

The Strategic Role of Accounting in Operational Sustainability in The Hospitality Industry

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Abstract

This study examines the strategic role of accounting in supporting the operational sustainability of star-rated hotels in the hospitality industry. Accounting is positioned not only as a tool for recording transactions, but also as a managerial instrument that contributes to business resilience through adaptive strategies. The focus of the study includes the implementation of efficient operational management, restructuring of financial accountability systems, flexibility in workforce management, and strengthening business relationships supported by rigorous evaluation of cash flow, both in terms of revenue and expenditure. The results of the analysis show that the right accounting strategy can maintain the financial stability of hotels, even enabling certain business units to remain profitable amid internal and external pressures. This confirms that a systematic managerial approach and consistent financial discipline can turn operational challenges into valuable economic opportunities. Furthermore, this study not only highlights the practical aspects of financial management, but also the strategic dimensions that have implications for short-term and long-term decision-making. Thus, the findings of this study are expected to provide practical contributions to industry players in designing robust financial strategies, as well as serving as an academic reference for the development of accounting management theory and business resilience in the hospitality sector in a sustainable manner.

Keyword: Accounting; strategy; hotel; operational sustainability;

INTRODUCTION

In an era of globalisation and increasingly fierce business competition, the hospitality industry is required to have a high level of adaptability in order to maintain its operational sustainability. Globalisation not only presents opportunities in the form of increased international tourist flows and developments in digital technology, but also brings challenges in the form of high competition, changing consumer preferences, and uncertainty in global economic conditions. In this context, hotel managers and administrators must work extra hard to maintain operational stability while ensuring business continuity. The operational sustainability of a hotel is not only determined by its ability to sell products and services to consumers, but also by its ability to meet routine and non-deferrable financial obligations. Fixed costs such as employee salaries, tax obligations, electricity and water bills, and other utility expenses are expenses that must be paid every month. If these aspects are not managed effectively, the risk of operational disruption increases, which could ultimately threaten the hotel's competitive position in a dynamic industry. In facing this reality, appropriate managerial strategies and policies are needed so that hotels can survive and continue to exist while carrying out their operations (Widagdo & Mulia, 2021).

Business strategy in this context is not only understood as a plan to increase service sales, but more broadly as a guideline for empowering resources, managing finances, and anticipating external and internal risks. In other words, strategy becomes a roadmap that provides direction for organisations in adapting to their chosen business environment, as well as a tool to ensure that every operational decision is in line with long-term sustainability goals (Izza Ulumuddin Ahmad Asshofi, 2020). Accounting plays a strategic role as a managerial tool that not only records financial transactions, but also serves as a means of analysis and decision-making. Through accounting, management can effectively manage cash flow, control operational efficiency, organise workload and workforce management, and identify opportunities for revenue diversification. Strategic accounting provides relevant information for evaluating financial performance and designing policies to deal with crises, whether they stem from market demand fluctuations, regulatory changes, or global economic conditions. Accounting strategies serve as a supporting tool for organisations and managers in providing relevant financial and non-financial information for internal company purposes. This information not only plays a role in helping to achieve company objectives, but also in the process of

identifying, measuring, and reporting financial data in a systematic, transparent, and detailed manner. Thus, the resulting reports can serve as a basis for management in strategic decision-making, resolving operational issues, and as a reference in making projections for future conditions. In addition, accounting serves to provide relevant financial and non-financial information to management to support the achievement of company objectives, assist in decision-making, and predict future conditions (Amalia, 2022).

This study focuses on the strategic role of accounting in supporting operational sustainability in the hospitality industry, particularly in relation to financial management, cost efficiency, and business strategy innovation. The focus of this research is important considering that sustainability is no longer merely measured by short-term profitability, but also by an organisation's ability to maintain operational continuity, meet financial obligations, and adapt to ever-evolving external challenges.

LITERATURE REVIEW

The Role of Strategic Accounting

In management accounting studies, accounting is understood not only as an instrument for recording financial transactions, but also as a strategic element that provides important information for the decision-making process. This information includes cost analysis, revenue projection calculations, and performance evaluations that support the formulation of operational sustainability strategies. Every company can apply management accounting techniques in various ways. In this context, managers have an important role to ensure effective management. Various issues that arise require them to make the right decisions. Management accounting aims to provide strategic information that supports this process (Erawati & Krisnadewi, 2018).

In the hospitality sector, strategic accounting serves as a tool for management to maintain a balance between efficient use of resources and improved quality of service to guests. The hospitality industry is positively influenced by factors such as environmental uncertainty, decentralisation, information system quality, and the stage of the organisational cycle. This is relevant because hotels, as operational organisations, must be able to respond to fluctuations in demand, utility costs, and environmental pressures while still fulfilling routine obligations such as salaries, taxes, and utilities (Puspita Sari & Adi Wibowo, 2025). Strategic accounting now utilises instruments such as activity-based costing, balanced scorecards, and value chain analysis. These three tools enable hotel management to gain a comprehensive understanding of how costs affect service strategies and competitiveness (Susilowati, 2023).

Hotel Operational Sustainability

The operational sustainability of hotels is greatly influenced by management's ability to manage financial resources, labour, and service innovation. Previous research confirms that effective cost control and financial planning are key factors for hotels to survive amid business uncertainty. This phenomenon requires companies to implement a series of strategies to strengthen their sustainable performance. One approach that can be taken is to adopt a strategic management accounting system (Werastuti et al., 2024). Accounting system practices include budgeting, budget variance analysis, product costing, product profitability, return on investment, break-even point, and strategic planning (Campos et al., 2022). In this case, an integrated accounting system plays a strategic role because it supports the budget planning process, cash flow management, and financial performance evaluation, enabling hotels to maintain operational stability while increasing competitiveness. The implementation of an Accounting Information System serves as a supporting tool in the decision-making process that directly impacts company performance. With adequate accounting knowledge, business operators are expected to be able to optimise the use of technology to support the sustainable success of their business (Riski M et al., 2023).

Synergy between Accounting and Hospitality Business Strategy

Fierce competition in the hospitality sector requires hotel management to implement effective strategies in their operations. This includes providing relevant and reliable data and information to ensure that business decisions and policies are appropriate. Among the various managerial functions,

accounting now plays an important role as a key pillar in hotel management (Setiawan, 2020). In the hospitality industry, strategic management accounting is a key source of information that assists hotel management in designing business strategies, controlling costs, and making decisions that are oriented towards operational sustainability (Irwanty et al., 2022). Alignment of online-based hotel promotion strategies with accounting information systems and technological support, enabling hotel management to make more accurate and responsive decisions in response to market dynamics (Sambhanthan & Good, 2016). Strategic studies emphasise that a company's competitive strength is highly dependent on the integration between accounting systems and management policies. In the hospitality sector, strategic accounting provides information related to costs, profit margins, and market projections that form the basis for formulating marketing strategies, setting room rates, and innovating services. Thus, the strategic accounting function enables accurate and transparent decision-making, helping hotels maintain operational sustainability while enhancing competitive advantage.

RESEARCH METHODS

This study uses a qualitative approach with the aim of gaining an in-depth understanding of the strategic role of accounting in supporting the operational sustainability of the hospitality industry. A qualitative approach was chosen because it is able to explore phenomena comprehensively, not only from the perspective of numerical data, but also through the interpretation of meaning, experience, and the views of practitioners in the field. Through this approach, the researcher seeks to gain a comprehensive understanding of the contextual factors that influence the application and effectiveness of managerial accounting instruments. Managerial accounting information is utilised by managers in planning, controlling, and distributing organisational resources (Leonandri & Erpurini, 2025). As such, accounting instruments are not merely tools for recording transactions, but have evolved into strategic mechanisms that support hotels in maintaining cost efficiency, business reputation, and long-term competitiveness (Putri, 2024). The method used is a case study focusing on several star-rated hotels in Greater Solo and the Special Region of Yogyakarta that are members of the Association of Hotel Finance & Accounting Managers (AMKAH) as the unit of analysis. Through case studies, this research attempts to describe the actual practices of strategic accounting, particularly how accounting information is used in management decision-making to maintain business continuity, cost efficiency, and quality of service to guests.

In addition, this study also utilised in-depth interviews with financial managers, accounting supervisors, and relevant department heads at the hotel (Yulianthi, 2025). This interview technique was chosen so that researchers could gain direct insight into the contextual factors that influence the application of managerial accounting instruments, such as operational constraints, company policies, market dynamics, and pressure from the external environment (e.g. regulatory changes and tourism trends). The research results are expected to not only enrich academic literature, but also provide practical guidance for academics and practitioners, as well as offer a roadmap for integrating management accounting into the strategic decision-making process, while supporting the creation of a more efficient and adaptive cost control system.

RESULTS AND DISCUSSION

The results of this study indicate that accounting in the hospitality industry has shifted from an administrative function to a strategic managerial instrument. Through field analysis and interviews with the management of several star-rated hotels in Greater Solo and the Special Region of Yogyakarta that are members of the Association of Hotel Finance & Accounting Managers (AMKAH), accounting is understood as a key element that supports business resilience through adaptive strategies, while providing a strong basis for short-term and long-term decision making. This can be clarified by several research results, including:

Transformation of Accounting Functions

Accounting not only plays a role in providing periodic financial reports, but is also used as a basis for strategic decision-making. Accounting data is used by management to measure cost

effectiveness, evaluate cash flow, and assess the profitability of hotel business units. Thus, accounting becomes an instrument that supports the development of business strategies that are adaptive to market dynamics.

Accounting as a Pillar of Operational Resilience

Interviews with financial managers and general managers of star-rated hotels indicate that accounting is positioned as a key element in maintaining operational sustainability. Accounting information is used to restructure costs, optimise asset management, and identify potential sources of revenue. In addition, close monitoring of cash flow has proven to be effective in maintaining the company's liquidity, enabling the hotel to meet its short-term obligations while devising long-term investment strategies.

Adaptive Strategy Through Accounting

Research findings show that accounting plays an active role in supporting adaptive strategies, including:

- a. Control of operational costs, by identifying expenditure items that can be optimised without reducing service quality.
- b. Labour flexibility, through analysis of labour costs and more efficient shift system arrangements
- c. Diversify revenue by supporting the planning of additional business units such as MICE (Meeting, Incentive, Convention, and Exhibition) services, restaurants, and spas.
- d. Financial risk mitigation, by providing more realistic cash flow projections so that management can prepare emergency funds.

Implications for Strategic Decisions

Accounting is the main foundation for management in formulating short-term and long-term strategies. Accurate financial information enables management to assess the feasibility of investments, determine resource allocation priorities, and comprehensively assess the financial performance of each department. This makes accounting not only a supporting system, but also a strategic component that determines the direction of business sustainability.

Table 1. Strategic Aspects of Accounting and Their Implications for Business Sustainability in Hospitality

Strategic Aspects	Field Findings	The Role of Accounting	Implications for Sustainability
Operational Management	The hotel is streamlining costs without compromising service quality.	Accounting provides detailed operational cost reports to identify expenditure items that can be reduced.	Improving efficiency and maintaining the competitiveness of hotel services.
Financial Accountability	There is a need for restructuring of the financial reporting system.	Accounting plays a role in compiling transparent and measurable reports.	Enhancing stakeholder confidence and simplifying the evaluation process.
Labour Flexibility	The work system is adjusted to occupancy requirements.	Labour cost analysis is conducted using accounting data.	Reducing human resource costs and maintaining operational productivity.
Cash Flow	There is pressure on liquidity due to fluctuations in occupancy rates.	Accounting monitors cash receipts and disbursements in real time.	Ensuring the availability of funds for short-term needs and long-term investment planning.

Strategic Aspects	Field Findings	The Role of Accounting	Implications for Sustainability
Income Diversification	The hotel is developing additional business units such as MICE, restaurants, and spas.	Accounting records the revenue contribution of each business unit.	Increasing sources of income and reducing dependence on rooms.
Financial Risk Mitigation	Economic uncertainty affects income stability.	Accounting provides financial projections and risk scenario simulations.	Providing a basis for management in preparing emergency funds.
Strategic Decision Making	Management requires accurate data to determine policy direction.	Accounting forms the basis for evaluating investment feasibility and resource allocation.	Strengthening the hotel's position in responding to market dynamics and competition.

Source: Researcher Processed Data, 2025

In addition, it is important to evaluate cash flow and analyse the profitability of each event held at the hotel. Calculating profits and losses before and after an event, including comparing operational costs and income generated, is an important mechanism for assessing the feasibility of marketing programmes and special events. Not only that, daily occupancy rate reports reflected in hotel financial reports serve as vital indicators in assessing the success of room sales strategies and revenue optimisation.

Overall, the analysis results indicate that the right accounting strategy can maintain the hotel's financial stability and even open up opportunities to maintain the profitability of certain business units despite external pressures such as changes in public policy, market fluctuations, and global uncertainty. With a systematic managerial approach and consistent financial discipline, hotels can turn operational challenges into valuable economic opportunities.

Discussion

Based on the results of the research described above, there appears to be significant dynamics regarding the shift in the function of accounting in the hospitality industry, particularly in star-rated hotels. Accounting is no longer seen merely as an administrative tool for recording transactions, but has transformed into a strategic instrument that supports operational sustainability. The main findings of this study cover four important aspects, namely the transformation of accounting functions, accounting as a pillar of operational resilience, adaptive strategies through accounting, and direct implications for strategic management decision-making. In the context of further discussion, these four aspects can be broken down into more applicable operational dimensions, including:

a. Accounting serves as a strategic instrument in operational efficiency

Through financial data, management can allocate resources more effectively, for example, in determining staffing requirements based on occupancy levels and adjusting food and beverage purchases to guest demand trends. Financial reports and cost analyses provide the basis for controlling expenditure without compromising service quality, from housekeeping and F&B (food & beverage) to the front office.

b. Monitoring Occupancy as an Indicator of Operational Sustainability

The role of accounting is evident in monitoring occupancy as an indicator of operational sustainability, where financial data linked to occupancy rates can project the stability of a hotel's cash flow. Daily occupancy reports compiled by the front office and analysed in financial reports have proven to be a vital indicator of operational sustainability. High occupancy indicates the hotel's ability to maintain cash flow, while low occupancy signals the need to immediately adjust marketing strategies and cost control.

Table 2. Daily Average Occupancy Report (Results of Random Sampling of Star Hotels in Greater Solo & DIY)

Month	Number Of Room Available	Room Sold	Occupancy (%)	Room Revenue (IDR)
Jan-25	4.340	3.945	91	3.353.250.000
Feb-25	4.340	3.530	81	3.000.500.000
Mar-25	4.340	3.160	73	2.686.000.000
Apr-25	4.340	2.090	48	1.776.500.000
May-25	4.340	3.330	77	2.830.500.000
Jun-25	4.340	3.625	84	3.081.250.000
Jul-25	4.340	3.765	88	3.200.250.000
Aug-25	4.340	3.570	82	3.034.500.000

Source: Researcher Processed Data, 2025

The data above shows occupancy fluctuations ranging from 48% to 91%. High occupancy rates (91% in January 2025) have a direct impact on increased revenue. Conversely, when occupancy is only 48% (April 2025), hotels need to adjust their strategies, for example through last-minute deals, partnerships with OTAs (Online Travel Agents), or controlling operational costs to maintain profit margins.

c. Hotel Event Profitability Analysis

In addition to occupancy, it is important to analyse the profit and loss of each event held by the hotel. Event financial reports are used to assess the feasibility of activities and assist management in designing future event strategies, particularly for MICE activities and other additional activities, so that management can assess the actual contribution of each activity to revenue.

Table 3. Profit & Loss Analysis of Banquet Events

Profit & Lost Banquet Event			
August 2025		AMKAH	
A. Revenue F&B	price	pax	total
04/08/2025			-
CB	70.000	30	2.100.000
DINNER	120.000	30	3.600.000
CB	70.000	30	2.100.000
total revenue			7.800.000
21% tax & service			1.353.719
Nett. Revenue (Food)			6.446.281
Nett. Revenue			6.446.281
B. F&B Expense			
Food cost (Market list / cash purchase / SR)			2.062.810
Cash purchase / Market List		32,00%	<i>Budget OK</i>
Store request (guest supplies)			-
			2.062.810
POMAC / Energy Cost	price	jam	total
			-
1 day x 5 hours	330.424	5	1.652.120
			1.652.120
TOTAL			3.714.930
other deduction			total
BACKDROP +BANNER	100.000	1	100.000
			100.000
G.O.P		40,8%	2.631.351
add. Cost 10%		10%	371.492,99
NETT. PROFIT			2.259.858

Source: Researcher Processed Data, 2025

The above calculation shows that the 'AMKAH' event generated a net profit of 2,259,858 IDR, with a GOP achievement of 40.8%. On the other hand, the analysis applied through this profit and loss calculation includes the amount of costs and procurement of goods that have been determined, along with other costs that arise and can be seen from the amount of each profit generated. Thus, with this type of accountancy analysis, hotel management can decide whether a similar event format is worth holding again, or whether innovations are needed to increase profitability.

d. Strategic Implications

The adaptation of accounting instruments in the form of daily occupancy reports and event profit and loss analyses not only serves as a control tool, but also as strategic material for decision making. With this approach, hotels are able to maintain financial stability while designing long-term strategies that are in line with the principles of sustainability. Where everything boils down to strategic implications, it is clear that accounting is a pillar in the process of formulating both short-term and long-term policies.

CONCLUSION

Based on the results of research on the Strategic Role of Accounting in Operational Sustainability in the Hospitality Industry, it can be concluded that accounting has a role that far exceeds its traditional function as an instrument for financial recording and reporting. This study confirms that accounting has transformed into a key pillar in supporting the operational resilience of star-rated hotels through the implementation of adaptive, systematic, and data-driven strategies.

Firstly, the transformation of accounting functions is evident in the shift in the role of accounting, which is no longer merely administrative but has also become a managerial tool that supports operational efficiency. Accounting serves as an analytical tool that provides a comprehensive overview of the hotel's financial and operational conditions, thereby assisting management in formulating anticipatory measures in response to market dynamics.

Secondly, accounting has proven to be a pillar of operational resilience by ensuring cash flow stability, optimising resource allocation, and exercising strict cost control. Through this mechanism, hotels are able to withstand external pressures such as fluctuations in occupancy rates, changes in public policy, and increasingly intense market competition.

Thirdly, accounting plays a role in supporting adaptive strategies that are relevant to market conditions. Accurate accounting information enables management to adjust marketing strategies, set competitive pricing policies, and develop products and services that meet consumer needs. This shows that accounting is not only reactive, but also proactive in directing the hotel's strategic policies.

Fourth, this study confirms the strategic implications of accounting on the managerial decision-making process. Monitoring occupancy as a performance indicator, analysing hotel event profitability, and evaluating operational cost efficiency form the basis for management in making short-term and long-term decisions. Thus, accounting plays an integral role in strengthening competitiveness while ensuring the sustainability of star-rated hotels.

Overall, this study concludes that accounting in the hospitality industry is no longer viewed solely as a technical function, but as a strategic instrument that determines the direction of business continuity. This role is expected to serve as a practical reference for hotel management in formulating sustainability-oriented policies, while also contributing academically to enriching the literature on strategic accounting in the hospitality sector.

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