

Importance and role of accounting



Accounting 601 assignment

Accounting is the management of money and money is an important part of that business. Accounting is mainly preparation of financial statement and involve with transaction, budgeting and Cost controlling. According to Cote(2007), it is process of measuring the amount of money, analysing results, understanding them and make decision better. A proper accounting system is an essential to any business in order to manage its businesses running successfully. For any successful business, the main obligation is to maximise profits , minimize any loss and at the same time maintain its position as a responsible entity within the society. Coltman(1989) said , cost control system is simply an accounting oriented information system. However, the cost control system differs from the accounting system and this system allows management to see what is happening to cost, so that rational decision can be made, and necessary action implemented to correct undesirable situation. Accounting is a language of money by measuring cost control within the hospitality can industry through labour, food and beverage, energy cost control.

Coltman(1989) said that labour is a major cost that arising from the high employee turnover; it is a hidden cost that affecting on productivity, workplace efficiency. There are major reasons that causes staff turnover including most of hospitality workplaces do not pay well and workers work under wage rate, work load, poor training and lack of company benefit (Coltman1989). Industry expert's Soltani, Lai, Paul &Liao (2009) stated that service industry continuous dealing with customers so that labour flexibility is prime need to securing the high labour turnover cost . There are

possibilities to reduce turnover with better choice of an integrated HR strategy that address the goal of the organisation which are managing employee's attribute, work schedule, encourage staff to do teamwork, provide adequate training, monitoring their performance report as well as motivate staff by giving incentives (Soltani, Lai, Paul & Liao 2009). Also, industries have to hiring right person at the right place according to skill required. However, most of the Australian hotel industries are continues pay for high labour turnover cost (Davidson, Timo & Wang 2010).

Moreover, many hospitality industries within Canada are adopted the innovative technology including electronic check-in, guest can make reservation, paying bills by using mobile devices these technology provide high quality and speed service in physical environment without labour cost (Jayawardena, Lawlor & Grieco 2013).

Serlen, Bruce (2014), founded that traditional twenty-four hours room service is very expensive that increase labour cost . and decrease productivity. Whereas, most of full-service hotel are moving away from traditional room service to advance technology which is help to control the labour cost for example, The Hilton, Grand Hyatt in New York. Move rover, Serlen, Bruce (2014), said that advance technology brings many aspects in the hotel industry in particular guest were looking applications to order room service from iPad and smartphone which is cost effective and eliminate the order taking position from the entity for instance, in Hilton New York, operate a successful upscale grab and go market. However, hotelier expert said that customers still demanding the traditional room service approach because

they expected the personalised service as they paid to hotel and they do not expect robotic service delivery within this industry (Serlen, Bruce, 2014).

Coltman,(1989) stated that most visible cost in the hospitality industry is the food and beverages. Food is a vital element of the hospitality industries. The main function of food and beverage department is to control the cost and improve hotel, restaurant profitability through the adequate selection of supplier, stock control, implementing standardize recipe, developing innovative food service system may prevent from wastage and overproduction in the operation also portion control concern about the more quality prevention activities such as quality audits, menu design reviews, quality training and supplier evaluation. However, there are several reasons that hotels unnecessary suffer wastage of food which is significant cost for industry such as poor stock rotation, store items in inappropriate temperature and poor portion control may lead to food wastage (Colman, 1989). According to, Vaughn, Raab, Nelson & Harrah (2010) identification Las Vegas hospitality industry's revenue had fall due to increase food prices from 2006 to 2007; the food and beverage department has challenged to increase productivity and reduce the cost, waste and inefficient operation. Therefore, industries in Las Vegas supported kitchen to focus on specific production, expensive menu and portion of menu items and applied activity -based costing (ABC) method for the production control and this method can be used to eliminate the monthly allocation for all kitchen production (Vaughn, Raab, Nelson & Harrah, 2010). Noone & Coulter (2012) said that, many hospitality industries or restaurant are familiar with technological system to controlling on food cost such as point of sale system, self- service kiosk and

efficient cooking equipment and inventory management system (perpetual inventory card). These technological solutions are help to maintain product quality and standard that keeping the cost down by speed of service and order taking for example, in U. S quick service restaurant were facing challenges just as rising operating cost but they applying automation system in back of house particular in kitchen such as deep fryer with an auto lift, commercial oven and dual gill which lead to reduce the cooking time and keep consistency in food preparation. As result, quick service restaurants was achieving highly efficiency, high quality and improvement in performance by adopting the technology system in the restaurant (Noone & Coulter2012)

Furthermore, Ninemeier (2001) saying that beverage cost control system maintaining standard by using standard beverage recipe including taste and appearance, specify ingredients, garnish and drink size. Then portion control tool help to standardise the drink such as shot glasses, jiggers and automated beverage system that is dispense measuring quantities of alcoholic beverages. Also, Ninemeier (2001) stated that cash handling procedure handle by bartender; is a responsible person for holding cash and bar inventory. Additionally, Borchgrevink & Anchill (, 2003) explain that spillage and theft are caused by dishonest worker within the industries as result hospitality industry do not make any profit. Therefore, hotels installed computerised beverage control system provides financial date as well as consistency, quality and speed. As an important aspect of service oriented industry; hotel manager has to provide food and beverage training to staff

that build the awareness of food cost, food quality and knowledge about the portion control method (Borchgrevink & Anchill , 2003).

Energy cost control is a crucial factor within the hospitality industry. In service industries major energy consuming elements is air conditioning; energy can be saved by adjusting the air conditioning by having large windows and ventilation allows natural lighting and installed high quality insulation it approach to reduce cost and save energy. As per the research of Nizic, Karanovic & Ivanovic (2008) in order to control energy consumption maximum hotels industry applied an intelligent room system, particular in hotel Sol Garden Istra . This system integrated energy and water consumption control as well as heating-cooling control and efficiency and Sol Garden Istra have great achievement by using intelligent room system , thermal insulation of the hotel as well as carefully selection of lighting management and equipment, provide training to staff to increase their environmental awareness as result (Nizic, Karanovic &, Ivanovic 2008). In addition, Holiday Inn, Hilton, and Marriott also implemented an energy efficient lighting program, and install an intelligent room system technology (Nizic , Karanovic &, Ivanovic 2008).

Furthermore, Stipanuk (2001) stated that sustainability is critically business issue that is an essential requirement for the hospitality industry; hospitality expert encouraging sustainability because there are significant financial benefits for example changing lighting blub that use less energy and bathroom fixtures that limit water flow. Followed by, Stipanuk.(2001) founded that Bass hotel (Inter-Continental properties) had support the energy saving program by develop specific tactics to reduce the energy cost

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and usage. Inter-Continental has developed several steps to sustain the energy such as outsource the laundry, centralize the operation, install switches in convenient locations, install flow controllers for showers and aerators for sink faucets, also place proper lighting and intelligent room systems and roof insulation. As a result, the 467-key Inter-Continental London has been saving 47 per cent in gas consumption and 22 per cent saving in electricity consumption and the 844-room hotel Inter-Continental Chicago has been reaping an annual energy cost saving of \$250,000 (Stipanuk, D., 2001). So that, governments are offering awards for industries that adopt energy-saving initiatives as well as grant benefits are available for establishments who participate in the recycling programs or using sustainable energy sources (Stipanuk, 2001).

To conclude that, accounting is a mainly preparation of financial statements involving transactions, budgeting and cost controlling. It is a process of measuring the amount of money, analysing the results, understanding them and making decisions better. Accounting is a language of money by measuring cost control within the hospitality industry through labour, food and beverage, energy cost control. By applying these measuring tools; hotel owners and managers have the information they need to optimize performance in every operational area, from food and beverage department labour control and energy control. They can reduce expenses, make profit and accommodate guests.

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