

Activity-Based Costing in the Hospitality Industry: A Case Study in a Hotel

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Abstract : The purpose of this study is to provide some empirical evidence about implementing Activity-Based Costing (ABC) in the hospitality industry in Iran. For this purpose, we consider the Tabriz International Hotel as our sample hotel and then gather the relevant data from its cost accounting system in 2012. Then, we use ABC as our costing method and compare the cost of each service unit with that cost which had been extracted for the traditional costing method. The results show a different cost per unit for two methods. Also, because of its more precise and detailed provided information, an ABC system facilitates the decision-making process for managers on decisions related to profitability analysis, budgeting, pricing, and so on.

Keywords : Activity-Based Costing (ABC), activity, cost driver, hospitality industry

Conference Title : ICHA 2017 : International Conference on Hospitality Accounting

Conference Location : Zurich, Switzerland

Conference Dates : September 15-16, 2017