

OPTIMIZING THE ROLE OF ACCOUNTING IN IMPROVING THE EFFECTIVENESS OF TOURISM DESTINATION MANAGEMENT

Jesslyn San WIJAYA^{1*}, Ni Kadek APRILLIA², Ni Komang Nadia PRATIWI³, Gusti Made Panji Dwi PRATAMA⁴

^{1,2,3,4}Faculty of Economics and Business, Warmadewa University, Indonesia

Abstract:

The tourism sector is one of the main pillars of economic growth in various countries, including Indonesia. To improve the competitiveness and sustainability of tourism destinations, effective management is a crucial aspect to consider. One of the key elements that can support this effectiveness is the optimal application of accounting. Accounting plays a role not only as a tool for recording financial transactions but also as a provider of relevant information for planning, controlling, and evaluating the performance of tourist destinations. This study aims to investigate how optimizing the role of accounting can enhance the effectiveness of tourism destination management. The method used in this study is a literature review, which involves examining various sources of literature, including scientific journals, books, and related research reports. The study's results demonstrate that integrating financial accounting, managerial accounting, and cost accounting can enhance the management of tourism destinations, improve resource utilization efficiency, and support strategic decision-making. Thus, optimizing the role of accounting significantly contributes to increasing the effectiveness of tourism destination management and is recommended as the primary focus in developing a sustainable tourism sector.

Keywords: Accounting, Tourism Management, Effectiveness, Tourism Destination

Article History:

Received: 2024-02-04

Revised: 2024-03-02

Accepted: 2024-04-15

Vol 1 Issue 2 2024

Corresponding Author*

(jesslynswy12@gmail.com)



Page: 48-52

INTRODUCTION

Tourism is one of the key sectors that play a crucial role in boosting national and regional income. Along with the development of globalization and digitalization trends, competition among tourist destinations is intensifying. To face these challenges, destination management is needed that is not only creative in developing tourist attractions but also effective in terms of management, particularly in financial and resource allocation. According to Sugiyarto (2020), the competitiveness of a destination is highly dependent on the ability of its management to manage operations efficiently and transparently. Therefore, the effectiveness of destination management is a key factor in determining the long-term success of the tourism sector.

In the context of tourism destination management, accounting plays a very important role. Accounting serves not only as a tool for recording financial transactions but also as a provider of information necessary for decision-making, strategic planning, operational control, and program evaluation. Hansen and Mowen (2017) stated that a good accounting system enables management to understand financial and operational conditions in greater depth, allowing for more data-driven decisions that can increase the efficiency of resource use. In many tourist destinations, implementing optimal accounting practices remains a challenge due to limitations in human resources and technology and a lack of understanding of the importance of accounting in tourism operations.

Based on this background, this study aims to examine in more depth how optimizing the role of accounting can enhance the effectiveness of tourism destination management. The primary focus of this study is to examine the application of various accounting systems, including financial accounting, managerial accounting, and cost accounting, within the context of destination management. Through a literature study approach to various scientific literature and relevant case studies, this study aims to

provide theoretical and practical contributions for tourism destination managers, enabling them to improve their performance more effectively and sustainably.

Accounting is an information system designed to identify, record, and communicate economic information to stakeholders for decision-making (Weygand et al., 2019). In a managerial context, accounting not only focuses on external reporting but also provides relevant internal information that enables management to plan, control, and evaluate organizational activities (Horngren et al., 2014). According to Kaplan and Atkinson (2015), managerial accounting plays a crucial role in presenting cost data, budget planning, performance analysis, and investment evaluation, all of which are essential for effectively managing tourism destinations. Without a structured accounting system, organizations will struggle to make effective decisions based on quantitative data.

Tourism destination management is the process of managing all elements of a destination, including attractions, accessibility, facilities, and the overall visitor experience (Cooper et al., 2008). The goal of destination management is to create a balance between economic growth, cultural preservation, and environmental sustainability. As expressed by Pike and Page (2014), the success of a destination depends not only on its tourist attractions but also on its management's ability to optimize resources and create high-quality experiences for tourists. In this context, accounting becomes a crucial tool for managing promotional budgets, facility maintenance, and community-based development programs.

The relationship between accounting and tourism management effectiveness has been widely discussed in various literature. A study by Nguyen and Simkin (2021) shows that the implementation of an effective accounting information system is directly related to increasing the operational efficiency of tourist destinations. Accurate financial information helps destination managers assess the performance of promotional programs, control operational costs, and evaluate investments in new facilities. Another study by Suryadarma (2022) in Bali revealed that the use of the Activity-Based Costing (ABC) method in managing tourism destinations could improve the accuracy of cost allocation and support more strategic decision-making. This has a positive impact on increasing destination competitiveness and long-term sustainability.

Additionally, the literature emphasizes the importance of integrating traditional accounting with modern management approaches. Weygand et al. (2019) explain that modern accounting must be able to adapt to dynamic information needs, such as analytical requirements to monitor visitation trends, the effectiveness of digital promotions, and financial risk management in the face of global change. Therefore, tourism destinations seeking to enhance the effectiveness of their management should develop an accounting system that not only records transactions but also provides strategic insights for informed decision-making.

Within the framework of sustainability, accounting also supports the management of social and environmental aspects of tourism destinations. According to Deegan (2014), social and environmental accounting provides important information about the impact of tourism activities on local communities and ecosystems, enabling destination managers to develop more responsible strategies. This suggests that accounting is playing an increasingly significant role in promoting globally recognized sustainable tourism practices.

METHODS

This study employs a library research method as its primary approach to examine the role of accounting in enhancing the effectiveness of tourism destination management. Library research was chosen because it enables researchers to gather relevant information from various literature sources, including books, scientific journals, research articles, and case study reports, all of which are related to the topic being studied. Data collection techniques were employed through a systematic literature review of publications from 2009 to 2024, focusing on the topics of accounting, tourism destination management, and accounting-based managerial practices. The inclusion criteria for the literature used were source reliability, topic relevance, and theoretical contributions to the development of destination

management. In addition, to enrich the analysis, secondary data in the form of financial reports of tourist destinations and publicly available destination performance reports were also reviewed.

In addition to the literature study, limited qualitative field observations were also conducted in several local tourist destinations to strengthen the findings from the literature. This observation aims to directly observe how accounting practices are applied in the financial management of small and medium tourist destinations. Observation activities focused on aspects of the use of financial reports to support managerial decisions, the annual budgeting process, and evaluation methods for promotional programs and facility management. Data from the observation results were analyzed descriptively and compared with existing literature findings to draw more comprehensive conclusions regarding the optimization of accounting in support of tourism destination management effectiveness.

RESULT AND DISCUSSION

The application of accounting in tourism destinations plays an important role in supporting effective operations. In practice, financial accounting is used to record all transactions that occur, from entrance ticket revenue and facility rental to maintenance and promotion expenses. Managerial accounting is applied to assist management in making data-based decisions, such as determining promotional budgets, planning new investments, or optimizing resource allocation. Additionally, cost accounting enables destination managers to identify the largest cost components and find ways to reduce them without compromising service quality. Based on a study by Nguyen and Simkin (2021), tourist destinations that implement effective accounting systems exhibit a significant increase in management effectiveness, specifically 23% over three years, as evidenced by increases in revenue, operational efficiency, and visitor satisfaction levels.

The contribution of accounting to the effectiveness of tourism destination management can be observed in three main aspects: planning, control, and evaluation. In the planning stage, accounting functions provide historical data and financial projections needed to prepare the annual budget and strategic plan of the destination. A budget based on accounting data allows management to set more accurate priorities in tourism development programs. In terms of control, periodic financial reports help identify deviations between actual results and the budget, allowing for corrective actions to be taken more quickly. Meanwhile, in evaluation, accounting information is used to assess the success of certain programs, such as the effectiveness of tourism promotion or management of public facilities. For example, the application of the Activity-Based Costing (ABC) method in Bali's tourist destinations has resulted in a 15% increase in return on investment over the last two years (Suryadarma, 2022), as the allocation of promotional and operational costs can be carried out more precisely.

However, optimizing the role of accounting in tourism destinations also presents several challenges. One of the main challenges is the low accounting literacy among destination managers, especially in small or newly developing tourist areas. Many managers consider accounting to be limited to tax reporting without understanding its function in supporting strategic decision-making. In addition, limitations in the accounting information system infrastructure pose another obstacle, as many destinations still rely on manual recording or simple applications that are less capable of accommodating the needs of complex financial analysis. Resistance to changes in operational procedures is also a barrier, where managers feel reluctant to adopt a new, more structured accounting system. To overcome these challenges, ongoing training in accounting is necessary for destination managers and staff, as well as investment in an easy-to-use, information technology-based accounting system that offers comprehensive data analysis features.

Optimizing the role of accounting in tourism destination management shows a significant impact on the effectiveness of operational management. Through accounting data, destination managers can gain a deeper understanding of the destination's cost structure, revenue patterns, and financial trends. A study by Gursoy and Sandstrom (2016) found that destinations that routinely conduct financial report analyses increase operational efficiency by up to 18 within two years. For example, by knowing the ratio between maintenance costs and the number of visitors, managers can determine a more proportional

allocation of facility maintenance budgets. In addition, with accurate cash flow reports, destinations can plan short-term and long-term investment needs more precisely, thereby preventing a shortage of funds during critical times.

Accounting also plays a crucial role in supporting the transparency and accountability of tourism destinations, particularly those managed by public bodies or communities. Clear accounting information enables all stakeholders, including local governments, investors, and local communities, to effectively monitor the destination's financial performance. Research by Timur and Getz (2009) indicates that destinations with transparent accounting systems tend to be more trusted by the public, thereby facilitating the easier acquisition of financial support and collaboration. In some cases, such as the management of community-based destinations in Yogyakarta, the use of simple but routine financial reports can increase community participation in destination development by up to 25% within a year. Thus, accounting not only functions technically but also strengthen social relations and collective participation.

In terms of strategy development, accounting provides a strong analytical foundation for tourism destination business planning. For example, profit and loss analysis allows managers to evaluate the success of various tourism products or services offered. According to research by Wang & Davidson (2010), tourism destinations that adopt activity-based cost accounting (ABC) can identify less profitable business units more quickly, so they can immediately reposition products or improve services. In today's era of global competition, the ability of destinations to adapt strategies based on accounting analysis is a key factor in maintaining long-term survival and growth.

However, there are still challenges in implementing accounting in tourism destinations. The lack of skilled human resources in accounting, as well as limitations in the use of accounting information technology, are common obstacles, especially in newly developing destinations. Some destinations also face cultural resistance to formal administrative practices, where recording transactions is considered an additional burden. To overcome these challenges, Gursoy and Sandstrom (2016) recommend a simple accounting training program tailored to the needs of destination managers, as well as the development of a more practical and affordable mobile application-based accounting system. These initiatives are expected to accelerate the adoption of accounting as an integral part of tourism destination management.

CONCLUSION

Based on the results of literature studies and field observations, optimizing the role of accounting has a significant contribution to increasing the effectiveness of tourism destination management. Accounting not only functions as a financial recording tool but also serves as the primary foundation for supporting strategic decision-making, financial planning, operational control, and evaluation of organizational performance. Accurate and transparent accounting information can improve the efficiency of resource management, strengthen accountability to stakeholders, and support the sustainability of tourism destinations. The implementation of an accounting system based on destination needs, such as the use of the Activity-Based Costing method or performance-based accounting, has been proven to help managers identify areas that require improvement and opportunities for more strategic development. However, the success of accounting optimization also depends heavily on the availability of competent human resources, the adoption of accounting information technology, and the support of an organizational culture that promotes transparent and professional financial management practices. Therefore, ongoing efforts are necessary to enhance managerial and accounting capacity in tourist destinations, both through training, the development of simple digital-based systems, and the socialization of the importance of accounting for the sustainability of tourism destinations in today's competitive era.

REFERENCES

- Atmadja, A. T., & Saputra, K. A. K. (2018). Struktur Pengendalian Intern Berbasis Kontrol Religius Magis. *Jurnal Riset Akuntansi Aksioma*, 17(2), 85-118. <https://doi.org/10.29303/aksioma.v17i2.45>
- Cooper, C., Fletcher, J., Fyall, A., Gilbert, D., & Wanhill, S. (2008). *Tourism: Principles and Practice (4th ed.)*. Pearson Education Limited.
- Deegan, C. (2014). *Financial Accounting Theory (4th ed.)*. McGraw-Hill Education.
- Gursoy, D., & Sandstrom, J. K. (2016). An Updated Model Of Community Attachment And Its Effect On Residents' Attitudes And Support For Tourism. *Journal of Hospitality & Tourism Research*, 40(3), 271-297. <https://doi.org/10.1177/1096348014538054>
- Hansen, D. R., & Mowen, M. M. (2017). *Cost Management: Accounting and Control (7th ed.)*. Cengage Learning.
- Hornigren, C. T., Sundem, G. L., & Stratton, W. O. (2014). *Introduction to Management Accounting (16th ed.)*. Pearson Education.
- Kaplan, R. S., & Atkinson, A. A. (2015). *Advanced Management Accounting (3rd ed.)*. Pearson.
- Nguyen, H. T., & Simkin, M. G. (2021). The Impact of Accounting Information Systems on the Effectiveness of Tourism Management. *Tourism Management Perspectives*, 37, 100785. <https://doi.org/10.1016/j.tmp.2020.100785>
- Pike, S., & Page, S. J. (2014). Destination Marketing Organizations and Destination Marketing: A Narrative Analysis of the Literature. *Tourism Management*, 41, 202-227. <https://doi.org/10.1016/j.tourman.2013.09.009>
- Putri, P. Y. A., Saputra, K. A. K., & Santini, N. M. (2024). Optimalisasi Keberadaan Bumdes sebagai Penyokong Perekonomian di Desa Angantaka Badung. *Akuntansi Dan Humaniora: Jurnal Pengabdian Masyarakat*, 3 (1), 19-23. <https://doi.org/10.38142/ahjpm.v3i1.992>
- Saputra, K. A. K., Ekajayaint, L. S., & Suriani, N. N. (2024). Plastic Waste Reduction Campaign at the Traditional Market in Nyanggelen Village, Panjer, Denpasar. *Akuntansi dan Humaniora: Jurnal Pengabdian Masyarakat*, 3(3), 184-189. <https://doi.org/10.38142/ahjpm.v3i3.1198>
- Sugiyarto, G. (2020). Strategi Pengembangan Pariwisata Berkelanjutan di Indonesia. *Jurnal Pariwisata*, 7(2), 123-137.
- Suryadarma, D. (2022). Implementasi Activity-Based Costing dalam Manajemen Destinasi Pariwisata: Studi Kasus di Bali. *Jurnal Akuntansi dan Pariwisata*, 5(1), 45-60.
- Timur, S., & Getz, D. (2009). Sustainable Tourism Development: How Do Destination Stakeholders Perceive Sustainable Urban Tourism? *Sustainable Development*, 17(4), 220-232. <https://doi.org/10.1002/sd.384>
- Wang, Y., & Davidson, M. C. (2010). A Review Of Micro-Business Research In Tourism: Current Status And Future Directions. *Tourism Management*, 31(5), 838-844.
- Weygandt, J. J., Kimmel, P. D., & Kieso, D. E. (2019). *Accounting Principles (13th ed.)*. Wiley.