

A STUDY ON THE EFFECTIVENESS LEVEL OF COST ACCOUNTING SYSTEM CURRENTLY BEING UTILIZED BY HOTELS IN SERVICE INDUSTRIES

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ABSTRACT

The literature of cost accounting is based on manufacturing sector with less coverage on service sector. Hence it is not know the effectiveness of using cost accounting system in service sector.

The objective of this study is to identify the effectiveness level of cost accounting systems currently being utilized by hotels in service industry. The study was conducted in hotel industries in Malaysia (Kuala Lumpur). Eighty hotels have been selected for the sample and two types of research methods were used to conduct this study, which is the questionnaire survey and personal interview.

Questionnaire would be circulated b simple random procedure that could be avoided subjective biases from occurring. Which mean that, five standard levels (one star, two stars, three stars, four stars and five stars hotels) of hotel could be an equal chance of being selected as sample. Besides that, personal interview would be conducted only on financial controller that to obtain primary data.

It was discovered that majority of respondents use cost accounting in their organization. They also felt that the information generated by cost accounting is very useful in the decision making process. The hotels in this survey consider product development and pricing as their most important goal of cost accounting while the least important goal was industry cost comparison. The study conclude the most hotel company prefer to use standard costing method rather than full costing, process costing and job-order costing method.