

Management Accounting Practices at Hospitality Business in Yogyakarta, Indonesia

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— *Review of* —
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ABSTRACT

The rapid changing of business environment lately is significantly. It will change the management accounting practices in an organization. The main focus of management accounting has always been to improve the organization performance and profitability by providing relevant information for planning, controlling and decision making. The more complex business environment should be handled by more sophisticated management accounting practices. International Federation of Accountants or IFAC (1988) stated that there are 4 stages of management accounting evolution, which are cost determination and financial control, management planning and control, reduction of waste in business Process and creating value through the effective use of resources.

This paper has two main objectives. Firstly, it identifies how the management accounting practices in hospitality business were. Secondly, it reveals the stage of management accounting evolution in hospitality business. This study uses 30 management accounting tools to represent the current management accounting practices in hospitality business that represent 5 management functions: cost determination, management planning and control, performance evaluation, decision making and strategic analysis.

By using 61 stars hotels, the result indicated that management accounting practices in hospitality business are still dominated by “traditional practices”. Referring to IFAC’s management accounting evolution theory, in general, the management accounting practices in hospitality business were in stage 1 and 2. The study also revealed that there is no difference among stars hotels in costing and planning and control, performance evaluation, decision making and strategic analysis.

Key words: management accounting evolution, IFAC, cost determination, financial planning and control, reduction of resource waste and value creation.

INTRODUCTION

In the recent globalization environment, all companies have to compete in a very competitive business environment. The rapid changing of business environment recently

into global, competitive and *turbulence* environment give significant impact to how people doing their business in any type of corporation, either manufacturing or non-manufacturing company, either big, medium or small company and either profit oriented or non-profit company. Waweru, Houge and Uliana (2005) stated that the effect of market economy, intensified competition, globalization, scarce resources, change and complexity in the business environment and accelerating technological changes drive companies to realize the need to have objectives information and awareness of the need more detailed cost informaton. In today's business, Managers must continuously ensure that their companies could sustain in global market. A company must able to compete nationally and internationally in order to sustain in the market.

In a very competitive business market, information is the most important factor to survive. One of the information nedded is management accounting information. The primary purpose of management accounting in the organization is to help management doing their function by collecting, processing, and communicating information by providing information. Hilton and Platt (2011) stated that management accounting is the process of identifying, measuring, analyzing, interpreting and communicating information in pursuit of organization's goals. Mahfar and Omar (2004) stated that management accounting form an integral part of the management process in an organization, where it provides essential information to the business in it's planning, evaluating, controlling and decision make process. It is through management accounting that the managers get the tools for doing their functions. Management accountings practices have to assure that information provided to managers are relevant and useful in doing their functions. Gliubicas (2011) stated that when companies become more sophisticated and competition is always increasing, management accounting phenomenon is becomes more critical.

Yazdifar and Tsamenyi (2005) stated that they were a flurry of books and articles aimed at developing the new (advanced) management accounting techniques. Waweru, Hoque and Uliana (2005) mentioned that the recent management accounting literature suggest that the environment in which management accounting is practiced certainly appears to have changed with advanced in information technology, highly competitive environments, economic recession. If management accounting want to maintain its relevance, it need to ajust to managers needs. The new management accounting techniques include activity based costing, target costing, kaizen costing, balance scorecard and others. Kader and Luther (2006) described that the most notable innovative management accounting techniques today are activity based techniques, strategic management accounting and the balance scorecard. Contemporary Management accounting pratices which provide an important accounting information

help to create better decision making value, and providing an integrating perspective to the management strategy with usefull and relevant information (Sleihat, Nimer and Almahamid, 2012).

Kaplan and Jhonson in Abdel-Kader and Luther (2006) in his review of *“The Evolution of Management Accounting”* leveled criticism at the current management accounting practices. The conventional management accounting practices focus on internal organization. The more recent mangement accounting tools have affected the whole process management accounting and have shifted its focus from a “simple” or “naive” role of cost determination and financial control, to a “sophisticated” role of creating value through improve deployment of resources (Pavlatos and Paggios, 2009). Refer to paper done by Islam and Kantor (2005), the management accounting practices is defined as practices that uses techniques and tools currently available to management accountants which help provide management accounting information for manager in doing their managerial functions.

Wiweru, Hoque and Uliana (2005) stated that there are several evidences on the changes of management accounting practices in developed countries. Libby and Waterhouse in Wiweru, Hoque and Uliana (2005) have reported that 31% management accounting system in Canada have changed in the last three years. Burns et.al (1999) in Wiweru, Hoque and Uliana (2005) argued that there have been significant changes in management accounting practices in the UK during the last decade. How about developing countries? Are advanced management accounting practices have been used in providing management accounting information? Management accounting practices have to stand out as a valuable tool in ensuring proper resources allocation and proper performance evaluation (Mahfar and Omar, 2004). An effective management accounting practice should keep an organization “alive” and “keep up” to any business environment changes. Do management accounting practices really changed in accordance of business environment changes. There were seveal evidence about it in several countries.

Chan (2002), in Mahfar and Omar (2004) found that Singapore companies were ineffective in the use of costing tools and that the coal Singapore companies were reluctant to use advanced management accounting techniques such as Total Quality Management (TQM) and Activity Based Costing (ABC). Adelegan (2004) also in Mahfar and Omar (2004) found that management accounting practices in developing country of Nigeria was still concerned with the process of cost determination and financial control using budget. Nishimura (2002), Rahman, Tew and Omar (2002) and Omar, Rahman and Abidin (2002) in Mahfar and Omar (2004) provided the similar findings. Rahman, Tew and Omar (2002) in Mahfar and Omar (2004) mentioned that

Small medium Industries in Klang Valley Malaysia still rely on the simple and less complicated management accounting practices, such as budget and standard costing.

RESEARCH PROPOSITION AND RESEARCH OBJECTIVES

Service industries are playing an increasingly important role in the overall economies worldwide, included hospitality industries. The 21st century is considered to be as the service industry. The hospitality industry is the basic activity of international tourism. It is very important to the overall economic sector and plays an important role in most countries in providing facilities for leisure, for meeting and conferences, for recreation and entertainment. The main facilitie in hospitality industries is hotels. In that case hotels are as essential to support other business. According to Voice of Indonesia (www.voi.co.id, 24 January 2014, 09.41) which stated in *HVS Global Hospitality Services*, there were 253 million people were travelling to Indonesia in 2012. It is predicted that the number of travellers will increase 5% annually and according to HVS China & Southeast Asia, the will be 400 million traveller in Indonesia in 2023.

Yogyakarta Special Region (Daerah Istimewa Yogyakarta, DIY) is officially one of Indonesia's 33 provinces. Yogyakarta is one of the foremost cultural centers of Java. This city is often called the main gateway to the Central Java as where it is geographically located. The other legendary name for Yogyakarta City is the City of Art and Culture. Tourism is a key economic sector for Yogyakarta, providing employment and income directly and indirectly to thousands of people in the province. Hospitality business especially hotel is one of most competitive business recently. Information needed by managers in high-competitive market could be different compare to least competitive market. Burn and Scapen (2000) in Mahfar and Omar (2004) wrote that an increase in product diversity, a shortening of product lifecycle, the widespread information technology in manufacturing and the advent of world market in product have intensified the challenge for managers. Management practices have to assure that information provided to managers is relevant and useful in doing their jobs.

In summary, this research is to address the management accounting practices in hotel industry, whether management accounting practices represent the current evolution of management accounting in providing management accounting information to managers. Those situation leads to the main reserach objectives of this reaserach are below:

1. This research will provide emphirical evidences on the current management accounting practices in hospitality business, especially hotel industry.
2. This paper will try to identify the evolution stages of management accounting evolution in hospitality business (according to IFAP perspective)

3. This research try to formulate the reccomendation to enhance management accounting practices in Indonesia, especially in hotel business.

THEORITICAL REVIEW AND PREVIOUS STUDIES

The Management Accounting Evolution

Loft (1995) in Glaubicas (2012) stated that there are five different approaches to describe the management accounting evolution. They were (1) Traditional, (2) neo-classical, (3) Johnson-Kaplan, (4) Labor Process and (5) Marxist. Management accounting practices in traditional approach determine the current state of management accounting. The second approach, neo classical, continue the basic principles of traditional with improvement of historical analysis. The Johnson-kaplan approach said that management accounting has lost its relevance, because the management accounting method used in that period did not match to the current business environment. It is stated that management accounting methods used in 1980s were methods that developed in 1925. There were strong criticism at that period on the management accounting practices. If management accounting practices rely on traditional methods, the management accounting information will lost its role in business management process. Labor process perspective emphasize on the role of company's control system in encouraging effective manufacturing process. The last perspective is Marxist perspective that considered management accounting as a tool that properly distributes income and assets between social classes.

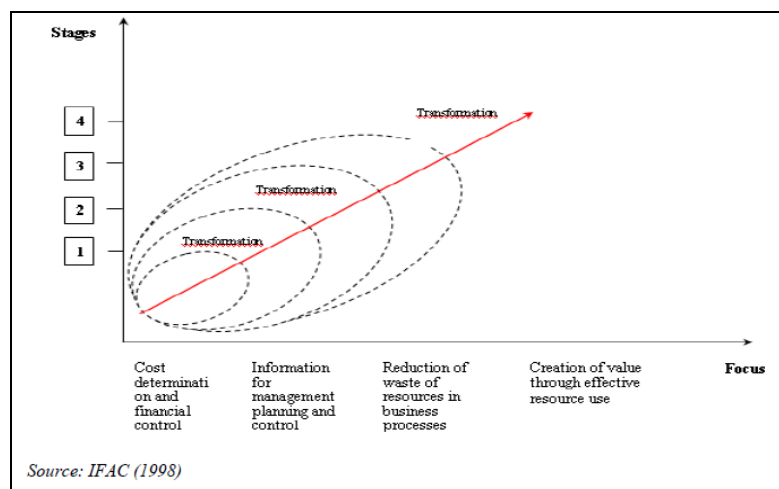
In 1998, International Federation of Accountants (IFAC) has released a revised international Management accounting practices Statements (IMAP) which underlies all concepts that concern with the management accounting field of works (Mahfar and Omar, 2004). The management accounting practices provides essential information to managers to help them in planning, evaluating, controlling and decision making. The IFAP theory of management accounting evolution is called the Anglo-American theory or Western perspective. According to the Anglo-American Theory there are four-stages of management accounting evolution that shown in figure 1.

Stage 1 is *Cost determination and Financial control* (prior 1950). The major attention was on determining costs and financial control processes by using financial statements data. Its focus was mainly oriented towards the calculation of product costs. Direct labor costs is used to assign overhead costs to individual product. At that period, analysis ratio and financial analysis and other cost accounting methods were used extensively. Production technology was very simple, labor and material costs were easily traceable. Stage 2 is *information for management planning and control* (1950-

1965). This stage is characterized by the use of traditional management accounting techniques that support decision analysis and responsibility accounting. The popular management accounting tools that were introduced in the 2 stage were standard costing, cost volume profit (CVP) and Break event point analysis (BEP).

The third stage is *Reduction of waste of resources in business processes* (1965-1985). This stage focused on the reduction of waste of resources used in business process by eliminating “non value added activities”. Gliubic (2012) stated that the increasing competition was due to Japan’s economic progress. The increasing competition forced companies to seek better quality and cost reduction at the same time. The challenge for management accounting, as the main provider of this information, is to ensure that appropriate information is available to support managers and employees at all levels (Kader and Luther, 2006).

Figure 1: 4 Stages of Management Accounting Evolution (IFAP, 1988)



The last stage is *Creation of value through effective resources use* (1985-2000). Because of major business uncertainty and technological innovation, companies started to implement management accounting tools that assess economic value. Kader and Luther (2006) and Mahfar and Omar (2004) stated that the focus of management accounting shifted to the generation of value through the effective use of resources and technologies that examine the drivers of customer value, shareholder value and organizational innovation. The advanced management accounting such as Just in Time (JIT), Balanced Scorecard (BSC) and strategic management accounting were used extensively at that time. Gliubic (2012) summarises the management accounting practices in each stage and presented in table 1.

The last approach on management accounting evolution is arisen from Japan. This theory of management accounting evolution is called Eastern perspective or Shino-Japanese perspective. After the world war II, the advanced progress of Japan economy lead to attract world's attention on Japanese management accounting. Proffesor Akira Nishimura (2002) in Mahfar and Omar (2004) explained the management accounting evolution also in four stages: *Drifting management accounting*, *traditional management accounting*, *Quantitative Management Accounting* and *Integrated management accounting*.

In drifting management accounting, management accounting practices rely on financial ratios or comparative business analysis, while in traditional management accounting dominated by traditional techniques such as budgetary control, standard costing and variance anaysis. The use of mathematical formula in management accounting was the basic characthersitic of third stage, Quantitative management accounting. The examples of managemet accounting practices introduced in stage 3 were linear programming and the economic optimum stock model. The highest level of management acounting evolution is integrated management accounting. In the stage 4, accounting information not only used to handle operational activities but also integrated to other management control system in handling strategic activities. Management accounting tools introduced in this stage were lean production management system, target costing, Just in Time (JIT) and Total Quality Management (TQM). It can be stated that IFAC's perspective focuses on the outcome of management accounting, while shino-Japanese perspective identified how such outcome could be achieved (Mahfar and Omar, 2004).

Prior Research Review

Mahfar and Omar (2004) done a research on current state of management accounting practice in selected Malaysian Companies. This study tried to investage which stages of management accounting evaluation in Malaysia by using IFAC Perspectives. By using 28 Management accounting practices, the study revealed that the utilisation of stage 1 dan 2 still dominated in management accounting prcatices among selected malaysian companies, some of them has fully reached second stage and some other has already evolved into third stage.

Kader and Luther (2006) tried to reveal the management accounting practices in United Kingdom Industry sector. The 38 management accounting practices were classified into 5 groups: product costing, budgeting, performance evaluation, decision making and strategic analysis. By using a five point-Likert scale, the research concluded that from 113 firms 19% were in stage 1, 41% were in stage 2, 27% were

in stage 3 and 13% were in stage 4. The study also revealed that approximately 40% of firms have management accounting system either stage 3 or stage 4 of IFAC's evolution.

Table 1
The management Accounting Practices (Gliubicas, 2012)

Stages		Stage 1: Cost Determination and Financial Control	Stage 2: Provision of Information for management Planning and Control	Stage 3: Reduction of Waste in Business Resources	Stage 4: Creation of Value Through Effective Resources Use
Mehods		Prior to 1950	1950-1964	1965-1984	1985 to date
		Cost Determination			
	Cost Determination and Accounting	Standard cost Accounting	Double standard cost accounting		
		Direct Cost Accounting			
		Records of cost accounting			
		Allocation of indirect costs			
		Uniform cost accounting	Marginal cost accounting	Activity-based accounting	
		Absorption cost accounting	Target cost accounting	Activity-based management	
	Planning	Budgeting	Discounted cash flow		
			Transfer costing		
	Controlling	Budgeting control	Responsibility Accounting		
		Return On Investment	Gentani System	Constant improvement Method	
		Variance Anaysis	Kaizen system	Just in Time system	
	Strategic Analysis			Life cycling costing	Value chain analysis
					Five forces model
					PEST, SWOT analysis
					Customer Profitability and Competitor Analysis
					Balanced Scorecard

Pavlatos and Paggios (2009) did a research on Management accounting Practices in the Greek Hospitality industry. Pavlatos and Paggios used 30 management accounting practices that classified into 5 groups that Kader and Luther did (2006). By using 85 leading Greek hotels, the study revealed that traditional management accounting practices were found to be more widely adopted than advanced management accounting practices. In detail the survey also demonstrate that all surveyed hotel used traditional practices in product costing, budgeting and decision making, while strategic management accounting practices were less adopted.

RESEARCH METHODOLOGY

Research methodology is very vital in a research as it can guide researcher in accomplish the research objectives. Research methodology covered sample determination, data collection and variable measurements. The necessary information in this research were collected by a questionair. The Questionnaire consist of three parts, the first part covered the general information of sample companies, the 2nd part asked about whether each management accounting practices is adopted or not adopted, the last part of the questionnaire asking about the benefit of each management accounting practice in 5 likert-scale. This study used 30 questions on management summaries from questions used by Alleyne and Marshal (2011), Naco, Cela and Dollani (2010) and Pavlatos and Pagios (2009). The management accounting practices also devided into 5 groups according to Kader and Luther (2006) and Pavlatos and Paggios (2009). The detail discription of the questionnaire is follow: 4 questions on product costing, 8 questions on Budgeting, 9 questions on performance evaluation, 4 questions on decision making and 5 questions on strategic analysis.

The Population of this research was all 2, 3, 4 and 5stars-hotels in Yogyakarta Special Region. The number of 2, 3, 4 and 5-star-hotels in Yogyakarta Province in 2013 were 84 hotels. The samples of this research were selected by using stratified random sampling. Stratified random sampling is a probability sampling technique wherein the researcher divides the entire population into different subgroups, then randomly selects sample from each subgroup. In summary, stratified random sampling involves stratifying elemens aong meaningfull lines and taking proprtionate or dispoportionate samples from the strata (Sekaran, 2003). The total sample were 61 hotels and the distribution of the sample were presented in table 2.

Table 2- Distribution of samples

Hotels	Population	Sample	% from Populasi	% sample
5 stars	9	4	44,45%	6,56 %
4 stars	14	10	71,42 %	16,41 %
3 stars	31	22	70,96 %	36,06 %
2 stars	30	25	83,33 %	40,97 %
Total	84	61	72,61 %	100 %

RESEARCH FINDINGS

The general description of management accounting practices provided in table 3 that provide information on the rank of each practice. The Questionnaire consist of 30 management accounting tools or methods that represent stage 1 until stage 4 of IFAC's management accounting evolution. The respondent were asked whether each tool is adopted in their practice to provide management accounting information. Table 3 revealed that the most adopted management accounting practice is budgeting for controlling cost (93,44%) and prifitability measure (93.44%). By looking at the percentage, it seems that almost all sample implemented budgeting for controlling cost and profitability in measuring performance. According to IFAC's theory, those two practices were represent management accounting pratices in stage 1 that consider as traditional stage. The survey also revealed that the least adopted practice is Zero based budgeting that only being adopted by 13 respondents (21.31%). Refer to table 1, it can be stated that Zero based budgeting represent management accounting practice in stage 3 that consider advanced practices.

The survey tried to elaborate the management accounting practices by looking at the practices for each type of management function. As stated earlier, the task of management could be classified into fie subgroup: product costing (cost determination), planning and controlling, Performance measurement, decision making and strategic analysis. The survey findings showed that product costing subgroup, the standard costing was being adopted by 50 respondents (81.97%). The standard costing technique is also represent traditional practices, which is stage 2. In planning and controlling subgroup, the most adopted technique was also from stage 1, which was budgeting for controlling costs (93.44%). The profitability measures that also represent stage 1 was the most adopted method in performance measurement subgroup. In decisison making subgroup, the highest of adoption was cost volume profit (88.52%) that belong to stage 2 of management accounting evolution. The final subgroup, strategic analysis, was dominated by analysis competitors' strengths and weaknesses.

The contemporary management accounting practices, such as Activity based costing dan balanced Score card were not highly adopted by respondents. The survey

findings identified that only 33 respondents (54.14%) have adopted Activity Based costing and only 22 respondents (36.07%) have adopted balance scorecards. Theoretically, *Activity Based Costing* that belong to stage 3 will provide more accurate product costing information in determining product costs compare to other product costing methods that consider as traditional product costing methods. The balance scorecard that represent stage 4 in performance evaluation considers four aspects, both financial and non-financial in performance, however the no-financial measures from customer perspective was in the 3rd rank and it being adopted 55 respondents (90.16%).

The second objective of the survey was to identify the role or benefit of management accounting practices in helping managers doing their functions. The respondents were asked to score the 30 management accounting practices that are currently utilised using a 5-likert scale ranged no benefit (score 1) to high benefit (score 5). Table 4 indicated that the highest score is budgeting for planning and control (3.80) and standard costing (3.80), while the lowest score is zero based budgeting (2.30).

Table 4 also identified that in product costing subgroup, the most benefit management accounting method is standard costing (3.80), budgeting for planning and control (3.80) in planning and control subgroup, profitability measures (3.60) in performance measurement subgroup, cost volume profit analysis (3.40) in decision making subgroup and longrange forecasting (3.40) in strategic analysis. These results were in line with the result in table 3. The most adopted management accounting practices was standard costing and this technique also considered as the most benefit method in helping managers in doing their functions. The different situation found in planning and control subgroup. According to table 3, the most adopted practice was budgeting for controlling costs, however, according to table 4, the most benefit practice was budgeting for planning and control. The important finding was that zero based budgeting provided the least benefit in helping managers. These findings were in line with the result of Pavlatos and Paggios (2009). Theoretically, zero based budgeting was an accurate method in preparing the budget.

Table 3
The Adoption of Management Accounting practices

No	Management Accounting Practices	N	%	Stage
1	<i>Zero based budgeting</i>	13	21.31%	3
2	Balanced Score Card	22	36.07%	4
3	Residual Income (RI)	24	39.34%	3
4	Economic Value Added (EVA)	30	49.18%	3
5	Activity Based Costing (ABC)	33	54.10%	3

6	Absorption Costing	35	57.38%	1
7	Variable Costing	36	59.02%	1
8	Budgeting for evaluating managerial performance	36	59.02%	1
9	Benchmarking	37	60.66%	4
10	<i>Relevant Cost Analysis</i>	39	63.93%	2
11	Industry Analysis	40	65.57%	4
12	Budgeting for long terms (strategic Plan)	42	68.85%	2
13	Return on Investment (ROI)	42	68.85%	2
14	Analysis of competitive position	43	70.49%	4
15	Flexible Budgeting	44	72.13%	1
16	<i>Activity based budgeting</i>	46	75.41%	3
17	Long Range Forecasting	46	75.41%	4
18	<i>Activity Based Management)</i>	46	75.41%	4
19	Nonfinancial measures from innovation perspective	47	77.05%	3
20	Nonfinancial measures from employees perspective	49	80.33%	3
21	Standard Costing	50	81.97%	2
22	<i>Product Profitability Analysis</i>	50	81.97%	2
23	<i>Customer Profitability Analysis</i>	50	81.97%	3
24	Budgeting for Coordinating Activities organization	52	85.25%	1
25	Budgeting for Coordinating operational organization Activities	54	88.52%	1
26	<i>Cost Volume Profit Analysis</i>	54	88.52%	2
27	Nonfinancial measures from customer perspectives	55	90.16%	3
28	Analysis competitors' strengths and weaknesses	55	90.16%	4
29	Budgeting for controlling costs	57	93.44%	1
30	Profitability measures (Operating income, sales growth)	57	93.44%	1

The consistent findings was also found in performance evaluation and decision making subgroups. In performance evaluation, the survey demonstrated that the majority hotels in Yogyakarta adopted traditional method in evaluating performance by using profitability measures. This finding was in line with survey done by Pavlatos and Paggios (2009). Table 4 also identified that profitability measures were considered the most benefit tools in doing performance evaluation. It can be seen also that contemporary performance measurement, customer perspectives, also adopted by large number of hotel too. It seem that some hotel have shifted from stage 1 to stage 3. There were important findings in decision making subgroup that some of the surveyed hotels have moved from stage 2 to stage 4 in decision making. Customer profitability analysis that represent stage 4, have been adopted by 81.97% and consider provided more benefit than cost volume profit analysis that adopted by 88.29% sample.

Table 4
The Role Management Accounting Practices

No	Management Accounting Practices	Mean	Rank	Stage
PRODUCT COSTING				
1	<i>Absorption Costing</i>	2,7	26	1
2	<i>Variable Costing</i>	2,9	25	1
3	<i>Activity Based Costing (ABC)</i>	2,9	24	3
4	Standard Costing	3,8	2	2
PLANNING and CONTROLLING				
5	Budgeting for Planning and Control	3,8	1	1
6	Budgeting for Controlling Cost	3,7	3	1
7	Budgeting for Coordinating operational organization Activities	3,4	7	1
8	Budgeting for Evaluating managerial Performance	3,0	21	1
9	<i>Zero based budgeting</i>	2,3	30	3
10	Flexible Budget	3,0	20	1
11	<i>Activity based budgeting</i>	3,1	18	3
12	Budgeting for long terms (<i>strategic Plan</i>)	3,1	17	2
PERFORMANCE EVALUATION				
13	Profitability measures (Operating Profit, Revenue Growth)	3,6	4	1
14	Nonfinancial Measures from customer perspective	3,5	5	3
15	Nonfinancial measures from innovation perspective	3,2	14	3
16	Nonfinancial measures from employees perspective	3,3	10	3
17	Return on Investment (ROI)	2,9	23	2
18	Residual Income (RI)	2,5	29	3
19	Economic Value Added (EVA)	2,6	27	3
20	Balanced Score Card	2,5	28	4
21	<i>Benchmarking</i>	2,9	22	4
DECISION MAKING				
22	Product Profitability Analysis	3,2	13	2
23	Customer Profit. Analysis	3,4	9	4
24	Cost Volume Profit Analysis	3,4	8	2
25	Relevant Cost Analysis	3,0	19	2
STRATEGIC ANALYSIS				
26	Industry Analysis	3,1	16	4
27	Analysis of competitors' strengths and weaknesses	3,4	10	4
28	Analysis of competitive position	3,2	12	4
29	Long range forecasting	3,6	6	4
30	Activity Based Management	3,1	15	4

Table 5
The Role Management Accounting Practices Based on Type of Hotels

Management Accounting practices	* 5	*4	* 3	*2	average
PRODUCT COSTING					
Absorption Costing	2,75	2,80	2,68	2,72	2,70
Variable costing	2,75	3,10	2,86	2,80	2,90
Activity based costing	3,50	3,50	3,00	2,52	2,90
Standard costing	3,25	3,70	3,09	3,32	3,30
PLANNING and CONTROLLING					
Budgeting for Planning and Control	3,25	3,90	3,77	3,76	3,80
Budgeting for Controlling Cost	3,25	4,00	3,59	3,76	3,70
Budgeting for Coordinating operational Activities	3,50	3,80	3,45	3,16	3,40
Budgeting for Evaluating managerial Performance	3,00	3,60	2,90	2,80	3,00
<i>Zero based budgeting</i>	3,00	2,80	2,18	2,12	2,30
Flexible Budget	3,50	3,20	3,05	2,76	3,00
<i>Activity based budgeting</i>	4,00	3,30	3,18	2,88	3,10
Budgeting for long terms (<i>strategic Plan</i>)	3,50	3,30	3,14	2,84	3,10
PERFORMANCE EVALUATION					
Profitability measures	4,00	3,70	3,68	3,48	3,60
Nonfinancial Measures from customer perspective	4,00	3,50	3,50	3,40	3,60
Nonfinancial measures from innovation perspective	3,75	3,40	3,27	2,96	3,20
Nonfinancial measures from employees perspective	3,50	3,40	3,41	3,20	3,30
Return on Investment (ROI)	2,75	3,60	3,00	2,64	2,90
Residual Income (RI)	2,75	3,20	2,45	2,40	2,60
<i>Economic Value Added (EVA)</i>	2,75	3,20	2,77	2,40	2,70
<i>Balanced Score Card</i>	2,75	3,20	2,59	2,32	2,60
<i>Benchmarking</i>	3,25	3,40	3,05	2,60	2,90
DECISION MAKING					
Product Profitability Analysis	3,25	3,50	3,23	3,16	3,20
Customer Profit. Analysis	4,00	3,80	3,43	3,04	3,50
Cost Volume Profit Analysis	3,75	3,70	3,45	3,32	3,50
<i>Relevant Cost Analysis</i>	3,25	3,90	3,28	2,44	3,00
STRATEGIC ANALYSIS					
Industry Analysis	3,00	3,70	3,27	2,84	3,10
Analysis of competitors' strengths and weaknesses	3,50	3,90	3,64	3,04	3,00
Analysis of competitive position	3,00	3,70	3,41	2,96	3,20
Long range forecasting	3,50	3,70	3,45	3,24	3,40
<i>Activity Based Management</i>	3,00	3,70	3,41	2,64	3,10

Additional analysis was done by classifying the sample based on the number of hotel's stars. The result was presented in table 5. In product costing, planning and Controlling and in performance measurement subgroups, the 5* hotels perceived that on activity based costing, activity based budgeting and nonfinancial measures from customer perspective give more benefit, whereas the others (4*, 3* and 2*) perceived that standard costing, budgeting for controlling costs and profitability measures provide more benefit to them. The activity based costing, activity based budgeting and nonfinancial measures from customer perspectives are consider advanced or

contemporary management accounting practices and they are belong to stage 3, while standard costing, budgeting for controlling costs and profitability measures are consider traditional management accounting practices and belong to stage 2 and 1.

Table 5 also demonstrate that in decision making subgroup, the most benefit practice for 5* hotels was customer profitability analysis that represent stage 4, while for 4*, 3* and 2* hotels were cost volume profit analysis and relevant costs analysis that belong to stage 2. Although, the traditional tools relatively more adopted in hospitality business but the survey findings also reveal that all surveyed hotel have used management accounting information in doing strategic jobs.

Conclusion and Recommendation

The study found that the top two management accounting practices that highly adopted by the hotels business in Yogyakarta were budgeting for controlling costs and profitability measures that represent stage 1 of IFAC's Management Accounting evolution. The result of the analysis revealed that management accounting practices in Yogyakarta's hotels business were still dominated by traditional management accounting practices. Generally, stage 1 and 2 were found to be more widely adopted than advanced or contemporary tools (stage 3 and 4). However, there is an evidence that some hotel shave shifted their traditional management accounting practices to the contemporary management accounting practices such as benchmarking, balance score card, Activity based costing that represent stage 3 and 4. By looking at the numbers of *, it seem that 5* hotels have adopted more contemporary management accounting practices rather that other stars hotels, especially in product costing, planning and controlling, performance measurement and decision making.

To enhance and promote the contemporary management accounting practices, management accountants in Indonesia must play an active role in management team within a business process. For accounting academic institution, the management accounting courses should not only introducing traditional tools but must emphasizing on contemporary tools to the students.

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