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ASSESSING PRODUCTIVITY AND FINANCIAL MANAGEMENT SYSTEM IN HOSPITALITY BUSINESS IN NIGERIA: A CASE STUDY OF SOUTH WESTERN, NIGERIA

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Abstract

This study examines the efficacy of financial management practices (budget, internal control system, financial reporting and accountability) in promoting productivity in Hospitality industries through a case study of South-west Nigeria with a view to identifying best practices. Survey research design was employed because of the expansiveness of the study area and population covering all private hospitality businesses. The research instrument was a questionnaire using five point Likert – type scale to elicit required information. Two hundred copies of the questionnaire were administered to Owners, Managers, Accounting officers and staff of selected Catering and Hotel Business in the various states (Ekiti, Kwara, Lagos, Ogun, Ondo, Osun and Oyo). A total of 150 copies were properly filled and recovered. The ordinal data obtained were analyzed using Ordinal Regression technique. Results largely suggest that budget as a variable has no significant effect on productivity while recruitment and disengagement policy, internal *check and audit of transactions significantly affect productivity at P > 0.039 and P > 0.001 respectively. The results guide the recommendations on the strategies of how internal control system could be strengthened. The interactive effects of budget participation should be extended beyond managerial performance among others. This strategy can ensure stability and improvement on productivity with a positive multiplier effect on profitability.*

Keywords: Financial management, hospitality business, productivity, profitability

INTRODUCTION

The burdens of low productivity and profitability in the hospitality industry in private organizations call for the need to assess the effectiveness and practicability of its financial management system. The object of every business activities is to make profit and finance is needed as a significant driver to meet this obligation in the economic world (Iheanocho, 2016). Finance is primarily on revenue generation, expenditure and use of financial resources. It has to be managed effectively in order to meet the productivity and profitability goal of the organization. This need is further amplified by the fact that the entire hospitality industry has now been pushed to the wall as a result of health challenges being posed by covid-19 pandemic which has made financial management of the little resources a top priority (Chinazzi et al, 2020). However, financial management is the activity which is concerned with the planning and controlling of a firm's financial resources (Pandey, 2011). It is a process which brings together planning, budgeting, accounting, financial reporting, internal control, auditing and accountability with the aim of managing resources properly to achieve goals and objectives of organisations (Exposure Draft Manual, 1999; Adedeji, 2016). The management control system of an organization covers different areas, of which financial management system forms a basic aspect. This control system is imperative to financial management practices in any organization to guarantee efficient and proper financial management practices, smooth running of operations in compliance with lay down regulations and to provide relevant information for better decision making that promote productivity and profitability.

Productivity is referred to as the manufacturing process and capability to generate income according to Seyedgholam et al. (2016). Profitability commences with productivity, it is all about 'putting the right peg in a round hole', application of sound financial management practices and effective combination of the various factors of production together to achieve a given objective. As productivity increases so there would be a commensurate increase in profitability, sound Financial Management is the bedrock of running a profitable venture. Hospitality industry encompasses hotels, restaurants, entertainment and other tourism related services. Hospitality implies warmness, reverence and safety; it builds understanding and positive reception amidst cultures. Hospitality business like any other business requires adherence to fundamental financial management principles to operate the business profitably and to promote productivity. Also, Jone (2016) supported the notion that the keys to financial success and productivity in hospitality industry is the implementation of financial management principles which include annual budget, detailed financial tracking model, ongoing audit and reporting structure that makes accounting information readily available. By adopting basic accounting principles, catering and hotel business owners and managers have the required information to identify opportunities and threats to their businesses and to recognize trends, before they have a negative impact.

The importance of financial information cannot be underrated in financial management system. It provides an exact measure of management performance in every operational segment and act as the mirror with which the efficiency and effectiveness of a business can be assessed either internally or with other competitors. However, Zuraidah, Razana, Jamaliah and Takiah(2015), Chenhall, Hall and Smith(2010), Henri and Journeault (2010) and Abdul Rasid and Abdul Rahman (2009) agree that the criticism of the financial management practices is due to poor factors of management control system. The factors that relate to challenges in management control system in some of these businesses are lack of accountability to manage accounting system, less budget participation by the required officials, weak internal control system and improper way of recording and reporting transactions. Failure to successfully manage these challenges in any business organization result to weak financial management system and performance, with negative effect on productivity in any organization (Alim and Abdullah, 2010). Accordingly, the report of “World Travel & Tourism Council (2018) shows that, the travel and tourism sector currently account for 10.4% of global Gross Domestic Product (GDP). The industry contributes to the economic development of nations, undoubtedly, the advent of COVID – 19 globally had effected negatively the economic status of the industry. Nevertheless, as industrial operations begin worldwide, there is the need for sound financial management system to promote rapid growth even after the pandemic. Although, there are other factors that affect productivity in the hospitality industry apart from financial management like sales, market power, organizational structure and qualities, leadership styles among others, but in this study productivity is considered through the efficient running of sound financial management system. According to Duisenberg (2001) that says “finance is the stomach of a country”, also, it can be inferred that finance is the stomach of a company from which all other units take their strength, it is connected with economic performance. A well-developed financial management system improves the efficiency of financial decisions and strategies in an organisation. Hence, the objective of this paper is to assess the financial management system of the hospitability industry in South-west Nigeria with a view to identifying best practices.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Financial management variables (budget, internal control, financial reporting and accountability) were considered alongside with productivity to formulate the hypotheses for the study.

Budget and Productivity

Budget is a quantitative financial plan containing the list of all planned expenses and revenues of a particular period. According to Burns and Baldvinsdottir (2012), the annual budget of businesses in hotel and catering industry provides the general overview of the financial picture of the business and contains the information needed for the measurement of financial performance and productivity at any time during the year. Financial planning starts with the sales forecast used to establish the revenue for the budget. The manager is to ensure that sales forecasts are realistic and achievable, because if it is wrong, the foundation for the budget would be defective (Blackburn, 2013). The budget includes expected revenue, occupancy costs and other expenses. It captures projected expenses and anticipated revenue over a period of twelve months. Achieving the objectives of the budget in an organization requires the participation of both high and low levels officials in budget preparation, as this enhances the budget to gain acceptance, increases organization effectiveness, promotes performance appraisal and effective management either in profit or non – profit making establishments (Zuraidah et. al., 2015; Otley and Pollanen, 2000). It is anticipated that budget participation would enhance productivity in the private business. Thus, the following hypothesis is tested.

Hypothesis 1: budget preparation does not significantly influence productivity in the hospitality industry

Internal Control and Productivity

Internal control can be regarded as an indispensable system in every organization. Sulaiman, Siraj and Mohammed (2008) and Institute of Chartered Accountant of Nigeria ICAN (2014) define it "as the policies and procedures put in place by the board and management to provide reasonable assurance regarding the achievement of objectives in the area of effectiveness and efficiency of operations and reliability of financial reporting and compliance with applicable laws and regulations."

It is an element of management that links the chain of successful business. In hospitality business, Davis and Albright (2010), Jeffrey et al (2013), Littlejohn and Watson (2015) consider internal control as a safety belt that guide against loss of income, misuse or error in information management and financial reporting and as one of the most essential ingredients necessary for the survival of a hospitability business. This is because it involves verification of income and expenditure in each segment of operation, monitoring of the financial activities, internal check, ensuring the reliability of accounting information and internal audit. Establishing a suitable internal control system helps the organization's operations and management control to be more effective and efficient. Nevertheless, Zuraidah et. al (2015) argue that internal control system can only provide reasonable but not absolute assurance because, no matter how good a system might be, it cannot by itself ensure the objectives for which it was set up. Thus, the inherent limitations must be taken into consideration to ensure effectiveness in the system. Therefore, considering the characteristics of private businesses, service industries and the role of human factor, internal control is tested against performance efficiency and effectiveness.

Hypothesis 2: Internal control has no significant effect on productivity in the hospitality industry.

Financial Reporting and Productivity

Financial reporting is an arm of financial management for public trust to be maintained, there is the need to make decisions based on good and accessible financial information which is a product of accounting. Sanford (2013) and KPMG (2014) opine that a hotel and catering business requires a reliable system of accounting that provides the required accountability by recording all activities regarding the creation of monetary inflows and outflows resulting from operations, also taking into consideration the peculiarity of departmentalization with separate sections. Accounting produces financial statement which is used for quantitative financial reporting to appraise the effectiveness of current and past operations. It is not an end in itself, but a conservative tool for managers to control the internal activities of the organization and to determine performance against plans. Similarly, financial reporting and accounting system of a hotel should be in compliance with international standard as suggested by Smith and Morris (2015). This is to help the management to achieve regular performance review. A financial reporting system should be reliable, accurate and timely for the purpose of controlling and understanding the performance of the business. This agrees with Raybouid and Wilkins (2015) that accuracy and timeliness are core requirements in financial reporting for management of hotel and catering business, as this will assist in identifying possible operational risk and taking action to curtail the impact of those risks. As hotel operations are highly departmentalized with separate sections, the financial records and reporting system should be set up in such a way to allow an independent evaluation of each operating section to ensure cost minimization and profit maximization for performance effectiveness (Ahmed et al, 2012). Thus the following hypothesis is tested.

Hypothesis 3: financial reporting does not significantly affect productivity in hospitality industry.

Accountability and Productivity

Accountability is all about being answerable to those who have invested their trust, faith, and resources in an individual. It is an aspect of governance that has to do with acting transparently in line with due process and the provision of feedback. Omolehinwa and Naiyeju (2015) describe it as ability to provide reasonable analyses and justification of actions taken in the process of discharging responsibilities at all levels. Accountability is a critical factor in hotel industry as pointed out by Palmer, Ziegenfuss and Pinsker (2011), Burgess (2014) and Defranco, Caintryman and Venegas (2014) the hotel management should be held sufficiently accountable and to be answerable for results in order to maximize return on investment. The attendant damage to revenue streams, arising from restrictions on travels and tourism occasioned by fear of community spread of covid-19 has, therefore, ensure the need to select cost savings strategies which may in turn promotes accountability. There is the need to be proactive in providing clear and consistent line of communication including presenting regular reports in a way that gives a clear picture of the financial and operational profile. Accountability in hospitality industry is all about producing result for customers in the form of efficient and effective service delivery, and attractive financial results for owners. Thus the following hypothesis is proposed.

Hypothesis 4: Accountability does not significantly influence productivity in hospitality business.

Theoretical Framework-Agency Theory

Financial Management systems are necessary to maximise the efficient and effective use of resources in corporate finances and in small enterprises to ensure long-term economic success as financial system is fundamentally connected with economic performance (Duisenberg, 2001). Agency theory was introduced in the 1970s as a new economic theory of firm by some theorist including Jensen and Meckling (1976) and Ross (1973) and describes it as a nexus of contracts where principal – agent relationships exist. Based on this, the theorists employed this modern financial management theory to support their study in explaining the concept of stewardship accounting, where the servant (Management) referred to as the Agent represents the interest of the master (Owner) in carrying out the affairs of the business known as the Principal. Agency problem could occur as a result of the divergent interest between the principal and agent, also informational advantage or failure to properly oversee the financial management system by the agent, which may be a deliberate action of the agent or factors beyond his control. The agent may take unjust advantage of his superior information on financial transactions and manipulate its production functions. Where there is lack of quality supervisory roles by the principal, the multiplier effect of this affects the output of the firm, thus the need to assess the financial management system of hospitality businesses to improve the level of productivity.

Empirical framework

Ahmed, Jamshed, Iram and Ghulam (2012) investigate uncertainty, corporate social disclosure and stakeholder to explore the selection, impact of financial management practices and earnings management on firm performance. A conceptual model was developed based on previous theories and empirical literature. The study concluded that firms that have proper financial management practices attracted capital providers and helps organization to increase its value and wealth.

Similarly, Zuraida, et al (2015) examined the effectiveness of internal control system, financial management and accountability practices of mosques with 250 selected mosques in Malaysia and multiple regression analysis was used to test the data. The study revealed that internal control system and fund usage had a significant relationship, while budget participation and accountability had no significant relationship on financial management practices. The study concluded that proper and accurate recording of financial transactions enhanced the accountability of chairman and treasurer to improve the productivity, efficiency of financial management practices and management control system in the mosque. However, the study was limited to the Mosque a non – profit making organization but, this study examines a profit making organization to determine the effect of financial management system on productivity.

Adeola and Ezenwafor (2016) examine "issues, challenges and opportunities' in hospitality business in Nigeria. Findings revealed the environmental trickle - down effect that impacts the profits of the restaurant as the operating environment that determines the supply of skills and the financial performance. The study suggested the need for improvement in managerial practices, cooperation and collaboration with training institutions as solutions to the problems in the industry.

Also, Tanzania, Gwesso, and Sreedhara (2017) examine the impact of financial management practices on growth of Micro, SMEs with a sample of 85 respondents out of a population of 400 management staff from selected Micro, SMEs in Dar essalam. A multivariate regression model was used to determine the relative importance of each of the four variables with respect to productivity and growth of Micro, SMEs. The study discovered that the aim for productivity and growth is profitability and that Financial Management influences the growth and productivity of Micro SMEs in Tanzania to a great extent. Consequently, proper financial management has become a strategic constituent of the modern organisation's survival and development. Thus, this study analysed the variables of financial management (budget, internal control, financial reporting and accountability) to determine the best practice of financial management system that aids productivity in hospitality industry.

METHODOLOGY

The focus of this study is to assess productivity in hospitality business in South-west Nigeria in relation to the financial management system in the area of budget preparation, internal control, financial reporting and accountability. Survey research design was employed for the study and the population of the study is all private hospitality business in South western, Nigeria. Comprising of Ekiti (50), Kwara (50), Lagos (80), Ogun (60), Ondo (50), Osun (50) and Oyo (60)). The sample size was determined using Yamane's formula; n =N / 1 + N $(r)^2$ n= sample size

N = population of 400

e= margin of error of 5% Substituting the values;

n= 400 / 1 + 400 $(0.05)^2$

= 400 / 2

n= 200

The research instrument was a self-designed questionnaire using five point Likert-type scale rating, ranging from strongly agreed to strongly disagree to elicit information relating to the objective of the study while four point Likert scale rating was used for the demographic factors. Two hundred (200) copies of the questionnaire were distributed to the respondents using purposive sampling technique based on certain criteria determined by the researchers, while 150 copies were duly filled and returned to the researchers. The research technique was inferential analysis using Ordered Logistic Regression to estimate the effects of budget, internal control, financial reporting and accountability on productivity in hospitality industry. The model for the study is specified below to test the causal relationships:

$$\frac{\text{lnprob (event)}}{\text{1-prob (event)}} = \beta_o + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \mu$$

Independent variable (productivity) βo = intercept β1 = coefficient factor of parameters to be estimated

X1 = matrix of independent variables μ = error term

$P(Y)$ = βo + β1byb + β2bpo + β3bte + β4bda+ β5bfd + β6adfi + β7rdp + β8cscm+ β9icap + β10mocs + β11rtob + β12pbkm+ β13pbrm + β14fspp + β15fsfd + β16accv+ β17ahso + β18aisr + β19amrb + β20mbw + ε_i

Objective 1: β1byb + β2bpo + β3bte + β4 bda+ β5bfd + ε_i

Objective 2: β1adfi + β2rdop + β3cscm+ β4icap + β5mocs + ε_i

Objective 3: β1rtob + β2pbkm+ β3pbrm + β4fspp + β5fsfd + ε_i

Objective 4: β1accv+ β2ahso + β3aisr + β4amrb β5mrb + ε_i

In this model, the dependent variable was productivity and coded as (RPY) while the independent variables were Budget (BUG), Internal Control (ICS), Financial reporting (FRP) and Accountability (ACCT).

Other control variables were: Budget – [BYB] Budget (BPO) Budget preparation, (BTE) Budget Technique, (BFO) Budget Feedback, (ADFI) Adequate Functional System, (RDP) Recruitment and disengagement policy, (CSCM) Costing and Control Measures, (ICAP) Internal Check and audit, (MOCS) Management Override Control System, (RTOB) Recording of Transactions, (PBKM) Proper Bookkeeping and Maintenance, (PBRM) Preparation of Bank Reconciliation, (FSPP) Financial Statement Preparation, (FSFD) Financial Statement Feedback and Decision making, (ACCV) Accountability Value, (AHSO) Hierarchical and Sectional Accountability, (AISR) Individual and Supervisor's Report, (AMRD) Accountability to Management, (MRB) Management Report to Board.

EMPIRICAL RESULTS AND DISCUSSION

Ordered logit RPY BYB BPO BYE BDA BFD ADFI RDOP CSCM ICAP MOCS RTOB PBKM PBRM FSPP FSFD ACCV AHSO AISR AMRB MRBW

Ordered logistic regression Number of obs = 13

LR $chi^2(20)$ = 45.16

Prob > chi^2 = 0.0010

Log likelihood = -153.29834 Pseudo R^2 = 0.1284

Table 1. Productivity: budget, internal control, financial reporting and accountability

RPY |	Coef.	Std. Err.	z	P>|z|	[95% Conf. Interval]	
BYB |	-.0193743	.228943	-0.08	0.933	-.4680944	.4293458
BPO |	.5307044	.1902733	2.79	0.005	.1577755	.9036332
BYE |	.2237766	.18461	1.21	0.225	-.1380524	.5856055
BDA |	.0440257	.2329095	0.19	0.850	-.4124686	.5005199
BFD |	.0986392	.1784435	0.55	0.580	-.2511035	.448382
ADFI |	-.0897881	.2441243	-0.37	0.713	-.568263	.3886868
RDOP |	.0432843	.2523733	0.17	0.864	-.4513583	.5379268
CSCM |	-.2775941	.2771824	-1.00	0.317	-.8208616	.2656734
ICAP |	4251807	.2025754	2.10	0.036	.0281403	.8222211
MOCS |	-.3301887	.1617996	-2.04	0.041	-.6473101	-.0130674
RTOB |	-.0424167	.2419608	-0.18	0.861	-.5166511	.4318178
PBKM |	.6132572	.2911036	2.11	0.035	.0427045	1.18381
PBRM |	.1380173	.2260932	0.61	0.542	-.3051172	.5811518
FSPP |	-.1154045	.1976095	-0.58	0.559	-.5027119	.271903
FSFD |	.0907204	.2092388	0.43	0.665	-.3193801	.5008209
ACCV |	-.1321709	.2545185	-0.52	0.604	-.6310179	.3666761
AHSO |	-.1008657	.3127265	-0.32	0.747	-.7137983	.5120669
AISR |	-.0906833	.220288	-0.41	0.681	-.5224398	.3410732
AMRB |	.2170376	.2578647	0.84	0.400	-.2883679	.7224431
MRBW |	.2039212	.1725914	1.18	0.237	-.1343516	.5421941
/cut1 |	-.2623763	2.395022			-4.956533	4.43178
/cut2 |	3.196807	2.20049			-1.116074	7.509689
/cut3 |	4.557319	2.203197			.2391335	8.875506
/cut4 |	6.723857	2.261228			2.291932	11.15578

The log likelihood is used to assess the fit of the model; small value indicates good fitting of statistics. The log likelihood of this model is -153.298, which shows good fit of the statistics. Model chi – square measures the model as it currently stands and the model when only the constant was included. If the significance of the chi – square is less than 0.05 then the model is a significant fit of the data. From the result above Prob > chi_2 = 0.001, it shows the model is a significant fit of the data.

The variables tested under budget above show the following results, BYB has a negative coefficient of correlation with insignificant value of P = 0.93, BPO has a positive coefficient and significant at P = 0.005. BYE, BDA and BFD has a positive coefficient of correlation with productivity but not at a significant value with P = 0.22, 0.85, 0.58 respectively.

From the results BYB is the only variable that has perfect negative relationship with RPY but the remaining variables BYE, BDA, BPO and BFD have perfect positive relationship but only BPO has a significant effect on RPY. Also from the result of the variables tested under internal control system ADFI and CSCM have negative coefficient of correlation with insignificant value of P = 0.713, 0.31 respectively, while RDOP has a positive coefficient of correlation with P = 0.86 not at a significant value. Similarly, ICAP and MOCS have positive coefficient of correlation with RPY at a significant value with P = 0.036 and 0.041. RTOB and FSPP have negative coefficient of correlation with P = 0.86 and 0.55 no significant effect on RPY. PBKM, PBRM and FSFD have positive coefficient of correlation with RPY at a significant value of P = 0.035. 0.66 and 0.54 only PBKM have a significant effect on RPY. ACCV, AHSO and AISR have negative coefficient of correlation with insignificant value of P = 0.60, 0.74 and o.68 while AMRB and MRBW have positive coefficient of correlation P = 0.40 and 0.37 but no significant influence on RPY. From the result above only BPO with P = 0.005, ICAP with P = 0.036, MOCS with P = 0.041 and PBKM with P = 0.035 significantly affect productivity.

Analysis and discussion of results of the various objectives were presented below:

Hypothesis 1: budget preparation does not significantly influence productivity in the hospitality industry

Ordered logistic regression Number of observation = 147

LR $chi^2(5)$ = 18.53

Prob> chi^2 = 0.0023

Log likelihood = -188.32953 Pseudo R^2 = 0.0469

Table 2: Budget and productivity

RPY	Coef.	Std. Err.	Z	P>(z)	(95% Conf. Interval)	
BYB	.0743306	.1905486	0.39	0.696	-.2991379	.447799
BPO	.2570149	.1532411	1.68	0.094	-.0433323	.557362
BYE	.1745433	.1531168	1.14	0.254	-.1255601	.4746467
BDA	.3004111	.1968623	1.53	0.127	-.0854319	.6862541
BFD	.2152952	.1535148	1.40	0.161	-.0855882	.5161786
/cut1	-1.161857	1.508029			-4.117541	1.793826
/cut2	2.025772	1.170952			-.2692517	4.320796
/cut3	3.272067	1.185002			.9504047	5.595529
/cut4	5.050145	1.230137			2.6	.46117

The log likelihood of this model is -188.329, and Prob > chi2 = 0.0023, which shows good fit of the statistics and a significant fit of the data. From the result above, the variables (BYB, BPO, BYE, BDA, and BFD) were insignificant, the values rated above P > 0.05 which is the normal benchmark for social research statistics. This indicates that budget as a variable has no significant influence on the productivity of hospitality business. This was supported by Zuraida et al (2015), Hamid et al (2006), Aranya (2001) and Brownell (1981) who established that interactive effects of budget as a variable was only on managerial performance but not on financial management practices However as budget was considered alongside with other variables that affect the productivity of the hospitality industry, BPO was significant at P > 0.005 indicating that Budget preparation with the involvement of every member of the organization aids productivity. This support the view of Otley and Pollanen (2000) that, where there is full participation of every member of the organization in budget preparation, it brings about effective performance.

Hypothesis 2: Internal control has no significant effect on productivity in the hospitality industry.

ologit ADFI RDOP CSCM ICAP MOCS

Ordered logistic regression	Number of obs	=	156
	LR chi2(4)	=	16.00
	Prob > chi^2	=	0.0030
Log likelihood = -111.48286	Pseudo R^2	=	0.0669

Table 3: Internal Control

ADFI	Coef.	Std. Err.	Z	P>(z)	(95% Conf. Interval)	
RDOP	-.642293	.3116685	-2.06	0.039	-1.253152	.0314339
CSCM	.2192948	.2395108	0.92	0.360	-.2501377	.6887274
ICAP	.5460532	.1671511	3.27	0.001	0218443	.8736634
MOCS	-.164328	.138616	-1.19	0.236	-.4360102	.1073543
/cut1	-4.679563	-4.679563			-7.94152	1.417605
/cut2	-3.734951	-3.734951			-6.816406	.653496
/cut3	-3.546804	-3.546804			-6.608145	4854634
/cut4	-1.01068	1.526822			-4.003196	1.981836

The log likelihood of this model is -111.482, and Prob > chi2 = 0.003, which shows good fit of the statistics and a significant fit of the data. Here, two of the variables Recruitment and Disengagement Policies (RDP) and Internal Check and Audit of Transaction (ICAP) were significant at P > 0.039 and P > 0.001 respectively. This indicates that recruitment policy based on the established structure is germane to the realization of productivity in every organization.

Where there is no adequate recruitment policy or if policies put in place are abandoned and recruitment is based on favouritism, this hinders the employment of qualified and capable staff in the business and has negative effect on productivity. Also, adequate internal check and audit of transactions must be put in place to prevent pilfering, fraud and manipulation of transactions as pointed out by Gibson (2014) and Cranage, (2011). A single officer must not be allowed to handle a transaction from the beginning to the end without thorough check by another officer. Where internal check and audit of transactions are not done, it results to low productivity. Evaluating internal control system with other variables, like Budget, Financial Reporting, Accountability, and Management overriding the control system without any penalty (MOCS) was significant at P > 0.041. Overriding the system of control laid down to achieve the organization's goals and objectives by management gives room for lawlessness, slackness and lackadaisical attitudes amidst staff, this has negative multiplier effect on productivity. This agrees with the stand of Zuraidahet. al. (2015) that inherent limitation of human factor if not taking care of may render the best system of controls useless. Management should be seen as pace setters in following the rules and regulations of the organization to increase productivity. Thus, from the outcome of the results with P = > 0.039, > 0.041 and > 0.001, internal control has a significant effect on productivity.

Hypothesis 3: Financial reporting does not significantly affect productivity in hospitality industry.

Ordered logit RTOB PBKM PBRM FSPP FSFD

Ordered logistic regression Number of obs = 156

LR chi2(4) = 16.00

Prob > chi2 = 0.0030

Log likelihood = -111.48286 Pseudo R2 = 0.0669

Table 4: Financial Reporting

TROB	Coef.	Std. Err.	Z	P>(z)	(95% Conf. Interval)	
PBKM	.8104002	.2356569	3.44	0.001	.3485211	1.272279
PBRM	.450711	.1886315	2.39	0.017	081	.8204219
FSPP	.0506174	.1615497	0.31	9.754	-.2660142	.3672489
FSFD	.1837391	.1957457	0.94	0.348	-.1999154	.5673936
/cut1	1.460523	1.398924			1.281318	4.202365
/cut2	3.796344	1.347642			1.155013	6.437674
/cut3	4.599376	1.360878			1.932104	7.266648
/cut4	5.915212	1.384586			3.201474	8.62895

The log likelihood of this model is -156.171, and Prob > chi2 = 0.000, which shows good fit of the statistics and a significant fit of the data. From the result above, two variables out of the four variables tested were significant. The two variables were Recording and Keeping Proper Books (PBKM) with P = 0.001 and PBRM with P = 0.017 respectively. It indicates that recording and keeping proper books of account helps in providing correct, adequate, timely and reliable information that enhanced proper decision making. This agrees with the view of Raybouid and Wilkins (2015) that accuracy and timelines of records are essential in financial reporting for hospitality business. Where adequate and proper books are not kept, decision making are based on faulty information that definitely have negative effect on productivity. Similarly, preparation of bank reconciliation regularly strengthened the accounts and prevents the occurrence of fraud and misappropriation of cash both at the bank and within the organization. Where this is neglected, a lot of the company's resources can be done away with by fraudsters. Also, in the area of improvement to working capital, where there is the need to apply for bank overdraft to finance the operations of the business in periods of high demand to meet customer's expectation which in turn improves productivity. The hub of financial recording and reporting is to provide correct and reliable information that aids goods decision making for productivity. Thus, the alternative assumption is embraced that financial reporting has a significant influence on productivity.

Hypothesis 4: Accountability does not significantly influence productivity in hospitality business.

Ordered logit ACCV AHSO AISR AMRB MRBW

Ordered logistic regression		Number of obs	=	143
		LR $chi^2(4)$	=	20.78
		Prob > chi^2	=	0.0003
Log likelihood =	-123.6266	Pseudo R^2	=	0.0775

Table 5: Accountability

ACCV	Coef.	Std. Err.	Z	P>(z)	(95% Conf. Interval)	
AHSO	-.0645134	.2583986	-0.25	0.803	-.5709654	.4419386
AISR	.697851	.1920833	3.63	0.000	.3213747	1.074327
AMRB	.5550065	.2207053	2.51	0.012	.1224321	.9875809
MRBW	.4673207	.1647323	-2.84	0.005	-.7901902	-.1444513
/cut1	-2.159103	1.506202			5.111204	.7929982
/cut2	-.7582834	1.233612			-3.176119	1.659552
/cut3	.5171469	1.190519			-1.816228	2.850522
/cut4	2.713372	1.208634			.3444935	5.082251

The log likelihood of this model is -123.625, and Prob > chi2 = 0.000, which shows good fit of the statistics and a significant fit of the data. From the result in table four, three variables out of four variables tested were significant. AISR is significant at P = 0.000. This indicates that individuals and supervisors report at will to their hierarchical and sectional heads. It means accountability is not highly valued or being underrated in hospitality industry. The normal process is for reporting to be done periodically as specialized by the management to the appropriate officer for checks and balances as pointed out by Omolehinwa and Naiyeju (2015) that accountability must be done at all levels, as this aids effective control and good decision making. Where this is lacking, it could have negative effect on productivity. Thus, the need for valuable control at the lower cadre by the supervisors to get the staff oriented and committed to rendering account on their expected job/services. AMRB is significant at P = 0.012 reflecting that the hierarchical and sectional heads are accountable to the management on regular basis; this strengthens management decision making process on issues and promotes productivity. Similarly, MRW is significant at P = 0.005, indicating that management reports at will, to the Board. Most decisions that affect the operational effectiveness of the business are taken by the management, therefore in consonance with this, Burgess (2014) posit that the management should be held accountable for result on return on investment. Where management is given the freedom to take decision without much control by the Board as a result of having capable management team, productivity can be enhanced. However, if on the other way round, the management reported at will due to their ineptitude and lack of managerial skill, this can result to inefficiency in operation and low productivity. The management is to be proactive in providing clear and consistent line of communication that aid effective accountability as posited by (Defranco et al, 2014). Nevertheless, the board and management team are inseparable in most private organizations.

IMPLICATIONS

The study investigated the effect of financial management attributes/practices on productivity in the hospitality industry. Particular attention was paid to budgeting, internal control system, financial reporting and accountability and their relationship with productivity in the hospitality industry was examined. Findings from the study provide critical theoretical and practical implications for stakeholders in the hospitality industry and industry practitioners in particular that are interested in value creation and addition through implementation of proper financial management practices.

Theoretical implications

Most of the existing literatures on management in hospitability industry investigated different aspect of management. Some investigated facilities management, knowledge and skill management, Graduate managers' management among others. Only few investigated financial management in the hospitality industry and amidst the few, some are on cost management to achieve cost effectiveness in operation, while others are on related issues, but this study investigated key factors in financial management. In the study, Financial Management was divided into four variables of Budget, Internal Control, Financial Reporting and Accountability. Budget as a tool for planning the expenses, revenue and measuring the performance of hospitality business operations. The importance of budget was spelt out as it increases organizational effectiveness and promote performance appraisal. The study critically emphasized the need for participation of every member of the organization in the budget preparation to aid productivity. Also internal control was considered alongside with productivity as a system put in place by the management to achieve organizational objectives in the area of operational efficiency, reliability of financial reporting and compliance with relevant laws. The inherent limitations of human factors that could render the system ineffective was tested under the study to determine the effect on productivity. Similarly, financial reporting which deals with keeping and maintaining proper records of operations was emphasized in the literature for maintaining public trust and effective decision making on performance activity within hospitality business. Lastly, accountability as an arm of financial management that provides feedback was considered visa –vis productivity in the literature. The importance of accountability in producing results for customers in form of service delivery and financial results for owners on investment returns in hospitality business was spelt out. Hierarchical, lateral and regular line of accountability was emphasized to aid productivity.

The second theoretical contribution is in respect of an economic theory known as agency theory. Financial management is all about maximizing the efficient and effective use of resources to achieve economic performance in corporate organizations, thus, the concept of agency theory applied to the Financial management system of hospitality business. The theory tried to identifies the nexus of relationship between the principal and the agent that could affect the economic performance of an organization. The principal could be referred to as the owner or the board of directors while the agent is referred to as the management whose roles are to perform the stewardship function, establish the Financial Management system and oversee the affairs of the business on behalf of the principal. The theory separate ownership from management and focus on the actions of the agent with the informational advantage and consider the nitrogenous and exogenous factors which can deter the agent from achieving economic performance. The constant supervisory role of the principal (board / owner) is indispensable in achieving the organizational goal of economic performance, maximizing returns on investment and increase in productivity.

Practical implications

Different variables have been annexed by previous authors to examine the effect of financial management on various organizations be it corporate, SMEs and even non – profit making organization. However, this study examines hospitality industries using Financial Management system variables; budget, internal control, financial reporting and accountability to determine the best practice. The study used ordered logistic regression to determine the effect of budget (BUG) internal control (ICS) Financial reporting (FRP) and accountability (ACCT) on productivity. Budget as a tool does not affect productivity significantly as shown from the study and confirmed from Zuraida et al (2015). However, the involvement of every member of the organization in the preparation of the budget motivate everyone towards the realization of the budget and increase in productivity. Also, two of the Internal control variables tested have significant effect on productivity that is, internal check and audit (ICAP) and management overriding control system (MOCS). Result from the study indicate that adequate check and audit of transactions will mitigate against theft, pilferage, fraud and irregularity. This was also pointed out by Jeffrey et al (2013), Littlejohn and Watson (2015). Similarly, failure on the part of management in keeping to the system of internal control laid down will discourage every member of the organization to follow and practice the system to achieve organizational goals. This may lead to decrease in productivity, but if on the other way round management keep to the system, the multiplier effect will promote productivity. Equally one of the financial reporting variables, proper book keeping and maintenance of records (PBKM) has significant effect on productivity. Where adequate records are kept, the preparation of financial statement will be possible at the end of the period to know the comprehensive income and the financial position of the organization. These statements are needed by the management to take positive economic decision that affects the economic performance of the organization. However, where proper records are not kept, preparation of financial statement will be hindered and this may impact on the type of decision to be taken.

LIMITATIONS AND FUTURE RESEARCH

Notwithstanding the important contributions of this research, this study is not without some limitations. First, this research work was restricted to South West Nigeria, thus, the result may not be generalizable to hospitality industry in other parts of the world. Future research work may expand this scope to include other geo-political zones in the country. Furthermore, a survey research design was used in this study to collect data used for the study. This was as a result of the expansiveness of the study area and the population being studied. It is suggested that future researchers can consider the use of historical research design by exploring secondary data sources and a variety of primary documentary evidence such as logs, official records and reports. This is believed to be more valid and authentic. Further studies can also be carried out in testing the profitability or productivity trend in hospitality industry using the yearly financial statement to determine the growth.

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APPENDICES

Iteration 0: log likelihood = -175.87951
Iteration 1: log likelihood = -154.66576
Iteration 2: log likelihood = -153.31491
Iteration 3: log likelihood = -153.29838
Iteration 4: log likelihood = -153.29834
Iteration 5: log likelihood = -153.29834

Iteration 0: log likelihood = -197.59585
Iteration 1: log likelihood = -188.41544
Iteration 2: log likelihood = -188.32964
Iteration 3: log likelihood = -188.32953
Iteration 4: log likelihood = -188.32953

Iteration 0: log likelihood = -119.48203
Iteration 1: log likelihood = -111.73664
Iteration 2: log likelihood = -111.48381
Iteration 3: log likelihood = -111.48286
Iteration 4: log likelihood = -111.48286

Iteration 0: log likelihood = -167.55892
Iteration 1: log likelihood = -156.77318
Iteration 2: log likelihood = -156.1745
Iteration 3: log likelihood = -156.17144
Iteration 4: log likelihood = -156.17144

Iteration 0: log likelihood = -134.01817
Iteration 1: log likelihood = -123.93738
Iteration 2: log likelihood = -123.62759
Iteration 3: log likelihood = -123.6266
Iteration 4: log likelihood = -123.6266