

The Impact Of Effective Control System In Food and Beverage Department on the Profitability of Hotel Business in Abeokuta Metropolis, Ogun State, Nigeria.

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ABSTRACT

This study investigated the impact of effective control system in the food and beverage department in the hospitality industry using three selected hotels in Abeokuta. The research was based on primary data collected from 96 respondents in a cross-sectional survey using multi-stage sampling approaches. The data collected were analyzed using both descriptive and quantitative techniques. Descriptive techniques and chi-square were used to analyze the data collected. The results obtained revealed that there was a significant relationship ($p < 0.05$) between the effective control system and means of attaining the hotel goals in the study area and also between effective control system and means of improving the image of the hotel industry in the study area. Based on the research findings it was concluded that the effective control system of the hotel most especially the food and beverage system is the major factor that can be used in achieving hotel goals, manage, and coordinate hotel activities and also project the image of the hotels in the study area. The study therefore recommends that hotel staff should be equipped with adequate skill and knowledge by conducting regular training regarding effective control measurement systems. Implement a sensible bonus and reward scheme for staff which rewards them for improving hotel performance. The management should therefore have structures in place that ensure that the procedure of performance measurement is clear to all employees such as periodic performance appraisal.

Keywords: Beverages, Control, Effective, Hospitality industry, System, profitability.

INTRODUCTION

A sound internal control process is critical to a business in order to reduce problems associated with lowering revenues and to enable the entity to meet its established objectives. The hospitality industry has a long colourful history beginning with Inns, Lodges and growing into the hospitality industry as stated by Micheal and Richard (2011). An incredible change in the tourism industry in the world brought many changes in the field of the hotel business. This means the expansion and development of travel have contributed a lot to the development of the hotel industry.

Internal control systems cannot achieve their objectives if the systems are weak business without adequate internal control systems that will enable them to detect fraud and revenue collections would be low.

Hotel revenue is not only obtained from a single source rather revenue is generated through several activities such as accommodation, food and beverages banquet and function rooms, spa and fitness facilities, golf course, casino and gambling facilities and other additional services. Stanis Lou and Vladimir (2012). Thus, there is a need for a management tool that can control and monitor income regularly from each hotel's revenue sources due to the fact that internal control enable the hotels to maintain the quality of service, to get the loyalty of customers and enable the hotels to make profit.

Food and beverage control may be seen as the guidance and regulation of the costs and revenue of operating the catering activity in a food and beverage establishment. A successful holistic food and beverage control is imperative for any type of food and beverage operation regardless of its size. The cost of food and beverage can range from 25% to up to 50% depending on the type of operation. (Sanders and Faria, 2013)

In restaurants, food and beverage can be the only source of revenue (e.g. merchandising and room hire can generate additional revenue). In the public sector catering, employee restaurants and similar operations, food and beverages are the main day-to-day expenditure, which is controlled by budgets and possibly a level of subsidy, either on a total company or on a per unit basis. The amount of control is related to the size of the operation. A large group operation would require a much more precise, detailed, up-to-date information, than a small operation.

Additionally a larger operation will be able to support the control with a computerized system when a smaller operation may not be able to afford it (however the cost of such technology has been greatly reduced in recent years so much so that even smaller operations can now afford such a system). In both instances the type and volume of data required needs to be selectively determined if control is to be meaningful and effective. (Sanders and Faria, 2013).

In the food and beverage department portion control system is used to control the size or quantity of the food and drinks to be served to each customer. This depends on the type of customer or establishment, the quality of food and its price.

Store control system is used to keep stock of food, beverages and other items at suitable level in order to eliminate the risk of running out of any commodities to check the movement of food into and out of the store and to put a check on the profit percentage of each department in the hotel (Simon, 2014). Cash control system ensures that there is correct payment and accountability for whatever is issued from the kitchen, bars, sales of rooms etc.

RESEARCH METHODOLOGY

Study Area

This study was carried out in selected hotels in Abeokuta metropolis, areas of Ogun State.

Research Population

The targeted population of this study comprises of Staff of the (3) selected hotels in Abeokuta Ogun State.

Study design

The study was cross sectional and descriptive in nature and involved staff in selected hotels in Ogun state

Sample size and techniques

Three hotels were purposively selected for this research work in Ogun State. A total of 96 respondent were selected through a random sampling techniques.

DATA COLLECTION

The sources of data for this project was primary and secondary. Primary sources of data was gathered on the field using questionnaires and secondary sources was obtained from books, journals, articles and the internet.

DATA ANALYSIS

The data were analyzed using simple descriptive statistical techniques which include the use of frequency, tallies, mean, standard deviation, pie chart, bar chart simple percentage distribution. The generality of views and responses captured will mainly centred on evaluating the effectiveness of control system in food and beverage department on the profitability of hotel business with focus on three selected hotels in Ogun State.

In the analyses of the data obtained through questionnaire, especially in testing the research hypotheses, the chi-square statistics will be used in analyzing the responses. The chi-square statistics is given as:

$$\chi^2 = \frac{(O - E)^2}{E}$$

Where;

O = Observed frequencies

E = Expected frequencies

χ^2 = Chi-square

The outline of the above calculation would either confirm the null hypothesis – resulting from the fact that the discrepancy between ‘o’ and ‘e’ is so large that it cannot be attributed to chance. Further, a level of significance has been assumed. The degree of freedom ‘v’ is calculated using the r x c contingency table, thus; $V = df = (r-1) (c-1)^2$

Bladock (1998)

Decision Rule

In arriving at conclusions using the chi-square, two sets of figures are used: the calculated chi-square value and the critical value which is obtained from the chi-square distribution.

RESULTS AND DISCUSSION

The analysis, interpretation and discussion of findings in the line with the study objectives are hereby provided in this chapter. A total of 96 respondents were sampled via structured questionnaires and used for analyses.

1. Socio-Economic and Socio-demographic Characteristics of the Respondents

This study crucially examined the relationship between the socio-economic characteristics of the each respondents and their effective control system of hotel(s) with a view to draw inferences on the relationship with hotel control system. Socio-economic status had however often distinguished people on the basis of social and

economic position in the society (Morris et al, 2000) and may affect decision making (Duncan et al. 2002) which include that of effective control system. Age as a factor refers to the length of time that the respondents had lived which may directly or indirectly affect productivity (Ojo and Ajibefun, 2000) and which perhaps may be relative to effective control system potentials of respondents as some age boundaries would belong to the workforce of the Nation (income earning) than the other. For the respondents, age could also have influenced on their hotel control system level which form the basis for assessing the respondents' age. The inferences of the parameters of this study are presented in Table 1.

The analysis revealed that majority of the respondents was between 20- 30 years of age with an average of 25 years. A test of significant relationship revealed that this age boundary had significant relationship with hotel control system of the respondents. The gender of the respondents was necessitated as it was evident that majority the respondents were females (63.5%).

Table 1: Socio-Economic and Socio-demographic Characteristics of the respondents

Socio –Economic Characteristics	Frequency	Percentage	Cumulative Percentage
Sex			
Male	61	63.5	63.5
Female	35	36.5	100.0
Total	96	100.0	
Age			
20-30 years	70	72.9	72.9
31-40 years	19	19.8	92.7
41-50 years	5	5.2	97.9
Above 51 years	2	2.1	100.0
Total	96	100.0	
Marital status			
Single	54	56.3	56.3
Married	40	41.7	97.9
Divorced	2	2.1	100.0
Total	96	100.0	
Academic qualification			
O.N.D	8	8.3	8.3
H.N.D	81	84.4	92.7
M.Sc	5	5.2	97.9
Ph.D	2	2.1	100.0
Total	96	100.0	
Years of working experience			
1-5 years	80	83.3	83.3
6-10 years	7	7.3	90.6
11-15 years	5	5.2	95.8
Above 16 years	4	4.2	100.0
Total	96	100.0	

Category of staff			
Junior	82	85.4	85.4
Senior staff	6	6.3	91.7
Management staff	8	8.3	100.0
Total	96	100.0	
Religion			
Christian	51	53.1	53.1
Muslim	45	46.9	100.0
Total	96	100.0	

Source: Field survey, 2019

Marital status was expected to influence respondents' level of responsibilities which could have positive or negative influence on their control system. Hence, the decision to analyse the respondents' marital status for this study revealed that majority (56.3%) of the respondents were single.

The relationship between education and effective control system formed the basis for examining the educational level of the respondents. The study revealed that while the majority (84.4%) of the respondents had Higher National Diploma (HND) a fair number of the respondents about 5.2% had M.Sc, while 2.1% had Ph.D and 8.3% had Ordinary National Diploma. The findings suggest that level of formal education may be associated with effective control system of the respondents in the study area with an implication that respondents with formal education may be more favourably disposed to effective control system of hotel than those with no formal education level in line with the *apriori* expectation.

Experience level often connotes expertise which could have effect on productivity and income. The relativity between experience in major occupation of the respondents and level of control system informed the decision to analyse the respondents' experience in their main occupation. Result shown in Table 1 revealed that larger percentage of the respondents (83.3%) had between 1-5 years of experience in their main occupation.

The position occupied by the respondents in their occupation is a serious effect on regularity of their income, and regular income source (e.g. salary) may have high susceptibility to hotel effective control system. An assessment the respondents' staff category shown in Table 1 revealed that majority of the respondents 85.4% were junior officer and this will have a great impact on their effective control system, however, substantial percentage of the respondents (8.3%) were in the management categories.

Religion is said to be the opium of the society and precisely in Nigeria, particularly in the study area. Religion often a time determines what people eat, the type of clothes they wear and perhaps the kind of social and

economic activities they engage in. The relationship between religion and hotel effective control system was the primary reason for analyzing the religion of the respondents and the findings revealed in Table 1 that there are two major religions in the study area (Islam and Christianity) which were substantially represented in the study with Christians practicing respondents being significantly higher than Islam.

2. IMPACT OF EFFECTIVE CONTROL SYSTEM IN ATTAINING THE HOTELS GOALS.

Table 2: Showing if the use of effective control system is the best means of attaining the hotels goals.

Statement	SA		A		U		D		SD		Mean
	Frq	%	Frq	%	Frq	%	Frq	%	Frq	%	
Effective control system has proved to be the hotels best ways of achieving success	67	69.8	27	28.1	-	-	2	2.1	-	-	4.66
The hotel industry accomplishes their goal through the effective and efficient control system	65	67.7	28	29.2	3	3.1	-	-	-	-	4.65
The hospitality industry has been on the increase as a result of effective control system activities used by the organization	42	43.8	46	47.9	4	4.2	4	4.2	-	-	4.31
Effective control system has enhanced the sales performance of the hotels	58	60.4	31	32.3	5	5.2	2	2.1	-	-	4.51
Profitability of your establishment is as a result of effective control system	39	40.6	37	38.5	16	16.7	2	2.1	2	2.1	4.14

Source: Field survey, 2019

The results of the analysis in table 2 above showed that effective control system has proved to be the hotels best ways of achieving success (mean= 4.66), hotel industry accomplishes their goal through the effective and efficient control system (mean= 4.65), hospitality industry has been on the increase as a result of effective control system activities used by the organization (mean= 4.31), effective control system has enhanced the sales performance of the hotels (4.51) and that profitability of establishment is as a result of effective control system (mean=4.14).

3 THE BEST CONTROL MEASURE TO BE USED TO COORDINATE AND MANAGE THE HOTELS ACTIVITIES.

Table 3: Showing the best control measure to be used in coordinating and managing hotel activities

Statement	SA		A		U		D		SD		Mean
	Frq	%	Frq	%	Frq	%	Frq	%	Frq	%	
The activities of the hotel can be control through effective management	60	62.5	31	32.3	1	1.0	4	4.2	-	-	4.53
The hotel best control measure for the success of its goals is realized during hard work	34	35.4	54	56.3	8	8.3	-	-	-	-	4.27
Optimization of monitoring procedures has enhanced the success of the hotel industry	54	56.3	33	34.4	7	7.3	2	2.1	-	-	4.45

Source: Field survey, 2019

The results of the analysis in table 3 above showed that activities of the hotel can be control through effective management (mean= 4.53), hotel best control measure for the success of its goals is realized during hard work (mean= 4.27) and that optimization of monitoring procedures has enhanced the success of the hotel industry (mean=4.45).

4. PROBLEMS OF CONTROL MEASURE IN FOOD AND BEVERAGE DEPARTMENT AND WAYS OF CORRECTING THEM USING EFFECTIVE CONTROL SYSTEMS

Table 4: Showing problems of control measure in food and beverage department and ways of correcting them using effective control systems

Statement	SA		A		U		D		SD		Mean
	Frq	%	Frq	%	Frq	%	Frq	%	Frq	%	
Inappropriate management of the food and beverages department is the cause of failure in the industry	53	55.2	34	35.4	5	5.2	4	4.2	-	-	4.42
The establishment checking system for selling food and beverage products affects its production	62	64.6	19	19.8	5	5.2	6	6.3	4	4.2	4.34
Negligence of various units of the food and beverage department in your establishment affects the hotel success	49	51.0	43	44.8	4	4.2	-	-	-	-	4.47
Control measure have positive impact on	48	50.0	42	43.8	6	6.3	-	-	-	-	4.44

organizational performance											
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Source: Field survey, 2019

The results of the analysis in table 4 above showed that Inappropriate management of the food and beverages department is the cause of failure in the industry (mean= 4.42), establishment checking system for selling food and beverage products affects its production (mean= 4.34), negligence of various units of the food and beverage department in your establishment affects the hotel success (mean= 4.47), and that control measure have positive impact on organizational performance (mean=4.14).

5. CONTROL MEASURE OF REDUCING WASTAGE AND PILFERING

Table 5: Showing control measures of reducing wastage and pilferage in food and beverage department of hotel

Statement	SA		A		U		D		SD		Mean
	Frq	%	Frq	%	Frq	%	Frq	%	Frq	%	
Wastage and robbery can be reduce by efficient management of staff and material	50	52.1	31	32.3	10	10.4	5	5.2	-	-	4.31
Mismanagement of organizational equipment can be reduced through efficient management of the staff	47	49.0	44	45.8	4	4.2	1	1.0	-	-	4.43
Excess wastage and spoilage has negative implications on the success of the hotel	70	72.9	18	18.8	2	2.1	6	6.3	-	-	4.58
Regular control of food spoilage has improved control measure in your establishment	46	47.9	43	44.8	7	7.3	-	-	-	-	4.41

Source: Field survey, 2019

The results of the analysis in table 5 above showed that wastage and robbery can be reduce by efficient management of staff and material (mean= 4.31), mismanagement of organizational equipment can be reduced through efficient management of the staff (mean= 4.43), excess wastage and spoilage has negative implications on the success of the hotel (mean= 4.58), and that Regular control of food spoilage has improved control measure in your establishment (mean=4.41).

6 HOW CONTROL SYSTEM PROJECTS THE IMAGE OF THE HOTEL

Table 6: Showing how control system project the image of the hotel

Statements	SA		A		U		D		SD		Mean
	Frq	%	Frq	%	Frq	%	Frq	%	Frq	%	
A good reward system helps to improve the image of the hotel	65	67.7	23	24.0	8	8.3	-	-	-	-	4.59
The good relationship between staff and employee improves the image of the hotel	37	38.5	44	45.8	9	9.4	6	6.3	-	-	4.12
Control system increases the reputation of the organization	58	60.4	28	29.2	2	2.1	6	6.3	2	2.1	4.34

Source: Field survey, 2019

Note: SA=Strongly agreed, A=Agreed, U= Undecided, D=Disagreed, SD=Strongly agreed

The results of the analysis in table 6 above showed that good reward system helps to improve the image of the hotel (mean= 4.59), good relationship between staff and employee improves the image of the hotel (mean= 4.12), and that control system increases the reputation of the organization (mean=4.34).

7 TEST OF HYPOTHESES

H_{01} = There is no significant relationship between the effective control system and means of attaining the hotel goals.

The results of the hypothesis test of relationship between effective control system and means of attaining the hotel goals are presented in Table 7. The results obtained revealed that there was significant relationship ($p < 0.05$) between effective control system and means of attaining the hotel goals in the study area.

The implication of the results is that effective control system is associated with means of attaining the hotel goals in the study area.

Table 7: Chi-square analysis of relationship between effective control system and means of attaining the hotel goals.

Variables	Df	χ^2_{cal} (0.05)	Significance ($P \leq 0.05$)	Decision
Effective control vs hotel image improvement	2	73.71 ^b	0.000	S

Source: Field survey, 2019.

S = Significant, NS = Not significant.

H_{02} = There is no significant relationship between effective control system and means of improving the image of the hotel industry in the study area.

The result of chi-square analysis of relationship between the between effective control system and means of improving the image of hotel industry is presented. Evidently there was significant relationship between effective control system and means of improving the image of hotel industry in Table 8.

Table 8: Chi-square analysis of between effective control system and means of improving the image of hotel industry.

Variables	Df	χ^2_{cal} (0.05)	Significance ($P \leq 0.05$)	Decision
Effective control vs hotel image improvement	5	34.001 ^c	0.000	S

Source: Field survey, 2018

S = Significant, NS = Not significant.

Summary of findings

The findings revealed that majority of the respondents were between 20- 30 years of age with an average of 25 years; were males and were single had tertiary level formal education while none had no formal education. Substantial percentage of the participants had 1-5 years working experience. The two major religions are practiced in the study area (Islam and Christianity). The results obtained revealed that there was significant relationship ($p < 0.05$) between effective control system and means of attaining the hotel goals in the study area. And also between effective control system and means of improving the image of hotel industry in the study area.

Conclusion

The major focus of this study was to investigate the impact of effective control system in the food and beverage department in hotel industry. The findings of the research revealed that effective control system of the hotel most especially the food and beverage system is the major factors that can be used in achieving hotels goals, manage and coordinate hotel activities and also project the image of the hotels in the study area.

Recommendations

In view of the above findings and taking into consideration the fact that there is need to be a holistic approach towards effective control system in food and beverage department in the study area, the following recommendations are made:

Hotel staff should be equipped with adequate skill and knowledge by conducting regular training regarding effective control measurement system.

Implement a sensible bonus and reward scheme for staff which rewards them for improving hotel performance.

Educate customers to accept a new emerging culture in the hotel environment. The management should therefore have structures in place that ensure that the procedure of performance measurement is clear to all employees such as periodic performance appraisal.

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