

Customer Perception and Customer Satisfaction in The Hospitality Industry in Southwest Nigeria: An Empirical Analysis of Service Quality Dimensions

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ABSTRACT

This study investigates the relationship between customer perception and customer satisfaction within the hospitality industry in Southwest Nigeria, focusing on key service quality dimensions. Drawing on the SERVQUAL model, the research examines how reliability, responsiveness, assurance, empathy, and tangibles influence satisfaction outcomes across Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti States. A quantitative survey design was adopted, and data were collected from 422 customers of registered luxury hotels and fast-food outlets using convenience sampling. Descriptive statistics, regression analysis, and mediation analysis were employed to test the study's hypotheses. Findings from descriptive analysis reveal strong agreement among respondents that perception significantly shapes satisfaction, particularly regarding cleanliness, visual appeal, staff competence, pricing fairness, and expectation fulfillment. However, regression results indicate that customer perception has a positive but statistically insignificant direct effect on customer satisfaction at the 5% significance level. Mediation analysis confirms that customer perception partially mediates the relationship between service quality delivery and customer satisfaction. The study concludes that satisfaction in Southwest Nigeria's hospitality sector is perception-driven and context-sensitive, requiring integrated operational and perceptual management strategies.

1. INTRODUCTION

Quality service delivery has emerged as a key strategic focus for organizations seeking sustainable competitive advantage, especially in customer-facing industries like hospitality. In a digital and experience-driven economy, service quality affects not only customer satisfaction but also brand perception, customer retention, and profitability. As competition intensifies in Nigeria's hospitality sector, firms must increasingly differentiate themselves by providing personalized, consistent, and high-standard services (Ali et al., 2021; Chinedu & Ogbonna, 2023). Quality service delivery is widely recognized as a key differentiator in the hospitality sector, especially in regions with dense business activities and tourism. According to Parasuraman, Zeithaml, and Berry's SERVQUAL model, service quality can be measured by the gap between customer expectations and perceptions across five dimensions: reliability, responsiveness, assurance, empathy, and tangibles (Parasuraman et al., 1988; Olaleye et al., 2023). In the Southwest of Nigeria, while many hospitality businesses

operate in urban centers like Lagos and Ibadan, customer reviews and feedback indicate persistent complaints regarding inconsistent service, poor staff training, and lack of personalized attention (Ajayi & Fadeyibi, 2021).

Customer satisfaction is a function of service quality. In the hospitality industry, which includes hotels, resorts, restaurants, and related services, customer satisfaction determines repeat patronage, brand reputation, and long-term profitability. Numerous studies have linked high-quality service delivery with improved customer satisfaction (Ali et al., 2021; Aremu et al., 2022). Southwest Nigeria, comprising Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti States, represents a microcosm of the Nigerian hospitality landscape. Lagos, Nigeria's economic nerve center, attracts millions of business travelers and tourists annually. Ogun and Oyo benefit from proximity to Lagos, while Osun, Ondo, and Ekiti offer cultural and ecological tourism potentials. However, despite this growing demand, widespread challenges such as poor service personalization, limited staff training, inconsistent hygiene practices, and inadequate investment in service

infrastructure continue to inhibit customer satisfaction (Olatunji & Bello, 2022). Although the SERVQUAL model (Parasuraman et al., 1988) has been widely adopted to assess service quality across various global contexts, its localized application in understanding how service dimensions impact customer satisfaction within the peculiar socio-economic and cultural framework of Southwest Nigeria remains underexplored.

In an increasingly competitive service environment, customer satisfaction has emerged as a critical determinant of organizational sustainability and growth. In South-western Nigeria, where service-oriented industries are rapidly expanding, the delivery of quality service remains a core strategic concern for both public and private sector institutions. Despite numerous investments in service quality improvements, many organizations continue to experience declining customer satisfaction levels, indicating that the traditional one-size-fits-all approach to service delivery may no longer be effective.

While the hospitality sector in Southwest Nigeria has witnessed considerable expansion in the last decade, qualitative improvements in service delivery have not kept pace with quantitative growth. There is growing empirical evidence of customer dissatisfaction manifesting through poor ratings on digital travel platforms, reduced brand loyalty, and low repeat patronage (Okeke et al., 2021). Factors such as managerial inefficiency, inadequate employee training, substandard infrastructure, and lack of customer-centric policies have been identified as recurring challenges (Ibrahim & Lawal, 2022).

Service quality delivery is often evaluated through objective dimensions such as tangibility, reliability, responsiveness, assurance, and empathy. Nonetheless, it is the subjective interpretation of these service quality dimensions by customers' customer perception that ultimately governs satisfaction outcomes (Ali, 2018; Weng et al., 2016). For instance, Weng et al. (2016) assert that innovations in service delivery can significantly enhance customer perceptions of quality, thereby improving customer experience and satisfaction. This perspective underscores the notion that it is not merely the standard of service quality delivered but also how customers perceive and interpret these services that influences their satisfaction. In the hospitality sector, where experiential and intangible elements dominate, discrepancies often arise between the intended quality of service delivery and customers' perceived quality, leading to potential gaps that affect satisfaction (Sreejesh et al., 2017; Ali, 2018). The complexity of this relationship is further compounded by cultural, social, and economic factors unique to Southwest Nigeria, which influence customer perception in nuanced ways.

Also, despite the critical role of customer satisfaction in the hospitality sector, many hospitality establishments in

Southwest Nigeria continue to underperform in delivering high-quality services. Customer reviews on online platforms often cite dissatisfaction with customer service, staff attitude, and general inefficiency (Olatunji & Bello, 2022). These inadequacies affect customer retention, brand perception, and business growth. The problem, therefore, lies in understanding whether the services provided meet customer expectations and what dimensions of service quality are most influential in determining satisfaction levels. The absence of tailored research focused on the hospitality industry in this geopolitical region further underscores the relevance of this study.

While the hospitality industry in Southwest Nigeria has experienced noticeable growth, service delivery standards have not kept pace with increasing customer expectations and global service benchmarks. Numerous complaints from patrons, ranging from long wait times to lack of responsiveness, poor facility maintenance, subpar food quality, and untrained personnel, persistently undermine customer experiences (Adeoye & Ayodele, 2023). Such service failures have been shown to negatively impact customer loyalty and impede repeat patronage, thereby affecting the long-term viability of hospitality firms. Moreover, despite the expansion of the hospitality industry in Southwest Nigeria, customer dissatisfaction remains a recurring issue. Several hospitality outfits struggle to meet expected service delivery benchmarks, leading to negative customer reviews, reduced repeat patronage, and declining brand loyalty. Common issues include delays in service, unprofessional staff behavior, poor room maintenance, and lack of responsiveness to guest complaints. These service gaps threaten the sustainability and profitability of the sector. To what extent does customer perception affect customer satisfaction? Determine the extent to which customer perception affects customer satisfaction. **H₀₁**: Customer perception does not have any significant effect on customer satisfaction in the hospitality industry in Southwest Nigeria.

2. LITERATURE REVIEW

Service Quality Delivery

Service quality delivery is a fundamental construct within the hospitality industry, shaping customer satisfaction and influencing overall business performance. It is broadly conceptualized as the degree to which a service meets or exceeds customer expectations, encompassing tangible and intangible elements that collectively define the service experience (Chen, Huang, Davison, & Hua, 2015). In the hospitality context, service quality delivery involves the

efficiency, responsiveness, empathy, and reliability demonstrated by service providers, all of which contribute to forming customer perceptions and subsequent satisfaction. The complexity of service quality is heightened by its inherent intangibility and heterogeneity, which necessitate an in-depth understanding of the various factors that moderate its impact on customer satisfaction, particularly in dynamic environments like the hospitality sector in Southwest Nigeria. Service quality (SQ) is an important component of the hospitality industry, as it has direct influence on quest satisfaction and loyalty. The delivery of high quality service is viewed as one of the important strategies that a business in the hospitality industry can employ to differentiate its service from rival firms in a highly competitive business environment such as the hospitality industry. Beyond this, SQ enables the business to maintain a long-term relationship with customers (Okocha *et al.*, 2021).

Service quality has been defined by different scholars. The presence of different definitions have been attributed to the dynamic nature of service quality, which have been evolving over the years due to changes in customer expectations, perceptions of service and the service setting or environment. Initially, Parasuraman *et al* cited in Ibitomi (2023) defines SQ as the extent to which a service meets or exceeds customer satisfaction. In relation to this, Oliver cited in Okocha *et al.*, (2021) asserted that customers will termed a service as "high quality" when service performance meets or surpass expectations and refers it as "low quality" when perceived performance falls short of expectation. This definition, which is generally acknowledged lays a foundation for SQ as a concept, and emphasizes on the gap between customer expectations and perceived service performance as the main measure of SQ (Zeithmal *et al*, 2016). The implication of this definitions is that service providers must strive to close the gap between customers perception of service and expectations.

The importance of service quality delivery is underscored by its direct correlation with customer satisfaction, loyalty, and retention, which are critical for competitive advantage in hospitality (Chen *et al.*, 2015). However, service quality is not a static attribute; it is influenced by customer perception, which acts as a cognitive filter shaping how service performance is evaluated. Customer perception is informed by prior experiences, cultural backgrounds, and expectations, which can vary significantly across different demographic groups and institutional settings (Greer & Cavallieri, 2019). In Southwest Nigeria's hospitality industry, where cultural diversity and institutional frameworks are distinct, these perceptual differences become salient in determining how service quality is delivered and received.

Customer Satisfaction

Customer satisfaction is a pivotal construct in the service delivery domain, especially within the hospitality industry, where the consumer experience directly influences repeat patronage and organizational success. Broadly defined, customer satisfaction refers to the customer's overall evaluation of a service encounter or consumption experience relative to their expectations (Edlund *et al.*, 2014; Goletsis, Christogeorgou, & Mylonidis, 2024). It embodies the degree to which service delivery meets or exceeds consumer anticipations, thereby fostering loyalty and positive word-of-mouth. This evaluative judgment is inherently subjective, shaped not only by the tangible aspects of service quality but also by individual customer perceptions and contextual institutional moderators that influence the service interaction (Goletsis *et al.*, 2024; Edlund *et al.*, 2014).

In the context of the hospitality industry in Southwest Nigeria, understanding customer satisfaction necessitates a nuanced appreciation of both universal indicators and locale-specific factors. The literature emphasizes that customer satisfaction is multidimensional, encompassing cognitive and affective components that reflect customers' rational assessment and emotional responses respectively (Edlund *et al.*, 2014; Goletsis *et al.*, 2024). Cognitive evaluation involves customers' comparative judgment of the service performance against predefined expectations or standards, while affective response captures the feelings elicited during and after the service experience. These dual dimensions underscore the complexity of measuring satisfaction and the importance of integrating both qualitative and quantitative indicators in empirical research.

The role of customer perception in shaping satisfaction is particularly salient in settings characterized by diversity and varying service expectations. Perception acts as a filter through which service quality is interpreted, significantly influencing satisfaction outcomes (Goletsis *et al.*, 2024; Edlund *et al.*, 2014). Customers' prior experiences, cultural backgrounds, and personal preferences affect their interpretation of service encounters, thereby modulating the satisfaction derived. This is crucial in the hospitality sector of Southwest Nigeria, where heterogeneous clientele and differential institutional frameworks necessitate an understanding of how perception interacts with service quality. Studies emphasize that two customers receiving identical service could report disparate satisfaction levels depending on their perceptual lenses and contextual understanding (Goletsis *et al.*, 2024; Edlund *et al.*, 2014). Therefore, operationalizing customer satisfaction requires capturing these perceptual variances alongside objective service quality metrics.

Customer Perception and Its Dimensions

Customer perception constitutes a critical determinant in understanding the dynamics between service quality delivery and customer satisfaction, particularly within the hospitality industry. It refers to the process through which customers interpret and make sense of service experiences, influenced by their prior knowledge, expectations, and socio-cultural contexts. In the context of the hospitality industry in Southwest Nigeria, customer perception is shaped by multifaceted dimensions that interact to influence satisfaction outcomes. These dimensions are pivotal in mediating how service quality is evaluated and subsequently how satisfaction is derived.

Customer perception plays a central role in shaping how service quality is evaluated and how satisfaction is ultimately derived. Perception involves the customer's subjective interpretation and cognitive appraisal of the service experience, which may be influenced by prior expectations, cultural context, and individual cognitive frameworks (Kim, Tang, & Bosselman, 2019). It is through the lens of perception that customers assess the value they receive, leading to satisfaction or dissatisfaction. Recent studies suggest that customer perception is not static but dynamic, susceptible to changes based on innovative service delivery and evolving customer needs (Kim et al., 2019). For example, the introduction of innovative service elements in hospitality settings can act as accelerators for value co-creation, thereby positively shaping customer perceptions and enhancing satisfaction. This is particularly relevant in the context of Southwest Nigeria where hospitality service providers seek differentiation through innovation amid intense competitive pressures.

Institutional factors also interface with customer perception dimensions in significant ways. Liu et al. (2013) demonstrate that institutional environments, encompassing regulatory frameworks, normative pressures, and cultural-cognitive institutions, serve as moderators in strategic business relationships and customer interactions. Within Southwest Nigeria, variability in institutional quality, such as inconsistencies in regulatory enforcement and infrastructural challenges, may alter customers' baseline expectations and their tolerance levels for service lapses. For example, customers operating in contexts characterized by formal institutional weaknesses might adjust their perception parameters, placing less emphasis on procedural guarantees and more on relational trust and flexibility in service delivery. This adaptive perceptual shift influences satisfaction judgments and implies that service quality dimensions must be contextualized within prevailing institutional realities to be fully understood.

Moreover, the experiential dimension of customer perception is critical in hospitality service quality evaluation. Meyer and Sinani (2009) argue that prior experiences and acquired knowledge significantly shape customer expectations and

perceptions, often acting as heuristics in quality assessments. In the hospitality sector, repeat customers develop reference points based on cumulative experiences, which influence their perception of incremental service changes. This dynamic is evident in the Southwest Nigerian hospitality market, where customer loyalty and repeated patronage are closely tied to how well service providers meet or exceed evolving expectations. Zhang et al. (2013) further support this by showing that prior experience and social class act as moderators in the relationship between planning and performance, suggesting that customer perceptual frameworks are stratified and conditioned by socio-economic factors. Therefore, perceptions are not uniform but vary according to customers' experiential histories and socio-economic backgrounds, which must be accounted for in service quality evaluation models.

In addition, the dimension of perceived value holds a prominent place within the conceptualization of customer perception. Ho and Ghauri (2015) assert that customers' perception of value extends beyond price considerations to include quality, convenience, and emotional benefits derived from service interactions. Perceived value mediates the relationship between service quality and satisfaction by integrating multiple service attributes into a holistic evaluative judgment. This is especially pertinent in the hospitality industry where intangible benefits such as comfort, hospitality, and cultural authenticity are critical to value perception. The situational context of Southwest Nigeria, characterized by diverse customer expectations shaped by economic disparities and cultural heterogeneity, further complicates the perceived value dimension. Hence, service providers must strategically manage these facets of perception to enhance customer satisfaction effectively.

Role of Customer Perception in Service Encounters

Customer perception plays a pivotal role in shaping the dynamics of service encounters, particularly within the hospitality industry, where service quality delivery directly influences customer satisfaction. The construct of customer perception encompasses the subjective evaluation and interpretation of service experiences, which are inherently influenced by individual expectations, prior experiences, and contextual factors. In the context of the hospitality industry in Southwest Nigeria, understanding customer perception is critical, as it serves as an interpretive lens through which service quality is assessed and satisfaction is ultimately determined.

Empirical evidence underscores that customer perception acts as an active mediator between the objective delivery

of service quality and the resultant level of customer satisfaction. Khlif and Hussainey (2016), through their meta-analytic research on firm characteristics and risk disclosure, emphasize the importance of perception in moderating the reception of organizational actions. Transposing this understanding to service encounters, it becomes apparent that customers' subjective perceptions significantly filter their evaluation of service encounters, thereby affecting satisfaction outcomes. This aligns with the findings of Khlif, Hussainey, and Achek (2015), who argue that cultural factors modulate perception, suggesting that in heterogeneous settings such as Southwest Nigeria, diverse cultural backgrounds may influence customer perception variably, resulting in differential satisfaction responses despite equivalent service quality.

Factors Influencing Quality Service in Hospitality

Several factors influence the delivery of quality service in the hospitality industry. These include staff competence and training, technological adoption, organizational culture, service design, and physical facilities. In the Nigerian hospitality sector, these factors are further complicated by infrastructural deficiencies, inconsistent regulatory standards, and workforce instability (Ogunlade et al., 2021). Human resource quality is a critical determinant. Well-trained and motivated staff are more likely to provide high-quality and personalized services, which positively influence customer perceptions. Akinbode and Lawal (2020) emphasized that hotels that invest in regular staff development programs in Southwest Nigeria reported higher service quality scores and customer satisfaction indices. Additionally, Akintoye and Akintoye (2024) found that soft skills such as communication, empathy, and problem-solving significantly influence customer satisfaction in hospitality industries in Benin City.

Technological advancements, such as digital booking systems, automated check-ins, and customer relationship management software, also contribute to quality service delivery. The integration of technology enhances service efficiency and customer experience. Okeke et al. (2023) noted that tech-driven service innovations have become a competitive advantage for high-performing hotels in Ibadan and Akure.

Moreover, organizational culture that prioritizes service excellence, attention to customer feedback, and frontline empowerment significantly impacts service quality outcomes (Eze & Okoro, 2022). It is also highlighted that organizational culture influences service delivery standards and customer satisfaction in Nigerian hotels.

Standardization of Service Delivery, the lack of standardized service delivery frameworks poses challenges to consistent service quality. Okeke et al. (2023) proposed a Service Delivery Standardization Framework designed to enhance

service quality, customer satisfaction, and operational efficiency in Nigeria's hospitality industry.

The delivery of quality service in the hospitality industry is a multifaceted construct influenced by a range of factors that interplay with customer perception and institutional contexts. Understanding these factors is critical, particularly in regions such as Southwest Nigeria, where socio-economic, cultural, and institutional dynamics profoundly shape consumer experiences and satisfaction outcomes. This section critically examines the key determinants that influence quality service delivery within the hospitality sector, highlighting the role of organizational governance, cultural values, institutional moderators, and customer trust.

Customer Perception and Customer Satisfaction

Customer perception plays a pivotal role in shaping customer satisfaction, particularly within service-oriented industries such as hospitality. It is widely acknowledged that perception acts as an interpretative filter through which customers evaluate the quality of services received, thereby influencing their overall satisfaction levels. Foundational models of service quality, such as those proposed by Parasuraman, Zeithaml, and Berry (1985, 1988), emphasize that customers' perceptions of service quality dimensions tangibility, reliability, responsiveness, assurance, and empathy are integral to their satisfaction outcomes. These dimensions serve as benchmarks against which the service delivery in the hospitality sector is assessed, ultimately affecting customer satisfaction. Indeed, the subjective nature of perception means that identical service encounters may lead to varying satisfaction levels among customers due to differences in expectations, prior experiences, and individual preferences (Parasuraman, Zeithaml, & Berry, 1988). This underscores the complexity of the relationship between service quality delivery and customer satisfaction, mediated by customer perception.

Extending this theoretical foundation, Grönroos (1984) further contends that customer perception is not merely about the technical quality of service but also encompasses functional quality how the service is delivered. This dual focus highlights that customer satisfaction is influenced not just by the outcome but also by the process of service delivery, which is subjectively perceived by customers. For instance, in the hospitality industry in Southwest Nigeria, cultural nuances, interpersonal interactions, and contextual factors shape customers' perceptions of service encounters, which subsequently impact their satisfaction levels. This aligns with the findings of Yilmaz and Arı (2017), who demonstrated that service quality and image, as perceived

by customers, significantly affect satisfaction, which then influences behavioral intentions such as loyalty and complaints. Their structural equation modeling confirmed that positive customer perceptions lead to heightened satisfaction, reinforcing the necessity for hospitality providers to carefully manage perceptual variables to enhance satisfaction.

Effect of Customer Perception on the Service Quality-Customer Satisfaction Relationship

Customer perception plays a critical role in shaping the relationship between service quality delivery and customer satisfaction, particularly within service-intensive industries such as hospitality. It is widely acknowledged that service quality alone does not guarantee customer satisfaction; rather, the way customers perceive the quality they receive significantly influences their satisfaction levels. This nuance underscores the essential mediating function of customer perception, which can either amplify or attenuate the impact of service quality on satisfaction outcomes. Zhong and Moon (2020) emphasize that perceived price, food quality, and the physical environment are integral components through which customers form their perception of service quality in hospitality settings, thereby directly affecting satisfaction. This finding aligns with Pakurár et al. (2019), who stress that the dimensions of service quality tangibles, reliability, responsiveness, assurance, and empathy are interpreted through individual customer perceptions, ultimately dictating satisfaction levels.

The significance of customer perception is further elucidated by the dynamic nature of service encounters, where subjective interpretation and cognitive evaluation are pivotal. Akdere, Top, and Tekingündüz (2020) demonstrate in the healthcare domain that patient perceptions of service quality directly influence satisfaction, suggesting a parallel in hospitality where customer perception mediates the relationship between delivered service and experiential satisfaction. This mediation effect is particularly pronounced in the hospitality industry in Southwest Nigeria, where cultural, social, and economic factors shape customer expectations and perceptions. As such, service quality delivery must be contextualized within the customer's perceptual framework to realize optimal satisfaction. Boonlertvanich (2019) reinforces this argument by showing that customer trust and loyalty, which are outcomes of satisfaction, are moderated by individual perceptions of service quality and institutional attributes, implying that perception is a vital determinant in the service quality-customer satisfaction nexus.

Attribution Theory

Attribution Theory was developed by Fritz Heider in 1958. The theory provides an explanation on how individuals interpret and attribute causes to events, especially successes and failures. The theory also shows the difference between internal attribution (factors associated with personal efforts or capability, traits) and external attributions (causes related to external conditions, luck and task difficulty) (Heider, 1998). The theory is based on the following main assumptions:

The first assumption of Attribution Theory is that it assumes that naturally people try to understand the factors that contribute to events and behaviors in order to get better understanding of their environment. This causal way of thinking is basic to human sensitivity and decision-making (Heider, 1998). The theory states that individuals attribute the cause of an event to either internal factors (personal distinctiveness, efforts, or capability) or external causes (environmental conditions, luck, difficulty of the task, or environmental circumstances) (Kelley, 2013). This assumption is mainly applicable to consumer behaviour, in which service experience depends on responsibility and management (Folkes, 1988).

The second major assumption of Attribution Theory is that individuals utilize organized approach of attribution to assess events, using three major dimensions: locus of causality, stability and controllability (Weiner, 1996). Locus of causality has to do with the whether the cause of an event can be attributed to internal cause (Personal factor) or external (situational factors) (Weiner, 2017). Stability refers to whether the cause is temporary or permanent, while controllability evaluates whether an individual has control over the outcome or it is above an individual's control. For instance, in the hospitality industry, service failure experienced by customers may be attributed to lack of competence of workers (Internal, controllable) or to unanticipated conditions such as natural disasters (external, uncontrollable) (Bitner, 2000). Another basic assumption of Attribution Theory is that attributions affect emotional and behavioural responses, determining how individuals react to both positive and negative events (Weiner, 2015). For instance, when customers perceive that attributions are internal and can be controlled, there is higher tendency that they will become more angrier and dissatisfied, resulting in negative reactions which include complaints, negative word-of-mouth, or switching to other brands (Folkes, 2018). On the other hand, when individuals perceive that attributions are external and beyond the individuals control (for example, a flight delay caused by unfavourable weather), there are high tendencies that they will accept the circumstance with understanding and still sustain brand loyalty (Kelly, 2013).

Finally, Attribution Theory has been criticized for not capturing some major emotional and psychological factors that affect CS. Empirical studies showed that emotional factors such as anger, disappointment and frustration may render objective attribution process ineffective, making customers to attribute service failures to the organization irrespective of the real cause of failure (Weiner, 2020). The implication of this is that affective reactions contribute significantly to CS, and Attribution Theory does not completely consider these emotional factors. For example, a customer who had experience multiple service failures with a particular organization may develop a negative emotional bias, making such a customer to attribute all failures that occur to internal factors, even when the business is not to be blame. This limitation suggests the need for combining Attribution Theory with other theories, especially emotion-based models like Affective Events Theory (Weiss & Cropanzano, 1996), in order to have a better understanding of how emotions influence service assessment and CS.

Akron et al. (2020) employed a panel data regression analysis to examine the effect of economic policy uncertainty (EPU) on corporate investment behavior in the U.S. hospitality industry. The study analyzed financial data from 120 publicly listed hospitality firms between 2000 and 2019. The data were sourced from Compustat and the Economic Policy Uncertainty Index. The study revealed that high levels of EPU significantly deter investment in long-term projects, including service quality improvements, due to the risk-averse behavior of firms during volatile periods. Although based in the U.S., the findings are relevant to developing economies like Nigeria, where policy unpredictability is rampant. The authors recommended that policy makers create stable regulatory environments to encourage continued investment in customer-centric innovations.

Varga et al. (2021) explored the relationship between employee wellness programs and service quality using a quantitative survey-based methodology. The study sampled 295 employees from hotel chains in Hungary and the Czech Republic through stratified random sampling. The instruments measured variables such as employee burnout, job satisfaction, and self-reported service performance. The results showed a significant negative correlation between employee burnout and service quality, while wellness programs positively correlated with employee engagement and service delivery consistency. This confirmed that wellness initiatives are critical institutional levers for enhancing customer satisfaction. The study recommended that hospitality organizations develop comprehensive wellness strategies, including physical health programs, psychological support, and work-life balance initiatives to sustain employee productivity.

Raudlotun et al. (2024) studied the relationship between responsiveness and perceived SQ MSMEs Batik. The study

adopted quantitative survey technique which enable data to be collected from 200 customers of MSME. Regression analysis was used analyzed data and findings revealed that responsiveness and perceived SQ have significant positive effects on CS. Based on findings, the researchers recommended that MSME managers should concentrate on improving CS through enhancing responsiveness and perceived SQ. The study contributed to previous studies by utilizing quantitative method, which permitted the analysis of patterns and relationships between SQ and CS in a systematic way. Also, by focusing o MSMEs, the study covered a research area being underexplored by past studies. However, the study only focusing on responsiveness and perceived SQ, ignoring other major SQ variables such as tangibility, empathy, reliability, among others that can help in having a comprehensive understanding of the relationship between SQ and CS.

Ohikhuare and Renner (2022) studied the relationship between service quality and CS satisfaction of hotels in Rivers State. CS was measured through customers' loyalty and referrals. The study used in the study was descriptive survey research design. The population of the study was infinite and consisted of all the customers of registered hotels in Rivers State. Three hundred and eighty-four (384) respondents constituted the sample of the study. Pearson Product Moment Correlation coefficient was used to test hypotheses. Results revealed that assurance and service responsiveness had significant association with customers satisfaction. The study concluded that quality service assisted hotels firms in Rivers State to achieve customers satisfaction. Based on this, the study recommended training in customer service for the staff of the hotels.

Bruce et al. (2022) determined the effect of SQ on CS in online retail banking. Adopting E-SERVQUAL model and correlational design, the study targeted all the customers of banks in the two biggest cities of Zambia namely Lusaka and Kitwe. Data was collected through a structured questionnaire from 314 customers. Correlation and multiple regression analyses were used to analyze data. It was found that privacy, website security, responsiveness, reliability and fulfillment had significant positive effects on CS. The utilization of SERVQUAL model provided a solid theoretical base for the study. However, the study only focused on two cities, ignoring other major cities in Zambia.

Okoro and Amadi (2022) empirically investigated the link between SQ and CS among hotels in Port Harcourt, Rivers State, Nigeria. The specific objectives of the study were to determine the effect of assurance and responsiveness on CS. In order to achieve the stated objectives, the researchers employed descriptive survey design, targeting all the customers of registered hotels in Port Harcourt.

Since the population of the study is assumed to be infinite, the sample size was 384. Data was collected through a structured questionnaire and analyzed using Pearson Product Moment Correlation coefficient. Results showed that both assurance and responsiveness had significant positive effects on CS. Based on findings, it was suggested that employees should receive training on how to respond to customers promptly and assurance of service should be provided. The main strength of this study is that the sample size is large, indicating that valid conclusion about all hotel customers in Port Harcourt can be drawn from it. However, the use of correlation analysis limits the application of findings for improving SQ, as it cannot be established that increased in CS is caused by SQ. Balinado, et al. (2021) studied the factors influencing CS in an automotive after-sales service at Toyota Dasmariñas-Cavite Philippines through the use of SERVQUAL model. Applying quantitative survey design, the study targeted all the customers of Toyota Dasmariñas-Cavite, Philippines. A structured questionnaire was used to collect data and SEM was employed in data analysis. Findings indicated that there were no significant effects of tangibles, responsiveness, and assurance on CS. Based on findings, the researchers recommended that SQ across the three dimensions should be improved. The strength of this study lies in the use of an established SQ model (SERVQUAL). This enhances the reliability and application of findings of the study in the service sector. Moreover, the utilization of SEM in data analysis provided enhanced the analysis of complex relationships between SQ and CS. However, the study is limited to a specific region in Philippines, indicating that findings may not be applicable to other regions or countries.

Bungatang and Reynel (2021) determined the effect of the physical evidence of SQ, caring, responsiveness and reliability on CS at the PT, Pegadaian Watansoppeng branch. Employing survey design, the study targeted new clients of PT. Purposive sampling was used in selecting respondents while a structured questionnaire was used to collect data. Data collected was analyzed using descriptive analysis and linear regression. Results revealed that SQ including responsiveness have significant positive effects on CS. Though the study focused on new clients which helps in obtaining new customer experiences that are likely to be different from old customer, the use of purposive sampling technique means that there is bias in selection of respondents and such the findings of the study cannot be generalized to all customers.

3. METHODOLOGY

The study with regard to customers, is considered infinite due to the dynamic, unrestricted, and fluctuating nature of patronage in the hospitality industry, especially across registered luxury hotels and fast-food retail outlets in the

capital cities of Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti States. Unlike internal staff records, which are structured and somewhat centralized within human resource databases, the exact number of individual customers comprising transient guests, repeat clients, tourists, and walk-in diners cannot be definitively accounted for over time. The selection of registered luxury hotels and fast-food retail outlets is based on official records maintained by the Nigerian Tourism Development Corporation (NTDC) and the respective State Ministries of Tourism. These establishments serve a broad range of customers including tourists, professionals, students, and residents whose patronage fluctuates based on season, promotional offers, events, and other external factors.

Considering the customer population is indeterminate due to the transient nature of patronage in hospitality establishments, Cochran's (1963) formula will be employed to estimate the minimum required sample size at a 95% confidence level and 5% margin of error:

$$n = \frac{Z^2 \times p(1-p)}{e^2}$$

Where:

n = required sample size

Z = standard normal deviation at 95% confidence level

(1.96)

P = estimated proportion of the population (0.5)

e = margin of error (0.05)

$$n = \frac{(1.96)^2 \times 0.5 \times (1 - 0.5)}{(0.05)^2} = 384$$

To increase reliability and accommodate non-responses or inconsistencies, 10% of the initial sample size is added:

$$422 = 384 + (0.1 \times 384)$$

Thus, a total of 422 customers will be surveyed.

Given the inability to obtain a formal customer register and in accordance with prevailing research norms (Pham et al., 2019; Zia et al., 2021), this study adopts the convenience sampling technique. This approach is particularly suitable for customer populations where:

- i. Access to a sampling frame is impractical;
- ii. Time and financial resources are limited;
- iii. Data privacy constraints prevent the use of direct lists.

Convenience sampling has been widely applied in hospitality and service industry research due to its feasibility in real-time environments, such as hotel lobbies, dining areas, and reception halls, without requiring confidential records. In order to ensure geographic representativeness, the total sample of 422 customers is proportionately distributed based on the number of officially registered outlets in each state capital, as follows: The total of 723 outlets (hotels + fast food outlets) across the six southwestern state capitals informs the

proportional distribution of the 422 customer respondents. registered outlets in each capital:
The allocation is based on the total number of officially

Step 1: Identify the Total Number of Outlets per State

Table 1: Total Number of Registered Hotels and Fast Food Retail Outlets in State Capitals across Lagos, Ogun, Oyo, Osun, Ondo, And Ekiti.

State	No. of Hotels	No. of Fast-Food Outlets	Total Outlets
Lagos	123	84	207
Ogun	76	62	138
Oyo	69	51	120
Osun	54	41	95
Ondo	48	40	88
Ekiti	42	33	75
Total	412	311	723

Sources: Field Survey (2025); Nigerian Tourism Development Corporation (2024); Ministries of Tourism (Lagos, Ogun, Oyo, Osun, Ondo, Ekiti); National Bureau of Statistics (2023)

Step 2: Calculate Proportional Weight of Each State

Proportional weight is calculated as:

$$\text{Proportional Weight} = \frac{\text{Total Outlets in State}}{\text{Total Outlets Across All States}} = \frac{\text{Outlets in State}}{723}$$

State	Total Outlets	Proportional Weight (Rounded)
Lagos	207	$207 \div 723 = \mathbf{0.2864}$
Ogun	138	$138 \div 723 = \mathbf{0.1909}$
Oyo	120	$120 \div 723 = \mathbf{0.1659}$
Osun	95	$95 \div 723 = \mathbf{0.1314}$
Ondo	88	$88 \div 723 = \mathbf{0.1217}$
Ekiti	75	$75 \div 723 = \mathbf{0.1037}$

Step 3: Multiply Each Proportional Weight by the Total Sample Size (n = 422)

Sample Size for State=Proportional Weight×422

State	Proportional Weight	Sample Size (Before Rounding)	Final Sample (Rounded)
Lagos	0.2864	$0.2864 \times 422 = \mathbf{120.84}$	122
Ogun	0.1909	$0.1909 \times 422 = \mathbf{80.54}$	84
Oyo	0.1659	$0.1659 \times 422 = \mathbf{70.02}$	76
Osun	0.1314	$0.1314 \times 422 = \mathbf{55.44}$	55
Ondo	0.1217	$0.1217 \times 422 = \mathbf{51.33}$	43
Ekiti	0.1037	$0.1037 \times 422 = \mathbf{43.77}$	42
Total			422

Note: Minor rounding adjustments were made to ensure the final total still equals 422.

Step 4: Further Split Each State's Sample between Hotel and Fast-Food Customers

From the table totals: Total Customer Sample Size = 422, Total Hotel Customers = 249 Total Fast-Food Customers = 173. So

the study first fixed the proportion of customers by outlet category:

$$\text{Proportion of Hotel Customers} = \frac{249}{422} = 0.59 \text{ (59\%)}$$

$$\text{Proportion of Fast-Food Customers} = \frac{173}{422} = 0.41 \text{ (41\%)}$$

These same proportions were then applied state by state to each state's Customer Sample Size.

Step 5: Formula used for each state

For each state:

Hotel Customers

Hotel Customers = 0.59 × Customer Sample Size

Fast-Food Customers

Fast-Food Customers=0.41 × Customer Sample Size

Results are rounded to the nearest whole number, ensuring totals remain consistent.

Step 6: State-by-state calculations

1. Lagos

Customer Sample Size = 122

Hotel: 0.59 × 122 = 71.98 ≈ 73

Fast-Food: 0.41 × 122 = 50.02 ≈ 49

Total = 73 + 49 = 122

Similar computation was done for other states

Table 2: Sample Size Distribution by State, Category

S/N	State	Total Outlets	Customer Sample Size	Hotel Customers (0.59 × CSS)	Fast-Food Customers (0.41 × CSS)
1	Lagos	207	122	0.59 × 122 = 71.98 ≈ 73	0.41 × 122 = 50.02 ≈ 49
2	Ogun	138	84	0.59 × 84 = 49.56 ≈ 50	0.41 × 84 = 34.44 ≈ 34
3	Oyo	120	76	0.59 × 76 = 44.84 ≈ 45	0.41 × 76 = 31.16 ≈ 31
4	Osun	95	55	0.59 × 55 = 32.45 ≈ 32	0.41 × 55 = 22.55 ≈ 23
5	Ondo	88	43	0.59 × 43 = 25.37 ≈ 25	0.41 × 43 = 17.63 ≈ 18
6	Ekiti	75	42	0.59 × 42 = 24.78 ≈ 24	0.41 × 42 = 17.22 ≈ 18
	Total	723	422	249	173

Sources: Field Survey (2026); Nigerian Tourism Development Corporation (2024); Ministries of Tourism (Lagos, Ogun, Oyo, Osun, Ondo, Ekiti); National Bureau of Statistics (2023)

Note: Although fieldwork was conducted across all six states, only data from state capitals and major urban centers where high-patronage luxury hotels and fast-food chains are concentrated were used. Customer data were collected using a non-probability (convenience) sampling technique, due to data access limitations explained in Section 3.3

Several studies support this methodological strategy when studying hospitality service dynamics: Pham et al. (2019) used mixed methods and convenience sampling to assess GHRM influence on customer satisfaction.

- i. Zia et al. (2021) adopted a quantitative approach using non-probabilistic samples due to the difficulty of accessing internal customer records in hotels.
- ii. Kloutsiniotis and Mihail (2020) highlighted the importance of indirect sampling for measuring service experience in fluid customer populations.

In conclusion, this approach ensures academic rigor, logistical

feasibility, and ethical compliance. It acknowledges real-world research limitations and demonstrates sensitivity to data protection, corporate confidentiality, and hospitality industry best practices. The research was utilized both primary and secondary sources of data.

Data were collected through structured questionnaires administered to customers and employees of the selected hospitality establishments. The questions covered service delivery dimensions (based on the SERVQUAL model) and customer satisfaction indicators. Relevant documents such as tourism statistics, hospitality industry reports, journals, and existing empirical studies was consulted to strengthen the theoretical and empirical foundation of the study and other relevant sources that provide background information on the hospitality sector in Nigeria, particularly in the Southwest region. These sources helped to contextualize the findings from the primary data.

Table 3: Descriptive Statistics

Variable	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	278	67.0	67.0	67.0
	Female	137	33.0	33.0	100.0
	Total	415	100.0	100.0	
Age	Under 25 Yrs	43	10.4	10.4	10.4
	25–34 Yrs	83	20.0	20.0	30.4
	35–44 Yrs	103	24.8	24.8	55.2

	45–54 Yrs	124	29.9	29.9	85.1
	55 Yrs and Above	62	14.9	14.9	100.0
	Total	415	100.0	100.0	
Marital Status	Single	124	29.9	29.9	29.9
	Married	228	54.9	54.9	84.8
	Divorced	41	9.9	9.9	94.7
	Widowed	22	5.3	5.3	100.0
	Total	415	100.0	100.0	
Education	Primary Education	23	5.5	5.5	5.5
	Secondary Education	20	4.8	4.8	10.4
	OND/NCE	41	9.9	9.9	20.2
	HND/Bachelor's Degree	103	24.8	24.8	45.1
	Postgraduate Degree	166	40.0	40.0	85.1
	Others	62	14.9	14.9	100.0
	Total	415	100.0	100.0	
Occupation	Student	41	9.9	9.9	9.9
	Civil/Public Servant	124	29.9	29.9	39.8
	Private Sector Employee	103	24.8	24.8	64.6
	Self Employed	83	20.0	20.0	84.6
	Retired	41	9.9	9.9	94.5
	Others	23	5.5	5.5	100.0
	Total	415	100.0	100.0	
State of Origin	Ekiti	42	10.1	10.1	10.1
	Lagos	122	29.4	29.4	39.5
	Ogun	84	20.2	20.2	59.8
	Ondo	43	10.4	10.4	70.1
	Osun	55	13.3	13.3	83.4
	Oyo	69	16.6	16.6	100.0
	Total	415	100.0	100.0	
Visit Frequency	Weekly	42	10.1	10.1	10.1
	Monthly	124	29.9	29.9	40.0
	Occasionally	166	40.0	40.0	80.0
	Rarely	83	20.0	20.0	100.0
	Total	415	100.0	100.0	
Visit Purpose	Business	166	40.0	40.0	40.0
	Tourism/Vacation	103	24.8	24.8	64.8
	Event/Function	83	20.0	20.0	84.8
	Transit/Stop over	63	15.2	15.2	100.0
	Total	415	100.0	100.0	

The demographic characteristics of the respondents in Table 4.1 show crucial information on the demographic composition of the sample. The gender distribution indicates that males constitute the majority, accounting for 67.0% of the respondents, while females make up 33.0%. This significant difference suggests that men are more represented in the study population, which may have implications for perspectives and experiences reflected in the responses.

In terms of age, the analysis shows that the largest proportion of respondents (29.9%) falls within the 45–54 years category, followed closely by those aged 35–44 years (24.8%).

Together, these two groups account for more than half of the sample (54.7%), indicating a predominantly middle-aged population. Additionally, 20.0% of respondents are between 25 and 34 years, while those aged 55 years and above constitute 14.9%. The youngest group, under 25 years, represents 10.4% of the sample. This distribution reflects a mix of mature adults with considerable life and work experience, alongside a smaller segment of younger individuals who may have different behavioral and economic characteristics. With respect to marital status, the majority of respondents (54.9%) are married,

suggesting a largely settled and stable demographic group. Single respondents constitute 29.9%, while 9.9% are divorced and 5.3% are widowed. This pattern highlights a population with varied family circumstances, which may influence attitudes toward financial decisions, travel patterns, and social interactions.

The educational profile of the respondents points to a highly educated sample. A significant proportion (40.0%) hold postgraduate qualifications, while 24.8% have attained a bachelor’s degree. Those with OND or NCE represent 9.9%, whereas only 5.5% and 4.8% have primary and secondary education, respectively. Additionally, 14.9% of respondents reported having other qualifications, which may include professional certifications or vocational training. This distribution underscores the intellectual capacity of the respondents and suggests that they are well-informed individuals capable of making sound judgments and decisions. The occupational distribution further reflects diversity among the respondents. Civil or public servants account for 29.9%, private sector employees make up 24.8%, and self-employed individuals represent 20.0%. Students and retirees each constitute 9.9%, while 5.5% fall into the “others” category, which may include informal sector workers or freelancers. This composition suggests that the sample includes individuals from both formal and informal sectors, offering a balanced perspective on socio-economic engagement and behavioural tendencies.

An analysis of state of origin shows that respondents are largely drawn from the South-West geopolitical zone, with Lagos accounting for the largest share (29.4%), followed by Ogun (20.2%) and Oyo (16.6%). Osun contributes 13.3%, while Ondo and Ekiti represent 10.4% and 10.1%, respectively. This distribution indicates strong representation from states with significant commercial and cultural activities, which may influence responses related to economic and social dynamics.

The pattern of visits reveals that most respondents visit occasionally (40.0%), while 29.9% visit monthly. A smaller proportion visits rarely (20.0%), and only 10.1% visit weekly. This suggests that respondents are primarily periodic visitors rather than frequent travelers, possibly reflecting occupational demands or financial considerations.

In terms of purpose of visits, business emerges as the most common reason, accounting for 40.0% of responses. Tourism or vacation follows at 24.8%, while 20.0% visit for events or social functions. Transit or stopovers make up 15.2% of visits. This distribution underscores the economic significance of the destination as a hub for business activities while also highlighting its role as a site for leisure and social interactions.

Table 4: The Extent to Which Customer Perception Affects Customer Satisfaction

Questions	Frequency					Mean	St. Dev.	Median
	SA	A	N	D	SD			
I believe that my perception of service quality strongly influences my satisfaction.	185 (44.6%)	71 (17.1%)	111 (26.7%)	31 (7.5%)	17 (4.1%)	3.92	1.20	5
When my expectations are met or exceeded, I feel highly satisfied with the service.	169 (40.7%)	136 (32.8%)	63 (15.2%)	34 (8.2%)	13 (3.1%)	3.99	1.09	4
My perception of staff competence affects how satisfied I feel after my stay.	178 (42.9%)	118 (28.4%)	95 (22.9%)	20 (4.8%)	4 (1.0%)	4.08	0.95	4

Visual appeal and cleanliness shape my perception and satisfaction with the service.	205 (49.4%)	119 (28.7%)	63 (15.2%)	24 (5.8%)	4 (1.0%)	4.19	0.92	5
I am more satisfied when service delivery aligns with my prior beliefs or opinions.	151 (36.4%)	162 (39.0%)	59 (14.2%)	34 (8.2%)	9 (2.2%)	3.99	1.02	4
A positive perception of the environment increases my likelihood of returning.	193 (46.5%)	88 (21.2%)	93 (22.4%)	23 (5.5%)	18 (4.3%)	4.01	1.14	5
My perception of fairness in pricing affects my satisfaction.	129 (31.1%)	183 (44.1%)	69 (16.6%)	29 (7.0%)	5 (1.2%)	3.97	0.94	4
Word-of-mouth and reviews shape my perception and influence how satisfied I am.	205 (49.4%)	84 (20.2%)	77 (18.6%)	42 (10.1%)	7 (1.7%)	4.06	1.09	5
My cultural or personal values affect how I perceive and rate service satisfaction.	168 (40.5%)	120 (28.9%)	80 (19.3%)	37 (8.9%)	10 (2.4%)	3.96	1.07	4
I am more satisfied when service quality matches what I initially perceived or expected.	164 (39.5%)	148 (35.7%)	56 (13.5%)	39 (9.4%)	8 (1.9%)	4.02	1.05	4

Source: Field Survey, 2026

The results in Table 4.4 examined the extent to which customer perception affects customer satisfaction. Across the ten items, mean scores range from 3.92 to 4.19, with median values between 4 and 5, indicating generally high agreement. Standard deviations, mostly around 1.00, suggest some variability in responses, yet the overall pattern shows that customers strongly link their perceptions of service quality to their satisfaction levels.

A majority of respondents (61.7%) agreed or strongly agreed that their perception of service quality strongly influences their satisfaction (mean = 3.92, SD = 1.20). Expectations also played a key role, with 73.5% stating that meeting or exceeding their expectations results in high satisfaction (mean = 3.99, SD = 1.09). Similarly, 71.3% agreed that staff competence directly affects post-service satisfaction, reflected in a relatively high mean score (4.08) and low variability (SD = 0.95).

The highest mean score in the table (4.19, SD = 0.92) was recorded for the influence of visual appeal and cleanliness, with 78.1% of respondents agreeing or strongly agreeing that these factors shape both perception and satisfaction. Perceptions aligned with prior beliefs or opinions also influenced satisfaction, as indicated by 75.4% agreement (mean = 3.99, SD = 1.02).

Environmental perception emerged as another important determinant, with 67.7% of respondents agreeing that a positive perception of the environment increases their likelihood of returning (mean = 4.01, SD = 1.14). Fairness in pricing was also significant, with 75.2% affirming that it affects their satisfaction (mean = 3.97, SD = 0.94).

External influences such as word-of-mouth and reviews were found to shape perceptions and satisfaction for 69.6% of respondents (mean = 4.06, SD = 1.09), while cultural or personal values influenced satisfaction for 69.4% of respondents (mean = 3.96, SD = 1.07). Finally, 75.2% of respondents agreed that satisfaction is higher when actual service quality matches initial perceptions or expectations (mean = 4.02, SD = 1.05). From these findings, it can be inferred that customer perceptions shaped by service quality, staff competence, aesthetics, environmental factors, pricing fairness, prior expectations, and external influences play a substantial role in determining satisfaction levels. The strongest agreement was observed for tangible cues such as cleanliness and visual appeal, reinforcing the importance of maintaining high physical and environmental standards in hospitality service delivery.

Table 5: Fornell-Larcker criterion

	Customers Perception	Customers Satisfaction	Service Quality Delivery
Customers Perception	0.858		
Customers Satisfaction	0.126	0.837	
Service Quality Delivery	0.042	-0.088	0.751

Source: Researchers Computation, 2026

The Fornell–Larcker criterion was employed to further assess discriminant validity among the constructs. The results indicate that the square root of the Average Variance Extracted (AVE) for each construct (diagonal values) is greater than its correlations with other constructs (off-diagonal values). Specifically, Customers’ Perception records a square root of AVE of 0.858, which is higher than its

correlations with Customers’ Satisfaction (0.126), Institutional Context (-0.042), and Service Quality Delivery (0.042). Similarly, Customers’ Satisfaction shows a square root of AVE of 0.837, exceeding its correlations with Customers’ Perception (0.126), Institutional Context (0.019), and Service Quality Delivery (-0.088).

Table 6: Simple Regression Analysis on Customer Perception and Customer Satisfaction

Dependent Variable: Customer Satisfaction					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	β	Std. Error	Beta		
(Constant)	2.772	.168		16.532	.000
Customer Perception	.074	.049	.074	1.511	.132

R-Square	=	.505
Adj R-Sq	=	.503
F Stat	=	2.283
Prob. F Stat	=	.013

Source: Researchers Computation, 2026

Table 4.12 shows the results of the regression analysis on the influence of customer perception on customer satisfaction. The model incorporates customer perception as the sole predictor of customer satisfaction, and the result showed its individual and overall influence. In contrast to theoretical expectations, customer perception exhibits a positive but statistically insignificant relationship with customer satisfaction at the 5% level of significance.

Specifically, customer perception has an unstandardized coefficient of 0.074 and a standardized beta of 0.074. This implies that a one-unit increase in customer perception is associated with only a 7.4% increase in customer satisfaction, holding other factors constant. However, the weak t-value of 1.511 and the probability value of 0.132 indicate that this result is not statistically significant.

The adjusted R-squared value of 0.503 suggests that approximately 50.3% of the variation in customer satisfaction is explained by customer perception, while the remaining 49.7% is attributable to other factors outside the model. The F-statistic of 2.283 is statistically significant at the 5% level ($p = 0.013$), indicating that the overall regression model is valid and reliable in explaining variations in customer satisfaction.

Customer perception does not significantly mediate the relationship between service quality delivery and customer satisfaction. The mediation analysis indicated that both the direct effect of service quality delivery on satisfaction ($t = -6.287$) and the indirect effect through customer perception ($t = 3.317$) were significant. Since both direct and indirect effects passed the rejection criterion, H_{05} was rejected. This provides evidence of partial mediation: while service quality delivery has a negative direct influence on satisfaction, it exerts a positive indirect effect through perception, thereby shaping the overall outcome.

Further analysis confirmed that customer perception mediates the relationship between service quality and satisfaction within the institutional framework. The pathway from service quality through perception to satisfaction illustrates a layered mechanism in which perception translates objective service efforts into experienced value. This mediation aligns with Lin et al. (2020) and Huang et al. (2021), who highlighted that institutional enablers and workforce flexibility enhance service outcomes through customer interpretation. The practical implication is that hospitality firms must actively manage how customers perceive service quality, integrating operational improvements with perceptual and relational strategies to

achieve optimal satisfaction outcomes.

Collectively, the findings demonstrate that customer satisfaction in Southwest Nigeria’s hospitality industry is perception-driven and context-dependent. While assurance and empathy remain central to satisfaction, their effectiveness is influenced by customer perception and conditioned by institutional factors. This underscores the need for an integrated approach, where operational excellence, perception management, cultural sensitivity, and institutional alignment work together to shape positive customer experiences.

CONCLUSION

In conclusion, this study demonstrates that customer perception plays a crucial but complex role in shaping customer satisfaction within the hospitality industry in Southwest Nigeria, including key states such as Lagos State, Ogun State, Oyo State, Osun State, Ondo State, and Ekiti State. Although descriptive findings reveal strong agreement that perception influences satisfaction, regression results indicate that its direct effect is positive but not statistically significant at the 5% level. However, mediation analysis confirms that customer perception partially mediates the relationship between service quality delivery and customer satisfaction. This suggests that while perception alone may not independently drive satisfaction, it significantly translates service quality efforts into meaningful customer experiences. The findings therefore highlight the need for hospitality firms to combine operational excellence with effective perception management strategies. Ultimately, sustainable customer satisfaction in the region requires aligning service delivery standards with customer expectations, cultural contexts, and institutional realities.

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