communication Theory (SCCT).

Crisis Management Theory as conceived by Mitroff and Pearson (1993) and expanded by Gonzalez-Herrero and Pratt (1995) and Coombs (2019) states that crises are unavoidable yet can be properly handled when there is systematic preparations, introduction of early warning systems, and establishment of clear communications. The theory depicts four phases of response to crisis, which include prevention, preparation, response, and recovery. Its application to the case of the inflationary crisis in Nigeria points to the idea that certain measures can be taken to mitigate risks as such as short-term investments in energy-efficient equipment, supply chain diversification, and menu flexibility development. When the business is acting rapidly in response to the crisis, authentic communication with customers and staff such as how to communicate to them about potential price increases or service changes may help retain loyalty and trust. During the recovery stage, business recovers by integrating what has been learned and institutionalising more sustainable behaviours. Hence, the theory sees inflation as not merely an uncontrollable shock, but also as a well-manageable challenge that demands formulated and thoughtful responses.

Another theory is the Situational Crisis Communication Theory (SCCT) (Coombs, 2007; 2019), a more specialised theory of crisis management which emphasised effective communication as a key crisis management tool. The theory is based on Attribution Theory of Weiner (1986) and emphasised that organisation response to crisis should centre around effective communication with employees and customers to win their trusts and loyalty. While the crisis management theory discussed *what* is required of organisations to navigate the crisis lifecycle, SCCT focused on the imperative of effective communication for building organisation's reputation and stakeholder's loyalty. The argument is that stakeholders are more receptive to a sense of business to blame the crisis, thus, leading to impaired reputation, loyalty, and overall performance of the business (Coombs & Holladay, 2002). In light of the hospitality sector in Osun State, SCCT emphasises the need of open communication. By positioning increasing expenses as externality and out of their control, managers can minimise responsibility, maintain customer trust, and preserve financial and workforce performance.

Empirical Literature Review and Hypotheses Development

Inflation Crisis Management and Financial Performance

The connection between crisis management and financial outcomes has been one of the areas of focus in hospitality. Crises triggered by inflationary pressures may raise operational expenses, hinder cash flows, and stir

purchasing power (Zafri et al., 2024). A number of studies noted that a strong crisis management plans enable corporations to stabilise their revenues in the face of declining economy. Emara et al. (2023) in particular found that an efficient financial planning and cost management practices enhanced the resilience of hotels in times of crisis. Likewise, Ogbuabor et al. (2019) noted that firms in Nigeria that implemented proactive approaches to controlling costs had better performance during inflationary periods. A study of Gambia by Novelli et al. (2018) reported that the impact of the crisis caused by the outbreak of Ebola was reduced by crisis management tools like cost-control punches, communications and public relations restriction, and cooperative marketing with other agencies among others. Santos et al. (2024) equally reported in a study of Portuguese hospitality industry that the crisis management employed by the hotels include customer refund policies, marketing, operations, and cost-cutting among others. Thus, this study hypothesises that:

H₁: Inflation crisis management has a significant effect on the financial performance of hospitality businesses in Osun State, Nigeria.

Inflation Crisis Management and Employee Performance

The hospitality industry relied heavily on employees in providing services. Nevertheless, inflation crises can weaken their purchasing power, reduce the employees job satisfaction, leading to high rate of turnover intention among the workers (Martins, 2024; Olabiyi, 2022). Strategies to manage the human resource, e.g., adjustment of wages, welfare provisions and staff education, have proven to reduce these impacts (Kraus et al., 2020). In Nigeria, Nwosu and Onuoha (2022) reported that an increase in inflation among Nigerian hospitality firms that used proactive HR processes, e.g., flexible schedules and incentive packages, kept employee morale higher. However, companies that disregarded employee-related crisis plans recorded poor work rate and increased absenteeism. The study's second hypothesis is thus:

H₂: Inflation crisis management has a significant effect on the employee performance of hospitality businesses in Osun State, Nigeria.

Inflation Crisis Management and Customer Performance

Inflation destroys the purchasing power of consumers, many of whom tend to consume less to eat out or stay in hotels (Novelli et al., 2018). Research also indicates that marketing and government-intervention policies can cushion these effects. Specifically, Zhang et al. (2023) found that restaurants implementing innovative pricing systems, value-added service and promotional discounts retained more customers in case of inflationary crises. This view is supported by Adeola and Evans (2021) who concluded that Nigerian hotels that

implement customer-centric crisis response, including identity-based promotions and rewards systems, experienced increased occupancy levels during the economic crises. The role of government interventions, including tax rebates or subsidies of energy costs is also relevant to maintaining customer affordability (Obi & Madueke, 2022). Accordingly, the third research hypothesis of the study is given as:

H₃: Inflation crisis management has a significant effect on the customer performance of hospitality businesses in Osun State, Nigeria.

Methodology

Data Source

The data used in the study are primary in nature and were collected through structured questionnaires administered to the targeted respondents particularly. The study is focused on hospitality businesses in Osun State Nigeria including restaurants and hotels.

Population and Sampling

The study population encompasses all managers, supervisors, employees and owners of hospitality businesses in Osun State Nigeria, while it employed purposive sampling technique. The use of purposive sampling is considered appropriate since there is no sampling frame that provides official lists of the hospitality businesses affected by inflation crisis in the state. In terms of sample size, though Krejcie and Morgan (1970) suggest a sample size of 384 for large population, a crucial factor for determining sample size is the unit of analysis (Memon et al., 2020) since ease of access to customer may be more compared to the employees and to the management of business entities. For the study, a total of 206 responses were recorded which is considered to be appropriate based on Memon et al. (2020) submissions that a sample of 100 is the least required for statistically credible research results. Hence, the study is based on responses of 206 respondents selected across Osun state.

Technique of Data Analysis

The crisis management strategies used by hospitality firms in Nigeria to mitigate inflation were ascertained with the statistical tool of mean rating. This expected to provide descriptive information about the nature and extent of strategies employed by hospitality businesses in Osun state during period of inflation. Mean rating has been widely applied in social sciences and allied

research to provide descriptive analysis when construct is perception based to reveal the average average intensity of construct's adoption. Previous studies have employed mean rating to describe extent of policy or strategies adoption including in hospitality industry (Riyadi et al., 2023). Hence, this study considered it appropriate for addressing the first objective. For this study, average mean rating above 4.0 is considered as high adoption, between 3.0 and 3.9 is considered a moderate adoption, while mean rating below 3.0 is considered to be low adoption.

In addition, the impact of the crisis management strategies on the performance of the sampled hospitality businesses were analysed with multiple linear regression which is suitable for establishing the causal relationship between two constructs. The study carried out diagnostic tests of multicollinearity using Variance inflation factors, heteroscedasticity using Breusch Pagan test, and serial correlation using Breusch.... Cronbach alpha statistic were used to determine the reliability of the constructs with the decision rule that it is valid if the estimated Cronbach is greater than .70. The validity of the constructs relied on face and content validity, as well as convergent validity using average variance extracted (AVE), which suggest validity when it is greater than 0.5 (Tabachnick & Fidell, 2007). The construct were submitted to experts to authenticate the items that were included in the questionnaire. The information gathered were analysed using STATA 17.0 statistical software.

Model Specification

The model for the study, which links performance measures with crisis management strategies while controlling for demographic variables of the respondents are given in linear regression form as:

$$\begin{aligned}
 &FINP/EMP/CSP_i \\
 &= \alpha + \beta GND_i + \tau EXP_i + \sigma QUAL_i + \vartheta HRS_i + \delta MTN_i \\
 &+ \gamma MKT_i + \pi GPL_i + \mu_i
 \end{aligned}$$

Where the dependent variable of the study is firm performance and it is represented by three proxies including Financial performance (FINP), employee performance (EMP) and customer performance (CSP). The independent variables include GND which is gender of the respondent, EXP which is number of year the respondent has spent in the business, QUAL which is the highest qualifications of the respondents, HRS which is human resources strategies, MTN which is the maintenance strategies, MKT which is marketing strategies while GPL is government support policy. Also, α , β , τ , σ , ϑ , δ , γ , and π represent the parameters for the model with α being the intercept and others being the slope coefficients. μ represents white noise error term and i subscripts represents individual respondents.

Measurement of Variables

The evaluation centres on two principle constructs which are: corporate performance and solutions to crisis management. Performance of business was based largely on Mohammed et al. (2017). Measurement for the crisis management strategies is based on the self-developed scale in this study with insight from previous related literature (Faulkner, 2001; Ritchie, 2004; Paraskevas, 2006). The scale consists of four components with 24 items, which are: human resources (5), marketing (8), maintenance (5), and government assistance (6). The business performance was measured using a nine-item scale as devised by Mohammed et al. (2017).

Instrument's Reliability and Validity

The study carried out face and content validity tests for the questionnaire used in the study. In particular, copy of the questionnaire was given to two experts including one in the field of hospitality and one economist who evaluate and authenticate the contents and items in the questionnaire. Further, convergent validity was carried out through AVE and the results as shown in Table 1 indicates the AVE ranges between 0.504 to 0.738 suggesting the validity of the instrument is at suitable level since the AVEs pass the threshold of 0.5. In addition, the study carried out the reliability test using Cronbach Alpha and the results are presented in Table 1. Based on the results, all the constructs have Cronbach Alpha of more than 0.70, which is the threshold indicator of internal reliability (Willems et al., 2023).

Table 1: Cronbach Alpha Results for Scale Reliability Tests

Measures	No of Items	Cronbach Alpha	AVE
Financial Performance	3	0.782	0.543
Employee Performance	3	0.822	0.603
Customer Performance	3	0.731	0.504
Human Resources	5	0.849	0.625
Maintenance	5	0.841	0.579
Marketing	8	0.884	0.605
Government Assistance	6	0.927	0.738

Source: Author's Computation, 2025

Descriptive Analysis

The results regarding the demographic background of the respondents are summarized in Table 2. Based on Table 2, it is revealed that most of the respondents are within the productive working ages of 18-35 years (35.92%) and 36-45 years (44.66%). The respondents between the age brackets of 46 years to 65 years (19.42%), and above 65 years (0%) are relatively few. This age distribution would promote resistance to inflationary shocks, due to the flexibility of workers of younger age, but it also implies that strategies of crisis response based on experience may be less effective. The findings indicate almost equal proportion of female (52.43%) and male (47.57%) indicating that both male and female can play active role in designing and implementation of effective crisis management. The results equally reveal 17.48 per cent of the respondents had never proceeded past the secondary level and 36.89 per cent obtained ND/NCE, 14.56 per cent had B.Sc./HND, and 4.85 per cent had postgraduate qualification suggesting relatively educated workforce in the sector which makes implementation of structured crisis management strategies possible. On the designation, employees constitute the vast majority (68.93%), then supervisors (13.59%), managers (11.65%), then a few owners (5.83%). On the same note, the findings indicate that majority (64.07%) have less than 5 years of experience in the hospitality industry with only 4.85% having worked beyond 15 years. This implies high coverage of front line staff in this study making the outcomes a reflection of the lived experience of those affected by the crisis.

Table 2: Demographic Characteristics of Respondents

Variable	Description	Frequency	Percent
Age	18-35Yrs	37	35.92
	36-45Yrs	46	44.66
	46-55Yrs	12	11.65
	56-65Yrs	8	7.77
	Above 65 Yrs	0	0.0
	Total	206	100
Gender	Female	54	52.43
	Male	49	47.57
	Total	206	100
Qualifications	Not more than Secondary School	18	17.48
	ND/NCE	38	36.89
	B.Sc./HND	15	14.56
	M.Sc. and Above	5	4.85
	Total	206	100
Designation	Owner	6	5.83
	Manager	12	11.65
	Supervisor	14	13.59
	Employee	71	68.93
	Total	206	100

Years at Work	0-5 years	66	64.07
	6-10 years	22	21.36
	11-15 years	10	9.71
	Above 15 years	5	4.85
	Total	206	100

Source: Field Survey, 2025

Crisis Management Strategies Employed by Hospitality Businesses

In Table 3, the findings indicate that HR-based crisis responses are moderately to strongly trusted by hospitality businesses in Osun State. The most rated practice is the adjustment of wages to moderate inflation (Mean = 4.049, SD = 0.616), indicating that companies focus on maintaining the morale and output of the staff members by increasing wages. Likewise, outsourcing (Mean = 3.864) and cross-training employees (Mean = 3.65) are very common to provide flexibility when there is a shortage in personnel. Conversely, there was less focus in training employees to inflationary environments (Mean = 3.204, SD = 0.922) and reduction of work hours (Mean = 3.282, SD = 1.07), which may be due to the limitations of formal employee training programs and the necessity to continue operating despite cost increases. On the whole, HR measures seem to be more oriented towards financial cushioning, labour flexibility than capacity building.

Table 3: Summary Mean Rating of the Crisis Management Strategies Employed by Hospitality Businesses

Variable		Mean	Std. Dev.
Human Resources			
H1	Employees are cross-trained to handle multiple roles when shortages arises.	3.65	.75
H2	Employees Well-being initiatives (transport support meals, allowances, or meals) are put in place to prepare for any rise in costs.	3.592	.773
H3	Employees are prepared to work in inflationary conditions through constant training.	3.204	.922
H4	Work hours are cut when inflation raises working expenses.	3.282	1.07
H5	Pay adjustments are made to cushion the effect of inflation pressures on the employees.	4.049	.616
H6	Temporary staff or outsourcing is used to quickly adjust to financial shocks.	3.864	.687
H7	Outsourced human resources were relied upon more.	3.709	.517
	HR Average	3.621	.271

Maintenance Strategies		
MTN1	Preventive maintenance is carried out to avoid costly breakdowns.	3.612 .854
MTN2	We put in place Energy-efficient equipment to prepare for any rise in utility costs.	3.592 .89
MTN3	There is stock-piling of essentials in expectations of increased prices.	3.476 .917
MTN4	Utility usage is reduced (e.g., lights, AC, generators) when costs rises.	3.146 1.023
MTN5	Supply purchases are made in panic after price surges.	3.718 .567
MTN6	We reduce costs by deferring cosmetic repairs to the restaurant/hotel.	4.641 .639
MTN7	Cost reductions through the restriction of our services to high income yielding ones	3.65 .737
MTN		3.691 .319
Marketing Strategies		
MKT2	The business develops affordable meal bundles or discounts in advance to attract customers despite rising prices.	3.495 .884
MKT3	Market research is carried out to foresee the effects of inflation on the customer demand.	3.35 1.007
MKT4	Loyalty programs are implemented to maintain a customer base in the era of inflation.	3.485 .917
MKT5	Menu prices are reviewed upward to make for rise in supplier costs.	3.767 .831
MKT6	Portion sizes or ingredients are reduced in response to inflation pressures.	3.66 1.015
MKT7	Promotions or discounts are introduced to address drop in customer patronage.	3.718 .772
MKT		3.579 .488
Government Policy/Support		
GPL1	The company actively seeks government grants, subsidies, or tax reduction before the situation becomes critical.	3.379 .83
GPL2	The business seeks government support (subsidies, loans, or tax waivers) to mitigate the severe financial losses.	3.485 .969
GPL3	Policy compliance adjustments are made after inflation-related penalties or fines occur.	3.252 .947
GPL4	Joined Industry-wide demand for government assistance with current expenses	3.408 .857
GPL5	joined industry-wide demand for a grace period on national tax payments	3.854 .706
GPL6	Joined protest against lack of government support	3.466 .765
	GPL Average	3.474 .393

Source: Author's Computation, 2025

Maintenance based responses are of the greatest rank; the core emphasis being on cost deferrals. The best strategy is postponing cosmetic repairs (Mean = 4.641, SD = 0.639), which implies that companies actively delay non-essential upgrades in an attempt to save money. Other interesting ones are panic supply

buying when prices start soaring (Mean = 3.718) and limiting services to high income yielding services (Mean = 3.65) which reflect a survivalist orientation in inflation shocks. Preventive maintenance (Mean = 3.612) and energy-efficient investments (Mean = 3.592) is moderately practiced, implying some forward-looking measures, although not as predominant. Minimizing utility consumption (Mean = 3.146, SD = 1.023) received the minimum score, probably due to the operational need of electricity, fuel, and cooling in the hospitality environment, which makes radical reductions impractical.

There is moderate adoption of marketing strategies as they portray efforts to balance customer retention at the cost of inflation. The most important practice is an increase in menu prices (Mean = 3.767, SD = 0.831) indicating that increasing the costs to consumers is a major survival strategy among businesses. Next in line are discounts/promotions (Mean = 3.718), reducing portion sizes/ingredients (Mean = 3.66) strategies, which save customer patrons and balance increases in supplier costs. Conversely, market research (Mean = 3.35) and loyalty programs (Mean = 3.485) are less popular, which implies that data-driven and relationship-based marketing is less strong than the more immediate pricing changes. The big picture is reactive marketing, with a focus on short-term price changes instead of long-term customer relationship.

Dependence on government-related interventions is comparatively low as compared to other strategies. The most used of them is tax payment grace periods (Mean = 3.854, SD = 0.706) which indicates that fiscal relief is a serious request of the industry. Others such as the pursuit of subsidies/loans (Mean = 3.485) and protests due to lack of government action (Mean = 3.466) are moderately adopted showing dissatisfaction with poor policy responses. Nonetheless, changes in compliance following fines (Mean = 3.252, SD = 0.947) noted the lowest rating which means that businesses rarely respond to fines by changing operations. The results indicate that, as firms request government relief, their expectations are dampened, probably because of the lack of faith in quick government intervention, particularly following recent fiscal and subsidy reforms that heightened inflationary pressures.

Overall, the results suggest that firms prioritise short-term cost-saving and pricing responses over long-term capacity-building measures, reflecting a reactive rather than strategic approach to inflation-induced crises.

Analysis of Crisis Management Strategies Impact on the Business Performance

The estimated least squares regression results are given in Table 5, with the findings on financial performance in column (1), employee performance in

column (2), and customer performance in column (3). Before obtaining the results, diagnostic tests were carried out and the results are presented in the lower part of the table. While the highest VIF of 1.56 that is below 10 in the model suggests no evidence of multicollinearity, the results of Breusch-Pagan test for homoscedasticity suggest no evidence of heteroskedasticity as the null hypothesis could not be rejected in any of column 1 to 3. In terms of the explanatory power, the results show 51.9, 62.0, and 26.8 per cent explanation of the variation in the corresponding dependent variables, indicating that the predictors have a higher explanatory power on financial and employee performance compared to the customer-related performance.

In terms of financial performance, human resource strategies (HRS) are the most significant determinant ($\beta = 0.438$, $p < 0.01$) indicating that active investment in the welfare of the staff, training, and flexible working design significantly enhance financial resilience. Maintenance (MTN: $\beta = 0.217$, $p < 0.05$) and marketing (MKT: $\beta = 0.259$, $p < 0.05$) strategies have positive impact on financial results, indicating that the mechanisms of preservation and adaptive pricing help to be profitable in the face of inflationary shocks. Nevertheless, government support (GPL) exhibits a negative coefficient with an insignificant value ($\beta = -0.141$), which demonstrates the minor or untimely impact of external interventions.

Table 5: Estimated Least Square Regression Results

VARIABLES	Financial Performance	Employee Performance	Customer Performance
GND	-0.266 (0.119)	0.200 (0.183)	-0.0550 (0.631)
EXP	0.370*** (9.33e-07)	0.133** (0.0359)	0.0245 (0.610)
QUAL	0.142** (0.0238)	0.0364 (0.509)	0.0411 (0.330)
HRS	0.438*** (5.03e-06)	0.272*** (0.00101)	0.526*** (3.35e-06)
MTN	0.217** (0.0223)	0.630*** (0)	-0.0982 (0.125)
MKT	0.259** (0.0490)	0.0687 (0.551)	0.356*** (0.000101)
GPL	-0.141 (0.465)	-0.0886 (0.604)	0.267** (0.0428)
Constant	-0.650 (0.408)	1.027 (0.142)	1.574*** (0.00378)
Observations	206	206	206
R-squared	0.519	0.620	0.268
Breusch-Pag.			
Chi (2)	0.003	1.12	0.01
Prob Val	0.966	0.290	0.943
Highest VIF		1.56	
Average VIF		1.36	

P value in parentheses; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

Source: Author's Computation, 2025

Maintenance strategies ($\beta = 0.630, p < 0.01$) has the most influential effect on employee performance suggesting that a stable operational environment directly contributes positively to personnel productivity and Human resources ($\beta = 0.272, p < 0.01$) also exert significant impact. Interestingly, government support does not have any major impacts. Human resource ($\beta = 0.526, p < 0.01$) and marketing ($\beta = 0.356, p < 0.01$) and government support ($\beta = 0.267, p < 0.05$) strategies have strong positive impact on customer performance. Maintenance has a negative but negligible influence suggesting that the reduction of cost in non-essential repairs can adversely affect the customer experience.

Discussion of Findings

The regression outcomes indicate that human resource strategies are very crucial in maintaining financial, staff, and client performance in times of inflationary crisis. The positive impact of HR strategies is consistent with the postulation of the crisis management theory which stresses internal stabilisation as the first step in managing crisis. The inflationary pressure occasioned by the removal of fuel subsidy reduces the purchasing power of the employees in the sector and stare up retention concern. With the findings, adopting human resources strategies including provision of allowances and other incentives help the organisation reduce uncertainty and improve service quality. Generally, inflation tends to undermine employee welfare and morale (Bakare & Oladipo, 2021), and companies that implemented active HR policies, like welfare assistance, employee training, and flexible work hours, had better employee performance, which aligns with Nwosu and Onuoha (2022). Equally, the high HR impact on customer performance implies that motivated employees provide better service, which increases the level of loyalty. This affirms the Coombs' Situational Crisis Communication Theory (SCCT) which theorises that internal decision making that promote operational stability is helpful in establishing trust with the external parties like customers.

Maintenance strategies also had influence especially on financial and employee performance. The operational continuity of any service industry, like hospitality sector, requires predictable workflows, functioning equipment and utilities since frontline workers have to interface with customers. The sector suffered from operational breakdowns as the fragile infrastructure like unstable power supply was compounded by the inflation. Adoption of preventive maintenance and cost efficiency strategies is therefore found to be helpful to the hospitality businesses to confront the operational vulnerabilities like energy and supply chain disruption that became intense during inflation. This aligns with the crisis management theory proposition that preparedness and rapid

response during helps in minimising disruptive effects of crises This Active maintenance assisted Nigerian hospitality companies to reduce failures and cost increase to maintain revenues and staff productivity suggesting that maintenance is an effective stabilising mechanisms that safeguards worker performance in hospitality sector during inflation. The findings of no significant impact of maintenance strategies on customer's performance suggests that customers assess the hospitality businesses in terms of communication signals and product pricing rather than the internal operation processes that may not be observable to them as contended by the Situational crisis theory of Coombs. These results align with those of Ogbuabor et al. (2019) who observed that Nigerian companies that had good cost-control mechanisms did better in inflationary conditions. They also resonate with Emara et al. (2023) and Lee et al. (2024), who discovered that preventive financial planning minimised exposure to inflation and pandemic shocks.

Financial and customer performance were largely influenced by the marketing strategies. During inflation, the purchasing power of consumers decreases and this lowers the number of people identifying with the services offered by the hospitality providers. However, innovative marketing practices, such as discounts, loyalty programmes, and customer-centric promotions, help retain customers, consistent with the SCCT, which stresses reputation repair through proactive communication, price-management strategies which reduced perceived lost and value-based promotions that preserve trusts as effective strategies in establishing relationships with external stakeholders like customers in times of crisis. The results obtained equally portray marketing as external-facing response tool for scanning the crisis situation and engaging the stakeholder which have been shown by the Theory of Crisis Management to be effective in arresting demand-side disruptions (Coombs, 2019). The results are reflective of Novelli et al. (2018) findings, who noted that Gambian hotels embraced cooperative marketing and campaigns as protective measures against Ebola-related cancellations, and Jiang and Wen (2020), who recorded a marketing flexibility as a survival strategy in the presence of COVID-19. Lastly, government support played a significant role on customer outcomes but not on financial or employee outcomes. This implies that subsidies, tax rebates and energy assistance can relieve consumer cost but not significantly reduce structural financial burdens of firms. The result is similar to that of Obi and Madueke (2022) who have claimed that governmental interventions drives consumer access in times of crisis.

Overall, the results suggest that firms prioritise short-term cost-saving and pricing responses over long-term capacity-building measures, reflecting a reactive rather than strategic approach to inflation-induced crises.

Conclusion

Analysis in the study shows that strategies for the management of crisis in hospitality sector of Nigeria during inflationary shocks is multi-dimensional. It

was specifically found from the results that confronting operational fragility and declining consumer purchasing power caused by inflation requires the integration of internal strategies like human resources focused intervention and maintenance, and external strategies like effective communication aimed at building the trust and loyalty of the customers. These suggest that the Theory of Crisis Management and SCCT jointly explain the crisis-performance nexus in the hospitality industry during inflation. Consistent with the postulation of the theory of crisis management, it was found that the hospitality businesses employed internal strategies like HRs and maintenance to ensure operational continuity and limit supply-side disruptions. While external strategies like marketing were used in preserving the business reputational assets and deepen stakeholder engagement as stressed in the SCCT to be effective in managing demand-side disruption in times of crisis. Riyadi et al. (2023) equally reveal effectiveness of crisis management on the reputation and performance of hotels following Covid-19 crisis.

Findings of the study specifically indicate that customers of hospitality businesses prioritised effective communication and engagements over rarely observable internal operational arrangements in their purchasing decision during the time of inflation crisis. Equally, the study found that Nigerian hospitality businesses complemented reactive strategies like incentives to employees, flexible work arrangement, with proactive strategies such as value-based promotion, pricing management and training of employees for multiple roles in addressing the inflationary induced crisis.

In line with the findings, hospitality businesses in Nigeria can leverage internal operations like employees-focused interventions such as giving of meal, transport and welfare allowances, and real-time communication platforms that can keep employees updated of any development in time of the crisis as reactive steps towards improving their performance in time of inflation crisis. They can also embrace training of employees to handle multiples roles as proactive step for building resilience against inflation induced crises. Businesses in the sector can also leverage proactive maintenance intervention like investment in energy-efficient technologies to make up for the fragile Nigeria's utilities infrastructure that could deepen the impact of the crisis, and preventive maintenance scheduling tools that can reduce costs of equipment breakdowns. In line with findings on the effectiveness of the marketing strategies also, hospitality business owners should prioritise the use of social-media promotions and customer engagement as communication tools to sustain customers patronage while also adopting dynamic pricing models which will enable them to adequately adjust product prices to reflect market realities in time of inflation.

In addition, specific policies, like subsidies of energy and tax breaks, that directly reduce operational costs could be used as complimentary policies by policymakers to limit the hospitality businesses vulnerability to crisis in period of rising prices. The research is constrained by the fact that it focused on the hotel and restaurants Osun state, which probably may not apply entirely to other subsectors like travel agencies, catering services, event management, and resorts. Extending the study to cover other subsector will provide a more comprehensive and holistic understanding of crisis management dynamics in hospitality industry of Osun state.

References

- Adeokun, O. E., Ighomereho, O. S., & Agada, S. A. (2025). Service quality, customer satisfaction and loyalty: A study of restaurants in Osun State, Nigeria. *Uniben Journal of Marketing*, 4(1), 184-198.
- Bundy, J., Pfarrer, M. D., Short, C. E., & Coombs, W. T. (2015). Crises and crisis management: integration, interpretation, and research development. *Journal of Management*, 43(6), 1661-1692. <https://doi.org/10.1177/0149206316680030>.
- Cabaguig, J. M., Cabatingan, A. Y., & Delantar, A. F. A. (2024). Crises readiness and response strategies in times of disruptions in the hotel industry: A strategic resilience framework. *Creative Business and Sustainability Journal*, 46(2), 62–82. <https://doi.org/10.58837/CHULA.CBSJ.46.2.4>.
- Coombs, W. T. (2007) Attribution theory as a guide for post-crisis communication research. *Public Relations Review*, 33(2), 135-139. <https://10.1016/j.pubrev.2006.11.016>.
- Coombs, W. T. (2019) *Ongoing crisis communication*. 5th ed. Housand Oaks, CA, USA: California Sage Publications.
- Coombs, W. T., & Holladay, S. J. (2002). Helping crisis managers protect reputational assets: Initial tests of the situational crisis communication theory. *Management Communication Quarterly*, 16, p. 165-186.
- Coombs, W. T., & Laufer, D. (2018). Global crisis management: Current research and future directions. *Journal of International Management*, 24(3), 199–210.
- Corluka, G., Mikinac, K., & Peronja, I. (2021). How to approach hotel performance measurement? A Conceptualization of Key Determinants. Proceedings of the 4th International Scientific Conference to SEE-Tourism in Southern and Eastern Europe, Opatija, Croatia, 30 June–2 July, 2021.
- Emara, O. A. M., Halim, H. T., & El-Deeb, M. S. et al. (2023). Toward a sustained recovery of the lodging sector: A management path to lessen the Corona Variants upshots. *Future Business Journal*, 9(1), 1-22. <https://doi.org/10.1186/s43093-022-00171-3>.

- Faulkner, B. (2001). *Towards a framework for tourism disaster management*. *Tourism Management*, 22(2), 135–147. [https://doi.org/10.1016/S0261-5177\(00\)00048-0](https://doi.org/10.1016/S0261-5177(00)00048-0).
- Gonzalez-Herrero, A., & Pratt, C. B. (1995). *How to manage a crisis before or whenever it hits*. *Public Relations Quarterly*, 40, p. 25-29.
- Jiang, Y., & Wen, J. (2020). Effects of COVID-19 on hotel marketing and management: A perspective article. *International Journal of Contemporary Hospitality Management*, 32(8), 2563–2573. <https://doi.org/10.1108/IJCHM-03-2020-0237>.
- Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Boston: Harvard Business Press.
- Kraus, S., Clauss, T., & Breier, M. (2020). The economics of crisis management: Evidence from SMEs. *International Small Business Journal*, 38(6), 492–503.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610.
- Lee, S., Song, H. J., Yoon, H., Kim, C. S., & Ham, S. (2024). Resilience of the hospitality industry during crises: A comparison between the 2008 financial crisis and COVID-19. *Int. J. Hosp. Manag.*, 116, p. 103622. <http://dx.doi.org/10.1016/j.ijhm.2023.103622>.
- Martins, E. (2024). Impact of inflation on work performance. *Research & International Journal of Contemporary Research in Humanities & Social Sciences*, 5(2), 112–126.
- Memon, M. A., Ting, H., Cheah, J., Thurasamy, Chuah, F., & Cham, T. H. (2020). Sample size for survey research: review and recommendations. *Journal of Applied Structural Equation Modeling* 4(2), 1-20.
- Mitroff, I. I., & Pearson, C. M. (1993). *Crisis management: A diagnostic guide for improving your organization's crisis-preparedness*. San Francisco: Jossey-Bass.
- Mohammed, A. A., Rashid, B. B., & Tahir, S. B. (2017). Customer relationship management and hotel performance: The mediating influence of marketing capabilities: Evidence from the Malaysian hotel industry. *Information Technology and Tourism*, 17(3), 335–361. DOI: 10.1007/s40558-017-0085-4.
- Mukolwe, E. (2023). *Marketing crisis management and hotel performance: Evidence from hotels in Mombasa County, Kenya*. *Journal of Hospitality and Tourism*, 3(2), 76 – 95.
- National Bureau of Statistics (NBS). (2025). *Consumer Price Index Report – June 2025*. Abuja: NBS.

- Novelli, M., Burgess, L. G., Jones, A., & Ritchie, B. W. (2018). No Ebola... still doomed' – the Ebola induced tourism crisis. *Annals of Tourism Research*, 70, p. 76-87.
- Nuhu, M., & Ahmed, Y. (2022). Determinants of financial performance of hospitality firms in Nigeria. *African Journal of Hospitality, Tourism and Leisure*, 11(2), 523–537.
- Nwosu, B., & Onuoha, C. (2022). Human resource practices and employee performance in Nigerian hospitality industry during inflationary crisis. *African Journal of Management*, 8(1), 55–71.
- Obi, P., & Madueke, J. (2022). Policy shocks and the Nigerian hospitality sector: Assessing the role of government support. *Journal of Policy Modeling*, 44(6), 1209–1225.
- Obinna, E. (2024, March 22). Hotels hike rates amid high operation cost. *Business Day*. <https://businessday.ng/travel/article/hotels-hike-rates-amid-high-operation-cost/>.
- Ogboagha, C. O. (2025). Inflation and hotel industry: Impacts and Prospects. *African Scholars Multidisciplinary Journal (ASMJ)*, 10, p. 78 – 81.
- Ogbuabor, J., Orji, A., & Anthony-Orji, O. (2019). Inflation, business cycles and firm resilience in Nigeria. *Economic Change and Restructuring*, 52(2), 145–168.
- Ohunakin, F., Adeniji, A. A., Ogunlusi, G., Igbadumhe, F., & Sodeinde, A. G. (2020). Talent retention strategies and employees' behavioural outcomes: empirical evidence from hospitality industry. *Business: Theory and Practice*, 21(1), 192-199.
- Olabiyi, K. A. (2022). An empirical analysis of inflation and people's wellbeing in Nigeria. *Berjaya Journal of Services & Management*, 18(1), 13–20.
- Olisemenogor, H. C. (2025). Crisis Management and Organizational Performance of Small Hospitality Firms in Delta State, Nigeria. *International Journal of Social Sciences and Management Research*, 11(3), 90-99.
- Oloso, S. E., & Omar, S. I. (2025). The impact of government support on hotel performance in Southwest Nigeria: The perspectives of hotel guests. *International Journal of Research and Innovation in Social Science*, 9(04), 119-132.
<https://doi.org/https://dx.doi.org/10.47772/IJRISS.2025.90400009>.
- Onakoya, A. B., Oladejo, T. I., & Adedapo, K. D. (2024). Inflation and Small and Medium Scale Enterprises (SMES) growth in Nigeria. *International Journal of Research and Innovation in Social Science (IJRISS)*, 8(03), 987-1000. <https://doi.org/https://dx.doi.org/10.47772/IJRISS.2024.803072>.
- Paraskevas, A. (2006). Crisis management or crisis response system? A complexity science approach to organizational crises. *Management Decision*, 44(7), 892–907. <https://doi.org/10.1108/00251740610680587>.

- Ritchie, B. W. (2004). *Chaos, crises and disasters: A strategic approach to crisis management in the tourism industry*. *Tourism Management*, 25(6), 669–683. <https://doi.org/10.1016/j.tourman.2003.09.004>.
- Riyadi, A., Leonandri, D. G., & Jamaluddin, R. (2023). Crisis management, reputation, and performance of upscale hotels in the post-covid-19 crisis. *European Proceedings of Social and Behavioural Sciences*, pp. 1032-1055. DOI: 10.15405/epsbs.2024.05.84.
- Santos, L. L., Gomez, C., Malheiros, C., Crespo, C., & Bento, C. (2024). Factors influencing hotel revenue management in times of crisis: Towards financial sustainability. *Int. J. Financial Stud.*, 12(4), 1-19; <https://doi.org/10.3390/ijfs12040112>.
- SBM Intelligence. (2025). The SBM Jollof Index Q4 2024-Q1 2025: Staple under stress. Available at https://www.sbmintel.com/wp-content/uploads/2025/04/202504_Jollof-Index.pdf.
- Tabachnick, B. G., & Fidell, L. S. (2007). *Using Multivariate Statistics*. 5th ed. Pearson Education Inc.
- Weiner, B. (1986). An attributional theory of motivation and emotion. New York: Springer. <http://dx.doi.org/10.1007/978-1-4612-4948-1>.
- Willems, I., Verbestel, V., Calders, P., Lapauw, B., & De Craemer, M. (2023). Test–Retest reliability and internal consistency of a newly developed questionnaire to assess explanatory variables of 24-h movement behaviors in adults. *International Journal of Environmental Research and Public Health*, 20(5), 4407. <https://doi.org/10.3390/ijerph20054407>.
- Zafri, K. Z., Lertatthakornkit, T., Photchanachan, S., Zhu, T., & Wider, W. (2024). Weathering the inflationary storm 2021-2022: Crisis management modalities for the informal microenterprise sector. *International Journal of Economics and Financial Issues*, 14(5), 47-61. <https://doi.org/10.32479/ijefi.16351>.
- Zakari, A. A., & Ibrahim, U. A. (2021). Impact of customer satisfaction on business performance of SME's in Nigeria. *International Journal of Research in Business and Social Science*, 10(5), 46–51. <https://doi.org/10.20525/ijrbs.v10i5.1291>.
- Zhang, Y., Zhang, S., & Hsu, F.-C. (2023). Crisis management performance of upscale hotels in the greater bay area, China: A comparative study in a complex institutional situation. *Sustainability*, 15, p. 54-76. <https://doi.org/10.3390/su15065476>.
- Zhao, Y., Cheng, S., Yu, X., & Xu, H. (2020). Chinese Public's attention to the COVID-19 epidemic on social media: Observational descriptive study. *Journal of medical Internet research*, 22(5), e18825. <https://doi.org/10.2196/18825>.