

Repositioning the hospitality industry in etsako west local government area for profit maximization through Information and communication technology

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ABSTRACT: *This work evaluated repositioning the hospitality industry in Etsako West Local government area for profit maximization through information and communication technology. The role of information and communication technology in the actualization of various organizational objectives is undeniable in the hospitality industry operating in a complex and competitive atmosphere. The objectives of the research were to examine the extent of information and communication technology application among hotels and to ascertain its effect in profit maximization in the hospitality industry. The hypothesis of the study was; information and communication technology application does not contribute to profit maximization in the hospitality establishment and information and communication technology does not enhance quality service delivery to increase profit in the hospitality industry. Data for this research was generated using qualitative and quantitative techniques. Simple frequency percentages, mean and analysis of variance (ANOVA) derived from regression analysis were used to analyze the data generated for the study. The findings of the analysis proved that information and communication technology contributes to profit maximization in hospitality establishment ($F_{cal} 3.724 > F_{tab} 1.74$) and that information and communication technology enhances quality service delivery to increase profit in the hospitality industry ($F_{cal} 5.253 > F_{tab} 1.74$) at 5% level of significance. The empirical survey revealed that the null hypothesis was not true. This implies that information and communication technology application has significant effect on profit maximization and quality service delivery in the hospitality industry. Thus, the greater the availability and accessibility of information and communication technology resources in the hospitality industry coupled with efficient and effective utilization of these resources, the greater the operational efficiency and effectiveness, the higher the quality and quantity of productivity levels and the more rewarding the profit margins.*

Keywords— *repositioning, hospitality industry, profit maximization, information and communication technology.*

I. INTRODUCTION

The linkage between technological development and economic development has been well documented (Grossbauer 2004). Research indicates that countries competing effectively on the global market place generally enjoy a technological advantage (Reinhart 2001). The digital revolution sweeping across developed nations has altered the economic landscape and the business environment (Grout et al., 2006). Hospitality business organization in the developed nations have not only embraced information and communication technology but have demonstrated the ability and capacity to adapt, implement and utilize information and communication technology systems for best business practices carving niches for themselves on the global market place as their level of productivity improve (Okunoye and Kastern 2005). Thus, repositioning the establishment for better performance, productivity and profitability.

The hospitality industry is at the forefront of the whole tourism sector and it is especially sensitive to the ever increasing competitive pressure and to the growing need for more effective operation and control tools (Santignazio 2004). Hence, information and communication technology is therefore much sought after and is seen as capable of providing new opportunities for business development. It is quite obvious that most indigenous hospitality business establishment in Nigeria have not maximized the use of information and communication technology strategically and are not reaping benefit commensurate with the substantial sums of money being expended on information and communication technology (Peters and Buhalis 2004). Significant case evidence suggests that information and communication technology had and continues to have the potential to enable value creation, sustained differentiation in the hospitality industry (Kandampully 2002).

Simply relying on case evidence, to demonstrate the importance of information and communication technology in repositioning contemporary hospitality industry for profit maximization limits the ability of hospitality scholars to generate and disseminate their findings (Levy and Powell 2000). Survey have historically shown remarkable consistency with the findings that most executives in recent time feel that information and communication technology decisions are well outside of their comfort zone (Rose and Weill 2002) and hospitality is no exception. This inability of executives to evaluate the potential of information and communication technology resources can create challenges, since both a dogmatic acceptance of the value of information and communication technology and its apriori rejection are dangerous policies (Okunoye and Kastern 2003).

It is important to note in recent time that the greater the availability and accessibility of information and communication technology resources in the hospitality industry coupled with efficient and effective utilization of those resources; the greater the operational efficiency and effectiveness, the higher the quality and quantity of hospitality levels and the more rewarding the profit margins (Grossbauer 2004).

The hospitality industry in recent time is reputed to be one of the fastest growing industry in Nigeria (Bello 2002). However, a keen observation of indigenous hospitality establishment reveals that very few among many being established understand the need and importance of information and communication technology. Sad but true, majority have maintained status quo, despite all the benefits hotels stand to gain. Some managers have being sluggish in adopting information and communication technology (Standing and Vasudan 2000). Others do not understand how information and communication technology can contribute to profit maximization. Thus, cannot embrace the internet and other web enabled technologies (Main 2002).

It is very important and pertinent to know that hospitality organization that refuse to incorporate, integrate information and communication technology into their operation strategically to serve their target markets, improve efficiency, maximize income, enhance services and maintain long term profitability will not survive the current hostile business environment coupled with increased aggressive competition. It is against this background, this study is designed to examine repositioning the hospitality industry in Etsako West Local Government Area for profit maximization through information and communication technology.

II. OBJECTIVES OF THE STUDY

The major objective of this study is to examine repositioning of hospitality industry in Etsako West Local Government Area of Edo State for profit maximization through information and communication technology.

The specific objectives of the study are to:

1. Examine the extent of information and communication technology application among hotels within the study area.
2. Ascertain whether the hotels in Estake West Local Government Area are well equipped with information and communication technology facilities for efficient service delivery.
3. Assess the role of information and communication technology in enhancing quality service delivery to hotel customer or guest.
4. Evaluate effect of information and communication technology application and utilization in profit maximization in hotels in the study area.
5. Identify the challenges militating against holistic adoption of information and communication technology in hotel organizations in the study area.

III. RESEARCH QUESTIONS

Considering the statement of the problem which the study is focused on, certain questions are formulated in order to align the focus of this research work. The questions are as follows:

1. Do the hotels in Etsako West Local Government Area use information and communication technology in the running of their business?
2. What are the information and communication facilities used for efficient service delivery.
3. What role has information and communication technology played in enhancing quality service delivery to hotel customer or guest in the study area.
4. How do information and communication technology application and utilization affect profit maximization in the hotel?
5. What are the challenges militating against information and communication technology implementation in the hotels.
6. Are there any benefits derivable from the adoption of information and communication technology from which other hotels can learn from their effective operation?

HYPOTHESIS

Ho₁: Information and communication technology application in Etsako West Local Government Area does not contribute to profit maximization in the hospitality industry.

Ho₂: Information and communication technology application in Etsako West Local Government Area does not enhance quality service delivery to increase profit maximization in the hospitality industry.

Methodology

Area of the study The scope of the study is limited to the hotel sector within Etsako West Local Government Area of Edo State; in particular Auchi, Jattu and Aviele. Etsako west local government area is in Edo state. Edo state is an inland state in central southern Nigeria. Its capital is Benin City.

Research design: Survey design was considered most suitable for the study.

IV. POPULATION FOR THE STUDY

Etsako West Local Government Area consist of three towns they are; Auchi Jattu, and Aviele etc. The population of the study comprised 198,975 (one hundred, and ninety eight thousand, nine hundred and seventy five) people according to the 2006 National population census for Etsako west local government area.

Sample for the study

Stratified and purposive random sampling techniques were used to determine the sample for the study. The three towns under study were purposively selected because they host the 17 standard and registered hotels in the study area. The sampling unit was made up of both the managers and staff of the hotels. They were proportionally sampled. This yielded a total of One hundred and eighty seven (187) respondents who formed the sample for the study.

Towns in E.W.L.G.A	No of Hotels	No of Respondent	Percentage
Auchi	8	80	44%
Jattu	3	47	23%
Aviele	6	60	33%
Total	17	187	100

V. INSTRUMENT FOR DATA COLLECTION

This study employed qualitative and quantitative methods of data collection. The instruments used for the study were questionnaire and oral interview which was guided by interview schedule. The questionnaire was designed to elicit information on the demographic characteristics of the respondent; information and communication technology for service delivery in the hotel and information and communication technology effect on profitability. The questionnaire used the likert scale with the following key;

- 5 - Strongly agree
- 4 - Agree
- 3 - Undecided
- 2 - Strongly disagree
- 1 - Disagree

Data Analysis Technique

Simple descriptive statistics was used to analyze objective one on examining the extent of information and communication technology application among hotel in the study area, objective two which determines whether hotels in Etsako West local government area are well equipped with information and communication technology facilities for efficient service delivery and objective three which determine the role of information and communication technology in enhancing quality service delivery to hotel customers were analyzed using the five point likert scale. While simple descriptive statistics was used to analyze objective four on evaluating the effect of information and communication technology application in hotels in the study area and objective five on identifying the challenges militating against holistic adoption of information and communication technology in hotel organization in Etsako west local government area. Analysis of variance (ANOVA) was derived from the regression analysis; this was used in testing the hypothesis. The ANOVA result through the F calculated helps to Judge the overall significance effect between the dependent variable.

VI. RESULTS AND DISCUSSION

Research question one: which of the following information and communication technology facilities do you have in your hotel?

Table 1: distribution of information an communication technology facilities in the hotels

Options	Frequency	Percentage
Desktop computer	150	83.3
Flat screen	10	5.6
Laptops	2	1.1
Palmtop	-	-
Intercom	60	33.3

Table 1 above showed that 83.3% of the respondent identified desktop computer as the facility they have, 5.6% of the respondent identified flat screen as the facilities they have, 1.1% of the respondent identified laptops as the facilities they have, 33.3% of the respondent identified intercom as the facilities they have.

Research question two: in what areas are your employees trained to use such facilities.

Table 2 distribution of areas employees are trained

Options	Frequency	Percentage
Word processing	100	55.6
Spreadsheets	5	5.6
Ms Excel	60	33.3
Presentation and database	10	5.6
Recording guest data	70	38.9
Room status report	75	41.7
Booking systems	42	23.3
Checking occupancy	30	16.7

Table 2 above showed that 55.6% of the respondents were trained in word processing, 2.8% of the respondents were trained in spreadsheet, 33.3% of the respondent were trained in Ms Excel, 5.6% of the respondents were trained in presentation and database, 38.9% of the respondents were trained in recording guest data, 41.7% of the respondent were trained on room status report, 23.3% of the respondent were trained on booking systems, 16.7% of the respondent were trained on checking occupancy.

Research question three: what are the effects of information and communication technology on profitability in the hotels?

Table 3: effect of information and communication technology on profit margin in the hotels

S/N	Perception of Effects	Total Score	Mean	Decision
1.	ICT has increased cost reduction	680	3.8	Agreed
2.	ICT has improved returns on investment	695	3.9	Agreed
3.	ICT has enhanced increased Revenue	390	2.2	Disagreed
4.	ICT has reduced production cost	395	2.2	Disagreed
5.	ICT has increased awareness and Promotion. Thus, maximizing profit	560	3.1	Agreed
6.	ICT has reduced operational cost	640	3.6	Agreed
7.	ICT has minimized communication cost	690	3.8	Agreed
8.	ICT has facilitated direst distribution to increase profit	604	3.4	Agreed
9.	ICT has reduced fraud in the hotel.	720	4.0	Agreed
10.	ICT utilization saves commission and fees	462	2.6	Disagreed
	Total	5836	32.6	
	Clustered mean		3.3	

Table 3. Above showed that the respondent agreed that information and communication technology increased cost reduction, improved returns on investment, increased awareness and promotion. Thus increasing profit, reduced operational cost, minimized communication cost, facilitated direct distribution to increase profit margins, reduced fraud in the hotels with 3.8,3.9,3.1,3.6, 3.8,3.4 and 4.0 means respectively. While respondents disagreed that information and communication technology has enhanced increase revenue, reduced production cost in the hotel and that it saves commission and fees with 2.2,2.2 and 2.6 means respectively. This indicated that respondents perceived the effect of information and communication technology as positive rather than negative considering the clustered mean of 3.3 (from the decision rule any mean response of 3.0 and above should be regarded as positive).

Research question four: has information and communication technology application enhanced financial management to increase the hotels profit.

Table 4. Effect of information and communication technology on hotels financial management

S/N	Perception of Effects	Total Score	Mean	Decision
1.	ICT enhances yield management and support accurate demand estimate and fluctuating price	662	3.7	Agreed
2.	ICT has enhanced sound financial accountability to increase profit	672	3.8	Agreed
3.	ICT has maximized profit by reducing administrative cost	747	4.15	Agreed
4.	ICT has minimized back office labour cost	560	3.11	Agreed
5.	ICT has added positive financial value to hospitality business	520	3.2	Agreed
6.	ICT has increase profit through sales Data tabulation in the kitchen	400	2.2	Disagreed
7.	ICT has alerted organizations about excess capacity or demand helping them divert capacity to profitable segment	300	1.8	Disagreed
Total		3861	21.96	
Clustered mean			3.1	

Table 4 above showed that respondent agreed that information and communication technology has enhanced yield management, support accurate demand estimates, fluctuates price to optimize revenue; enhanced sound financial accountability to increase profit, maximized profit by minimizing administrative cost, added positive financial value to hospitality business, increased profit by Minimizing back office labour cost with 3.7, 3.8, 4.15, 3.11 and 3.2 means respectively. While respondents disagreed that information and communication technology has increased profit through sales data tabulation, alerted organizations about excess capacity or demand helping them direct capacity to profitable segment with means of 2.2 and 1.8 respectively.

Research question five: which of the following software packages do you have in your hotels?

Table 5: software package available in the hotels

Options	frequency	percentage
Property management systems	-	-
Global distribution system	-	-
Electronic point of sale	-	-
Payroll software	130	72.2
Accounting package	100	55.6

Table 5 above showed that 72.2% of the respondent stated that they have payroll software in their establishment 55.6% of the respondent stated that they have accounting package in their hotel.

Research question six: what benefit has information and communication technology brought to your organization?

Table 6: benefits of information and communication technology

Options	frequency	percentage
Reduced clerical work	58	32.2
Fast data storage	70	38.9
Accurate information	86	47.8
Reduced found	80	44.4

Source: Field survey, 2012

Table 6 above showed that 32.2% of respondent perceived reduced clerical work as a benefit enjoyed because of information and communication technology 38.9% of the respondent stated that fast data storage has been made possible because of information and communication technology, 47.5% of the respondent perceived accurate information as a benefit gained as a result of information and communication technology, 44.4% of the respondent asserted that reduced financial fraud experienced was as a result of information and communication technology.

HYPOTHESIS TESTING

Hypothesis one: Information and communication technology in Etsako west local government area does not contribute to profit maximization in the hospitality industry.

Table 7: information and communication technology and profit maximization.

	Sum of squares	DF	Mean square	F cal	F tab
Regression	4.024	8	0.261	3.724**	1.74
Residual	21.786	170	0.082		
Total	25.810	178			

Note: ** is significant at 5%

Decision rule: If F calculated is greater than F tabulated, then reject the null hypothesis and accept the alternate hypothesis.

Table 7 above showed that the F calculated was 3.724 while F tabulated was 1.74 since F calculated is greater than F tabulated, the null hypothesis was rejected and the alternate hypothesis was accepted indicating that information and communication technology in Etsako west local government area has contributed to profit maximization in the hospitality industry.

Hypothesis two: Information and communication technology application in Etsako west local government area does not enhance quality service delivery to increase profit maximization in the hospitality industry.

Table 8: information and communication technology and quality service delivery

	Sum of squares	DF	Mean square	F cal	F
Tab					
Regression	5.279	8	0.620	5.253**	1.74
Residual	12.56	170			
Total	17.805	178			

Note: ** is significant at 5%

Decision rule: If F calculated is greater than F tabulated, then reject the null hypothesis and accept the alternate hypothesis.

Table 4.9 above showed that the F calculated was 5.253 while the F calculated was greater than the F tabulated, the null hypothesis was rejected and the alternate hypothesis was accepted indicating that information and communication technology in Etsako west local government enhances quality service delivery to increase profit maximization in the hospitality industry.

V. FINDINGS

The findings of the research showed that respondents perceived the overall effect of information and communication technology for profit maximization in the hospitality industry as positive because the mean responses of the perception of effect were greater than 3.0. However, the negative effect variables such as information and communication technology utilization saves commission and fees, increased sales data tabulation in the kitchen and alerted organizations about excess capacity or demand; helping them divert capacity to more profitable segment were not regarded as effects of information and communication technology in the hotels as the mean responses were less than 3.0. However, respondents claimed that they do not have property management systems, global distribution system and Electronic point of sales. The most obvious effect of information and communication technology as identified by the respondent was the effect of information and

communication technology as it relates to profit maximization, reduced clerical work, fast data storage, accurate information, reduced financial fraud and quality service delivery.

The findings of the hypothesis of the research revealed that information and communication technology has contributed to profit maximization ($F_{cal} 3.724 > F_{tab} 1.74$) and information and communication technology has enhanced quality service delivery in the hospitality industry ($F_{cal} 5.252 > F_{tab} 1.74$) at 5% level of significance.

VI. DISCUSSION OF FINDINGS

Table 1 showed that the hospitality establishments in Etsako west local government area utilize desktop computers, laptops and intercom facilities. This is in line with the work of (O'Brien 2002) that information and communication technology is any computer base that people use to work with information and support information processing needs of an organization. This compliments the work of (Buhalis 2003) that information and communication technology include the entire range of electronic tools, which facilitates the operational and strategic management of organizations by enabling them to manage their information, functions and processes as well as to communicate interactively with their stakeholders for achieving their mission and objectives.

Table 2 showed the areas where employees are trained in the usage of information and communication technology, the result of the findings showed that 55.6% of the respondent were trained in word processing, 2.8% of the respondent were trained in spread sheets, 33.3% of the respondents were trained in Ms Excel, 5.6% of the respondent were trained in presentation and database, 38.9% of the respondent were trained in recording guest data, 41.7% of the respondent were trained in room status report, 23.3% of the respondent were trained in booking systems and 16.7% of the respondent were trained in checking occupancy. This is in line with (Frew 2000) that technology will bring about a major revolution in the hospitality industry. Jogaratnam (2000) opined that hospitality establishments need to understand, incorporate and utilize information and communication technology strategically in order to serve their target markets, improve their efficiency.

Table 3 showed that information and communication technology has had effect on hotels profitability margins. The overall mean was 3.3 which were higher than the decision rule that stated that any mean response above 3.0 should be regarded as a positive effect. Therefore, respondents were of the opinion that information and communication technology has positively affected profitability in the hotels. This is in line with the work of Gupta (2000) that hotels uses information and communication technology in order to improve their operations, manage their inventory and maximize their profitability objective. It was also deduced that respondent perceived that information and communication technology has improved returns on investments with (mean 3.9) as well as reduced financial fraud (mean 4.0) were the most significant of the variable used to identify profitability effect due to information and communication technology in the hotels.

Table 4 showed the effect of information and communication technology on hotels financial management by respondent. This indicated that the respondent perceived the effect as desirable (positive) because the clustered mean of the overall respondent was 3.1 which were higher than the decision rule which stated that any mean response above 3.0 should be regarded as a positive effect. Musa (2003) stated that information and communication technology has succeeded in satisfying the thirst of business for better and more efficient operations, effective management and control towards competitive advantage. Respondents viewed the effects as desirable. Thus, the positive impact.

Table 5 showed the software packages available in the hotels. Responses from the respondent revealed that most hotels do have payroll software (72.2%). While 55.6% of the respondent said they have accounting packages. This is in line with O'Brien (2002) that information and communication technology covers the task performed, procedures followed and devices employed in gathering, manipulation, transforming, storing, retrieving and disseminating information such as keyboards, mouse, screen, printers, modems, payroll software, word processing software and so on.

Table 6 showed the benefits associated with information and communication technology. The respondents identified the benefits as follows; reduced clerical or paper work, fast data storage, accurate information as well as reduced financial fraud. This is in line with Siguaw and Enz (2002) that the successful companies of the next decade will be the ones that use digital tools to reinvent the way they works.

Table 7 presented the first hypothesis of the research work which stated that information and communication technology application does not contribute to profit maximization in the hospitality industry. F_{cal} calculated was greater than F_{tab} ($F_{cal} 3.724 > F_{tab} 1.74$) at 5% significance level. The null hypothesis was rejected and the alternate hypothesis was accepted this means that information and communication technology contributes to profit maximization in the hospitality industry. From this study, the overall mean of responses on information and communication technology effect on hospitality profitability was 3.3 (> 3.0) which indicated that information and communication technology contributed to profit maximization of the hotels positively.

Table 8 presented the second hypothesis of the research work which stated that information and communication technology application does not enhance quality service delivery to increase profit maximization in the hospitality industry. F calculated was greater than F tabulated ($F_{cal} 5.253 > F_{tab} 1.74$). The null hypothesis was rejected and the alternate hypothesis was accepted. This means that information and communication technology enhances quality service delivery to increase profit maximization in the hotel industry. This compliments the work of Grossbauer (2004) who stated that the greater the availability and accessibility of information and communication technology resources in the hospitality industry coupled with efficient and effective utilization of those resources, the greater the operational efficiency and quantity of productivity levels and the more rewarding the profit margins.

VII. CONCLUSION

This work has attempted to evaluate repositioning the hospitality industry in Etsako west local government area for profit maximization through information and communication technology, the major findings of the research led to the following conclusion.

1. Hospitality establishments in Etsako west local government area do employ information and communication technology in their operations.
2. Information and communication technology has contributed positively to profit maximization in the hospitality industry in the study area which implies that a lot of costs associated with operations and daily management of the establishment have been minimized. This has resulted in increased profit margins.
3. Some hospitality managers are reluctant about embracing and adopting information and communication technology as a result are still practicing traditional methods of hotel operations in this contemporary age such a posture will definitely threaten the survival of such establishments if urgent measures are not taken to address this negative trend.

VIII. RECOMMENDATION

The following recommendations were drawn from the findings of the research work.

Hospitality stakeholders should create awareness on the need for hospitality organizations to embrace, incorporate and integrate information and communication technology into their operations.

Hospitality organization should train their employees as well as keep them updated in terms of information and communication technology operations in order to be able to match employee abilities with job requirements and organizational needs.

Information and communication technology related workshops, seminars and conferences should be organized for hospitality proprietors and managers in order to get them acquainted with the importance of information and communication technology in contemporary hospitality operations.

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