

CONTRIBUTION OF STOCK CONTROL PRACTICES TO THE SUSTAINABILITY OF HOSPITALITY ESTABLISHMENTS IN ABIA STATE, NIGERIA

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ABSTRACT

This work evaluated the stock control practices and its contributions to the effective management and sustainability in hospitality establishments within Umuahia North and Umuahia South L.G.A. The data for this research was collected using a questionnaire. Simple percentages were used to analyze the data generated for the study. The research revealed that the hospitality establishments in the study area adopt inventory control measures in their operational activities. The first-in-first-out (FIFO) was the most commonly used inventory control practice in the study area. The study also revealed that the hospitality establishment in the study area perceived sustainability procedures of incorporating economic aim, environmental aim and social aim as positive for the growth of the hospitality establishments. The study also showed that the practice of stock control has positive effect on the profit margin of the hospitality establishment in the study area. Based on the findings recommendations were made

Keywords: stock control practices, sustainability hospitality, establishments

INTRODUCTION

Hospitality entails cordial reception, kindness in welcoming guests and strangers. Singh (2007) defined hospitality as reception and entertainment of guests, visitors or strangers with liberality and goodwill. Stocks are stores of goods and materials that are held in a hospitality organization, they can be a nuisance, necessity or a convenience (Arington, 2006). Stock can come in various forms such as raw materials, work-in-progress, finished goods and goods ready for sale (Levis, 2009). The managers of hospitality establishments are challenged by paper based system and manual processes to view and control their establishments' inventory. Ineffective administration and mismanagement of resources in hospitality establishments affect the needed quality delivery, customer care and service which as well have adverse effect on the sustainability of an establishment.

Stock control represents the physical control and the movement of materials into and out of the storage areas, and it shows how much is needed to be ordered (Bim. 2003). Stock control eliminates overstocking, resulting to too great a tie up of capital losses due

to obsolescence or depreciation. Likewise, stock control eliminates under stocking of materials which results to inadequate follow up on delivery premises. Inventory control ensures that each item delivered from the store is properly accounted for, and any form of pilferage or wastage, is discovered at an early stage. The essence of practicing inventory control is not to be overlooked; the qualifying factor here is that, stock must be maintained just high enough to meet demands and also a constant supply of materials to be available as at when needed.

The stock control process focuses attention on factors related to time utility, supply of quantity and quality materials used by the operations of the hospitality industry (Tosdal, 2006). Stock control procedures are those measures that are adopted to determine how much stock an establishment can hold at a given time and how they keep track of it (Bleigh, 2009). This practice covers stock at every stage of the production process, from purchases and delivery to using and reordering of items. This concept revolves on the fact that stores, being a service oriented department, must provide the entire organization with the right materials that are delivered and issued in the right quantities and quality which must be available at the right time, right place and at the right price (Levis, 2009). The objective of practicing inventory control is to ensure that the conditions mentioned above are fulfilled by providing the information necessary to take appropriate action at every stage of the production process or operation. Stock control practice is a necessity if the hospitality establishment is to offer their guests a balanced assortment; this means every item held in the store should be controlled. Different hospitality establishments adopt different measures that best suits them, this provides up to date information and also reduce excesses to the nearest minimum (Cooper, 2006).

Sustainability is the capacity to endure for humans. Sustainability is the long-term maintenance of well-being which has environmental, economic, and social dimensions, and encompasses the concept of stewardship, the responsible management of resource use (Jacobs & Chase, 2008). Relating this to stock control in hospitality industry, it centers on responsible management of resources which will aid in increasing the economic aim of a hospitality which is the profit margin, environmental aim which is the physical environment and service delivery of the hospitality sector and the social aim which is the experience and satisfaction the guests get from the hospitality industry (Wikipedia, 2011). The three pillars of sustainability explained above, when applied in stock control will help the hospitality sector to move forward in the various aspects of its services and existence, as rightly pointed out by Aplewhite (2004), that effective stock control plays a vital role in the smooth and efficient running of hospitality establishments.

Mismanagement of items and low profit margin has become the order of the day in most hospitality establishments. The mismanagement and other adverse effects can be linked to lack of effective control of stock of materials for production and operational activities. Most hospitality organizations have not identified stock control as very crucial which has led to such practices as theft, pilferages, shortages, wastages, inappropriate accounting and inadequate record keeping and other losses, as they cannot account for the usage and management of materials like the food items, toiletries, supplies, stationary, production equipment, cleaning and laundry materials etc. This poses a serious problem

in terms of limited production and service, low profit margin and inability to meet up with customer/guest demands. The problems associated with poor inventory control is what prompted the researcher to embark on this study to investigate and determine the way forward for the hospitality industry. The main purpose of this study is to evaluate the contributions of stock control practice to the sustainability of hospitality establishments in Abia State. Specifically the study seeks to Identify the stock control methods used in various hospitality establishments in Umuahia North and Umuahia South L.G.As; verify the sustainability procedures used for stock control in hospitality establishments in Umuahia North and Umuahia South L.G.As; determine the effect of stock control practice on the profit margin of hospitality establishments in Umuahia North and Umuahia South L.G.As.

METHODOLOGY

The study adopted a survey research method. The area of study was Abia State Nigeria. The population for the study comprised of all the registered hospitality establishments in Umuahia Abia State. According to information obtained from the Abia State Tourism Board (ABTB), the total number of registered hospitality establishments (including hotels and eateries) in Umuahia North and Umuahia South is 120 (one hundred and twenty), which formed the population for the study. The sample size for the study is 10 (ten) hospitality establishments in the study areas. For each establishment, twenty (20) questionnaire were administered to twenty (20) respondents, making it a total of two hundred questionnaire (200) administered to two hundred (200) respondents under the study area. Purposive random sampling was used for the study. Simple descriptive statistics was used to analyze objective one. Objective two and three were analyzed using the five point likert scale. The total score on the five levels of agreement was fifteen (15) that is, the summation of 5, 4, 3, 2, and 1. The average mean of these agreements was 3.0. Any response with mean of 3.0 and above was regarded agreed (indicating positive) while any response below 3.0 was regarded as disagreed (indicating negative). The grand mean (clustered mean) was used to assess the overall contribution of stock control practice to the sustainability of hospitality establishments. Chi-square test of independence was used in testing the hypotheses.

FINDINGS OF THE STUDY

Stock control methods used in various hospitality establishments in Umuahia North and Umuahia South L.G.As.

Table 1: Distribution of stock control methods

Options	Frequency	Percentage
ABC classification	86	46.0
Economic Order Quantity (EOQ)	41	21.9
Forecasting	102	54.5
Just-in-Time system	98	52.4
Computerized system	3	1.6
Cycle counting	185	98.9

First-in-First-out (FIFO)	187	100
Two-bin system	42	22.4
Safety stock	180	96.2

Table 1 showed that 46.0% of the respondents identified ABC classification as their method of stock control, 21.9% of the respondents identified Economic Order Quantity as their method of stock control, 54.5% of the respondents identified Forecasting as their method of stock control, 52.4% of the respondents identified Just-in-time as their method of stock control, 1.6% of the respondents identified Computerized system as their method of stock control, 98.9% of the respondents identified Cycle counting as their method of stock control, 100% identified FIFO as their method of stock control, 22.4% identified Two bin system while 96.2% identified Safety stock as their method of stock control.

Sustainability procedures used for stock control in hospitality establishments in Umuahia North and Umuahia South L.G.As

Table 2 Sustainability procedures for stock control practice

S/N	SUSTAINABILITY PROCEDURES	TOTAL SCORE	MEAN	DECISION
1.	Your organizational environment is such that appreciates the practice of stock control	722	3.9	Agreed
2.	Stock control practice has led to satisfactory customer service delivery in your organization	714	3.8	Agreed
3.	Control of materials and goods has ensured that sufficient goods are always available to meet customer demands.	682	3.7	Agreed
4.	Would you rate the patronage of guests as high and encouraging as regards to satisfaction obtained when products and services are provided at the right quality, time and price?	739	4.1	Agreed
5.	Stock of materials are ordered and replenished daily to cover for fluctuations in production and sales	510	2.7	Disagreed
6.	The system of stock control practiced in your establishment is such that provides up to date information at the most economical cost	412	2.2	Disagreed
7.	Stock control practiced in your establishment provides factual information that are reliable, useful, valid and consistent	744	4.0	Agreed
8.	There is a general acceptance by employees on the decision and design of control measures adopted in your establishment	425	2.3	Disagreed
9.	Stock of items should be counted daily instead of once in a month to checkmate pilferage, wastage etc	719	3.8	Agreed

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10.	Materials are properly stored to prevent theft and deterioration	762	4.1	Agreed
11.	By controlling materials usage and movement, it has promoted functions and operations harmoniously between various departments	752	4.0	Agreed
12.	Employees are trained to monitor inventory on a daily basis, that way there is an accurate report of sales	727	3.9	Agreed
13.	Materials delivery into and out of the stores appropriately documented and accounted for in their appropriate books	695	3.7	Agreed
14.	As regards stock purchasing and management, would you regard the relationship between the purchasing, accounts, marketing departments and the store personnel as satisfactory	475	2.5	Disagreed
Total		9078	48.7	
Clustered mean			3.50	

Table 2 above showed that the respondents agreed that appreciation of the practice of stock control, satisfactory customer service delivery, provision of goods and services at the right time, right quality and right price to customers, control of materials and goods, reliability and consistency of stock control method, counting stock of items daily, proper storage of materials, controlling materials usage and movement, employees should be trained to monitor inventory, proper documentation of materials are the sustainability procedures with 3.9, 3.8, 3.7, 4.1, 4.0, 3.8, 4.1, 4.0, 3.9 and 3.7 means respectively. While respondents disagreed that daily replenishment of materials, most economical system of stock control, acceptance of method of stock control by employees and the relationship between the store personnel and the other departments are sustainability procedures with 2.7, 2.2, 2.3, and 2.5 means respectively. This indicated that sustainability procedures have positive impact on stock control practice considering the clustered mean of 3.5 (from the decision rule, any mean response of 3.0 and above should be regarded as a positive).

Effect of stock control practice on the profit margin of hospitality establishments in Umuahia North and Umuahia South L.G.As.

Table 3 Distribution of Effect of stock control practice on profit margin

S/N	PERCEPTION OF EFFECTS	TOTAL SCORE	MEAN	DECISION
15.	Stock control practice has minimized cost	739	4.1	Agreed
16.	Regular inventory turnover has realized larger profits	650	3.5	Agreed
17.	A point of sale system of tracking inventory on hand creates profitability	701	3.7	Agreed

18.	The stock control system is such that is economically feasible	749	4.0	Agreed
19.	Stock control practice leads to continuous production of goods and services thereby improving sales	729	3.9	Agreed
20.	Stock control practice increases the volume of sales by ensuring there are sufficient goods available	689	3.7	Agreed
21.	Stock control practice has negative effect on the prices of goods and services rendered to customers	416	2.2	Disagreed
22.	Cost of inventory is reduced by purchasing the right quantity of materials at the right place and price	472	2.5	Disagreed
23.	Effective management of materials and items has led to the profitability of your establishment	737	4.0	Agreed
Total		5882	31.6	
Clustered mean			3.51	

Table 3 above showed that respondents agreed that stock control practice has minimized costs, regular inventory turnover has realized larger profits, point of sale inventory creates profitability, the system of stock control should be economically feasible, stock control practice leads to continuous production of goods and services, stock control increases the volume of sales, effective management of materials leads to profitability with 4.1, 3.5, 3.7, 4.0, 3.9, 3.7, and 4.0 means respectively. While respondents disagreed that stock control has negative effect on prices of goods and purchasing the right quantity of items at the right time does not reduce cost of inventory with means of 2.2 and 2.5 respectively. This indicated that respondents agreed that stock control practice has a positive effect on the profit margin of hospitality establishments, considering the clustered mean of 3.5 (from the decision rule ant mean response of 3.0 and above should be regarded as positive).

DISCUSSION OF FINDINGS

Table 1 showed that the hospitality establishments in Umuahia North and Umuahia South adopt inventory control measures in its operational activities which varies from ABC classification, Economic Order Quantity, Forecasting, Just-in-Time, Cycle counting, First-in-First-out (FIFO), Two-bin system, Computerized system and Safety stock in the management of raw materials and goods in and out of their stores. This is in line with the work of (Fagbulo, 2009) that planning and controlling inventory in the hospitality industry requires inventory control systems. This compliments the work of (Siguaw 2000; O' Connor 1999), a good inventory control system for the hospitality industry must be such that keeps inventory at optimum levels, order goods at the most economical quantities, speeds up merchandise turnover and reduce chances of stock outs.

The FIFO method of stock control was identified by all respondents as being practiced in their establishments, this is in line with Reimer (2010), FIFO is better for the hospitality industry that deals mostly with perishable goods as the oldest items are used before the newest stock. Also majority of the respondents identified the Cycle counting method, which is in line with Cooper (2006), the advantages of cycle counting are the elimination of daily interruptions of business activities and management will receive always accurate counts of inventory availability. Table 2 showed the sustainability procedures of stock control practice. The result of the findings showed that respondents perceived sustainability procedures as positive because the clustered mean of the overall responses was 3.5 which is higher than the decision rule that stated any mean response above 3.0 should be regarded as positive. Jacobs & Chase (2008) noted that the sustainability procedures for stock control practice must incorporate the economic aim (profit margin), environmental aim (physical environment & service delivery) and social aim (guest satisfaction). The respondents viewed the three pillars of sustainability as positive which is in line with Kent (2002) sustainability of hospitality organization is important for at least two reasons; first, increased productivity which improves the organization's financial health; second, to help the organization meet customer's competitive priorities. Respondents' response showed that customer patronage is high as regards to satisfaction obtained when goods and services are rendered at the right quality, right time and at the right price, this compliments the works of Anthony, Dearden, & Gorindarajan (2009), for an organization to meet up with constant customer demand of quality products, it must maintain consistency in quality product & service delivery to its guests for the price paid and on time delivery too.

Table 3 showed that effect of stock control practice on profit margin. The overall mean was 3.5 which were higher than the decision rule that stated that any mean response above 3.0 should be regarded as positive. Therefore respondents were of the opinion that the practice of stock control has a positive effect on the profit margin of their establishments, this is in line with the works of Tasli (2011), inventory management reduces unnecessary costs and increases revenue in a business and Kent (2002), effective stock control increases the profit making of an organization. Respondents' response showed that stock control practice minimizes cost (mean 4.1) which was the most significant of the variable used to measure the effect of stock control on profit margin. It was also deduced that respondents perceived the effect of stock control practice on profit making higher (mean 3.51) than the sustainability procedures of stock control practice (mean 3.50).

CONCLUSION

This work has attempted to evaluate the contribution of stock control practice in hospitality establishments in Umuahia North and Umuahia South L.G.As.

- Hospitality establishments in Umuahia North and Umuahia South L.G.As practice stock control; this implies that there is effective management and appropriate record keeping of materials in these establishments.
- Hospitality establishments in the study area adopt one or two methods for controlling their stock, however the result of the findings proved that all the

establishments practice the First-in-First-out (FIFO), while majority adopt Cycle counting method

- Stock control has a positive impact on the profit margin of the hospitality establishments in Umuahia North and Umuahia South L.G.As.
- The sustainability of the hospitality establishments in Umuahia North and Umuahia South L. G. As strongly depends on effective management of their stock items.

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RECOMMENDATIONS

- Hospitality organizations should endeavor to maintain the control of their inventory, and in such cases adopt proper measures that is effective and consistent in their operations because it will always serve as guide to all staff and thereby help them improve on their performances, as the sole aim of every business is profit, the researcher believes that by practicing an effective inventory control in hospitality establishments, definitely the profitability of the industry will increase. Given the pace of change in the hospitality organizational environment in recent years, it is necessary that control is needed in an organization to help managers and the hospitality industry as a whole to monitor challenges and the changing nature of competition.
- Hospitality stakeholders should create awareness on the need for hospitality organizations to incorporate the computerized or RFID (Radio Frequency Identification) system of inventory control. Though the cost of installation and maintenance is high, but it has its strategic advantage as it will help management control their inventories, in turn lowering overall operating costs in the area of labor, facilities, logistics and fulfillment rate.
- Stores should be properly planned for and arranged, the documents for inventory control and record-keeping should be made available at all times and there must be a consistent system of inventory control in hospitality organizations in order to achieve effective stock control. It is important that the hospitality establishments try to maintain the optimum level of inventory so as not to keep too much of stock items or over-stock. By controlling inventory in the hospitality establishments, there will be continuous production and service thereby improving sales.

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