INFLUENCE OF SALES CONTROL IN FOOD AND BEVERAGE SERVICE ON FINANCIAL PERFORMANCE OF CLASSIFIED RESTAURANTS IN NAIROBI CITY COUNTY, KENYA

BY

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DECLARATION

This thesis is my original work and has not been presented for a degree at any other University.

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DEDICATION

To my mother, Hebisiba Nyamwaya, who kept inspiring me to strive for higher education and to my spouse and children for their unwavering support and encouragement, as well as their faith in God, in any goal I set for myself in this world.

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ABBREVIATIONS AND ACRONYMS

ANOVA	**:**	Analysis of variance
COSO	**:**	Committee of Sponsoring Organization
F&B	**:**	Food and Beverage
FP	**:**	Financial Performance
NACOSTI	**:**	National Commission for Science, Technology and Innovation
NRA	**:**	National Restaurants Association
SPSS	**:**	Statistical Package for Social Sciences

OPERATIONAL DEFINITIONS OF TERMS

OPERATIONAL TERMS	DEFINITIONS OF TERMS
Challenges of Sales Control:	The challenge in sales control includes implementation of control and screening sales control employees before hiring
Classified Restaurant:	These are restaurants rated by the Tourism Regulatory Authority in Kenya to ensure high standards and quality of services in food and beverages dispensed on the premises in exchange for money.
Components of Internal Control:	This refers to the control environment, constant risk assessment, level of control actions, communication effectiveness, and ongoing monitoring.
F&B Service Control:	This is an ideal means of monitoring the movement of food and beverage from the point of production to the point of sale. It gives managers a better understanding of the flow of food and beverage through the restaurant, enabling them to plan on how to control sales more effectively
Financial Performance:	This means Profitability ratio and Gross profit margin ratio
Food and Beverage Sales:	This refers to the money received after selling food and beverage items within a particular time.
Fraud:	It is the process of obtaining money, high-value assets, or financial benefits by tricks or by dubious means without methods of internal control detecting or curbing it.

Sales Control:	It refers to efficiently managing all revenues generated during F&B service by maintaining an accurate tracking system that accounts for the sales in a given period
Employee training :	This refers to educational attainment, professional training efficacy, and work experience.
Types of Sales Control:	This refers to manual and automated systems of control.

ABSTRACT

Food and beverage service control in hotels and restaurants is set to ensure that there is no loss of assets. Therefore, any variances in control of food and beverage services in classified restaurants require evaluation to avoid results, which may lead to adverse impacts on performance. The purpose of this study was to evaluate how food and beverage service sales control industry influences the overall financial performance of classified restaurants in Nairobi City County, Kenya. The study looked at how; employee training affects sales control, various types of sales control, the influence of internal control components of food and beverage service sales control and the sales control challenges affect financial performance in classified restaurants. The study used a descriptive cross-sectional survey design. The target population was 46 classified rated restaurants and the study adopted stratified, random sampling. There were 32 restaurants and 128 participants in the study. The response rate was 85.94 % overall. Based on the objectives and conceptual framework, questionnaires and interview guides were utilized as study instruments. Food and beverage controllers, supervisors, cashiers, and managers of classified restaurants were among the responders. Pre-testing was done by the researcher at two classified restaurants that were not included in the final study. The instruments' reliability was determined using Cronbach's Alpha formula, with a coefficient ranging from 0.65 to 1 being sufficient for data processing and reporting. The data was analysed by the researcher, and the results were presented in descriptive and inferential analyses. Graphs, tables, and pie charts were used to show the research findings. The association between independent variables and the dependent variable was determined using Pearson correlation analysis and multiple regression techniques. The study hypotheses were tested at a 5% level of significance using the results of correlation and multiple regression analysis. For Pearson's analysis. Employee training had $r = 0.429$ (p-value = 0.039), various types of sales control had $r = 0.936$ (p-value =.000), various components of internal control had $r = 0.997$ (p-value = 0.000), and sales control challenges had $r = 0.435$ (p-value = 0.045). Because all of the p-values were less than 0.05, all of the correlation coefficients were significant. Employee training had a significant positive effect on financial performance (p-value=0.046), according to the results of regression analysis. With p-values of 0.046 and 0.021, respectively, various types of sales control and various components of internal control had a substantial beneficial effect on financial performance. The effects of sales control challenges on financial performance were substantial but unfavourable (p-value > 0.05). To prevent fraud and theft in sales control, the study recommends that policymakers employ more automated systems rather than manual ones. Restaurants and the hotel industry, for example, should use current technology and authorization procedures to reduce fraudulent behaviours. Finally, more research should be conducted in Kenyan unclassified restaurants to assess the impact of sales restriction in classified restaurants.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Control is a management process or function that assists in the direction and regulation of operations in order to achieve a certain institution's set goals (Davis, 2012). Davis (2012) defines control as "a process in which efforts are made to fulfil the set aims of bringing genuine and desired results." And the process by which a management regulates the cost and income of running a catering operation in hotels, restaurants, and other catering establishments is known as food and beverage control. In hotels, food and beverage accounts for half of total revenue, but in restaurants, it is the primary or single source of revenue (Dopson & Hayes, 2015).

Sales control is one of the functions of sales management, and it guarantees that sales goals and profits are in accordance with the company's objectives by effectively and efficiently coordinating the many sales functions (Lillicrap & Cousins, 2014). Furthermore, according to Lillicrap and Cousins (2014), sales control entails analysing and assessing sales performance, comparing it to the standard performance, identifying deviations and establishing causes, and implementing appropriate remedial steps.

Food and beverage service control, according to Lillicrap and Cousins (2014) and Davis (2012), monitors food and beverage service sales to decrease pilferage, fraud, and wastage. This can be done through control systems. There are two main types of food and beverage service sales control systems; manual and automated control systems (Lilicrap.2017). Manual control systems in F&B service comprise of triplicate checking system and duplicate checking system as used in restaurants and hotel industry

Duplicate F&B service control checking method is used where the first copy is sent to the kitchen and, the waiter retains the second copy for reference and billing during service (Harty, 2012; Brown, 2003). Triplicate F&B service control checking system has three copies of different colours with the same serial number to be sent to different control points (Lilicrap.2017) .Further Lillicrap and Cousins (2014), providing the necessary information to management for costing purposes, precisely anticipating statistics for the following financial period, and guaranteeing that cashiers make accurate bills so that customers are neither overcharged nor undercharged.

Food and beverage service control, according to Davis (2012), should keep the sales crew on track in order to avoid costly mistakes and take corrective action when necessary. Kumar (2017) concurs and defines sales control as "effective revenue control through the deployment of an accurate tracking system that accounts for both receiving and banking income." As a result, organizational leaders must understand the significance of training and development in employee performance and evaluation. Employee training, according to Elnaga and Imran (2013), benefits individuals in reducing their anxiety or frustration in the job. When a task is not completed successfully and the end results are not as expected, the individual may lose motivation to continue working (Asim, 2013).

According to Frazer (2012), control encompasses all policies and processes implemented by management to ensure that financial reporting, effectiveness, and efficiency, as well as compliance with laws and regulations, are reliable. Control, on the other hand, is a procedure designed to provide assurance about the goals in an efficient and effective manner in order to

avoid income loss while adhering to applicable rules and regulations, according to the Commission of Sponsoring Organizations (COSO). The procedures of control comprise of six components for proper functioning of an organization which include; risk assessment, control environment, monitoring, information, communication, and control activities, (Abdul, 2014; Agung, 2015: Al-Rawashdeh, 2017) According to Suwana (2014), the sales procedures in food and beverage in restaurants is as follows: Guest makes an order; waiters prepare captain orders that have three copies the first copy is for the kitchen, the second copy is for the cashier and the third copy remains with the waiter for reference.

Financial performance is a monetary assessment of a company's activities that can be quantified in a variety of ways, such as cost of sales and gross profit margin (Mishkin, 2007). Seat turnover, average spending power per head, sales per available seat, cost, and demand percentage are all used to measure financial performance in the hospitality business (Lillicrap & Cousins, 2014: Mungai, 2015). Effective control benefits financial performance metrics like profitability and cost efficiency, but it also benefits non-financial indicators like brand image, customer happiness, and process efficiency (Awino, 2013). According to Kakucha (2009), there is a lack of awareness of what constitutes effective control, necessitating the use of forums and seminars to educate business operators.

Frazer (2012) claims that in the United States, there is a correlation between perceptions of restaurant control systems and profitability. While the restaurant business is essential as an employment, a source of money for the economy, and a stimulus for economic progress, it employs around 13 million people and generates over 70 billion dollars in sales (NRA, 2014). As a result, even though the type of control system employed will vary from one operation to the

next, a control system covering the sale of food and beverage (F&B) is required to maximize financial performance (Lillicrap & Cousins, 2014).

In Africa, Onumah, Kuipo, and Obeng (2012) found that there is a modest degree of performance where control efficacy is effective; nonetheless, this is not a satisfying metric, since there exists a challenge in cash control which is associated with the systems design. According to Ewa and Udoayang (2012), strong or weak control design deters or exposes influences staff fraud. The study affirms that restaurants should upgrade cash control mechanisms in F&B sales to improve financial performance.

According to Mandimik, Nyikahadzoi, Matamande, and Taderera (2013), screening employees prior to recruiting them and management supervisory checks will reduce fraud or discover collusion as challenge. Dube, Linguino, and Karodia, (2015), both local and international investors are interested in increasing Kenya's restaurant business, and the demand for sales control will increase as the industry grows. Given the importance of sales control in the food and beverage industry, it served as a foundation for evaluating the influence of sales control on financial performance in a sample of classified restaurants in Nairobi City County, Kenya.

1.2 Statement of the Problem

Sales control prevents revenue loss, guarantees dependable and accurate reporting, and helps to meet goals. Despite the justification employed in restaurants to regulate food and beverage sales, there are growing worries about the ability and sensitivity of hotels and restaurant outlets to capture sales and income information. According to studies on sales control in the food and beverage business, employee theft and fraud cost restaurants between 4% and 5% of annual sales each year.

As a result, it may be argued that in the United States, the poorer the sales control, the more likely employees are to perpetrate fraud (NRA, 2014).

Sales control efficiency in the small business sector is low, according to Oseifuah and Gyekye (2013), with only 45 percent of enterprises reporting satisfactory sales control. As a result, it emphasizes that lack of internal control and inadequate planning are to blame for restaurant failures (Parsa, Self, Njite & King, 2005). This backed up Ewa and Udoayang's (2012) assertion that a lack of internal controls exposes sales to fraud, which has an impact on the bottom line of the firm's financial performance.

Despite the fact that the hospitality industry faces unique challenges in terms of sales control, the majority of consumers in food and beverage establishments pay with credit cards, but some still pay in cash. This means that each day, sales build in sales departments, making them vulnerable to fraud and theft (Nana, Dufie, Gloria, Kwamena, 2011). Furthermore, according to Nana, Dufie, Gloria, Kwamena (2011), there is a hurdle in properly handling sales, which stems from the hotel industry's higher employee turnover rate than most other firms.

In Kenya, the impact of ineffective control systems on fraud, revenue loss, and theft of acquired funds has been researched and recorded (Ndungu, 2013 and Musya, 2014). Control systems, according to Musya (2014) and Ndungu (2013), improve data capturing efficiency and aid in system evaluations, allowing for effective communication within the organization. The COSO model and rational choice theory employed in this study, on the other hand, show that an integrated controls framework can guide effective sales control in order to prevent fraud and theft and increase financial performance (COSO, 2013; Daft, 2007).

According to the literature available, there is little documented information on the effect of F&B service sales control on the financial performance of classified restaurants.

To fill the knowledge gap, the study needed to look into the impact of food and beverage service sales control industry on the financial performance of classified restaurants in Nairobi City County, Kenya.

1.3 The Purpose of the Study

The study's major goal was to look into the influence of food and beverage service sales control industry on the financial performance of classified restaurants in Nairobi City County, Kenya, in order to solve issues like fraud and theft in sales revenue control.

1.4 Objectives

The objectives are in form of general objective and specific objectives.

1.4.1 General objective

To examine the influence of food and beverage service food sales control on financial performance of classified restaurants in Nairobi City County, Kenya

1.4.2 Specific objectives

I. To determine the influence of employee training in food and beverage service sales control, on financial performance of classified restaurants in Nairobi County, Kenya
II. To examine the effect of various types of food and beverage service sales on financial performance of classified restaurants in Nairobi City County, Kenya
III. To establish the influence of internal control components food and beverage service sales control on financial performance of classified restaurants in Nairobi City County, Kenya

IV. To identify the challenges in food and beverage sales control on financial performance of classified restaurants in Nairobi City County, Kenya.

1.5 Hypotheses

$H0_1$ There is no significant relationship between employee training in sales control in food and beverage service and financial performance of classified restaurants.

$H0_2$ There is no significant relationship between the various types of sales control in food and beverage service and financial performance of classified restaurants.

$H0_3$ There is no significant relationship between Internal control of sales components in food and beverage service and the financial performance of classified restaurants.

$H0_4$ There is no significant relationship between the challenges in food and beverage service sales control and financial performance of classified restaurants.

1.6 Significance of the Study

The study will be useful to policymakers for revenue planning and control, allowing them to make better decisions to support the achievement of Vision 2030 in restaurants, particularly the collection of value added tax by Kenya's revenue authority.

Second, the findings of this study will benefit the hospitality sector by providing a better knowledge of how food and beverage service sales control affects financial performance in classified restaurants. As a result, they would be able to make decisions about how to increase sales control in their restaurants' food and beverage service.

Third, the study will be useful to restaurant managers in practice since it offers recommendations for sales control and systems that reduce theft and fraudulent behaviours. As a

result, this will assist restaurant management in resolving concerns such as sales discrepancies, resulting in strong and healthy financial performance.

Finally, the study will aid researchers and academics in their quest to gain a better understanding of the impact of sale control in food and beverage service on financial performance in the hotel business, allowing them to draw more valuable and wide conclusions.

1.7 Delimitation

1.7.1 Subject Delimitation of the Study

The research evaluated the influence of F&B service sales control on financial performance of classified restaurants in Nairobi City County, Kenya. The research confined to determining the relationship between employee training in sales control, examining the relationship between various types of sales control , establishing the effect of the various components of internal control, and identifying the challenges of F&B service sales control on financial performance of classified restaurants in Nairobi City County, Kenya.

1.7.2 Locational Delimitation of Study

The research was carried out in Nairobi city County, Kenya. The location has the largest population of classified restaurants and hotels industry hence suitable for the study.

1.8 Limitations of Study

The study had some limitations, including: first, the classified restaurant staff's hectic schedule was a barrier, but the researcher scheduled an appointment before the material day.

Second, there were limitations due to a lack of documented literature on the effect of F&B service sales control on financial performance of classified restaurants, but they were overcome by borrowing knowledge from other fields' internal control research.

1.9 Assumptions

The study assumption was that the participants would participate and supply the essential information in a timely way, and that the resources and time available for the study would be sufficient. The other premise is that sales control training, various types of sales control, internal control components, and the challenges of sales control in food and beverage service affected financial performance in classified restaurants in Nairobi City County, Kenya.

1.10 Theoretical and Conceptual Framework -COSO Model and Rational Choice Theory

1.10.1 Theoretical Framework

This study was based on the COSO model (COSO, 2013), and rational choice theory (Daft, 2007).

1.10.1.1 COSO Model

The COSO model identifies the relationship between interrelated and interdependent variables that interact to arrive at a specified goal (COSO, 2013). COSO's main aim is to improve the reporting of financial performance. The work of COSO is to identify what contributes to fraud and how to address a lack of control systems in firms, (Jackson, 2006). Jackson, (2006) further, provides direction in an effective control system. This model is therefore relevant to this study, which seeks to evaluate the influence of F&B service sales control on financial performance of classified restaurants to institute effective sales control. Grieves (2000), states that control

consists of risk assessment, control of activities, communication, monitoring activities, and correcting deficiencies.

Price Water House Coopers (2007) affirms that control objectives and measures ensure that there is proper communication to staff on efficient control across the organization. The COSO Model of internal control can be adapted to provide a comprehensive framework for evaluating the effects of F&B service sales control initiatives implemented in three-star, four-star, and five-star classified restaurants by transferring the components of the model from the business context to hospitality setting. This model can assist classified restaurants to implement and maintain effective and efficient various types of sales control, ensure compliance with the various components of internal control, instil and nurture employee training in sales control, and mitigate the challenges of sales control in food and beverage service on financial performance. The COSO model is applicable and look at the independent and dependent variables in the study on the influence of F&B service sales control on financial performance of classified restaurants in Nairobi County, Kenya.

1.10.1.2 Rational Model Theory

The rational model of decision-making is one in which people make decisions based on facts and information, analysis, and a systematic approach. Logic, objectivity, and analysis are preferred over subjectivity and insight in the rational decision-making process (Lindenberg, 2013). A rational decision-making model based on the logic of choice would maximize an organization's value and profitability (Kinicki, 2008). People, according to this paradigm, use a reasonable approach while making decisions. Identification of the problem, production of solutions and alternatives, selection of the best options, and implementation of the desired solution are some of

the processes in this paradigm. Every option has ramifications, and the best solution is determined only after careful consideration (Ferrell, 2012).

By using this approach, decision-makers will be able to consider what matters most in their situation and make choices that best reflect their values. Managers can utilize systematic procedures to make effective decisions under the rational decision-making model theory, which is useful in the hospitality business (Daft, 2007; Frazer 2012). Furthermore, according to Daft's research, managers who grasp reason theory can use it to make sensible decisions. Furthermore, while considering a deviant conduct, those who apply the rational choice theory must evaluate their fear of punishment and disapproval against the potential for gain and enjoyment. The weight given to the fear of getting detected in a deviant behavior determines the outcome of a decision to commit a deviant act. Daft (2007) asserts that while making a personal decision, a systematic study of an issue by choice and logical execution is required.

According to the rational decision-making paradigm, people will make decisions that maximize benefits while lowering costs. This is especially true for restaurant managers who make decisions about employee training, focusing on the needs, expenses, and advantages in terms of financial success. The rational decision-making model can be applied to sales control in the food and beverage industry because when a manager has complete and perfect knowledge on which to base a decision, quantifiable criteria exist for which data on sales control can be gathered and analyzed. As a result, the manager has the cognitive ability, time, and resources to assess each form of F&B service sales control and propose the optimum solution.

1.10.2 Conceptual Framework

The conceptual framework refers to a model, which shows the relationships between dependent and independent variables in a study (Mugenda & Mugenda, 2003). Figure 1.1 presents a conceptual framework on the Influence of F&B service sales control on financial performance

The conceptual framework suggests that financial performance depends on F&B service sales control of classified restaurants on various factors such as; various types of sales control, the various components of internal control and employee training as an intervening variable in sales control, and the challenges of F&B service sales control . Misappropriation and fraud of sales will reduce when classified restaurants improve on independent variables like various types of sales control, the various components of internal sales control, Employee training in sales control, and the challenges of sales control.

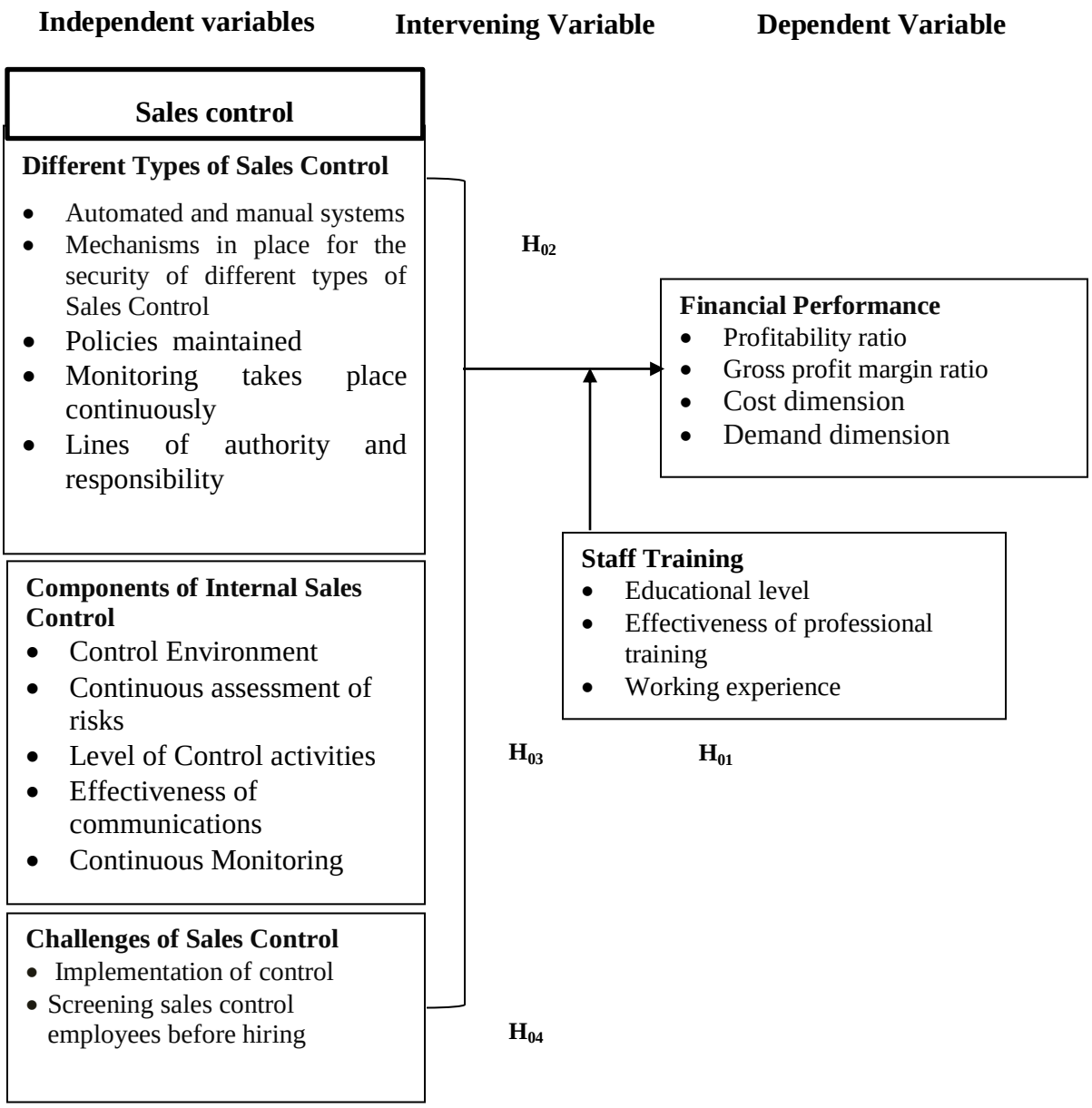

Figure 1.1: Conceptual Framework on influence of sales control

Source: Adopted from COSO Model, (2013) and rational choice theory (Frazer, 2012; Becker, 1996; Cornish & Clark, 1986; Rubin, 1978).

The study adopted COSO, (2013) and rational choice theory (Frazer 2012; Becker, 1996; Cornish & Clark, 1986; Rubin, 1978) to explain the relationship between F&B service sales control and financial performance of classified restaurants. COSO theory deals with control

systems, which help businesses to establish, assess and enhance their control systems in the operations and financial reporting of an entity so that it is not over-emphasized as the existence or the absence of the process determines the quality of output produced in the financial statements.

The constructs of COSO are control environment, assessment of risks, control activities, communications, and monitoring which are designed in a way to assist the businesses to establish, assess and enhance controls. This applies to sales control, as there is a need to minimize fraud and theft and hence improve financial performance in restaurants.

The rational choice theory deals with decision-making, how people usually act based on incomplete information about possible courses of action and their consequences, can explore only a limited number of alternatives relating to any given decision, and are unable to attach accurate values to the outcomes. This is applicable in decision making by managers in restaurants based on financial performance.

CHAPTER TWO

2.0 REVIEW OF LITERATURE

2.1 Introduction

The reviewed literature in this chapter comprises of, employee training in sales control, various types of sales control, various components of sales control, and challenges in F&B service sales control on financial performance in selected classified restaurants. It also includes a synopsis of the literature as well as research gaps.

2.2 Employee training in sales control

In order to improve staff level and competency, training needs for F&B service sales control in restaurants must be identified. As a result, if personnel are not properly trained, they will be unable to understand their responsibilities (Elnaga & Imran, 2013). Employee performance is affected by the implementation of training, which might be formal or informal (UlAfaq, Yusoff, Khan, Azam & Thukiman, 2011). Employees can gain the knowledge and skills they need to thrive in their jobs and careers in a variety of ways (Singh & Muhanty, 2012).

On-the-job training and/or coaching can be utilized to improve employee performance by enhancing the design of an individual plan (Raja, Furqan, & Muhammad 2011; Hameed & Waheed 2011). Abeeha and Bariha (2012) concur that a clear grasp of the organization's goals is required in order to develop the necessary personnel abilities. As a result, management must consider employee training as a means of increasing personnel's job responsibilities (George & Scott, 2012).The initial step in the training process should always be an assessment of the training needs and the job (Infande, 2015).

As a result, when the human resource department notices a training gap, it must initiate the appropriate training to close the gap between expected and actual performance. This is critical for running a restaurant, which demands efficient personnel, because gaining employees' hearts and minds and getting them to identify with the organization is critical (Armstrong, 2009). Training, on the other hand, varies from one company to the next, depending on the management's goals and objectives for training as a motivator (Cole, 2002).It is vital to teach, inspire, feed, and set performance criteria to avoid performance and personnel shortfalls (Dessler, 2015).

According to Herda, Notbohm, and Dowdell (2014), organizations with personnel that lack financial knowledge, skills, or competence are more likely to have weak control systems. And a control audit, on the other hand, can determine whether a control is effective and so prevent fraud, as well as provide reasonable assurance that the control objectives will be reached (Pridgen & Wang, 2012).

2.2 Various types of sales control

To conduct business operations smoothly and successfully without any fraudulent actions, every food and beverage restaurant need proper and effective sales control.

To establish efficient sales control, segregation of duties, sufficient authorization, enough records, physical controls, and independent performance checks are required (Brown & Lewis, 2003; Muthama, 2016).

There are various forms of sales control to prevent staff thefts and other associated disciplines, according to Mohsin (2006), Brown and Lewis (2003), and Stephen (2017). The various sales control methods are intended for general accounting and administrative controls. Furthermore,

Mohsin (2006); Brown, and Lewis, (2003); and Stephen, (2017) assert that physical asset protection is necessary, which includes storing valuables under lock and key or in a safe, and that asset and inventory counts should be performed on a regular basis to deter theft attempts. Various types of sales control in F&B service, according to Kotas (2014), Brown and Lewis (2003), Danson, Kinyanjui, Kiragu, and Kamua (2017), aim at running operations smoothly and effectively, without any fraudulent activities, which may include manual System of sales control and an or automated system of sales control.

2.2.1 Manual System of Sales Control

Manual systems in the food and beverage service sales controls include the triplicate and duplicate checking control used in restaurants and hotels.

Duplicate F&B service control checking is used in small hotels, cafés, and popular restaurants, where the first copy is given to the kitchen, and the waiter keeps the second copy for reference and billing during service (Harty, 2012; Brown, 2003). The triplicate F&B service control checking system is a time-tested and reliable system that includes three copies of various colours with the same serial number. The first copy is taken to the kitchen or dispense bar, where the order is prepared, the second copy is provided to the cashier for bill preparation, and the third copy is kept with the waiter Order Ticket book for service reference (Brown, 2003).

2.2.2 Automated System of sales control

Most operations use an Automated System of F&B service sales control at the point of sale usually on a computer network. Ninemeier, (2004) alludes that the Automated System of sales control keeps track of sale and generate records used in the control of sales to combine the data and reduce the manual work. Therefore, this implies that a bill from the restaurant automatically

posted in the guest bill, will lead to a kitchen order generation, and displayed or printed in the kitchen. In addition, the point of Sale systems can also generate reports required by various departments at any given time, and generate a sale summary sheet.

However, there are several problems in the Automated System of F&B service sales control as some staff members tend to be reluctant in practicing internal control (Jagels, 2007). Besides some operators feel that the F&B service Automated System of sales control would cost them more and are not able to design relevant policies, procedures, and record-keeping into their business operations due to a lack of knowledge on internal control systems and benefits. Other problems include; lack of resources in computerization and security cameras, a lack of knowledge as employees require learning how to use the system and maintaining the control process on regular basis; and a lack of compliance in implementation (Jagels, 2007).

Ensuring accurate and reliable financial information in automation systems in control requires the segregation of duties from those who create and or alter financial information, numbering documents, and regulation of reconciliation of accounts and procedures (COSO, 2013). Mwachiro (2013) agrees that modern technology systems used can protect assets for example by using closed-circuit television cameras and restrictions to the database.

The Institute of Chartered Accountants of Nigeria (2006) affirms that there are a preventive, detective, and corrective Automated System of sales controls, used in firms to deter fraud and theft. Downes and Rocks (2003), concurs that crime prevention has two different emphases, which include reducing the physical opportunities for the offender through the point of sale system and increasing the chance of culprit caught by the use of surveillance systems. Downes and Rocks (2003), further assert that proper control can make an impact on crime prevention. This, therefore, implies that management should evaluate and assess the effectiveness of

automated types of sales control periodically to determine the extent to which the entity's operations objectives are achieved (COSO, 2013).

Automated internal control is so significant in the aspect of assurance, reliability, and accuracy of financial reports (Badara & Saidin, 2013). Therefore, an Automated System of sales control should not ignore the details on how to measure each of the various components to assess their effectiveness (Amudo & Inanga, 2009). Olumbe, (2012), concur that ineffective system programs in control will lead to losses. Amudo & Inanga further, agree that many manual accounting processes, specifically in journal entries are inefficient and risky because manual journals are time-consuming, tedious, and wrought with gaps and loopholes.

2.3 Internal control of sales components

The key critical internal control of sales components is for safe operation whereas ineffective control results in losses (Olumbe, 2012). The various components of internal control in F&B Service are based on COSO updated model (Rittenberg & Landes, 2012). There are various components of internal controls which includes; risk assessment control environment, monitoring information, communication, and control activities, (Abdul, 2014; Agung, 2015: Al-Rawashdeh, 2017).

The various components are essential for the effective implementation of internal control procedures (Brian, 2013; Bubilek, 2017; Cheng, 2014; COSO, 2013). However, Whittington (2001) asserted that a system of internal control extends beyond those matters, which relate directly to the functions of accounting and financial statements. Control further, is a systematic procedure, which will lead to evaluating the degree of correlation between those established criteria, and the real results of the organization. The reporting of control is based on the various

components of internal control and the documents on control of sales in F&B are given to the accounting department and authorized by an auditor. (Suwana, 2014), Ongeri (2010) agrees and states that the extent to which each component is implemented depends on the type of the firm. Whereas, Ngugi (2011), agrees that all the various components must be present to have effective control in financial performance.

2.3.1 Control Environment

The control environment is a set of structures, standards, and processes which provide the foundation to carry out internal control in organization (Uwadiae, 2013). Internal control environment provides discipline, structure, integrity, ethical values, employee competence, and leadership to senior management and the board of directors, thus management should be committed to following established control procedures (Amudo & Inanga, 2009, and Frazer, 2012). The control environment includes communication, enforcement of integrity, and ethical values which form the foundation of an effective system of internal control and helps in increasing financial performance (Umar & Dikko, 2018; Dubihlela & Nqala, 2017; and Mire, 2016).

2.3.2 Risk Assessment

Firms are exposed to a number of risks from both external and internal sources, which they must evaluate as part of their establishment goal, which is linked to several levels and internally consistent (COSO, 2013).

According to The Internal Control Reference Guide (2002) and Frazer (2012), risk assessment assists in identifying and analysing risks in accordance with organizational goals in the fulfilment of defined operational and financial performance targets.

Controls are related to the cost of implementing control processes, and they must provide a reasonable level of confidence based on the type and scope of risks (Angelovska et al., 2010).

2.3.3 Control Activities

The rules and processes that enable an organization achieve management directives are referred to as control activities.

Diverse approvals, authorizations, reconciliations, reviews of operating performance, asset security, and segregation of roles are all part of these policies (Aikin 2011; Mutua, 2015).

Policies and procedural standards, according to Aikin (2011), aid in the execution of internal control operations and provide as a source of information for auditors' scrutiny.

In addition, policies should be implemented in accordance with corporate goals in order to determine appropriate methods for reducing a loss (Amudo & Inanga, 2009; Mutua, 2015; and Mire, 2016).

According to Uwadiae (2013), control activities can be established through policies and processes that enable the attainment of stated objectives through risk mitigation.

Control activities at all levels, according to Uwadiae (2013), are operational and may be preventive or investigative in nature, and include human and automated tasks such as verification process and reconciliations.

2.3.4 Communication

The continuous, interactive process of providing, sharing, and obtaining necessary information is known as communication (Uwadiae 2013). As a result, managers should develop an effective communication strategy that includes employees at all levels of the firm (Umar & Dikko) (2018).

Umar and Dikko (2018) go on to say that relevant information must be recognized, captured, and conveyed in a form and time period that allows personnel to carry out their duties, as well as a method of transmitting crucial information upstream (Amudo & Inanga, 2009). Suwana (2014) agrees that a report issued by F&B cashiers that records income from F&B service in one day is sufficient information generated from the revenue cycle.

2.3.5 Monitoring

Monitoring is the practice of evaluating the effectiveness of controls implemented throughout time to guarantee that an organization's accountability is determined quickly (Theophanous, Draggles, & Giovanis, 2011). Because the circumstances under which the control system is developed may change, management must continue to analyze control systems to ensure that they are relevant and capable of addressing new risks (COSO 2013). Suwana (2014) agrees that the F&B department's documentation and reports should be under management's control and supervision.

While separate evaluations are used to determine whether the five components of internal control are working effectively, all employees must be aware of the organization's objectives, mission, and responsibilities, as well as risk tolerance levels for monitoring, in order to be the most effective (Umar & Dikko, 2018).

2.4 Challenges in Sales Control

There is a problem with sales control in the F&B service industry, which is related to the control system design. Strong or weak control design, according to Ewa and Udoayang (2012), deters, exposes, or influences staff fraud. Restaurants should strengthen sales control systems in F&B services to boost financial performance, according to the report. According to Mandimik,

Nyikahadzoi, Matamande, and Taderera (2013), it is difficult to prevent fraud or discover cooperation by screening personnel before hiring them and doing management supervisory checks. Other challenges in fraud control, according to Ogbunka (2002), include the high probability of employees committing fraud and theft without being noticed, resulting in increased financial burden.

Organizations that rely mostly on manual processes may encounter sales control issues as a result of the use of outdated methods and concepts, and without regularly upgrading staff, expertise and practices do not aid in control (Benjaoran, 2009; Song 2014). Furthermore, Benjaoran, (2009) and Song (2014) states that companies that do not develop to be familiar with the continually changing work environment, as well as cost control concerns, will lose money.

Manual systems have an impact on cost control analysis, according to Ademola (2012), when comparing to the usage of current tools and technology. Other obstacles in sales control include a lack of technological abilities, the battle to constantly study and grasp complex procedures and steps of cost control using proper instruments, and being competitive in the business sector (Feng, McVay,&Skaife 2015; Martin, 2010; Ademola, 2012).

Finally, another challenge in sales control is exaggerating in outcomes while disregarding the process and failing to investigate the origins of cost changes (Song, 2014). Sales control, on the other hand, involves tracking and reporting cost discrepancies on a regular basis (Bahaudin, et al, 2012). While Mbroh (2012) demonstrates that implementing sales management strategies in the organization is labor-intensive and involves a lot of administrative paperwork, which takes extra time.

2.5 Financial Performance

The most accurate way to assess financial performance is to look at profitability (Weda, 2015).

Furthermore, despite the fact that profitability is a difficult concept to measure due to inconsistencies between economic and accounting profits, Weda (2015) claims that the best methods for measuring profitability are return on equity, sales, and return on assets, gross profit margin, and net profit. By reducing fraud and theft in sales operations, both human and automated sales controls, which collect reports crucial in making economic decisions, can yield financial performance in a restaurant (Davies, 2005). Different sales methods combined with poor accounting systems can lead to fraud and criminal accusations against the company and its workers (Lillicrap & Cousins, 2014).

2.6 Summary of Literature and Research Gaps

Sales control, according to the literature review, is a method for safeguarding assets, maintaining accurate and trustworthy financial information, compliance with all financial and operational duties, and supporting in the attainment of the business' objectives. Several techniques to building knowledge and skills for staff to boost work and career performance were examined in the literature study on sales control on employee training (Singh & Muhanty, 2012). And how many employees be trained? On-the-job training or coaching can both be utilized to train personnel (Raja, Furqan, & Muhammad 2011; Hameed & Waheed 2011).In terms of the various types of sales control, every food and beverage institution requires proper and effective sales control in order to run its operations efficiently and without fraud.

Separation of roles, proper authorisation, enough paperwork and records, physical controls, and independent performance checks are all essential to assist build efficient sales control (Brown & Lewis, 2003; Muthama, 2016). And that there are a variety of issues with the Automated Sales Control System in the F&B industry, since some employees are afraid to perform internal control

(Jagels, 2007). To avoid fraud and theft, the Institute of Chartered Accountants of Nigeria (2006) affirms that enterprises have preventative, investigative, and remedial Automated System of Sales Controls in place.

Internal control components such as risk assessment, control environment, monitoring information, communication, and control activities, according to research, are vital for safe operation, while inadequate control leads to losses (Olumbe, 2012; Abdul, 2014; Agung, 2015: Al-Rawashdeh, 2017). Sales control in the F&B service is tough because of the control system design, and a strong or poor control design deters, exposes, or influences staff fraud (Ewa and Udoayang, 2012).

Finally, financial performance studies suggest that limiting fraud and theft in sales processes can improve a restaurant's financial performance by using both manual and automated sales controls that record information that are useful in making economic decisions (Davies, 2005). Various sales control methods combined with poor accounting processes can lead to fraud and criminal fines for the company and its employees (Lillicrap & Cousins, 2014; COSO, 2013).

Studies on control have focused on the influence of internal control on revenue generation, the effectiveness of internal control on financial performance, and the financial statement consequences of internal control in restaurants, revealing a research gap.

The impact of sales control in the food and beverage business on the financial performance of classified restaurants in Nairobi, Kenya has received little attention, necessitating this study to address the information gap. Which was addressed by focusing on the impact of employee training on sales control, examining the impact of various types of sales control, establishing

the various components of internal control, and identifying the challenges in food and beverage service sales control on financial performance in classified organizations.

CHAPTER THREE

3.0 RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter explains the approach utilized to conduct the study and solve the research problem. The research design, study location and justification, sampling frame, sample size, and the classifications of the restaurants included in the study were all discussed. The research equipment, data collecting, and instruments were also developed. Finally, the chapter provides data analysis and data presentation in sales control in food and beverage on the financial performance of classified eateries in Nairobi County, Kenya.

3.2 Research Design

The study adopted a descriptive cross-sectional survey design. When the problem has been defined and the researcher has issues to describe about the problem, a descriptive cross-sectional survey is used (Kothari, 2004). This allows for the description of possible behavior, attitude, values, and characteristics in order to determine and report how things are going (Ader, Mellenbergh, & 2008). The goal of a descriptive survey design, according to Kombo and Tromp (2010), is to explain the existing state of affairs. To allow for generalization, the researcher used a descriptive cross-sectional survey approach to investigate the impact of F&B service sales control on financial performance and to explain the impact of sales control employee training, various types of sales control, various components of internal control, and challenges in sales control in classified restaurants on financial performance. Because the study required responses from F & B cashiers, F & B supervisors, F & B controllers and restaurant managers in each restaurant. Because data is obtained from different groups of participants at the same time, a

cross-sectional study design is less expensive and saves time. Furthermore, because the research instruments are fully independent of the participants, no skewed data is gathered from them.

3.3 Study Variables

The study variables consist of independent and dependent variables as discussed in the subsequent subsections.

3.3.1 Dependent Variable

The dependent variable is the study's or research's outcome, which in this case is the financial performance of classified restaurants. The cost of sales and gross profit margin can be used to measure financial performance in classified restaurants.

3.3.2 Independent Variables

The independent variables are the study or research's inputs that remain constant, such as various types of sales control, internal control components, employee training, and sales control challenges in the food service industry.

3.4 Location of Study

The research was conducted in the county of Nairobi, Kenya. According to the Kenya Hotels and Restaurant Act Cap 494, the Kenya Gazette Notice of 13 June 2003, and the hotels and restaurants guide 2017, Nairobi has over 95 percent of classified restaurants (TRA 2017).

As a result, Nairobi was chosen as the study's location since it provides a larger sampling frame and is home to numerous regional and international visitors, making it a strategic place for collecting information.

3.5 Target Population

All classified restaurants in Nairobi City County, Kenya, were included in the study's target population. According to Ngechu (2004), a research population is a collection of people, goods, residences, firms, services, and variables that share the characteristic under investigation. Nairobi City County, Kenya contains 46 classified rated restaurants, according to the Kenya Gazette classification of hotels and restaurants as of 13th June 2003 and 2020 (included in appendix IX). The classified restaurants were selected based on their popularity and influence in Nairobi City County. This considerably boosted the researcher's chances of acquiring reliable data for the study. The study's target population of classified restaurants was divided into three strata to ensure that the sample accurately reflected the population.

As shown in Table 3.1, the total target population of participants in classified restaurants is calculated by multiplying the number of classified restaurants by four participants per restaurant. The quoted classified restaurants served as the study's unit of analysis.

Table 3.1: Target Population

Classified restaurants	The total target population of classified restaurants	The total target population of Participants in classified restaurants (multiply the number of classified restaurants by 4 participants per restaurant)
Five-star	6	24
Four-star	15	60
Three-star	25	100
Total	**46**	**184**

Source Kenya Gazette13th June 2003 and 2017

3.6 Sampling Techniques

3.6.1 Sampling Frame

All classified restaurants from the Kenya Gazette from June were included in the sampling frame (2003). A list of households, establishments, and industries with detailed addresses, products produced and/or consumption, expenditure, and revenue data could be used as the frame (data sources) (Kothari, 2011). The Kenya Gazette maintains a list of all classified restaurants, which the researcher collected from the Kenya Gazette June 2003 and TRA data from 2017.

The process of picking a number of individuals, items, or instances from a target population so that the selected group has elements that represent the complete group's characteristics is known as sampling (Konthari, 2011). For chosen restaurants, stratified and random sampling techniques were used. Purposive sampling was used for participants, which is a technique that allows a researcher to use participants who have the necessary information about the study's goals (Mugenda & Mugenda, 2008).

3.6.2 Sample Size

The sample size refers to the number of population units used to represent a population.

In most circumstances, samples are used to draw conclusions about the population being studied (Kothari, 2011). It's also a way of learning about a whole population by only looking at a small section of it.

Inferential statistics frequently uses samples to create predictions about population behaviour (Mugenda & Mugenda, 2003; Oso & Onen, 2011; Copper & Schindler, 2003; and White, 2000).

When sampling techniques are applied, the characteristics of the population are guaranteed to be correct in the sample. In descriptive research, a sample size of 10 to 50% is appropriate (Mugenda & Mugenda, 2003). Because the population was not homogeneous, strata were created to generate a representative sample, resulting in stratified random sampling. Stratified random sampling divides the population into homogeneous subgroups and then takes a simple random sample in each stratum to make reliable estimates for each stratum as well as the total population (Cooper & Schindler, 2003).

The obligation to maintain sampling acceptable, according to Neuman (2003), is the most crucial factor to consider when determining sample size. Orodho (2005) defines sampling as "the process of selecting a particular number of participants from a defined population to serve as a representative sample of that community." A list of classified restaurants can be found in Appendix IX, which covers the hotel and restaurant categories in 2003.

The following approach was utilized for stratified sampling: five-star restaurants (6), four-star restaurants (15), three-star restaurants (25), and two-star restaurants (gazette notice 13 June 2003 classified restaurants). The total number of restaurants sampled was calculated using Fisher, Laing, and Stoeckel's (1983) formula. $n = \frac{z^2 \times p \times q}{d^2}$

Where:

When the target population is greater than 10,000, n = is the required sample size.

z = standardized normal deviations with a 95 % confidence level of 1.96.

p= the percentage of the target population that has the desired qualities, a 50:50 basis is used in this study, which means that there is a 50 % chance of something happening (0.5).

q = The difference between p and 100 percent.

That is 1-P, which will be 1- 50 percent in this case (0.5).

d = Significance level of the measure, that is at 90% confidence level the significance level is 0.1

Using the above formulae, the number of classified selected restaurants to be sampled was calculated as below.

$n = (1.96^2 \text{ X } 0.5 \text{ X } 0.5)/ (0.1)2$

= 96

Target population in this study is less than 10,000, thus the sample of 46 was adjusted using the formula below (Mugenda, 2003).

nf = n/(1+n/N) where nf is the desired sample size when sample size is less than 10,000and n is the sample size when the target population is less than 10,000. N is the target population size.

nf = n/(1+n/N) = 96/ (1+96/46) =32

Using the above formulae, the number of classified selected restaurants to be sampled were reduced to thirty-two (32). By apportioning the classified selected restaurants in every stratum, the number of restaurants to be sampled in every stratum was calculated as follows;

Five-star restaurants (6), 6/46 x 32 = 4

Four-star restaurants (15), 15/46 x 32 = 11

Three-star restaurants (25), 25/46 x 32 = 17

This gives a total of 32 restaurants.

Four senior key staff members were randomly selected from the whole sample size of 32 classified restaurants, including F&B Manager, F&B Controller, F&B Supervisor, and F&B Cashiers.

The following are the major custodians and administrators of various sorts of sales control in selected classified restaurants:

The number of restaurants to be sampled from a list of classified eateries (32)

Number of participants purposively picked at random (4) =128 participants. So that the overall sampled participants' distributions were as in Table 3.2 below.

Table 3.2: Sample Size Distribution per Stratum and Participants

Restaurants' Classification	**Stratum population size**	**Stratum sample size**	**Sampled participants per stratum**
Five-star	6	4	16
Four-star	15	11	44
Three-star	25	17	68
Total	**46**	**32**	**128**

Based on Figure 3.2 classified selected restaurants earmarked for sampling, the study targeted and purposively picked four significant senior workers in every classified restaurant who headed several key sections/functions, including F&B Manager, F&B Controller, F&B Supervisor, and F&B Cashiers. These essential members are the custodians and key owners of various types of sales control in selected classified restaurants. Following that, the number of sample participants in the study was calculated as follows:

The number of restaurants to be sampled from a list of classified restaurants (32)

The total number of participants who were randomly purposively sampled was (4) =128.

3.7 Research Instruments

A survey questionnaire and a key interview guide were used to collect data.

3.7.1 Questionnaire

In this study, participants were polled using unstructured questionnaires. The questionnaires were chosen for the study because they provide an efficient, low-cost, and quick method of collecting vast amounts of data from big sample sizes. The questionnaire was divided into two sections, with Section A asking for demographic and organizational information from participants.

Demographic data was required in order to identify staff experience, knowledge, and training, as well as to support the employee training independent variable and objective, which is to test the influence of employee training on food and beverage service sales control on the financial performance of classified restaurants. Section B, on the other hand, was divided into subsections, each of which had questions about the research variables I and II.

To ensure the relevance of the research problem, questionnaires were generated from the literature study and organized according to the information from the research objectives. The following questions were on a Likert scale:

(1) Strongly disagree (2) Disagree (3) Not sure (4) Agree (5) Strongly agree and dichotomous questions. The questions were about the influence of sales control on food and beverage service in selected classified restaurants in Nairobi County, Kenya.

3.7.2 Key informant Interview Guide

Semi-structured interviews were employed to collect data because they allowed the interviewer to probe and elaborate on the interviewee's comments, allowing for in-depth face-to-face

information extraction from participants (Kothari, 2004). As stated in Appendix IV of this study, the data was collected from classified restaurant management people. The purpose and objectives of the study guided the F&B Manager's interview. The data gathered aided information gathered and discussing the findings.

3.8 Pre-Testing

Two restaurants were pre-tested to examine if F&B service sales control had an influence on the profitability, but this was not included in the final sampling. According to Mugenda and Mugenda (2003), pre-testing allowed for the detection of errors before the actual data collection began, and a sample of between 1% and 10% of the population is sufficient for a pre-test study. The questionnaires were tested before the formal data collecting began. Restaurants chosen for pre-testing were not included in the final data collection to remove biases in the trial. The exercise was conducted in order to improve the instrument and identify any unanticipated flaws or omissions of critical questions and comments pertinent to the study.

3.8.1 Validity

If an instrument measures what it claims to measure, it is valid (Mugenda & Mugenda, 2003).

As a result, the study's validity was ensured by ensuring that the questions answered were based on the study's goals and conceptual framework of the impact of sales control in food and beverage service in selected classified restaurants. The degree to which the outcomes of the data analysis represent the phenomena under research is known as validity. The study used content validity to test the validity of research instruments, which was done with the help of supervisors and statisticians to ensure that the set of questions asked would help collect the data needed for the study.

3.8.2 Reliability

The test was to assure consistent outcomes or data after repeated trials, hence Cronbach's Alpha formula was applied to improve reliability.

Based on the results of the pre-test, the Cronbach's Alpha formula reliability analysis instrument was altered.

The instrument's reliability was determined by an alpha value of 0.70. Cronbach's alpha= $\left[\frac{n}{n-1}\right]\left[\frac{SD^2 - \sum Variance}{SD^2}\right]$

Where n is the number of test items, SD denotes the standard deviation of the set of test results, and Variance denotes the sum of the variances of the scores for each of the test's individual items.

The researcher performed a pre-test to confirm that the instrument was reliable in obtaining data that was consistent with the main goal (Saunders, 2009). The results for the reliability test were as shown in Table 3.3.

Table 3.3: Reliability Tests

Variables	N of Items	Cronbach's Alpha
Various types of sales control	4	0.745
Challenges in sales control	6	0.961
The various components of internal sale control	23	0.957
Employee training	3	0.734

From Table 3.3, the Cronbach's Alpha values for employee training in sales control, various types of sales control, challenges of sales control, and various components of internal sales control were 0.734, 0.745, 0.961, and 0.957 respectively. Since all the values were above 0.7, it implied that the instrument was reliable. The results fall within Mugenda and Mugenda (2003) assertion that a reliability coefficient should be between 0.6 and 1.00.

3.9 Data Collection Techniques

The data for this investigation was gathered using unstructured questionnaires and interview guides. This is further explained as follows:

F&B Supervisors, F&B Cashiers, and F&B Controllers were given the questionnaires. The use of a questionnaire allowed participants enough time to respond to the questions (Curvin & Slatter, 1996). Furthermore, the questionnaires were presented to participants in one location, ensuring that everyone completed them at their own pace under the same conditions. As a result, a higher response rate could be achieved (Lucas & Deery, 2004). Questionnaires were used because they saved time and were convenient. Two weeks were allocated for the completion of the questionnaire and the collection of completed questionnaires.

The interview guide was utilized to gather data from F&B managers that was in-depth and relevant to the research challenge. In addition, secondary data was gathered by reviewing existing literature and using the internet, which is a cost-effective and time-saving method of obtaining a wealth of information, new insights, and discoveries to aid in the achievement of the study's objectives and goals (Mugenda & Mugenda, 2008).

3.10 Data Analysis

The results of the questionnaire were analyzed using descriptive and inferential statistics.

And the data from the interview guide was objectively incorporated into the descriptive analysis.

To examine the impact of F&B service sales control on financial performance, the data was put through multiple models. To establish the significance of the link between the independent factors and the dependent variable, the researcher employed Pearson correlation and regression analysis.

The model for the simple regression analysis took the form:

FP= β0+ βiXi+ ε

Where: β0 is the intercept constant

βi are regression coefficients and Xi (i =1, 2, 3, 4) denote the each of the independent variables given as;

X1- Employee training

X2- Various types of sales control

X3- Various components of internal sale control

X4-Challangesof sales control

ε - Error term

Multiple regressions were used to analyse the relationship between the combined influence of F&B service sales control and financial performance in selected classified restaurants. For the multivariate regression analysis, the following empirical model was used; $\mathbf{FP= \beta_0+ \beta_1X_1+ \beta_2X_2+ \beta_3X_3+ \beta_4X_4+ \varepsilon}$

Where: β_0, β_1, β_2, β_3, and β_4 are regression co-efficient

FP-Financial performance measured by gross profit margin

B_0- Intercepts of the equation

B_1-Coefficients of variables

X_1- Influence of employee training

X_2- Various types of sales control

X_3- The various components of internal sale control

X_4-Challangesof sales control

ε - Error term

The researcher used stepwise regression to minimize the dimension of each study variable.

To create a simple and interpret-able model, a step-wise regression requires identifying relevant predictor(s) of a variable. For each independent variable, in particular, a backward stepwise technique was used. The researcher started with a comprehensive model that included all predictors for each independent variable, and then excluded the least significant predictors one by one. The least significant predictors were those with the greatest p-values and those whose removal from the model resulted in the smallest drop in R-squared and the smallest increase in residual sum of squares.

The stopping rule in this approach was to consider a significant predictor as the one with the lowest p-value, which had to be less than 0.05.

As a result, the dependent variable was regressed on all of the predictors in each independent variable, yielding four different stepwise regression coefficient tables, as shown in Appendices IV, V, VI, and VII.

Important and most significant predictors were chosen from the outputs.

Table 3.4: Summary of Data Analysis

Research objectives	**Method of analysis**
1) To determine the influence of employee training in food and beverage service sales control, on financial performance of classified restaurants in Nairobi County, Kenya.	Descriptive analysis, percentages frequency and tables& Pearson's moment of correlation& Regression coefficient
2) To examine the effect of various types of food and beverage service sales control on financial performance of classified restaurants in Nairobi City County, Kenya	Descriptive analysis, percentages, frequencies, Pearson Product moment correlation & Regression coefficient
3) To establish Internal in food and beverage service sales control of components on financial	Descriptive analysis, percentages frequency, Pearson Product moment

	performance of classified restaurants in Nairobi City County, Kenya	correlation & Regression coefficient,
4)	To identify the challenges in food and beverage service sales control on financial performance of classified restaurants in Nairobi City County, Kenya	Descriptive analysis, percentages frequency, Pearson Product moment correlation & Regression coefficient

3.11 Logistical and Ethical Considerations

3.11.1 Logistical Considerations

The procedure by which a researcher ensures that a research project is completed successfully is known as research logistics (Mugenda& Mugenda 2008). The researcher obtained a permit from Kenyatta University's office of Post-Graduate Studies, as well as NACOSTI, and scheduled appointments with all 32 classified restaurants through the administration's office to conduct research in the study area (Appendix I).

3.11.2 Ethical Considerations

Participants were reassured by the fact that their identities would not be included in the questionnaire, which ensured their safety and privacy. The researcher informed participants that the information submitted in the questionnaire would be kept private because it was purely for academic purposes.

CHAPTER FOUR

4.0 RESEARCH FINDINGS

4.1 Introduction

The findings of a study on the effect of F&B service sales control on financial performance in selected classified restaurants in Nairobi city county, Kenya are presented in this chapter. The presentation analysis was objectively captured in the analysis report. The results of the study are reported and analysed in the subsections that follow.

4.2 Response Rate by Staff Categories

The results of the response rate for the study are as presented in Table 4.1.Response

Table 4.1: Rates by Category of Classified Restaurant and Participants

Classified restaurants	F&B Participants	Sample Size	Response	Response %
Five-Star	Cashiers	4	3	
	Supervisors	4	4	
	Controllers	4	2	
	Managers	4	3	
		16	**12**	**75%**
Four-Star	Cashiers	11	10	
	Supervisors	11	9	
	Controllers	11	10	
	Managers	11	9	
		44	**38**	**86.4%**
Three-Star	Cashiers	17	15	
	Supervisors	17	16	
	Controllers	17	16	
	Managers	17	13	
		68	**60**	**88.24%**
Overall Response Rate		**128**	**110**	**83.21%**

The study targeted classified restaurants, as shown in Table 4.1, 32 restaurants were chosen at random as the sample size. Each restaurant had four participants who were purposively selected, including F&B Supervisors, F&B Managers, F&B Controllers, and F&B Cashiers. There were a total of 128 people that took part in the study. However, only 110 people completed the survey,

yielding an overall response rate of 83.21 percent. The rates of response for 5-star, 4-star, and 3-star restaurants were 75 percent, 86.4 percent, and 88.24 %, respectively, in each category. The rates of response were higher than the minimum threshold of 50%according to Mugenda & Mugenda (2003). Any answer above 75% was enough for data analysis, presentation, and discussions, so the response was appropriate.

4.3 Socio-Demographic Characteristics of Participants

Participants were asked to provide information about their socioeconomic status. This was necessary in order to gain a deeper understanding of the participants so that objective 1 on employee training and experiences could be addressed. Education levels, professional training, and work experience were among the socio-demographic data collected. This is described in the study's subsequent subsections.

4.3.1 Distribution by Educational Level

The highest educational level was to be indicated by the participants. This was done to test whether the personnel of the restaurants had skills in training and could be trusted with the day-to-day operations of the restaurants, which could improve financial success.

The study's findings are depicted in Figure 4.1.

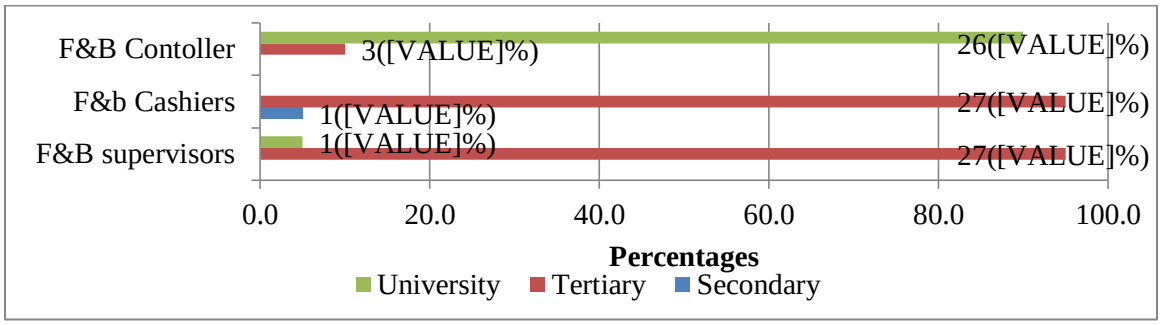

Figure 4.1: Distribution by Educational Level

Figure 4.1 shows that 27 participants (95%) of cashiers had completed tertiary education, 1 participant (5%) had completed secondary education, and F&B cashier had not completed

university education. Furthermore, data shows that participants 27 (95%) of F&B supervisors have a tertiary education, 1 participant (5%), have a university education. According to the report, 24 percent of F&B controllers have a tertiary education, and 4 percent have a university education.

According to the statistics, restaurants engaged skilled individuals who could successfully manage the firms' operations in order to produce ideal financial results on average. If employees are not properly trained on the job, they will not have a firm grasp on their responsibilities or obligations (Elnaga & Imran, 2013).

4.3.2 Distribution by Professional Training

The participants were required to indicate their distribution by the highest professional training levels and the results are as shown in Figure 4.2.

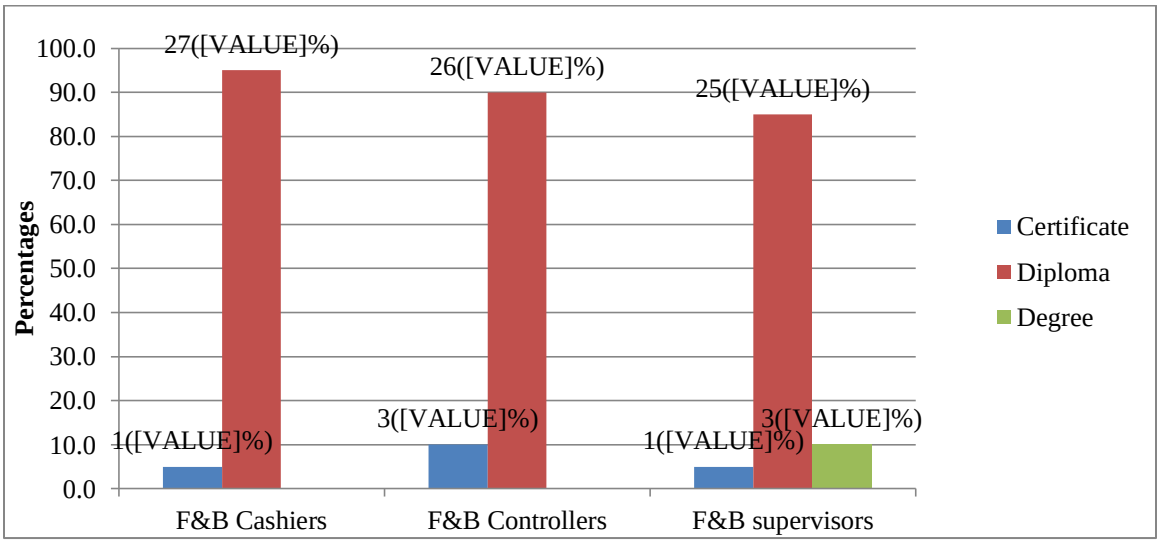

Figure 4.2: Distribution by Professional Training

Figure 4.2 According to the results, % of supervisors (25 participants) had professional training in diploma, 10 % (3 participants) had professional training in degree, and 5% of supervisors had professional training in certificate. According to the poll, 25% of F&B controllers had a diploma

in relevant topics and 3% had a bachelor's degree in related areas. While 27 F&B cashiers (95%) had a diploma in the relevant field, just 1 (5%) of F&B cashiers had a certificate. Implementing an effective training procedure at all levels of management has a significant impact on employee performance as a result of this discovery (UlAfaq, et.al 2011). ***"The majority of workforce is properly trained professionally,"*** **said one manager (manager 5) in an interview**.

4.3.3 Distribution by Working Experience

The participants were to state how long they have worked in their respective restaurants. This was to ascertain whether they have garnered sufficient experience concerning sales control and financial performance. Figure 4.3 shows the results.

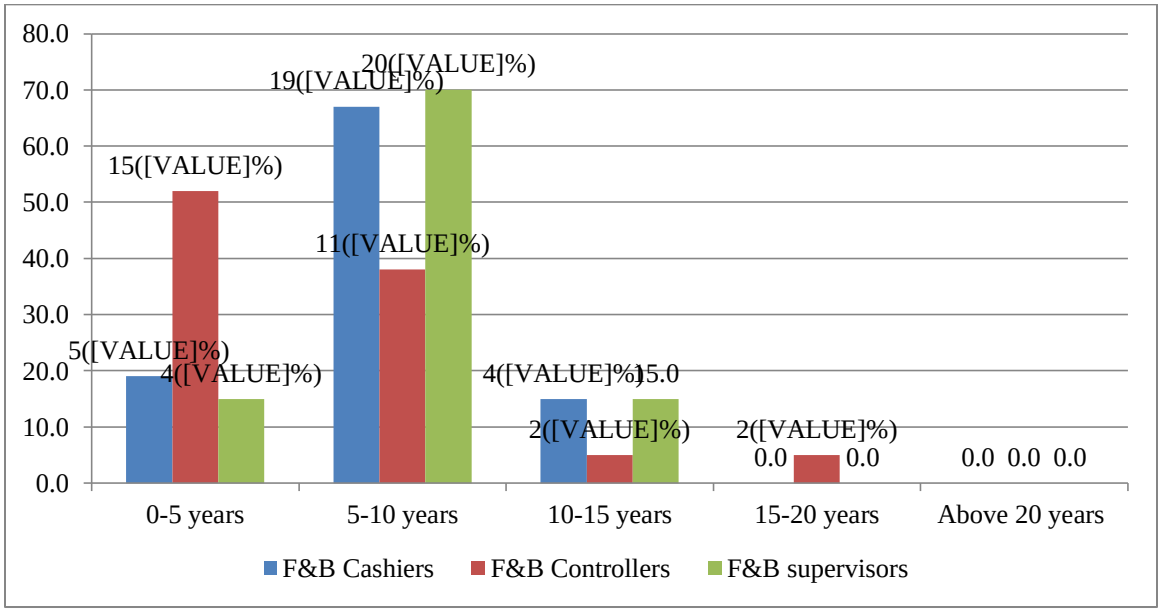

Figure 4.3: Distribution by Working Experience

The survey reveals that 15 participants (52%) of controllers, 5 participants (19%) of cashiers, and 4 participants (15%) of supervisors had 0-5 years of work experience in their respective restaurants, as shown in Figure 4.3. Additionally, 20 participants (70%) of supervisors, 19 participants (67%) of cashiers, and 11 participants (38%) of controllers had 5-10 years of

experience in their respective businesses. Further, 5 participants (15%) of supervisors, 4 participants (14%), and 2 participants (5%), of cashiers and controllers, had work experience of 10-15 years, and none of the participants had more than 20 years' work experience.

Abeeha and Bariha, (2012) concur that a comprehensive awareness of the strategic, tactical, and operational levels, as well as knowledge of how to develop the abilities needed in employees, is required. According to the findings, participants having significant work experience and can be trusted with the restaurants' day-to-day operations, and so possess the necessary expertise and information for this study.

4.4 Influence of Employee training In Sales Control and Financial Performance

4.4.1 The Influence of Employee training in Sales Control Descriptive Analysis

The first objective sought to determine the influence of employee training in sales control in food and beverage service, and financial performance of classified restaurants in Nairobi County, Kenya. The study's results for this is as shown in Table 4.2 below.

Table 4.2: Employee training in sales controls Policy Factors

	Mean	Std. Deviation
Training needs identified and delivered to personnel	4.14	.441
Policies and practices in training actions	4.38	.561
Formal process competence &training plans	4.31	.541
Average	4.28	.514

As indicated in Table 4.2, the results suggest that the training needs identified and delivered to employees had a mean of 4.14 and a standard deviation of 0.441. Policies and practices in training actions, on the other hand, had a mean of 4.38 and a standard deviation of 0.561.The existence of formal mechanisms to evaluate competency and training plans had a mean of 4.31 and a standard deviation of 0.541.The average mean and standard deviation, respectively, are 4.28 and 0.514. Because all of the mean values were more than four, it's safe to assume that all of

the participants agreed with the three assertions about employee training in their businesses. *"The restaurants give training in sales control for restaurant workers through induction and in-house training, which management considers a significant advantage in terms of employees' performance," according to the interview guide as suggested by managers (Restaurants Managers 2–6, 9–10, and 11).*

4.4.1 Testing HO_1 on Using Pearson Correlations Coefficient

$H0_1$ There is no significant relationship between employee training in F&B service sales control and financial performance of classified restaurants.

The study used Pearson's product-moment correlation coefficient of analysis, as presented in Table 4.3 below

Table 4.3: Correlations for Employee training in sales control

		Employee training	Financial Performance
Employee training	Pearson Correlation	1	0.429
	Sig. (2-tailed)		0.039
Financial Performance	Pearson Correlation	0.429	1
	Sig. (2-tailed)	0.039	

The correlation coefficient ("r") between employee training and financial performance was determined to be 0.429, with a p-value of 0.039, as shown in table 4.3. The regression coefficient's value indicated that the two variables had a moderate but favourable association. Because the corresponding p-value was less than 0.05, this coefficient was found to be at a 5% significance level. As a result, the financial performance of the selected restaurants is strongly linked to employee training. The second step was using simple regression to see how employee training affects financial performance. Tables 4.4, 4.5, and 4.6 provide the model overview, ANOVA results, and regression coefficients results. The generated model discusses to what

extent variances in employee training affect financial performance. As a result, the R^2 number reveals how much of a change in financial performance can be attributed to changes in employee training (determination coefficient).

Table 4.4: Model Summary for Employee training

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.521	.271	.255	3.15193	4.833	.025

Dependent Variable: Financial performance
Predictors: (Constant), Employee training

Table 4.4 shows the regression model of employee training on financial performance. The regression coefficients of determination R square = 0.271 and R = 0.521 at the 0.05 significance level. According to the regression coefficient of determination, employee training accounts for 27.1 % in financial performance. The premise here is that employee training and financial performance are linked.

Table 4.5: ANOVA Results for Employee training

ANOVA

	Sum of Squares.	Do.	Mean Squares.	F-statistics.	Sig.
Regression	28.309	1	28.309	4.833	.025
Residual	105.434	18	5.857		
Total	133.743	19			

Dependent Variable: Financial performance
Predictors: (Constant), Employee training

Because the p-value of 0.025 is less than 0.05, the ANOVA findings in Table 4.5 confirm that the model is adequate for this data. This indicates that there is a strong significant relationship between employee training and financial performance.

Table 4.6: Regression Coefficients for Employee training

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	15.16	7.725	1.962	.055
Employee training	2.131	1.005	2.120	.044
Dependent Variable: Financial performance				

Employee training has a good and significant effect on financial performance, according to the Beta results in table 4.6.

FP = 15.16+0.921+0.979+1.263*X1 is the fitted model.

For every unit increase in training needs recognized and communicated to employees, financial performance improves by 0.921 units; policies and practices in training activities improve by 0.979 units; formal process competence and training plans improve by 1.263 units.

This suggests that a 0.921, 0.979, or 1.263 unit change in staff training will improve financial performance. Financial performance stays positive at 15.16 even when no staff training is offered, demonstrating that other elements such as various types of sales control, internal control components, and the problems of sales control in the food and beverage services are influencing financial performance. As a consequence, the null hypothesis was rejected, the alternative hypothesis was accepted, and it was discovered that employee training and financial performance of classified restaurants have a substantial association.

4.5 Effect of Various types of sales control

The second objective was to examine at the relationship between different methods of sales control in the food service industry and the financial performance of classified restaurants in Nairobi City County, Kenya. The following are the findings and discussions:

4.5.1 Types of Sales Control Descriptive Analysis

To address the relationship between various types of sales control in food and beverage service and financial performance of classified restaurants, Respondents were asked to share their opinions on various various types of sales control in F&B service employed in their individual restaurants. Figure 4.4 shows the data and results of the analysis.

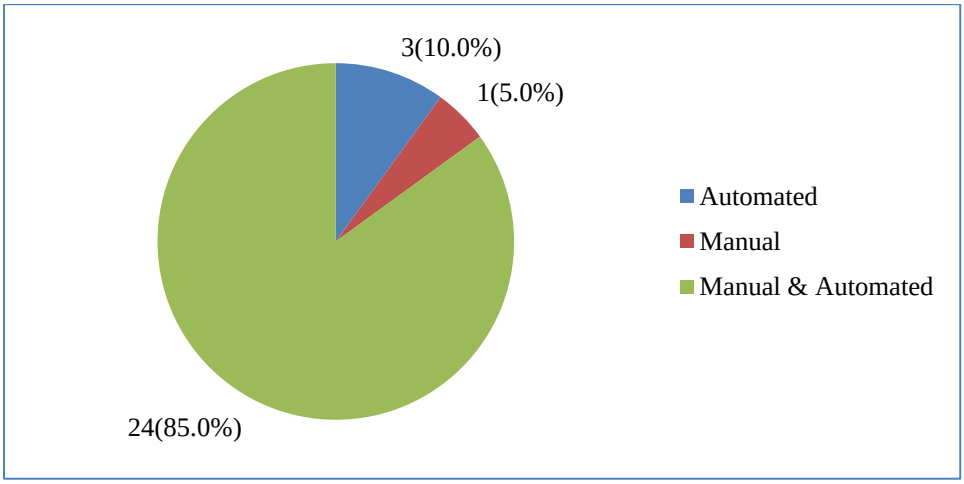

Figure 4.4: Various types of sales control

According to the data shown in Figure 4.4, restaurants used both manual and automated types of F&B service sales control, as 24 participants (85 percent) participants agreed. Entirely 3 (ten percent) of the restaurants used automated machines, while 1 participant (%) used only manual machines, according to the survey. The findings could indicate that the majority of restaurants employ both human and automated methods of food and beverage sales control. The participants (cashiers) were asked to state their level of agreement with various statements on various types of sales control in F&B Service policy in order to determine the effect of various types of sales control in F&B Service on financial performance, and the results are shown in Table 4.7 below.

Table 4.7: Various types of sales control

	Mean	Std. Dev.
Policies and procedures manual of various types of sales control are up to date	3.82	.945
Has a chart that defines lines of authority and responsibility of various types of sales control	3.93	1.016
Policies of various types of sales control are maintained and distributed to the cashiers	4.07	.539
The general rating of operations of various types of sales control are high	3.96	1.036
Monitoring takes place continuously of various types of sales control in F&B service	4.18	.772
Proper activities approvals, authorizations, and verifications of various types of sales control	4.14	.891
There are proper mechanisms in place for the security of various types of sales control	4.29	.460
Average	**4.06**	**0.808**

From table 4.7 the participants rated "having up to date policies and procedures manual" (mean = 3.82, Std. deviation = 0. 945), the participants rated "Has a chart that defines lines of authority and responsibility of sales control" (Mean = 3.93, Std. deviation =1.016), "Policies of various types of sales control are maintained and distributed to the cashiers" (Mean =4.07, Std. deviation =0.539). The general rating of operations of different types of sales are high" (Mean = 3.96, Std. deviation =1.036), "Monitoring takes place continuously of various types of sales control in F&B service" (Mean=4.18, Std. deviation =0.772), "Proper activities approvals, authorizations, and verifications of various types of sales control" (Mean=4.14, Std. deviation =0.891). Moreover, in the case of whether "There are proper mechanisms in place for the security of various types of sales control" (Mean =4.29, Std. deviation = 0.460). On average, the responses on the aspects of various types of sales control had a mean of 4.06 and a standard deviation of 0.808. From the interview findings, it was established that *"regular monitoring, proper mechanisms, approvals and verifications are normally carried out at the restaurants to reduce any chances of malpractices in cash fraud and theft" (Restaurant Mangers 10, 18, 30&31).*

4.5.2 Inferential Analysis for Various types of sales control

$H0_2$: There is no significant relationship between various types of F&B service sales control and financial performance of classified restaurants.

The study sought to determine whether there is a significant relationship between the various types of F&B service sales control and financial performance of classified restaurants. The results are as presented in Table 4.8.

Table 4.8: Correlations for Types of F&B service sales control

		Various types of sales control	Financial Performance
Various types of sales control	Pearson Correlation	1	0.936
	Sig. (2-tailed)		0.010
Financial Performance	Pearson Correlation	0.936	1
	Sig. (2-tailed)	0.010	

The Pearson correlation reveals in table 4.8 show that various types of sales control have a strong correlation with the financial performance of the selected restaurants where r= 0.936. From various types of sales control the findings indicate that it is statistically significant to financial performance at 0.000, thus reject the null hypothesis and the alternative accepted. Consequently, an increase in various types of sales control contributes to an increase in the financial performance of selected restaurants.

The second part of the inferential analysis is the regression to test how types of F&B service sales control affect financial performance, which is a model summary, ANOVA results, and the regression coefficients. In the model summary, the obtained values explain the extent to which variations in types of F&B service sales control lead to changes in financial performance, either positively or negatively. This section, therefore, gives the extent to which a change in financial

performance attributes to a change(s) in types of F&B service sales control and this is given by the value of R2 (coefficient of determination). The results are as presented in Table 4.9, 4.10, and 4.11.

Table 4.9: Model Summary for Various types of sales control

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.690	.4761	.467	2.93005	5.091	.010

Dependent Variable: Financial performance
Predictors: (Constant), Various types of sales control

Table 4.9; show the regression summary model of various types of sales control on financial performance. As presented in the table, the coefficient of determination R square = 0.4761 and R =0.690 at 0.05 significance levels. The regression coefficient indicates that various types of sales control influence 46.7% of the variation in financial performance. This implies that the remaining 52.4% is as explained by factors not included in the model. This explained variation was significant as the p-value was less than 0.05 (that is 0.010 < 0.05). This implies that there exists a positive significant relationship between various types of sales control and financial performance.

Table 4.10: ANOVA Results for Various types of sales control

	ANOVA				
	Sum of Squares	df	Mean Squares	F-statistics	Sig.
Regression	22.007	1	22.007	5.091	.010
Residual	77.809	18	4.3227		
Total	99.816	19			

Dependent Variable: Financial performance
Predictors: (Constant), Various types of sales control

Because the p-value of 0.000 is less than 0.05, the model fit is suitable for this data, according to the analysis of variance (ANOVA) in Table 4.10. This implies that the value of the regression coefficient and the corresponding p-value is suitable for testing the hypothesis H02.

Table 4.11:- Regression for Various types of sales control

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	10.890	10.956	0.994	.096
Policies and procedures manual of various types of sales control are up to date	2.626	.923	2.845	.045
Existence of chart that defines lines of authority and responsibility of various types of sales control	2.091	1.000	2.091	.048
Policies of various types of sales control are maintained and distributed to the cashiers	0.950	.545	1.744	.750
The general rating of operations of various types of sales control are high	2.424	1.206	2.010	.250
Monitoring takes place continuously of various types of sales control in F&B service	1.464	.757	1.934	.475
There are reviews of Performance in various types of sales control in F&B Service	2.255	1.100	2.050	.054
Proper activities approvals, authorizations, and verifications of various types of sales control	2.588	.855	3.027	.015
Proper mechanisms exist for security of different sales control	1.389	.463	3.001	.025
Dependent Variable: Financial performance				

From Table 4.11, Beta results for various types of sales control indicate that there was a significant effect on financial performance. The fitted model is FP= 10.890+2.626+2.091+0.950+2.424+1.464+2.255+2.588+1.389*X2. For one unit increase in having updated policy and procedure manual, financial performance increases by 2.626units; authority and responsibility increases by 2.091, policies maintained and distributed to the cashiers' increase by 0.950 units. In addition, for one unit increase in having the general rating of operations on internal control being high, financial performance increases by 2.424 units, and monitoring taking place continuously in F&B service sales control increases by 1.464 units.

In addition to one unit increase in having reviews of performance in F&B service sales control increases by 2.255 units, Proper activities approvals, authorizations, and verifications of various types of sales control increase by 2.588 units, and having proper mechanisms in place for the

security of sales increases by 2.588 units. This implies that a unit change in various types of sales control will increase financial performance by the rate of β = 2.626, 2.091, 0.950, 2.424, 1.464, 2.255, 2.588, and 1.389. Even when various types of sales control is non-existence, financial performance is still positive at 10.890 indicating that there are other drivers of financial performance including, employee training , the various components of internal control, and the challenges of sales control in food and beverage service on financial performance in classified restaurants. Thus, the null hypothesis rejected and the alternative hypothesis accepted and concluded that there is a significant relationship between various types of sales control and the financial performance of classified restaurants.

4.6 The various components of internal control in F&B Service

The third objective sought to establish the various components of internal control in food and beverage service on financial performance of classified restaurants in Nairobi City County, Kenya. Findings are as discussed below.

4.6.1 Internal control of sales components in F&B Service

This subsection examined the various components of internal control in F&B service on financial performance of classified restaurants. Components of internal control explored comprised of environmental control, risk assessment, control activities, and monitoring. Results are in Table 4.12.

Table 4.12: Various Components of Internal Control in F&B Service

Various Components Of Internal Control in F&B Service	Mean	Std. Dev.
Environmental control		
Policies and procedures for authorizations	3.68	1.124
Specific lines of authority and responsibility	3.46	1.232
Audit Committee adequately maintain communication	3.71	.854
Delegated Responsibilities and follow up	3.71	.854
There is an honest and fair dealing with all staff and management	3.71	.854
Management committed to operations	3.75	.701
Risk assessment		
Appropriate objectives are defined for the restaurant	3.82	1.090
Management identifies risks that affect achievement	3.75	.928
Management has a criterion for the ascertainment of fraud-related risks	3.75	.928
Management put in place mechanisms for mitigation of critical risks	3.86	.705
Information and communication		
Management has identified individuals for coordinating activities	3.71	.810
Employees understand internal controls	3.79	.876
Communication enables evaluation of guidelines and policies	3.61	.832
Control activities		
There is segregation of responsibilities on financial reporting	3.86	.932
Individual independent record-keeping promptly investigate disputes	3.75	.844
Accounting records are designated responsibility	3.71	.854
Prescribed billing changes are approved and authorized	3.79	.876
Procedures exist to prevent the alteration	3.79	.876
Monthly reconciliation of separate records is done	3.79	.876
Monitoring		
Independent checks and evaluations of controls is done	3.57	1.103
Internal reviews of implemented controls periodically conducted	3.68	1.278
Monitoring helps in assessing the quality of performance	3.93	.940
Responsibilities for timely review of audit is assigned	4.14	.705

Regarding environmental control statements in table 4.12, the study found "policies and procedures for authorizations" (mean=3.68, Std. deviation=1.124), "specific lines of authority and responsibility" (Mean= 3.46, Std. deviation=1.232), "audit Committee adequately maintain a direct line of communication" (mean= 3.71, Std. deviation=.854). In addition, the study found that "responsibilities are delegated and follow up action is made" (mean = 3.71, Std. deviation = .854), "there is an honest and fair dealing with all staff and management" (mean= 3.71, Std. deviation=.854), and "management is committed to the operation of the system" (mean= 3.71,

Std. deviation =.701). From the interview findings, it established that *"there exists audit committees which regularly monitor the financial performance of the restaurants" (restaurant managers 2,8,11, 16, 23, 24, &31).* Further the interview findings reveals that *"in order to improve performance, the restaurants delegates responsibilities and make follow up on the feedback and progress of the assigned duty".* And that *"there exist honest and fair dealing between the management and restaurants in F&B cash control "(Restaurant managers 2, 3,4,5,8,11,13,16, 28, &30).*

Concerning risk assessments in table 4.12, the study established that 'Appropriate objectives are defined for the restaurant' with (Mean 3.82, Std. deviation=1.090), "Management identifies risks that affect achievement" with (Mean= 3.75, Std. deviation= .928). Besides, the study found that "management has a criterion for the ascertainment of fraud-related risks" with (Mean=3.75, Std. deviation=.844), and "Management put in place mechanisms for mitigation of critical risks" (Mean=3.86, Std. deviation=.705). From the interview findings it was established that *"the management believes that the identification of risks and offering solutions enhances the achievement of objectives" (restaurant managers 4, 9, 11, 12, 15, & 26). And that "the restaurants believe that having correct mechanisms reduces the effect of risks and that is why the restaurants have invested heavily in systems and mechanisms in cash control" (Restaurant mangers 13,14,15, 17 & 27)*

The study revealed that "management has identified individuals for coordinating activities" (mean= 3.71, standard deviation=.810), "employees understand concept and importance of internal controls" (mean= 3.79, standard deviation =.876), and "communication helps to evaluate guidelines and policies of various types of sales control" (mean= 3.61, standard deviation =.832). "The restaurants management believes that communications are vital in increasing performance,"

according to the interview findings, "which is why it is done on daily briefings and staff meetings to avoid any unneeded obstacles."(Restaurant Managers 3, 22, and 25, respectively).

The study discovered that "there is segregation of responsibilities on financial reporting" (mean =3.86, Std. deviation =932), "Individual independent record-keeping promptly investigates disputes" (mean=3.75, Std. deviation=.844), and "Individual independent record-keeping promptly investigates disputes" (mean=3.75, Std. deviation=.844).

"Those with defined responsibilities are confined to accounting records" (mean= 3.71, standard deviation =.854). The study also discovered that "prescribed billing changes require the approval of an authorized individual" (mean= 3.79, standard deviation =.876), "procedures exist to prevent interception or alteration" (mean= 3.79, standard deviation =.876), and "monthly reconciliation of separate record's is done" (mean= 3.79, standard deviation =.876). (Standard deviation =.876; mean = 3.79). The participants agreed that "restaurants have put in place appropriate safeguards that decrease the likelihood of malpractices" based on the findings of the interviews Managers of restaurants (1, 18, 19, 29 &32)

Table 4.12 shows that "independent evaluations and assessments of controls" (mean=3.57, standard deviation=1.103) and "internal reviews of implemented controls are undertaken periodically" (mean=3.68, standard deviation=1.278).

Furthermore, "monitoring aids in analysing the quality of performance" (mean=3.93, standard deviation=.940), and "management has allocated tasks for timely audit review" (mean=4.14, standard deviation =.705), according to the study.

While the study discovered that "placing the order, servicing and recording of the order, billing and banking of the sales, or receiving of cash or cheque payment were the procedures put in

place thus, embracing appropriate measures that reduce the likelihood of malpractices" from an interview on the procedures of control put in place in the food and beverage industry (Restaurant Mangers 12, 15, 27&30).

4.6.2 Inferential Analysis for various Components of internal sale control in F&B service

$H0_3$: There is no significant relationship between the various components of internal control in F&B service and financial performance of classified restaurants.

The study employed Pearson's product-moment correlation coefficient of analysis to assess whether there was a relationship between the various components of internal control of food and beverage service sales and financial performance.

The study's findings are summarized in Table 4.13.

Table 4.13: Correlations for the Various Components of Sales Control of F&B Service

		Various Components	Financial Performance
Various Components	Pearson Correlation	1	0.997
	Sig. (2-tailed)		0.010
Financial Performance	Pearson Correlation	0.997	1
	Sig. (2-tailed)	0.010	

The Pearson correlation results in Table 4.13 show that the various components of internal control in F&B Service are strongly correlated to financial performance where r= 0.997. The results also found that the various components of internal control in F&B Service are statistically significant to financial performance at 0.000, which is an indication of strong relationships, thus reject the null hypothesis and accept an alternative.

The second part of the inferential analysis is simple regression to test how the various components of internal control in F&B service affect financial performance of classified restaurants the relationship between types of F&B service sales control and financial

performance, which is a model summary, ANOVA results, and the regression coefficients. In the model summary, the obtained values explain the extent of variations in Various Components of Internal Control that leads to changes in financial performance, either positively or negatively. This section, therefore, gives the extent to which a change in financial performance attributes to a change(s) in Various Components of Internal Control and this is given by the value of R2 (coefficient of determination). The results are as presented in Tables 4.14, 4.15, and 4.16.

Table 4.14: Model Summary for Various Components

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.885	.783	.769	1.0331	6.81	.045

Dependent Variable: Financial performance
Predictors: (Constant), Various Components Of Internal Sales Control

Table 4.14 presents the regression summary model of various components of internal control in food and beverage service sales on financial performance. As presented in the model summary in table 4.14, the coefficient of determination R square = 0.783 and R = 0.885 at 0.05 significance levels. The coefficient of determination indicates that various components of internal sales control are influenced by 76.9% of the variation on financial performance are influenced by various components of internal control in food and beverage service sales. This implies that there exists a positive significant relationship between various components of internal control in food and beverage service sales and financial performance.

Table 4.15: ANOVA Results for Various Components of Internal Sales Control

ANOVA					
	The Sum of Squares	Do	the Mean Squares	F-statistics	Sig.
Regression	30.902	1	30.902	6.81	.045
Residual	81.679	18	4.538		
Total	112.581	19			

Dependent Variable: Financial performance
Predictors: (Constant), Various components of internal sales control

Table 4.15 shows that because the p-value of 0.045 is less than 0.05, the ANOVA results show that the model is viable for this data. This means that various components of internal sales control and financial performance have a considerable positive link.

Table 4.16: Regression Coefficients for Various Components of Internal Control

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	7.543	6.200	1.217	.073
Environmental Control	1.821	.915	1.990	.065
Risk assessment	2.857	.918	3.112	.040
Information and communication	3.054	.823	3.711	.025
Control activities	3.685	.873	4.221	.015
Monitoring	3.004	1.000	3.004	.045
Dependent Variable: Financial performance				

From Table 4.16; the Beta results for various components of internal sales control indicate that there was a positive and significant effect on financial performance. The fitted model is FP=7.543+1.821+2.857+3.054+3.685+3.004*X3. For one unit increase in having environmental control, financial performance increases by 1.821units; risk assessment increases by 2.857, information, and communication increases by 3.054 units. In addition, for one unit increase in having control activities, financial performance increases by 3.685 units, and monitoring increases by 3.004 units. This implies that a unit change in various components of internal sales control will increase financial performance by the rate of β = 1.821, 2.857, 3.054, 3.685and 3.004. Even when various components of internal sales control is non-existence, employee training, various types of sales control, and the challenges of sales control in food and beverage service on financial performance in classified restaurants are positive at 7.543, indicating that there are other drivers of financial performance, such as employee training, various types of sales control, and the challenges of sales control in food and beverage service on financial performance in classified restaurants. Thus, reject the null hypothesis, accept the alternative, and

concluded that there is a significant relationship between various components of internal sales control and the financial performance of classified restaurants.

4.7 Challenges of F&B service sales control

4.7.1 Descriptive Analysis on Challenges of F&B service sales control

The fourth objective sought to identify the challenges of F&B service sales control on financial performance of classified restaurants in Nairobi County, Kenya. The results for this is as shown in Table 4.17

Table 4.17: Challenges of F&B service sales control

Challenges	Mean	Std. Dev.
There is fraud in sales control in F&B service in the restaurant	4.03	.499
Technology allows fraud in the restaurants	4.14	.351
Staffs commit fraud in the restaurants	4.24	.435
Management knows the extent of fraud committed	4.41	.501
Fraud committed go unnoticed in the restaurants	5.00	.000
Fraud and widespread theft affect sales	4.41	.568
Average	**4.37**	**0.392**

Likert scale key: Strongly disagree (1) Disagree (2); Not sure (3); Agree (4) strongly agree (5).

As presented in Table 4.17, the study found that “there is fraud in the restaurant in F&B service sales control” with a (mean=4.03, Std. deviation=.499), and that “technology allow fraud in the restaurants” with a (mean=4.14, Std. deviation=.351). In addition, the study found that “staffs commit fraud in the restaurants” with a (mean=4.24, Std. deviation =.435), and that “management know the extent of fraud committed” with a (mean=4.41, Std. deviation=.501).

Finally, the study found that "fraud committed go unnoticed in the restaurants" with a (mean=5.00, Std. deviation=.000), and "fraud and widespread theft affect sales" (mean=4.41, Std. deviation=.568). It was also established from the interview that *"Manipulation of the systems is rampant, some of our staff use dubious means in authorization and since systems are not efficient and effective and this affects the performance of the restaurant".*

4.7.2 Inferential Analysis on Challenges of F&B service sales control

$H0_4$: There is no significant relationship between the challenges of F&B service sales control in classified restaurants and financial performance.

The study sought to determine whether there is a significant relationship between the challenges of F&B service sales control in classified restaurants and financial performance, whereby the study used Pearson's product-moment correlation coefficient of analysis, as shown in Table 4.18.

Table 4.18: Correlations for Challenges of F&B service sales control

		Challenges	Financial Performance
Challenges	Pearson Correlation	1	-0.435
	Sig. (2-tailed)		0.045
Financial Performance	Pearson Correlation	-0.435	1
	Sig. (2-tailed)	0.045	

Table 4.18 reveals that challenges were negatively correlated to financial performance where r=0.435 and statistically and significantly associated with each other at 0.045, which is an indication of strong negative relationships, thus reject the null hypothesis and accept the alternative.

The second part of the inferential analysis is the regression to test how types of F&B service sales control affect financial performance, which is a model summary, ANOVA results, and the regression coefficients. In the model summary, the obtained values explain the extent to which

challenges of sales Control lead to changes in financial performance, either positively or negatively. This section, therefore, gives the extent to which a change in financial performance attributes to a change(s) in challenges of sales Control and this is given by the value of R2 (coefficient of determination). The results are as presented in Tables 4.19, 4.20, and 4.21.

Table 4.19: Model Summary for Challenges of Sales Control

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
-0.609	.371	.332	3.810	2.72	.033

Dependent Variable: Financial performance

Predictors: (Constant), Challenges of Internal Control

Table, 4.19 presents the regression summary model for challenges of sales control on financial performance. At 0.05 significance levels, the coefficient of R square = 0.371 and R = -0.609, respectively, as shown in the table. The coefficient suggests that 33.2 percent of the variation in financial performance influences a sales control issue. This implies that there exists a significant negative influence on financial performance.

Table 4.20: ANOVA results for Challenges of Internal Control

ANOVA					
	Sum of Squares	Do	Mean Squares	F-statistics	Sig.
Regression	17.557	1	17.557	2.72	.033
Residual	116.186	18	6.455		
Total	133.743	19			

Dependent Variable: Financial performance
Predictors: (Constant), Challenges

The ANOVA findings in Table 4.20 reveal that the model was judged to be valid for this data due to the p-value of 0.033, which is less than 0.05. This implies that there is a significant negative influence between the challenges of sales control and financial performance.

Table 4.21: Regression Coefficients for Challenges of Sales Control

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	25.015	21.528	1.162	.055
There is fraud in sales control in F&B service in restaurant	-0.963	.470	-2.049	.050
Technology allow fraud in the restaurants	0.481	.348	1.381	.055
Staffs commit fraud in the restaurants	-0.568	.405	-1.402	.055
Management know the extent of fraud committed	0.392	.491	0.798	.500
Fraud committed go unnoticed in the restaurants	-1.193	.477	-2.501	.005
Fraud and wide spread theft affect sales	-1.397	.468	-2.984	.001
Dependent Variable: Financial performance				

In regression coefficients and the output as shown in Table 4.21, the Beta results for challenges of sales control indicate that there was a negative influence between the challenges of sales control and financial performance. The fitted model FP=25.015+-0.963+ 0.481+-0.568+0.392+-1.193+-1.397*X4. For one unit increase in fraud in sales control, financial performance decreases by -0.963 units, technology allows fraud in the restaurants decreases by 0.481units; Staffs commit fraud in the restaurants decreases by-0.568 units. In addition, for one unit increase in management know the extent of fraud committed, financial performance increases by 0.392 units and fraud committed go unnoticed in the restaurants decreases by -1.193 units and Fraud and widespread theft affect sales decreases by -1.397 units. This implies that a unit change in challenges of sales control will affect financial performance by the rate of β = -0.963, 0.481, -0.568, 0.392, -1.193and -1.397. This implies that challenges of internal control have a negative influence on financial performance of the classified restaurants. Thus, reject the null hypothesis, accept the alternative, and concluded that there is a significant relationship between challenges of sales control and the financial performance of classified restaurants.

4.8 Measurement of Financial Performance

The financial performance of the classified restaurants was measured using gross profit margin as the key indicator of financial performance. Various determinants of gross profit margin were then identified based on the percentage increments or decrements. Average food cost percentage per day, sitting capacity of restaurants, average seat turnover per day, and the average selling price per day as determinants of gross profit.

4.8.1 Analysis for Gross Profit Margin on Financial Performance

The study sought to establish the average percentage of food cost per day to determine the gross profit margin in F&B service and financial performance in selected classified restaurants. Table 4.22 presents the findings of the average percentage of food cost per day.

Table 4.22: Average Percentage Food Cost per Day

Restaurants' Classifications	% Daily Cost Food	Mean	Std. Dev
Five-Star	0-30%	30	
	30-40%	30	
		30	10.
Four-Star	0-30%	32.78	
	30-40%	32.78	
		32.78	6.67
Three-Star	0-30%	30	
	30-40%	30	
		30	8.94

The results presented in Table 4.22 indicate that five-star classified restaurants had an average percentage of food cost per day of 30% and a standard deviation of 10. While, four stars classified restaurants had an average percentage food cost per day of 32.78% and a standard deviation of 6.6, and five stars classified restaurants had an average percentage food cost per day of 30% and standard deviation of 8.94. From the interview guide, the study found that the

average food cost per day ranged from 27% to 30% per day. From the findings, it can be said that the majority of the restaurants had an average food cost per day below 32.8%.

4.8.2 Sitting Capacity of Restaurants by Category

The participants were to indicate the sitting capacity of their respective restaurants. In response to the sitting capacity of restaurants, the researcher was establishing indicators of financial performance in determining gross profit. The results are as presented in Table 4.23 below.

Table 4.23: Sitting Capacity of Restaurants per Meal

Restaurants' Classifications	Range of siting capacity	Mean	Std. Dev
Five-Star	0-500		
	501-1000		
	1001-1500		
		1000.5	288.68
Four-Star	0-500		
	501-1000		
	1001-1500		
		297.57	413.26
Three-Star	0-500		
	501-1000		
	1001-1500	450.2	1615.73

The findings in Table 4.23 show that five stars classified restaurants had between 0 and 1500 sitting capacity, with a mean of 1000.5 and a standard deviation of 288.68. For four-star classified restaurants, the sitting capacity ranged from 0 to 1500 with a mean of 297.57 and a standard deviation of 413.26, while in three stars classified restaurants, the sitting capacity ranged between 0 and 1500 with a mean of 450.257 and a standard deviation of 1615.73.

The findings showed that most of the restaurants had an average sitting capacity ranging from 298 to over 1001 guests per day. On the other hand, from the interview, it was revealed that those restaurants with an average sitting capacity above 400 had more income as compared with

those restaurants with less than an average of 400 sitting capacity. This is an indication that sitting capacity plays a crucial role in the financial performance of classified restaurants.

4.8.3 Average Seat Turnover per Day

The study sought to establish an average turnover of customers per meal in restaurants. The result is as shown in table 4.24.

Table 4.24: Average Seat Turnover per Day

Restaurants' Classifications	Range of Seat Turnover	Mean	Std. Dev
Five-Star	1-2	2	2.08
	2-3	2	2.08
	3-4	2	2.08
		2	2.08
Four-Star	1-2	1.8	0.67
	2-3	1.8	0.67
	3-4	1.8	0.67
		1.8	0.67
Three-Star	1-2	1.63	0.21
	2-3	1.63	0.21
	3-4	1.63	0.21
		1.63	0.21

The results in Table 4.24 show that five stars rated classified restaurants had a seat turn over with a mean of 2 and a standard deviation of 2.08, the range is 1 to 4. Seat turn over in four-star classified restaurants, on the other hand, ranged from 1 to 4, with a mean of 1.8 and a standard deviation of 0.6, while three stars rated classified restaurants had between 2 and 4 seat turn over ranges with a mean of 1.6 and standard deviation of 0.2. The interview guide, on the other hand, found the average customer turnover per day in most restaurants to be 2. The researcher was identifying how much income the restaurant was likely to make in line with financial performance.

4.8.4 Average Selling Price per Day

The participants were required to provide information on the average selling price of meals per day in the restaurants. Table 4.25 below clearly shows the results.

Table 4.25: Average Selling Price by Restaurant Category per Day

Restaurants' Classifications	Range of Selling Price/Meal	Mean	Std. Dev
Five-Star	100-1000 1001-2000 2001 -3000	2250.5	500
Four-Star	100-1000 1001-2000 2001 -3000	1595.9	529.9
Three-Star	100-1000 1001-2000 2001 -3000	1571.8	615.86

The study results in table 4.25 show that five-star classified restaurants had a range of selling price per day between 100 and 3000 with a mean of 2250.5 and a standard deviation of 500. Four-star classified restaurants had a range of selling price per day between 100 to 3000 ranges with a mean of 1595.9 and standard deviation of 529.9, while three stars rated classified restaurants had between 100 and 3000 as the range of selling price per day with a mean of 1571.8 and standard deviation of 615.86.

4.8.5 Extent of sales control in reduces costs and increases demand dimension in Financial Performance

The researcher also measured the financial performance of the star-rated restaurants in terms of the extent of reduction of cost dimensions and the extent of increase in demand dimensions. The responses on these dimensions were as shown in Table 4.26.

Table 4.26: Extent of financial performance

Extent to which F&B service sales control reduces cost dimension	**Mean**	**Std. Dev**
Sales control in reduction of operating costs	3.74	.995
Sales control in reduction of audit costs	3.44	.985
Sales control r in reduction of cost per service provided	3.47	.950
Average	**3.514**	**.9896**
Extent to which F&B service sales control Increases Demand Dimension		
Sales control in increase of market share	3.57	1.093
Sales control in increase of sales growth	3.64	1.037
Average	**3.623**	**1.039**

On the extent to which F&B service sales control as a measure of financial performance results in Table 4.26 shows that F&B service sales control reveals that Sales control in reduction of operating costs has a mean of 3.74 and standard deviation of 0 .995, on sales control in reduction of audit costs has a mean of 3.44 and standard deviation of 0.985. While on sales control in reduction of cost per service provided has a mean of 3.47 and standard deviation of 0.950.

And on extent to which F&B service sales control Increases Demand Dimension I table 4.26 indicates that sales control in increase of market share has a mean of 3.57 and a standard deviation of 1.093 n while sales control in increase of sales growth has a mean of 3.64 and a standard deviation of 1.037. The implication here is that F&B service sales control has an almost equal impact on market share and sales growth of financial performance of the restaurants. This

can be seen from the per-indicator means which are almost equal. Similarly, the measures in each dimension of the financial performance of the restaurants had almost equal standard deviations. Cumulatively, the average standard deviations for the two dimensions were equal to 1 (std. dev. = 1.0) when rounded off to the nearest whole number. This was an indication that the sales control parameters had a similar significance in increasing market share and sales growth while reducing various cost dimensions.

4.9 Combined Effect of All Significant Predictors

In this section, significant predictors in each independent variable were identified and regressed using the financial performance of the star-rated restaurants to obtain a multiple regression model. The significant predictors in each independent variable were obtained using the stepwise regression variable elimination method as shown in Appendices IV, V, VI, and VII. The outputs for the multiple regression analysis were summarized as shown in Table 4.27, Table 4.28, and Table 4.29.

Table 4.27: Model Summary for the Multiple Regression Model

R	R^2	Adjusted R^2	Std. Error	F Change	Sig.
.779	.607	.592	3.532	4.65	.049

Dependent Variable: Financial performance
Predictors: (Constant), Formal process competence & training plans, Proper activities approvals, authorizations & verifications, Control activities, Fraud and wide spread theft

The results from Table 4.27, shows that R2 = 0.607 with a standard error of 3.532 and F-statistics = 4.65. The corresponding p-value for the explained variation was found to be 0.049, which was less than 0.05, and thus, the explained variation was statistically significant. The value implies that, of the total variations in the financial performance of the classified restaurants, the identified predictors account for only 60.7%. This implies that the remaining 39.3% is explained by factors not included in the model. This explained variation was significant

since the corresponding p-value was less than 0.05 (that is 0.049 < 0.05). In the ANOVA section, the results were as shown in Table 4.28 below.

Table 4.28: ANOVA Results for Significant Predictors

ANOVA					
	Sum Squares	df	Mean Squares	F-statistics	Sig.
Regression	66.345	3	22.115	4.65	.049
Residual	504.136	106	4.756		
Total	570.481	109			

Dependent Variable: Financial performance

Predictors: (Constant), Formal process competence & training plans, Proper activities approvals, authorizations & verifications, Control activities, Fraud and wide spread theft

Table 4.28, presents the sum of squares, degrees of freedom, mean squares, F-statistics (= 4.65) and p-value (= 0.049). From the model significance p-value, it can be inferred that the obtained simple regression model correctly fits the data since 0.049 is less than 0.05. This implies that the value of the regression coefficient and the corresponding p-value can, thus, be used to check the significance of the predictors in the financial performance of the classified restaurants.

Next, the output for the regression coefficient was as shown in Table 4.29

Table 4.29: Regression Coefficients for Significant Predictors

Regression Coefficients				
	Beta	**Std. Error**	**T-stats.**	**Sig.**
(Constant)	28.72	16.232	1.769	.096
Formal process competence & training plans	1.578	.580	2.720	.025
Proper activities approvals, authorizations & verifications	1.691	.609	2.777	.025
Control activities	2.239	.561	3.991	.020
Fraud and wide spread theft	-2.099	.558	-3.761	.045

Dependent Variable: Financial performance

From Table 4.29, the regression coefficients for the predictors and the corresponding p-values for formal process competence & training plans (employee training), proper activities approvals,

authorizations & verifications (various types of sales control), control activities (components of internal control), and fraud and widespread theft (challenges of internal control) were observed to be 1.578 (0.025), 1.691 (0.025), 2.239 (0.020) and -2.099 (0.045). The constant term was 28.72 with a corresponding p-value of 0.096. Also, Table 4.18c indicates that the standard errors (and the corresponding t-statistics) for formal process competence & training plans, proper activities approvals, authorizations & verifications, control activities and fraud, and widespread theft were 0.580 (2.720), 0.609 (2.777), 0.561 (3.991) and 0.558 (-3.761). The standard error and t-statistic for the constant term were 16.232 and 1.769 respectively. The regression coefficient value for formal process competence & training plans (employee training), which was 1.578, implied that holding other predictors constant, a unit improvement in the formal process competence & training plans, as an aspect of employee training , improves financial performance in the restaurants by 1.578 units. This effect is significant since the corresponding p-value for this predictor (= 0.025) was found to be less than 0.05. For proper activities approvals, authorizations & verifications, as an aspect of various types of sales control, the coefficient value of 1.691 implied that a unit improvement in the activities approvals, authorizations & verifications processes results in an increase in the financial performance by 1.691 units. This effect was also significant since the corresponding p-value (= 0.025) for this predictor was less than 0.05. A similar observation of a significantly positive effect was also observed in the control activities as an aspect of components of internal control, with a positive effect on financial performance of 2.239 units. From the coefficient values, internal control activities were observed to have the highest positive effect on financial performance. On the other hand, fraud and widespread theft, as an aspect of challenges of internal control, had a significant negative effect on financial performance with a coefficient of -2.099 and a p-value of

0.045. That is, a negative coefficient value implied that challenges of internal control have a negative impact on financial performance of the classified restaurants. By blocking the effect of other predictors, any increase in challenges of internal control reduces the financial performance of classified restaurants by 2.099 units. The regression coefficient was significant at 5% since the p-value was less than 0.05 (0.045 < 0.05). Since the results in the ANOVA section in Table 4.18b shows that the model correctly fits the data (since 0.049 < 0.05), a new multiple regression model of financial performance of classified restaurants on the significant predictors can be expressed as:

$$\mathbf{FP= 28.717+ 1.578X_1+ 1.691X_2+ 2.239X_3 – 2.099X_4}$$

Where: FP-Financial performance

x_1- Formal process competence & training plans

X_2- Proper activities approvals, authorizations & verifications

X_3- Control activities

X_4 –Fraud and wide spread theft

CHAPTER FIVE

5.0 DISCUSSION AND FINDINGS

5.1 Introduction

The results of the various findings of the investigation are discussed in this chapter. The literature review and findings were compared and the conclusions on the same explained based on the study results on employee training in sales control, various types of sales control, various components of internal control, and challenges of F&B service sales control on financial performance.

5.2 Employee training in F&B service sales control

This study looked at the relationship between employee training in food and beverage service sales control and financial performance, and found that there is no meaningful relationship between employee training in food and beverage service sales control and financial performance of classified restaurants. The analysis of F&B service sales control by restaurants had an average value of 12.8276 and a standard deviation of 1.41595, according to the study findings. This suggests that most restaurants prioritized employee training because it improves employees' skills.

The findings support those of Herda et al. (2014), who discovered that firms with no financial abilities are more likely to be labelled as having an internal control deficiency. The data could imply that most restaurants provide frequent training to employees in order to improve their skills. Pridgen and Wang (2012) agreed that regulations and processes to combat fraud should be implemented to serve as checks and balances in the pursuit of quality reporting.

According to the findings of the interviews, the businesses provide sales control training to employees through both induction and in-house training, and the restaurant recognizes that a trained employee is a significant asset in terms of good performance. The standard deviation of employee training in sales controls was 1.42, while the mean was 12.83. This indicates that the majority of participants agree that various aspects of employee training have an effect on the sales controls. The standard deviation in the analysis indicates that the responses have a significant departure from the mean value.

Employee training in F&B service sales control has a positive correlation to financial performance of 0.429 and is statistically significant related to each other at 0.039, thus rejecting the null hypothesis and accepting the alternative. The fact that the P-value is less than 0.05 suggests that increasing employee training in F&B service control could lead to improved financial performance among the F&B service organizations evaluated. Pridgen and Wang (2012) reinforce this claim by claiming that better employee training leads to better performance in the Asian firms they analyzed.

5.3 Various types of F&B service sales control

This study sought to determine the relationship between various types of food and beverage service sales control and financial performance, concluding that there is no significant relationship between various types of food and beverage service sales control and financial performance of classified restaurants.

According to the findings of the study, the mean of various methods of sales control was 28.39, with a standard deviation of 5.04. This means that the participants, on average, agree on the effects of various methods of sales control on financial performance. The study' standard

deviation reveals that the response deviates from the mean by an aggregate of 5.04 responses. Different methods of control are employed to secure assets, according to Mwachiro (2013), including security cameras, restricting access to areas or databases, and assigning and resetting computer passwords. According to the data, most restaurants have policies, procedures, and an organizational chart in place to provide quality service.

Furthermore, according to COSO, (2013), effective control is the directors and management reasonable assurance that: there is understanding of the extent to which the entity's operations objectives are met, financial statements are easily dependable, and applicable laws and regulations are followed. As a result, the interpretation is that the restaurants' control systems and personnel policies are highly evaluated.

Regular monitoring, adequate methods, approvals, and verifications are generally carried out at restaurants to decrease the risk of sales fraud and theft, according to the findings of the interview. Internal control, according to Badara and Saidin (2013), is extremely important in the areas of assurance, reliability, and accuracy of financial reports, as well as the achievement of organizational financial performance.

According to the Pearson correlation test, various methods of sales control have a strong link with the financial success of the selected restaurants, with a correlation coefficient of 0.936.

The null hypothesis was rejected and the alternative accepted after different methods of sales control were demonstrated to be statistically significant to financial performance at 0.000. As a result, an increase in various sorts of sales control helps selected restaurants improve their financial performance. The findings back up Badara and Saidin's (2013) findings that various

types of sales control have a major impact on a company's financial performance. The findings could indicate that using proper types of sales control in restaurants can help perform better.

5.4 The Various Components of Internal Control

This was done to see if there was a relationship between the various components of internal control in the food and beverage service and financial performance, and it was found that there isn't any relationship. The examination of the various components of the F&B service sales control by restaurants had an average value of 82.00 and a standard deviation of 17.60929, according to the study findings.

The restaurants provide policies and methods to improve financial performance found from the control environment. The findings back up Olumbe (2012)'s assertion that laying the groundwork for a safe operation in an organization can lead to better financial performance and vice versa. Amudo and Inanga (2009) observed that an internal control environment promotes discipline, structure, integrity, ethical values, employee competency, and leadership. As a result of the findings, restaurants designate staff the responsibility of ensuring that policies and procedures are followed.

Whereas, based on the findings of the interviews, the participants' claim that audit committees exist that routinely examine the financial performance of the restaurants. This is in line with Suwana (2014), who claims that F&B reporting processes are based on the procedure followed and the papers provided to the accounting department by auditors. The interview findings revealed that, in order to increase performance, restaurants delegate responsibilities and track comments and progress on specified tasks. Furthermore, the findings of the interviews revealed that there is honest and fair dealing between management and restaurants when it comes to F&B

service sales control. Lillicrap and Cousins (2014) agree that financial performance is influenced by independent variables in internal control processes such as control environment.

The findings of the risk assessment correspond with a study by COSO (2013), which states that establishing a set of objectives that are linked at multiple levels and internally consistent is a prerequisite for risk assessment. Furthermore, it is suggested that management transfer tasks to employees in order to determine whether the control is still relevant and capable of addressing new risks. *"The management believes that identifying risks and offering solutions promotes the achievement of objectives,"* the managers added, based on the interview findings.

Angelovska (2010) claims that management should ensure a fair level of confidence based on the nature and scope of risks. *"The restaurants believe that having accurate processes decreases the influence of risks,"* the managers said based on the interview findings. *"That is why the restaurants have invested substantially in systems and mechanisms in the various components of internal sale control"*. In support of this, Lillicrap and Cousins (2014) state that financial performance is dependent on independent variables in internal control procedures such as risk assessment measures that can aid in improving financial performance.

In the area of information and communication, the results indicate that management recognizes the importance of having specific staff to coordinate activities in order to improve service delivery.

In support of the findings, Amudo and Inanga (2009) claim that conveying important information upstream aids ineffective activity coordination. The findings indicate that management has put in place procedures to ensure workshops and inductions to improve staff awareness of internal controls.

The results of the interview revealed that restaurant management believes that communication is critical to boosting performance, which is why regular briefings and staff meetings are held to avoid any unnecessary challenges. Suwana (2014) agrees that analysing enough data created from the revenue cycle is a report that can improve performance, and that all processes should be examined and duties properly distributed. The results of the control activities show that the restaurants have put in place a system that ensures accurate financial reporting. Control activities, according to Aikin (2011), are policies and procedures that help guarantee that management directions and that accounting processes and accurate bookkeeping are required. As a result, the restaurants have put in place measures to ensure that financial reporting is correct. All procedures relating to receivable records are implemented deliberately, professionally, and consistently, according to Amudo and Inanga (2009).

According to these studies, having dedicated or specialized personnel handle financial records is most likely to boost the performance of businesses. As a result, restaurants must take appropriate steps to reduce the danger of mistakes. According to Aikins (2011), changes in how internal control procedures are carried out, as well as the adequacy of information presented for auditors' examination, are necessary. Based on the findings of the interviews, it was decided that restaurants had taken the necessary precautions to prevent malpractice.

Theophanous, Draggles, and Giovanis (2011) state that checks, assessments, and reviews of the implementation process are conducted often and on a timely basis in order to monitor the findings.

According to COSO (2013), continual monitoring is necessary to aid in the assessment of performance quality. Most restaurants have adopted adequate steps to decrease the risk of malpractices and increase financial reporting, according to the study's findings. Finally, the

research reveals that in F&B service sales control, the management of different restaurants assigns duties for audit review reports and resolution of any non-compliance issues stated in those audit reports. The research reveals that placing control processes in place in F&B service sales control based on interviews. Lillicrap and Cousins (2014) agree that financial performance is influenced by independent factors in internal control procedures such as control activities, information and communication, and activity monitoring.

The mean of the various internal sale control components was 82.00, with a standard deviation of 17.6. This means that the participants, on aggregate, agree on the various aspects of internal sales control. The standard deviation in the analysis reveals that the responses considerably differ from the mean, with an average of 17.6 responses. The various components of internal control in the F&B Service have a strong association to financial success, with a Pearson correlation coefficient of 0.997.

The findings also revealed that the various components of internal control in the F&B Service are statistically significant to financial performance at 0.000, indicating strong correlations, indicating that the null hypothesis should be rejected and an alternative accepted. According to the findings, each modification in the various components of internal control in F&B Service can result in a 0.997 rise in financial performance. The findings are consistent with those of Rittenberg and Landes (2012), who discovered a statistically significant positive link between financial performance and numerous components of internal sale control. The findings suggest that any change in the various components of internal control in the food and beverage service could result in an increase or decrease in financial performance.

5.5 Challenges of F&B service sales control

The purpose of this study was to assess if there was a link between the challenges in F&B service sales control and the financial performance of classified restaurants. The results showed that there is no link between the challenges in F&B service sales control and the financial performance of classified restaurants. The average value of the analysis of the obstacles of restaurant sales control was 26.24, with a standard deviation of 1.998, according to the study data.

This means that the participants agree on the numerous components describing the issues restaurants encounter in sales controls on average, but the standard deviation shows a minor discrepancy between the mean and the responses with an average value of two responses.

In support of Ewa and Udoayang (2012), management should reduce fraud by ensuring that employees' attitudes on fraud are positive, but that they are discouraged from engaging in fraudulent behavior. Furthermore, to reduce fraud, restaurants should modernize technology in F&B service sales control. This suggests that employee attitude plays a role in the affected restaurants' low performance. Mandimik et al. (2013) agree that pre-employment screening of prospective employees and management supervisory checks help to prevent fraud or detect collaboration if it has occurred. The findings reveal that the restaurants lacked robust auditing procedures to prevent fraudulent practices.

According to the interview on system manipulation, certain employees are inefficient and ineffective, which has an impact on the restaurant's financial performance. In support, Ogbunka (2002) asserts that the availability of opportunities to commit frauds and forgeries, rising unemployment, job insecurity, rising financial burden on people, societal expectations,

insufficient workforce training, fraudster risk, weak management control, monitoring and supervision, and weak business control are some of the challenges that affect organizations' financial performance.

Challenges were favourably associated to financial performance at 0.435 and statistically significant with each other at 0.045, according to the Pearson correlation test. The occurrence of a p-value less than 0.05 indicates that the two variables are statistically significant to each other, indicating that the null hypothesis should be rejected and the alternative hypothesis accepted. As a result, a rise in challenges may result in a drop in financial performance, and vice versa. Mandimik, et. al. (2013) concur that putting in place adequate mitigation strategies aids in lowering challenges and hence leads to improved organizational performance.

5.6 Measuring Financial Performance

This was to establish financial performance measurements in terms of gross profit margin in sales control in the F&B service, which was critical in determining how the variables influenced financial performance. The statistics show that the average restaurant food cost per day was less than 32.8 percent, with average seating capacity ranging from 298 to 1001 people per day.

The average seat turnover was above 1.6, which may be modified to a seat turnover of 2, and the selling price ranged from 100 to 3000 shillings each day, with a mean of between 1571.8 and 2251 shillings per day.

5.7 Combined Effect of all Variables

The dependent variable and the independent variables have a substantial association in regression analysis of financial performance on independent variables. A multiple regression model of financial performance based on significant predictors in each independent variable is obtained in

Section 4.9. Formal process competence & training plans, Proper activities approvals, authorizations & verifications, Control activities and fraud, and widespread theft account for a significant 60.7 percent of the total variations in the financial performance of the star-rated restaurants, according to the model summary output (Table 4.27).

Control activities (an aspect of components of internal control) had the largest significant influence (p-value = 0.020), while fraud and widespread theft (an aspect of challenges of sales control) had the least significant effect (p-value = 0.045).

Badara and Saidin (2013), who looked into major elements that influence financial success, made similar observations. Because all of the identified predictors had p-values less than 0.05, the observations were consistent with the conclusions of this investigation. Improvements and/or positive changes on formal process competency & training programs, proper activity approvals, authorizations & verifications, and control activities considerably increase financial performance in these restaurants, as shown by the regression coefficients in Table 4.29. Theft and fraud are rampant.

Because this is a model for new knowledge, the sort of relationship between financial performance and these identified predictors should serve as a guidance to management anytime financial performance has to be improved.

CHAPTER SIX

6.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

This chapter summarizes the findings, draws conclusions, and makes recommendations for practice, academia, and future research. The goal of the study was to examine if there was a link between F&B service sales control and financial performance in a group of classified restaurants in Nairobi City County, Kenya.

6.2 Summary of the Findings

The goal of this study was to look at the relationship between sales control in food and beverage service and financial performance in classified restaurants in Nairobi County, Kenya. This study involves looking into the influence of employee training on sales control in the food and beverage industry, various types of sales control in the food and beverage service, various components of F&B service sales control, and the challenges of food and beverage service sales control industry. The study sample size was 128 staff working in F&B service sales control in classified restaurants, of which 110 participated. A descriptive cross-sectional design was used in this investigation.

A questionnaire and interview guide were used to collect data, which included both open-ended and closed-ended questions. After that, descriptive and inferential statistics were used to analyze the data. Objectives were utilized to steer the achievement of the purposes of the study of the study. The hypothesis was tested using Pearson correlation, and the study found that: Employee training in F&B service sales control correlation is positive, with a p-value of 0.017, which is less than 0.05. Because there is a significant association between employee training in F&B

service sales control and financial performance of classified restaurants, the null hypothesis is rejected and the alternative hypothesis is accepted.

Since the significant level is 0.000, which is below 0.05 significant levels, different methods of F&B service sales control are positively correlated to financial performance. As a result, reject the null hypothesis and accept the alternative, indicating that there is a meaningful relationship between various types of F&B service sales control and restaurant financial performance.

The various components of internal control in the F&B Service industry are positively associated, with a significant level of 0.000, indicating strong correlations because it is less than 0.05.

As a result, the null hypothesis is rejected, which might be read to suggest that efficient usage of various components of F&B service internal control would result in an increase in restaurant financial performance.

The F&B service sales control challenges correlation is positive, with a statistically significant level of 0.045, which is less than 0.05 confidence level, thus rejecting the null hypothesis and accepting the alternative hypothesis that there is a significant relationship between F&B service control challenges and financial performance of classified restaurants.

The combined independent and dependent variable was tested using multiple regressions, which revealed a combined effect, implying that the variables chosen had a direct positive relationship.

The tested variables in the study had a p-value confidence level of 0.406 for various types of sales control in the F&B service, 0.021 for various components of internal control in the F&B

service, 0.049 for challenges of sales control in the F&B service, and 0.046 for employee training in sales control in the F&B service. This indicates that the independent and dependent variables have a direct and significant positive relationship.

6.3 Conclusions of the Findings

The study concluded that policies are followed in the training of staff in sales control in the F&B service, and that there was a systematic method to evaluate competence and training plans among the classified restaurants to improve performance.

The results of the study on various types of sales control in the food and beverage service demonstrate that there is a substantial association between various types of sales control in the food and beverage service and restaurant financial performance.

According to the conclusions of the interview, "frequent monitoring, appropriate techniques, permissions, and verification are generally carried out at the restaurants to avoid any risk of malpractices in cash fraud and theft." When considering environmental control mechanisms, risk assessment procedures, information communication channels, control activities, monitoring, and evaluation mechanisms to improve financial performance of classified restaurants, the results show that there is a significant relationship between the components of internal control and financial performance. This is backed up by the outcomes of the interview, which revealed that "management feels that identifying risks and proposing solutions improves the achievement of objectives."

According to the interview report, "the restaurants' management feels that having correct procedures reduces the impact of risks," which is why "the restaurants have significantly invested in cash control systems and processes."

The study indicated that there were challenges with F&B service sales control, which had a detrimental impact on restaurants' financial performance.

This backs up what was also discovered during the interview where the managers said: "System manipulation is prevalent, where some of our workers use dubious tactics in authorisation, and because systems are inefficient and ineffective, it impacts the restaurant's financial performance".

6.4 Recommendations

The following are recommendations for policymakers, academia, and further research based on the study's findings and conclusions.

6.4.1 Recommendation for Policy

The study recommends that policy implementers, such as the Kenya Revenue Authority and the Tourism Regulatory Authority, incorporate sales revenue control in food and beverage services, particularly the collection of value added tax by the Kenya Revenue Authority, by using automated systems rather than manual systems to prevent fraud and theft and thus improve financial performance.

6.4.2 Recommendation for Practice

The study recommends that restaurants managers should adopt modern technology and control systems that minimize fraudulent practices and engage external auditors. In addition, the management should seek the services of qualified personnel who can effectively provide quality training as per the needs of the targeted employees to avert fraud and theft.

6.4.3 Contribution to the Body of Knowledge (Academia)

This study aids researchers and academics in their quest to gain a better understanding of the influence of food and beverage service sales control on financial performance in classified restaurants in the hospitality industry as a reference, as well as to derive more value and broader conclusions.

6.4.4 Recommendations for Further Studies

This research was conducted in Nairobi County, Kenya, in classified restaurants. As a result, it is suggested that future studies should replicate this study in unclassified restaurants in Kenya in order to determine the influence of F&B service sales control on financial performance in classified and unclassified restaurants in the hotel industry.

Second, future research could try to replicate the study in different industries to confirm the impact of sales control on firm financial performance.

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APPENDICES

Appendix I: Transmittal Letter

Margaret Nyamwaya

P.O. BOX 30039- 00100

THE RESTAURANT MANAGER,

P. O BOX----------

NAIROBI.

Dear Sir /Madam,

RE: REQUEST FOR A RESEARCH ON THE INFLUENCE OF F&B SERVICE SALES CONTROL ON FINANCIAL PERFORMANCE OF CLASSIFIED RESTAURANTS

I am a student at Kenyatta University pursuing a Master of Science in the school of Hospitality and tourism (MSc.). I am undertaking a research thesis in partial fulfilment of the academic requirements. My study is on the influence of F&B service sales control on financial performance of classified restaurants in Nairobi County, Kenya. Your restaurant has been selected to form part of the study I will be very grateful if you would spare some time from your busy schedule, to respond to the questions listed on the attached questionnaire. Your response will be treated with confidentiality. The findings of this research may be availed to you upon completion of the research if you so request. Your assistance and co-operation will be highly appreciated.

I hope that you will accept my request.

Thank you in advance.

Yours faithfully

Margaret Nyamwaya

Appendix II: Questionnaire for F & B cashiers, Supervisors, and Controllers

General Information

Kindly respond to all questions by ticking (√) and or giving comments where necessary. Please give additional information where you feel it is necessary

SECTION A: Demographics

1. Please tick ((√) your position in the restaurant

i) Food and beverage controller [ ]

ii) Food and beverage supervisor [ ]

iii) Cashier [ ]

2. Educational level

i) Secondary [ ]

ii) Tertiary/College [ ]

iii) University [ ]

3. Professional training

i) Certificate [ ]

ii) Diploma [ ]

iii) Degree [ ]

Others (specify)…….

4. How long have you been working in this restaurant?

0-5yrs [ ] 5-10yrs [ ] 10-15yrs [ ] 15-20yrs [ ] 25 yrs. and above [ ]

SECTION C- Employee training in F&B service sales control

5. Please rank the following assertions in order of importance in each area on employee training on the influence of F&B service sales control on the Likert scale: Strongly Disagree (1) Disagree (2); Not sure (3); Agree (4) Strongly Agree (5).

Employee training on the effect of F&B service sales control	1	2	3	4	5
a) There are training needs in sales control of F&B Service which have been identified to address emerging standards					
b) The restaurants have policies in the training of F&B service sales control					
c) The restaurants have a formal process to evaluate competence and training plans in F&B service sales control					

SECTION D. Various Components in F&B service sales control

, Please rank the following assertions in order of importance in each area on procedures in F&B service sales control system on Likert's scale: Strongly disagree (1) Disagree (2); Not sure (3); Agree (4) strongly agree (5).

I. Environmental control in F&B Service sales	**1**	**2**	**3**	**4**	**5**
a) Policies and procedures for authorizations are established in sales control in F&B Service					
b) Specific lines of authority and responsibility are established in sales control in F&B Service					
c) Audit Committee adequately maintain communication					
d) Delegated Responsibilities and follow to personnel on F&B service sales control					

e) There is an honest and fair dealing with all staff and management					
f) Management committed to operations					
II. Risk Assessment	**1**	**2**	**3**	**4**	**5**
a) Appropriate objectives are defined for the restaurant.					
b) Management identifies risks that affect the achievement of the objectives in sales control in F&B Service					
c) Management has criteria for the ascertainment of which fraud-related risks to the restaurant are most critical in sales control in F&B Service					
d) Management has put in place mechanisms for mitigation of critical risks that may result from fraud in sales control in F&B Service					
III. Information and communication	**1**	**2**	**3**	**4**	**5**
a) Management has identified individuals for coordinating activities					
b) Employees understand internal controls					
c) Communication enables evaluation of guidelines and policies					
IV. Control Activities	**1**	**2**	**3**	**4**	**5**
a) There exists a segregation of responsibilities in F&B service sales control.					
b) There is independent record-keeping for investigations in case of disputes in billing in F&B service sales control.					
c) Accounting records are designated responsibility					
d) Changes to the prescribed billing amount require the approval of an authorized individual in F&B service sales control					

e) Procedures exist to prevent the interception or alteration by unauthorized persons of billings or statements before posting in F&B service sales control					
f) Reconciliation is done monthly to reconcile separate records and properly resolve any differences in sales control in F&B Service					
V. Monitoring	**1**	**2**	**3**	**4**	**5**
a) There are independent process checks and evaluations of control activities on an on-going basis in F&B service sales control.					
b) Internal reviews of the implementation of controls in units are conducted periodically in F&B service sales control.					
c) Monitoring helps in assessing the quality of performance of the restaurant over time in sales control in F&B Service					

SECTION E- Effect of Various types of sales control

6. Which various types of sales control in F&B service do you use in your restaurant?

Manual [ ] Automated [ ] Manual and Automated [ ]

7. In the statements provided, Please rank the following assertions in order of importance in each area on the influence of F&B service sales control on Likert's scale: Strongly disagree (1) Disagree (2); Not sure (3); Agree (4) strongly agree (5).

Effect of various types of sales control	1	2	3	4	5
a) Policies and procedures manual of various types of sales control are up to date					
b) Has a chart that defines lines of authority and responsibility of various types of sales control					
c) Policies of various types of sales control are maintained and distributed to					

	the cashiers					
d)	The general rating of operations of different types of sales are high					
e)	Monitoring takes place continuously of various types of sales control in F&B service					
f)	Proper activities approvals, authorizations, and verifications of various types of sales control					
g)	There are proper mechanisms in place for the security of various types of sales control					

SECTION B- Challenges of F&B service sales control

8. In the statements provided, please rate the following statements on challenges of F&B service sales control on a Likert scale: Strongly disagree (1) Disagree (2); Not sure (3); Agree (4) strongly agree (5).

Challenges on sales control	1	2	3	4	5
a) There is fraud in the restaurant in F&B service sales control					
b) Technology allows fraud in the restaurant in F&B service sales control					
c) Staffs commit fraud in the restaurant in F&B service sales control					
d) Management knows the extent of fraud committed in the restaurant in F&B service sales control					
e) Fraud committed go unnoticed in the restaurant in F&B service sales control					
f) Fraud and widespread theft affect your sales in your restaurant in F&B service sales control					

SECTION F: Financial Performance

9. What is the sitting capacity of your classified restaurants?

0-500 [ ] 501-1000 [ ] 1001-1500 [ ]

10. How much do you sell your food on average per day?

100-1000 [ ] 1001-2000 [ ] 2001-3000 [ ]

11. What is the average food cost % per day?

0-30% [ ] 30-40% [ ]

12. What is the average turnover of customers in your restaurant per day?

1-2 [ ] 2-3 [ ] 3- 4 [ ]

13. Please indicate the extent to which F&B service sales control influences financial performance of your restaurant using the indicators specified below:

Dimension	**Extent of reduction in costs**				
(i) Cost Dimension	**1: 0-5%**	**2: 5-10%**	**3: 10-15%**	**4: 15-20%**	**5: Above 20%**
Operating costs					
Audit costs					
Cost per service provided					
(ii) Demand Dimension	**Extent of increase in market share and sales**				
	1: 0-5%	**2: 5-10%**	**3: 10-15%**	**4: 15-20%**	**5: Above 20%**
Market Share					
Sales growth					

Appendix III: Interview Guide Questions to F&B Managers

1) How do you identify training needs in sales control of F&B Service to address emerging trends in fraud and theft
2) What policies have you put in place in the training of F&B service sales control
3) What formal process have put in place to evaluate competence and training plans in F&B service sales control
4) What procedures of control are put in place in F&B service in your restaurant?
5) How does the high or low sitting capacity of restaurants affect financial performance?
6) How does the restaurant management, address communications in F&B service sales control to improve performance?
7) What is the position of the restaurant management incorrect mechanisms that reduce the effect of risks in sales control?
8) How do you carry out control measures, and are they important in F&B service sales control in restaurants?
9) How can you rate various types of sales control in F&B service in restaurants on your own as a professional?

Appendix IV: Stepwise Regression for Employee training

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	14.38	7.725	1.862	0.060
Training needs identified and delivered to personnel	0.921	.440	2.093	0.045
Policies and practices in training actions	0.979	.522	1.875	0.051
Formal process competence &training plans	1.263	.559	2.259	0.040
Training needs identified and delivered to personnel	0.601	.351	1.71	0.055
Formal process competence &training plans	1.433	.631	2.272	0.040
Formal process competence &training plans	1.520	.576	2.639	0.025
Dependent Variable: Financial performance				

Appendix V: Stepwise Regression for Various types of sales control

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	10.890	10.956	0.994	.096
Policies and procedures manual of various types of sales control are up to date	2.626	.923	2.845	.045
Existence of chart that defines lines of authority and responsibility of various types of sales control	2.091	1.000	2.091	.048
Policies of various types of sales control are maintained and distributed to the cashiers	0.950	.545	1.744	.750
The general rating of operations of various types of sales control are high	2.424	1.206	2.010	.250
Monitoring takes place continuously of various types of sales control in F&B service	1.464	.757	1.934	.475
There are reviews of Performance in various types of sales control in F&B Service	2.255	1.100	2.050	.054
Proper activities approvals, authorizations, and verifications of various types of sales control	2.588	.855	3.027	.015
Proper mechanisms exist for security of different sales control	1.389	.463	3.001	.025
Policies and procedures manual of various types of sales control are up to date	2.069	.988	2.044	.045
Existence of chart that defines lines of authority and responsibility of various types of sales control	2.184	1.050	2.080	.048
The general rating of operations of various types of sales control are high	1.724	.903	1.910	.350
Monitoring takes place continuously of various types of sales control in F&B service	1.662	1.005	1.654	.750
There are reviews of Performance in various types of sales control in F&B Service	2.059	1.113	1.850	.055
Proper activities approvals, authorizations, and verifications of various types of sales control	2.630	.854	3.080	.010
Proper mechanisms exist for security of different sales control	1.431	.477	3.000	.025
Policies and procedures manual of various types of sales control are up to date	1.711	.898	1.905	.045
Existence of chart that defines lines of authority and responsibility of various types of sales control	2.221	1.010	2.199	.045
The general rating of operations of various types of sales control are high	1.780	.977	1.822	.525
There are reviews of Performance in various types of sales control in F&B Service	1.907	1.005	1.898	.075

Proper activities approvals, authorizations, and verifications of various types of sales control	2.727	.892	3.057	.010
Proper mechanisms exist for security of different sales control	1.907	.681	2.800	.025
Policies and procedures manual of various types of sales control are up to date	2.201	.998	2.205	.045
Existence of chart that defines lines of authority and responsibility of various types of sales control	2.218	1.113	1.993	.045
There are reviews of Performance in various types of sales control in F&B Service	1.923	1.115	1.725	.075
Proper activities approvals, authorizations, and verifications of various types of sales control	2.408	.791	3.044	.010
Proper mechanisms exist for security of different sales control	2.574	.885	2.908	.025
Policies and procedures manual of various types of sales control are up to date	2.019	1.009	2.001	.045
Existence of chart that defines lines of authority and responsibility of various types of sales control	2.288	1.240	1.845	.053
Proper activities approvals, authorizations, and verifications of various types of sales control	2.835	.900	3.150	.015
Proper mechanisms exist for security of different sales control	3.003	.995	3.018	.025
Policies and procedures manual of various types of sales control are up to date	2.264	1.210	1.871	.050
Proper activities approvals, authorizations, and verifications of various types of sales control	2.682	.865	3.100	.010
Proper mechanisms exist for security of different sales control	2.936	1.059	2.772	.025
Proper activities approvals, authorizations, and verifications of various types of sales control	2.081	.555	3.750	.005
Proper mechanisms exist for security of different sales control	1.920	.959	2.002	.035
Proper activities approvals, authorizations, and verifications of various types of sales control	2.079	.560	3.713	.005
Dependent Variable: Financial performance				

Appendix VI: Stepwise Regression for Various Components of Internal Control

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	7.543	6.200	1.217	.073
Environmental Control	1.459	.815	1.790	.065
Risk assessment	2.857	.918	3.112	.040
Information and communication	3.054	.823	3.711	.025
Control activities	3.685	.873	4.221	.015
Monitoring	2.004	1.000	2.004	.045
Risk assessment	2.023	.958	2.112	.045
Information and communication	2.391	.871	2.745	.025
Control activities	3.461	.865	4.001	.015
Monitoring	2.201	1.220	1.804	.055
Risk assessment	2.485	1.258	1.975	.045
Information and communication	2.210	.904	2.445	.025
Control activities	3.051	.870	3.507	.010
Information and communication	1.987	.988	2.011	.025
Control activities	3.323	.851	3.905	.005
Control activities	2.093	.523	4.001	.001
Dependent Variable: Financial performance				

Appendix VII: Stepwise Regression for Challenges of Sales Control

Regression Coefficients				
	Beta	**Std. Error**	**t-statistics**	**Sig.**
(Constant)	25.015	21.528	1.162	.055
There is fraud in sales control in F&B service in restaurant	-0.909	.470	-1.933	.050
Technology allow fraud in the restaurants	0.481	.348	1.381	.055
Staffs commit fraud in the restaurants	-0.568	.405	-1.402	.055
Management know the extent of fraud committed	0.392	.491	0.798	.500
Fraud committed go unnoticed in the restaurants	-1.193	.477	-2.501	.005
Fraud and wide spread theft	-1.397	.468	-2.984	.001
There is fraud in sales control in F&B service in restaurant	-0.969	.497	-1.949	.050
Technology allow fraud in the restaurants	0.776	.588	1.320	.055
Staffs commit fraud in the restaurants	-0.793	.605	-1.311	.055
Fraud committed go unnoticed in the restaurants	-1.193	.477	-2.621	.005
Fraud and wide spread theft	-1.421	.455	-3.124	.001
There is fraud in sales control in F&B service in restaurant	-1.307	.670	-1.950	.050
Technology allow fraud in the restaurants	1.176	.708	1.661	.051
Fraud committed go unnoticed in the restaurants	-1.431	.520	-2.752	.005
Fraud and wide spread theft	-1.574	.460	-3.422	.001
There is fraud in sales control in F&B service in restaurant	-1.120	.648	-1.728	.055
Fraud committed go unnoticed in the restaurants	-1.443	.515	-2.801	.025
Fraud and wide spread theft	-1.617	.461	-3.507	.001
Fraud committed go unnoticed in the restaurants	-1.804	.816	-2.211	.025
Fraud and wide spread theft	-1.755	.459	-3.824	.001
Fraud and wide spread theft	-1.839	.458	-4.015	.001
Dependent Variable: Financial performance				

Appendix VIII: Work Plan

DETAILS	**The year 2016**	**The year 2017**	**The year 2018**	**The year 2 019**	**The year 2020**
Problem identification and proposal	April 2016				
Chapter 1 writing of the background and introduction information	May 2016				
Statement problem, objectives, significance	June 2016				
Chapter 2 Literature review	July 2016				
Chapter 3 Data techniques Typing of proposal report and binding	August to September 2016				
Proposal presentation Graduate school approval		October 2017			
Data collection		Novembe r 2017			
Data analysis and presentation			February to April 2018		
Recommendations and conclusion			May to September 2018		
Supervisors and Researcher corrections and Review			December 2018 Review	Jan to Feb review and corrections	
Graduate school corrections					January 2020 to October 2020 Corrections

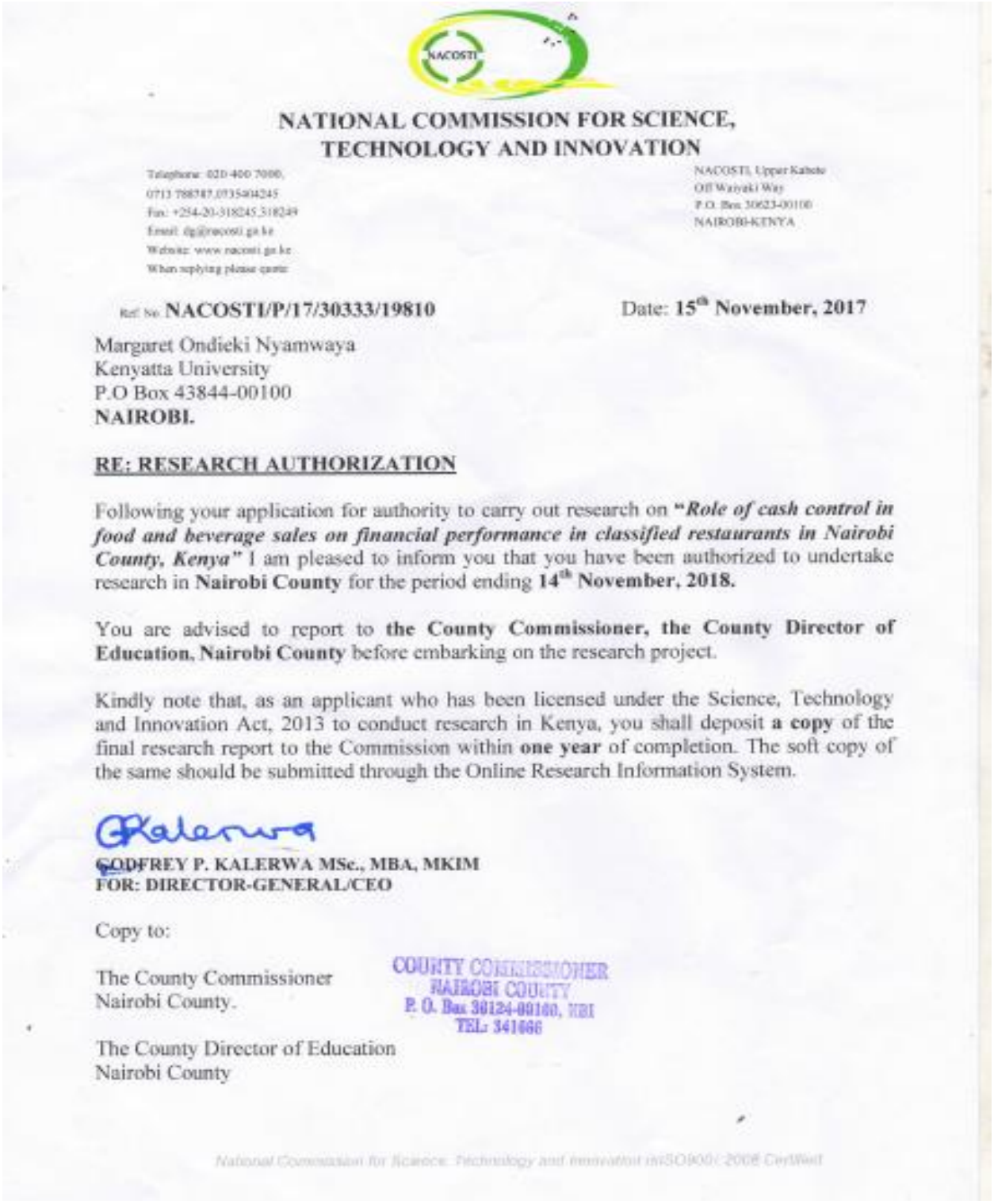
Appendix IX: Classified Restaurants in Nairobi County

Five star	26. Choma zone
1.Tamarind restaurant	27. ~~Erusha restaurant~~
2. Trattoria restaurant	28. Moonsoon restaurant
3.The Carnivore restaurant	29. Singh restaurant
4. White star restaurant	23. The Horseman
5.Pavement restaurant	31. Racecourse restaurant
6.~~The lord Errol restaurant~~	32. Churrascos
Four-star	33. ~~Theos restaurant~~
7. Rudy's restaurant	34. Tanager bar and restaurant
8. Tamambo restaurant	35. Kengeles(Lovington)
9. Minar restaurant	36. Hooters bar and restaurant
10. Simba restaurant	37. Red bull restaurant
11. ~~China Jiangsu restaurant~~	38. Stavrose restaurant
12. China plate wetlands	39. Garden square restaurant
13. Kengeles- Koinange Street	40. Conference Caterers
14. Nairobi Mamba village	41. China plate restaurant
15. Berbers Oasis restaurant	42. Roro Chinese restaurant
16. ~~Nairobi Nihonjin Club~~	43. Furusato Japanese restaurant
17~~. Rangers' restaurant~~	44. ~~Home Park Caterers~~
18. Tin restaurant	45. Minar restaurant
19. Kowloon restaurant	46. Sebastian Restaurant
20. Alan Bobies bistro	
21. Haandi restaurant.	
Three-star	
22.Cafe Deli restaurant	
23. ~~The Porter house~~	
24. ~~The Mara restaurant~~	
25. Hongkong restaurant	

Source: The Kenya Gazette 13th June 2003 and 2017

Appendix X: Map of Restaurants in Nairobi County

Appendix XI: Research Authorization by NACOSTI



NATIONAL COMMISSION FOR SCIENCE,
TECHNOLOGY AND INNOVATION

Telephone: 020-400 7000,
0713 788787,0735404245
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref No. **NACOSTI/P/17/30333/19810** Date: **15th November, 2017**

Margaret Ondieki Nyamwaya
Kenyatta University
P.O Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Role of cash control in food and beverage sales on financial performance in classified restaurants in Nairobi County, Kenya"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **14th November, 2018.**

You are advised to report to **the County Commissioner, the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

COUNTY COMMISSIONER
NAIROBI COUNTY
P. O. Box 30124-00100, NBI
TEL: 341666

The County Director of Education
Nairobi County

National Commission for Science, Technology and Innovation is ISO9001: 2008 Certified

APPENDIX XII: Ministry of Education Research Authorization

Republic of Kenya
MINISTY OF EDUCATION
STATE DEPARTMENT OF BASIC EDUCATION

Telegrams: "SCHOOLING", Nairobi
Telephone; Nairobi 020 2453699
Email: rcenairobi@gmail.com
cdenairobi@gmail.com

When replying please quote

REGIONAL COORDINATOR OF EDUCATION
NAIROBI REGION
NYAYO HOUSE
P.O. Box 74629 – 00200
NAIROBI

Ref: RCE/NRB/GEN/1 VOL. I

DATE: 17th November, 2017

Margaret Ondieki Nyamwaya
Kenyatta University
P O Box 43844-00100
NAIROBI

RE: RESEARCH AUTHORIZATION

We are in receipt of a letter from the National Commission for Science, Technology and Innovation regarding research authorization in Nairobi County on "**Role of cash control in food and beverage sales on financial performance in classified restaurants**".

This office has no objection and authority is hereby granted for a period ending **14th November, 2018** as indicated in the request letter.

Kindly inform the Sub County Director of Education of the Sub County you intend to visit.

17 NOV 2017

MAINA NGURU
FOR: REGIONAL COORDINATOR OF EDUCATION
NAIROBI

c.c
Director General/CEO
Nation Commission for Science, Technology and Innovation
NAIROBI

Appendix XIII: NACOSTI Research Permit

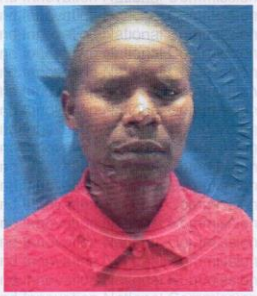
THIS IS TO CERTIFY THAT:
MS. MARGARET ONDIEKI NYAMWAYA
of KENYATTA UNIVERSITY , 21280-505
NAIROBI,has been permitted to conduct
research in *Nairobi County*

on the topic: *ROLE OF CASH CONTROL IN FOOD AND BEVERAGE SALES ON FINANCIAL PERFORMANCE IN CLASSIFIED RESTAURANTS IN NAIROBI COUNTY, KENYA*

for the period ending:
14th November,2018

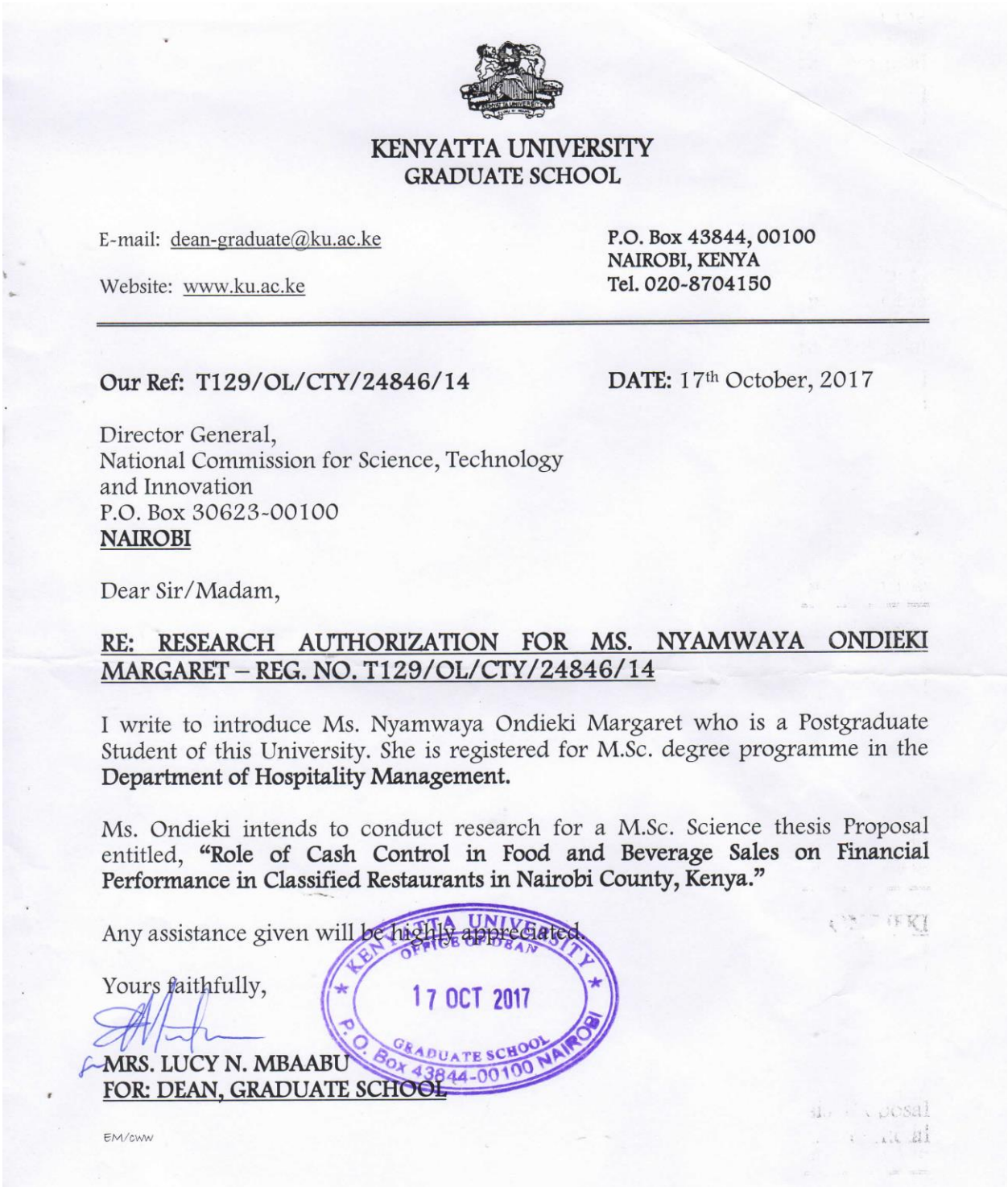
.....
Applicant's Signature

Permit No : NACOSTI/P/17/30333/19810
Date Of Issue : 15th November,2017
Fee Recieved :Ksh 1000



.....
Director General
National Commission for Science, Technology & Innovation

Appendix XIV: Kenyatta University Research Authorization



KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 020-8704150

Our Ref: T129/OL/CTY/24846/14 **DATE:** 17th October, 2017

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,

RE: RESEARCH AUTHORIZATION FOR MS. NYAMWAYA ONDIEKI MARGARET – REG. NO. T129/OL/CTY/24846/14

I write to introduce Ms. Nyamwaya Ondieki Margaret who is a Postgraduate Student of this University. She is registered for M.Sc. degree programme in the **Department of Hospitality Management.**

Ms. Ondieki intends to conduct research for a M.Sc. Science thesis Proposal entitled, **"Role of Cash Control in Food and Beverage Sales on Financial Performance in Classified Restaurants in Nairobi County, Kenya."**

Any assistance given will be highly appreciated.

KENYATTA UNIVERSITY OFFICE OF URBAN 17 OCT 2017 GRADUATE SCHOOL P.O. Box 43844-00100 NAIROBI

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL

EM/cww