

Comparison of Hotel Room Costs and Activity Based Costing System Using Hotel Sarlime Calculation

Wahyuni ^{*1}

^{*1} Universitas Muhammadiyah, Makassar, South Sulawesi, Indonesia

* Email corresponding author: wahyuni69@gmail.com ^{*1}

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ABSTRACT

This study aims to compare the cost of hotel rooms and the Activity Based Costing system using the Hotel Sarlim calculation. The type of data in this study is descriptive and quantitative. Data collection methods used to obtain data in this study are interviews and documentation. The analytical method used in this study is a descriptive analysis method that shows and compares the method of calculating the Cost of Hotel rooms which has been applied so far by using the Activity Based Costing System. There is a difference between the cost of the room determined by the Sarlim hotel management and the implementation of the Activity Based Costing System. The calculation of hotel room prices using the ABC method is carried out in 2 stages. The first stage of costs is traced to activities that incur costs and the second stage is to charge activity costs to products; the calculation of hotel room rental prices can be applied because the analysis uses the ABC System method according to the activities consumed in each room type..



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1. Introduction

In order to maintain the company's survival, the vision of maintaining and improving achievement and prestige is very much needed. For this reason, every company will be oriented towards increasing optimal profit as a vision for its business development. The competitive climate requires companies to be able to compete. To be able to compete in a free market, the company's management must be able to manage all the potential that exists in the company effectively and efficiently.

Not many people understand that the cost of goods and services is a reflection of their ability to manage costs. Then the better the products and services offered to customers both in terms of price and quality. One effort that may be taken by the company is to control factors within the company, such as reducing and controlling costs, without having to reduce the quality and quantity of the product. cost control will be more effective if costs are classified and allocated appropriately.

The proliferation of service companies, especially those engaged in tourism and hospitality, has led to increasingly fierce competition between hotels. Success in winning the competition is determined by several things, including quality, service and price. Service is the quality or variety of services provided by the hotel to customers, such as swimming pool facilities, restaurants, fitness centers, bars and so on. Quality is the quality of service to consumers, this emphasizes more on customer satisfaction with a type of service. The

cleanliness of the pool is always guaranteed, the taste of the food is in accordance with the tastes of consumers, the fitness equipment is complete and functioning properly, the friendliness of the hotel employees is an example of the quality of service provided by the hotel to its guests or consumers.

In addition to quality and services, price is a very influential factor in winning the hearts of consumers and potential customers. Price is the nominal amount that must be paid by consumers for services provided by the hotel or service provider. If there is a comparison between several hotels with the same quality and services in terms of pricing and ignoring the factor of consumer loyalty to producers or service providers, consumers will tend to choose cheaper hotels.

To achieve this, companies are required to be able to run their company management to be efficient and competitive. The higher the level of competition of companies engaged in the same industry, the higher the level of competition will be. Therefore, corporate strategies are needed that can win the company in the competition. One of the strategies used to be able to win in the competition is to suppress the selling price of the product.

From the data above, it shows that the Sarlim Hotel room rental rates in the last three years, starting from 2016 to 2018 experienced an increase in prices. This can happen because of the triggers that arise from the costs incurred by the hotel, while the costs that trigger the increase in the Sarlim Hotel room rate are: a) Cost of food & room is a cost incurred by the hotel to make one type of food menu, the cost for this food menu consists of purchasing raw materials, the higher the purchase of food ingredients, the higher the costs that must be incurred and the hotel regulates the amount of these costs should not exceed 30% of the income generated, As for the cost of the room, namely the costs incurred to produce rooms that are suitable for sale, the components of this cost are laundry costs for linen, towels, pillows, chemical costs for cleaning rooms, soap, brushes and toothpaste, etc. And these costs usually continue to creep up as the macroeconomic situation in the country increases; b) Utility expenses, telephone, internet, electricity, are included in utility expenses. This includes costs that must be incurred by the hotel and must be paid 20% of the income generated by the hotel every month and will continue to increase every year according to the provider's policy; c) Costs for employee needs, employee salaries are the main priority that must be paid by the hotel and the amount that must be paid is 20% of hotel income each month. In addition to food salary, health insurance, work accident insurance and old-age benefits are also borne by the hotel and this always increases every year around 10%; d) Gas and Oil Expense Costs, twice a week the hotel has to pay for gas purchases for food processing and usually the hotel uses a minimum of 8 gas cylinders measuring 100kg. In addition, the hotel also usually releases diesel fuel for filling generator sets and fuel for hotel operational vehicles; e) Costs for Promotion, One of the promotional activities that are often carried out by the hotel is the installation of billboards, promoting through Digital Marketing tools and sometimes sponsoring an event and for this the hotel has to spend a small amount of money and specifically for Online Travel commissions. The agent is 15% -20% of the room price. f) Maintenance and Renovation Expense, Hotel rooms and equipment require maintenance to keep them in proper condition and of excellent quality and also costs incurred if any equipment is damaged and must be replaced at that time, therefore the hotel must be ready to pay for routine maintenance and repairs. g) Fees for Taxes, Every hotel is recommended to pay 10% tax and if the hotel does not pay taxes it will get a fine by the government.

These costs increase regularly every year, therefore the hotel management needs to do financial planning so that the costs incurred are optimal without having to sacrifice the quality provided to their customers..

2. Literature Review

Cost Concepts and Cost Classification

(Mulyadi, 1990) the definition of cost is the sacrifice of economic resources, which is measured in units of money, which has occurred or is likely to occur for a particular purpose. Meanwhile, IAI (IASB) defines costs in the Financial Accounting Standards (2002), are expenses are a decrease in economic benefits during an accounting period in the form of outflows or reduced assets or the occurrence of liabilities resulting in a decrease in equity that does not involve distribution to investors. Cost classification is needed to develop cost data that can assist management in achieving its goals. For purposes of costing products and services, costs can be classified according to specific purposes or functions. Production costs (manufacturing costs) According to (Hansen & Mowen, 2006), costs are grouped into two main functional categories, including: production costs (manufacturing costs) and non-manufacturing costs (non-manufacturing costs).

Cost of goods sold

According to (Hansen & Mowen, 2009), the cost of production (cost of good manufacturing) reflects the total cost of goods completed during the current period. According to (Honogren, 2006), the cost of goods manufactured is the cost of goods purchased for processing to completion, both before and during the current accounting period.

Traditional Cost Accounting

According to Hansen and Mowen as translated by (Fitrianasari, 2009) the traditional cost accounting method is the calculation of product costs based on the function of assigning costs from direct raw materials and direct labor to products using direct tracing. Overhead costs on the other hand are expensed using motion tracking and allocation. According to (Blocher, 2007). The traditional system is a system for determining the cost of a product by measuring the resources consumed in proportion to the number of products produced.

Activity basic costing

Activity Based Costing (ABC) system is one of the efforts to improve the accuracy of cost information from conventional cost accounting systems. (Hongren, 2008) defines ABC as follows: ABC (Activity Based Costing) as a system approach to calculating costs based on existing activities in the company. This system is carried out with the premise that the cause of costs is the activities carried out within a company, so it is natural that the allocation of indirect costs is based on these activities. (Hansen & Mowen, 2000) defines ABC as follows: "Activity-Based Costing (ABC) is a system that first traces costs to activities / activities then to products.

3. Research Method and Materials

In this study the authors conducted research at the Hotel Sarlim Bone. The time used to complete this research, both in the stage and process of data processing to the formulation of research output, was carried out from August to September 2019. The object in this is the application of the Activity Based Costing System in determining the cost of hotel rooms at Hotel Sarlim. Sources of data obtained by conducting direct observations at the hotel. The data collection method used to obtain data in this study was an interview by asking questions

to the Sarlim Bone Hotel regarding the general description of the company's costs incurred for one year, and the method used in determining the cost of hotel rooms. The analytical method used in this research is descriptive analysis method which shows and compares the method of calculating the Cost of Hotel Room which has been applied so far by using the Activity Based Costing System. The analytical steps in the research in this study include 1) Identifying activities and linking their activities 2) Classifying costs based on activities into various levels of activity. 3) Identifying Cost drivers and 4) Determining the tariff per unit Cost driver. determine the tariff per unit calculated by the formula, (rate per unit cost driver = number of activities/cost driver).

4. Results and Discussion

Calculation of Cost of Room Using the ABC Method

From the calculations that have been carried out to find out the cost of a Sarlim hotel room using the Activity Based Costing System, resulting in the difference in price between the cost of goods set by the hotel and the Activity Based Costing System, the results are as follows:

1. For standard rooms, the basic price according to the ABC system method is 165,154.69.
2. As for the Deluxe room, the basic price according to the Matode ABC System is, 151,540.93.
3. For Suite rooms, the basic price according to the ABC System method is 272,007,40.
4. For Family rooms, the basic price according to the ABC System method is 293.840.04. and
5. For Executive rooms, the basic price according to the ABC System method is 848,728.49.

To compare the Hotel Sarlim method with the Activity Based Costing System method by determining the cost of the room according to the type of room that has been calculated using the Activity Based Costing method, the calculation difference is as follows.

1. For the difference in calculations between the hotel and the ABC System is 68,614.23.
2. For deluxe rooms, there is a difference of 215,834.34.
3. For Suite rooms there is a difference of 290.000.06.
4. For family rooms, there is a price difference of 244,530.49.
5. For Executive Suite rooms 48,728,49.

From the results obtained, it can be compared the difference in the cost of the room which has been determined by the hotel management, using the Activity Costing System method. For Standard, Deluxe, Suite, Family rooms, the results are smaller than the basic price set by the hotel management, while for Executive rooms the prices are slightly higher than the calculation of the Activity Based Costing System method, but this is due to This Activity Based System calculates based on the use or activity carried out.

There are several differences in the calculation of the cost of hotel rooms carried out by the hotel with the Activity Based Costing System Method, one of which is the costing, if the Activity Based Costing System charges its costs to several Cost Drivers, it is different from the calculations carried out by the hotel which only charge their cost components to only one Cost Driver.

The costs contained in the Sarlim hotel are Lodging Activities which have several costs, such as Guest Supplies, Room Amenities, Cleaning Suplies, Decoration and Internet or wifi use, there are also laundry activities, electricity and water, and there is also provision of breakfast intended for use. for guests staying and the cost will be adjusted according to the number of guests, there are also marketing and advertising activities carried out to introduce

the hotel and units to be sold, there are also depreciation and maintenance activities, and the last is payroll which includes employee salaries, uniforms employees and feed the employees.

And for these costs Activity Based Costing will charge these costs to several Cost Drivers so that it can assist in management because it can reduce distortions and the calculations are fairly accurate which is inversely proportional to the hotel which only charges a single Cost Driver so that the calculations are carried out incorrectly and accurate so that it can cause price distortions, this is what triggers the price difference generated by the hotel with the Activity Based Costing System.

Activity Based Costing Will be able to charge costs to several cost drivers so as to be able to allocate costs to each room appropriately and accurately, so that it can help the hotel or company and be able to make the company profit because the costs incurred due to activities carried out using more than one cost driver so that the calculation is correct and will not incur cost overruns on any product or unit manufactured.

5. Conclusion

Based on the results of research and discussion conducted by the author regarding the calculation of the cost of hotel rooms, it can be concluded that there is a difference between the cost of rooms determined by the Sarlim hotel management and the implementation of the Activity Based Costing System. This is due to the cost of the ABC System method, the costs of each product are charged to many cost drivers, so that the ABC System method has been able to allocate the activity costs to each room appropriately. The calculation of hotel room prices using the ABC method is carried out in 2 stages. The first stage of the cost is traced to the activity that incurs the cost and the second stage assigns the activity cost to the product. the calculation of hotel room rental prices can be applied because the calculation uses the ABC System method according to the activities consumed in each room type. By using the Activity Based Costing System method, the company can control costs better because the Activity Based Costing System method is an activity-based cost analysis system to meet management needs in decision making, both strategic and operational. So the advice that can be given by the author, namely that the hotel management conducts further research on the application of Activity Based Costing in calculating the cost of the room, so that more accurate information about the cost of the room can be obtained. and If the hotel management wants to implement Activity Based Costing, it should be supported by an adequate information system and workforce.

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