



EATSA

Euro-Asia Tourism
Studies Association

A PATHWAY FOR THE NEW GENERATION OF TOURISM RESEARCH

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Grácio
EDITOR

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A PATHWAY FOR THE NEW GENERATION OF TOURISM RESEARCH

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WELCOME MESSAGES



Welcome to the 2nd Annual Conference of the Euro-Asia Tourism Studies Association!

Welcome to Portugal!

On behalf of the EATSA Direction Board, I would like to thank IGOT - University of Lisbon, CiTUR - Polytechnic Institute of Leiria and CEGOT - University of Coimbra for the competent organization of this international meeting and for supporting EATSA efforts to connect tourism researchers from many countries of Europe and Asia.

In a global world, the networking cooperation among researchers is the first necessary step for embracing global phenomena. Tourism stands as one of more complex and globalized industry and it is also a highly globalized sociocultural phenomenon. Its scientific study required the implementation of more broaden and holistic approaches that only can be achieved through the international cooperation of academia.

EATSA's mission consists of creating the more appropriate context in tourism research community leading the following outcomes:

1. Promoting research and education in the field of tourism, hospitality and recreation in Asia and Europe, with special focus on the comparative international studies.
2. Promote the dialogue among scholars of all scientific disciplines engaged in the tourism studies, in order to move from the current multi-disciplinary approach to a more integrated and trans-disciplinary one.
3. Foster more close connections between tourism academia and tourism industry.
4. Encourage the exchange of research results, practical experience, and ideas by organising conferences, meetings and developing research networks among members and institutions.
5. Promote a more intensive cooperation between European and Asian scholars in the fields of Tourism, Hospitality and Recreation.
6. Disseminate research results through various channels.

The annual conferences of EATSA, that go side-by-side with the General Assembly, is a high spot of this volunteer and enthusiastic dynamic that is ruled by a common will of constructing a new world in tourism research academy.

In our conferences we are paving a new pathway for encouraging and consolidating new international projects. Since the EATSA Inaugural Conference, last year in Taiwan, EATSA gave its patronage to the following multinational or worldwide) projects:

- The Commonwealth Research Project, coordinated by Ch-Jen Su, from Taiwan;
- The Tower of Babel Project, coordinated by Francisco Dias, from Portugal;
- The Conference Attractiveness Project, coordinated by Viktorija Grigaliūnaitė and Lina Pilelienė, from Lithuania.

16 | To encourage new networking projects, we created in our conferences a specific forum – the International Collaborative Forum (ICF) - where participants can share their innovative projects with other participants. In the EATSA Conference 2016 two interesting projects will be presented at the ITC, namely:

- Coastal and maritime destinations: between attractiveness and preservation, by Patrick Bouchet, from France;
- Performance evaluation of small independent hotels, by a team of Portuguese researcher coordinated by Luís Lima Santos.

In the very short period of its existence, EATSA networking approach has been demonstrated its effectiveness, that consists of (1) discuss and co-create common research methodologies at global level; (2) carrying out international studies based on common methodologies; (3) coordinating efforts to make more credible the voice of tourism research community inside the academia and in relationship with the industry.

Those above facts that are aligned with the EATSA's mission make EATSA members much more confident in the international cooperation and are the main motivational driver of its Direction Board.

Francisco Dias

President of Direction Board of EATSA

Welcome to EATSA Conference

The promotion of international scientific meetings is itself an asset. Not only the exchange of experiences as well as by the approach of people and institutions, fostering partnerships, projects and essentially communication and friendship to both institutional and personal. The EATSA has this virtue and brings together people, institutions, countries, cultures and continents and congratulations to the entire organization and to all participants.

The Polytechnic of Leiria (IPLeiria), and specifically its School of Tourism and Maritime Technology (ESTM), as a partner of this organization, see the institutional and international partnerships as a strategic option for sustainability and growth. The universality that the genesis of a higher education institution must have, based perfectly in the strategy that IPLeiria has followed in the field of training, research and extension, demonstrating their visionary capacity for future and involvement.

In terms of educational offer, currently IPLeiria offers a hundred Portuguese courses, undergraduate, masters and Tesp, directed not only to national students but also to the Portuguese-speaking countries. It also offers nine specific masters in English, looking for other international student's want of Europe and the rest of the world. Specifically we are one of the few national institutions that have a degree of Portuguese-Chinese and Chinese-Portuguese, in partnership with higher education institutions in China and Macau. This year the IPLeiria has close to a thousand international students in its various schools, either in educational offer or in research and the future goal is to grow and through strategic partnerships.

The tourism industry is extremely important to Portugal and ESTM attentive to this opportunity based part of their educational offer in tourism, hospitality and catering. About 60% of teachers are PhD and this has allowed the development of applied research in the area, based on the CITUR-Applied tourism Research Center. Partnerships with several countries such as Oman, China, Macau, Brazil, Cape Verde, Lithuania, Italy, Poland, Taiwan, Spain, among others, have allowed the ESTM is internationally involved with mobility of teachers and students, organizing conferences and international meetings and development international research projects.

Thus, it is for the IPLeiria and particularly for ESTM an honor to receive such an important conference and as distinguished speakers, presenting, discussing and promoting new ideas, new cultures and innovative methodologies that foster more research in tourism, en-

courage participation and sharing skills, promote knowledge and establish friendly professional relations, institutional partnerships and creative relationships making tourism the industry of friendship. As lovers of this fantastic area that is tourism, and interested in creating science, we are available to find out more and available to embark on new challenges, so challenge us!

18 | Be Welcome to Portugal, experience the Portuguese culture and I hope you have a good time in this Western Region and be happy in the ESTM.

Paulo Almeida

Dean ESTM

Dear EATSA 2016 delegates,

Contemporary society is structured upon change, everything happens very fast. Distances are measured in hours rather than in kilometres, allowing the concept of tourist destination to expand and consolidate new development models as leverage of economic benefits for beneficiary communities.

The relevance of tourism activity is usually measured by the impact on exports, by the weight of revenues in GDP and also by their contribution in creating jobs, benefiting countries, business dynamics and family economy. These are the main reasons that support the importance of tourism in countries' economies. For these reasons, in the early XXI century it is fair to praise the tourism activity that, because of its multidisciplinary, interdisciplinary and consequently transversal nature in its social dynamics, presents itself as leverage for the sustainable development of many countries, particularly those considered to be developing.

However, the importance of tourism to a country's economy cannot be dissociated from its geopolitical reality, which states the economic and financial sovereignty and guides the establishment of major strategic axes for the tourism sector. In this particular case, there cannot be doubts that one of the strategic priorities for the tourism sector should go through applied research on tourism as an economic and social phenomenon, by the suppression of regional needs at national level or by the understanding of global scale phenomena.

The Polytechnic of Leiria, through the Centre of Tourism Applied Research (CiTUR), seeks to position itself as an applied research key partner by participating on scientific research projects involving the training of 2nd and 3rd cycles, by publishing scientific papers in national and international peer-reviewed journals and by presenting papers at scientific meetings. For these reasons, CiTUR adopts applied research, production and transfer of scientific knowledge in tourism as its mission and develops studies and work oriented to meet the needs of the academic, corporate and national institutional community.

To motivate highly qualified researchers in multidisciplinary areas for international cooperation is essential, particularly in association with tourism knowledge dissemination projects in cooperation with other international research units. The global dimension of tourism as a study object requires a worldwide response from researchers, grounded in knowledge networks.

CiTUR welcomes the three research units for their joint organization, and for promoting EATSA 2016 as an event which will allow the tourism phenomenon to be discussed with

global partners, structured in thematic areas such as regional development and planning, hotel management, tourism marketing, cultural heritage and leisure, practices of sustainable tourism, ecology and innovation, among others.

Serious work and networking research is the chosen path by many of those who will attend this great meeting between researchers and international experts.

20 |

Just as Portugal is committed to tourism development, Leiria Polytechnic teachers and CiTUR researchers are seriously dedicated to advanced training and to quality tourism research as an essential phenomenon of social sciences for the individual's well-being, the companies' competitiveness and the nations' prosperity.

Luís Lima Santos
CiTUR Coordinator



Institute of Geography and Spatial Planning (<http://www.igot.ulisboa.pt/>)

IGOT is an organic unity of education and research at the University of Lisbon in the fields of Geography and Spatial Planning. It was established in 2009, following an institutional reform of Portuguese higher education system, as a new autonomous body of the University of Lisbon, incorporating a teaching and training unit - the Geography Department (created in the 50's) and a research unit - the Centre for Geographical Studies (created in 1943), of the same university.

The IGOT mission is to ensure higher education, conduct research, disseminate knowledge and provide technical and specialized scientific consulting to the community in the fields of geography, spatial planning and management, development and territorial cohesion policies, urban planning, environment, resources and risks, the dynamics and socio-spatial organization. Thus, the mission of IGOT articulates the three functions of universities - Education, Research and Connection to society - in order to stimulate innovation, disseminate knowledge and contribute to development. The IGOT has approximately 750 students, considering all levels of education, a full-time teaching staff of 43 people (80% with a PhD) and 180 researchers (40% with a PhD).

In nowadays the IGOT is the leading Portuguese institution in geographical research and teaching developing diverse projects, either coordinated by its professors and researchers or in partnership with others, which include in their teams many PhD and Master students as well as young undergraduates who benefit from the applied research, very often working closely with policy makers both at the municipal and central level. The international reputation of the IGOT's professors and researchers is furthermore highlighted by a number of invitations for visiting professors at other institutions; present lectures at leading institutions, keynote speakers at international conferences and memberships of editorial boards and boards of directors.

Benefiting from the beginning of a close cooperation relationship with the Geography Department, the IGOT offers actually 2 Bachelor degree programs: "Geography"; and "Spatial Planning". In addition to this, it actively cooperates in the degrees of "European, African and Asian Studies" offered by the Faculty of Letters, University of Lisbon. Regarding to post-graduate education, IGOT has 5 Master degree programs ("Physical Geography and Spatial Planning"; "Urban Management and Urbanism"; "Population, Society and Territory"; "European Policies"; "Geographical Information Systems Applied to Spatial Planning and Management") and is institutionally involved in the joint Master degree of "Demography"; "History and Geography Teaching"; and "Tourism and Communication". In addition to this, it also conducts

a PhD program in “Geography”, which is open to the various disciplinary fields, and a PhD program in “Tourism” (with the collaboration of the Higher Institute of Hospitality and Tourism Studies of Estoril); and is also partner of 2 other PhD programs: “Migrations”; and “Territory, Risk and Public Policies”.

22 | IGOT comprises the CEG - Centre for Geographical Studies, (<http://www.ceg.ul.pt/>), the most important center of R&D within the Portuguese Geography and rated internationally as a center of excellence.

The CEG was founded in 1943 by Professor Orlando Ribeiro. For over seven years, the CEG has been the main Portuguese institution carrying out research on Geography and promoting the progress of the geographical science in Portugal, achieving a remarkable position in the international geographical context. The CEG received the highest classification of “Excellent” in the last 3 evaluation periods by the official panels of international experts nominated by the Portuguese Foundation for Science and Technology.

The scientific activity of CEG is being now developed by 180 researchers (40% PhD graduates), and is focused on the development of the geographical science and on the application of geographical knowledge in Portugal, Europe and other territories. It is also often visited by researchers from other countries and all its senior researchers have been invited to cooperate in international teams, as well as to teach and give lectures in foreign universities.

The CEG is now organized in 7 Research Groups: MIGRARE - Migration, Spaces and Societies; MOPT - Modelling, Urban and Regional Planning; RISKam - Environmental Hazard and Risk Assessment and Management; SLIF - Coastal and Fluvial Systems: Dynamics, Environmental Changes and Management ; TERRITUR - Tourism, Culture and Space; ZEPHYRUS - Climate Change and Environmental Systems; and ZOE - Urban and Regional Change and Policies.

The CEGOT (Centre of Studies on Geography and Spatial Planning) brings together the majority of researchers/teachers of Portuguese Geography based on the universities of the North and Center of Portugal (Coimbra, Porto and Minho), as well as a large number of researchers associated with research projects, completing PhD or post-doctoral projects in these universities.

Thus, this R&D unit, approved for funding by the Science and Technology Foundation, corresponds to a large space of collaboration, in which individual interests of scientific research are articulated with collective goals, gathered around the geography, both in its theoretical approaches and in its articulation with the spatial planning. CEGOT research is structured around three main groups:

- Group 1 – Nature and environmental dynamics
- Group 2 – Cities, competitiveness and well-being
- Group 3 – Cultural landscapes, tourism and development

In addition to the research that is developed internally, CEGOT is open to cooperation with other scientific disciplines of the earth and social sciences, as well as with colleagues from all relevant institutions of geographical research in the country and from abroad, notably from Brazil and other Portuguese-speaking countries, also electing as priority relations with Spain and other European countries.

In Group 3 we try to give value to the use of space and of time, assuming that they play a decisive role in the organization of our society. The demand for territorial identities and the marketing of places gain special importance and intersect the value of development at different scales with the activities associated with leisure and tourism.

This multidimensionality projects a territorial cohesion requiring depth knowledge of local and regional resources, on its tangible and intangible aspects, and provide special expression to researches on competitiveness, innovation, positioning, and destinations management. The processes of monitoring and diagnosis are invariably present and are seen as fundamental methodology in scientific research of mobility, leisure activities and tourism, cultural landscapes and the processes of development. Considering tourism as a strategic domain, to which natural and built heritage, material and immaterial culture and development are associated, this group privileges the study of two areas articulated among themselves, for which several objectives and research strategic guidelines have been established for the next years:

TOURISM: Heritage(s), culture and innovation in the construction of touristic territories; Environmental, economic, social and cultural sustainability in tourism; Tourism and culture as strategic factors to local/regional development. SPACE DYNAMICS AND DEVELOPMENT Leisure and promotion of well-being in populations; Social inequalities in low density territories; Cultural landscapes and development.

24 | The CEGOT welcomes the EATSA 2016 delegates and wishes everyone a great scientific work that contributes to a better scientific understanding of tourism, promoting its development and sustainability.

Lúcio Cunha
Scientific Co-ordinator of CEGOT

USALI ADAPTED TO THE SMALL INDEPENDENT HOTELS

Henrique Correia¹, Luís Lima Santos¹,
Conceição Gomes¹ and Raúl Ribeiro Ferreira²

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ABSTRACT

A set of management accounting techniques has been used by hoteliers in order to optimize decision making processes by hotel managers, as it is crucial for success on a global scale. Prior studies related to the characterization of management accounting in the lodging industry in several countries have recognized the Uniform System of Accounts on Lodging Industry (USALI) as one of the management accounting techniques. USALI is a powerful management accounting technique in the means that allows the standardization and comparability of information. Nevertheless, USALI has had a higher degree of utilization in hotel chains given that it is used to support the information processing. It is known that in many countries, including Portugal, corporate structure is composed by micro and small enterprises. Thus the aim of this paper was to understand the contribution of the USALI in the small independent hotels, through of a USALI adjusted. The first step of this study was to analyse the Portuguese case by conducting a survey to obtain data, which has been submitted to a statistical analysis. It was concluded in relation to operating departments, the most frequently used are: "Rooms" and "Food & Beverage" (F&B). It will be necessary to reduce a lot of items and schedules to adapt the USALI for small independent hotels.

KEYWORDS

USALI; small independent hotels; management accounting.

Introduction

The lodging industry contributes significantly to global tourism revenues in Portugal. As it is known, Portugal has many small independent hotels and hoteliers have to optimize the decision making process. This fact is observed in other countries. Management accounting provides useful information for this process. In lodging industry Uniform System of Accounts for the Lodging Industry (USALI) is used to process data similarly, enabling a benchmarking between hotel companies.

In USALI there is a huge amount of information to be treated, from schedules to items. This could cause a constraint to small independent hotels, because USALI is considered very complex, with a lot of unnecessary information. They do not use it.

However, it is possible to take out irrelevant line items and sub-items or, in case more detailed information is needed, it is possible to create sub-schedules.

This study focus on Part I of USALI, Operating statements, beginning with the case of Portugal. So the aim of this study is to propose an USALI adjusted for small hoteliers, where there will be all the information they require.

¹ CiTUR – Centre of Tourism Applied Research, ESTM - Polytechnic Institute of Leiria Santuário N^a Senhora dos Remédios, 2520-641 Peniche - Portugal, Tel: +351-262783607, E-mail: chenrique81@gmail.com; llsantos@ipleiria.pt; conceicao.gomes@ipleiria.pt

² Associação dos Diretores de Hotéis de Portugal, P Av. Ilha da Madeira, 32-A, 1400-204 Lisboa - Portugal, Tel: + 351-213 017 443, E-mail: raulribeiroferreira@gmail.com

This article is structured as follows: first, there is a literature review about USALI. Next, it is described the methodology used on the research. In the last part of the article, there is a detailed analysis of research findings and conclusions.

622 | Literature review

Portugal is one of the countries where tourism is the largest contributor for economy. According to recent data from the World Travel and Tourism Council (2015), the sector directly employs more than 7% of the Portuguese active population. The total contribution to employment exceeds 18% of overall employment. The direct contribution of the sector to GDP is more than 6% and the total industry contribution to GDP about 16%.

According to Turismo de Portugal I.P. (2016), the lodging industry (core tourism activity) accounted for about 72% of global tourism revenues in 2015 (1.7767 EUR millions) having grown about 15% regarding the previous year.

Hotels are the most numerous establishments as they represent about half of the existing lodging units in the territory with 1 165 hotels (Turismo de Portugal I.P., 2015). In terms of structure, as is the case of other European countries, the hospitality industry is mostly made of small business with independent management (Deloitte, 2015). It is for these establishments that contributions of this work can make an important improvement.

Information provided by management accounting is useful for decision making and improve its quality (Santos et al. 2010; Zounta & Bekiaris, 2009; Briciu et al., 2013; Persic et al., 2013).

Schmidgall (2011) refers that income statement (statement of earnings or the profit and loss statements) reports the income of a hotel. Nowadays, hoteliers ask for more internal information that is in reports. In the hospitality industry there are uniform systems of accounts where data is processed similarly. The three systems available in hospitality industry are: Uniform System of Accounts for the Lodging Industry (USALI), Uniform System of Accounts for Restaurants (USAR) and Uniform System of Financial Reporting for Clubs (USFRC).

USALI appears from the combination of three major publications: a) the 9th edition of Uniform System of Accounts for Hotels (USAH) first time published in 1926 by the Association of New York City (HANYC); b) from the Uniform System of Accounts for Smaller Hotels and c) from the Expense Dictionary, where expenditures were categorized under specific accounts (Ni, 2011). "A separate edition for smaller properties was last published in 1987" (Schmidgall, 2014:44). The separate edition for small properties was discontinued in 1996 (Schmidgall, 2014).

USALI 11th revised edition is the result of numerous changes from the original one and its presentation is organized by departmental results.

According to the Financial Management Committee (FMC) of the American Hotel & Lodging Association, USALI currently has the following purpose: "operating statements that are formatted to provide hotel owners, managers, and other interested parties with information and data that are pertinent to the unique operating environment of the lodging industry" (HANYC, 2014, p. XII). These standards represent the effort to make one uniform system applicable to hotel operations throughout the world (HANYC, 2014).

USALI acts like an accounting guidebook, providing a high level of detail of departmental performance reports in which accounts are grouped based on revenues and expenses (Persic & Jankovic, 2010; Ni, 2011). This system provides internal accounting information for comparison with others hotels (Kosarkoska & Mircheska, 2012). USALI is a system of accounting based on departments (Persic & Jankovic, 2010).

In order to reflect changes in hotelier practices, USALI is periodically revised. For the 11th edition the revisions include updates and changes in a) technology; b) sustainability; c) globalization; d) terminologies; e) cluster services; f) distribution channels; g) ratio analysis, among others. This edition is divided into five parts: I) Operating Statements; II) Financial Statements; III) Financial Ratios and Operating Metrics; IV) Revenue and Expense Guide; V) Gross vs. Net Reporting (HANYC, 2014).

Part I has the Operating Statements that were developed for full-service properties. These can be easily adapted to limited-service properties just by taking out those schedules that do not apply to their business. Part II is about the basic Financial Statements produced for external users, for example: balance sheet, income and cash flow statements and notes to the financial statements. Part III provides useful information to deal with a series of financial ratios and operating metrics. Part IV contains the revenue an expense guide. Part V examines gross versus net reporting as well as the treatment of surcharges, service changes and gratuities (HANYC, 2014).

In what Operating Statements are concerned, the main focus goes to rooms and food departments. The hotel is organized by profit centres and service centres (Schmidgall, 2011). According to (HANYC, 2014) there are two Summary Operating Statement, one for operators and other for owners. However, both statement are identical until “earnings before interest, taxes, depreciation and amortization” (EBITDA).

The main items that appear in Summary Operating Statement are presented in the following table 1:

Table 1: Items of Summary Operating Statement

Operating Revenue
Rooms
Food and Beverage
Other Operated Departments
Miscellaneous Income
Departmental Expenses
Rooms
Food and Beverage
Other Operated Departments
Undistributed Operating Expenses
Administrative and General
Information and Telecommunications Systems
Sales and Marketing is
Property Operation and Maintenance
Utilities
Non-Operating Income and Expenses
Income
Rent
Property and Other Taxes
Insurance

Source: HANYC (2014)

About operating revenue, there are four categories: “rooms”, “food and beverage”, “other operating departments” and “miscellaneous income” HANYC (2014). It is possible to analyze several items belonging to these categories in table 2.

Table 2: Revenue items

Allowances
Audiovisual
Banquet/Conference/Catering Beverage Revenue
Banquet/Conference/Catering Food Revenue
Cover Charges
Function Room Rentals and Setup Charges
In-Room Dining Beverage Revenue
In-Room Dining Food Revenue
Mini-Bar Beverage Revenue
Mini-Bar Food Revenue
Miscellaneous Other Revenue
Other Beverage Revenue
Other Food Revenue
Surcharges and Service Charges
Venue Beverage Revenue
Venue Food Revenue
Association/convention
Contract Rooms Revenue
Corporate
Discount
Government
Group Rooms Revenue—(relevant account)
Negotiated
Other Rooms Revenue
Qualified
Retail
SMERF
Tour/Wholesalers
Transient Rooms Revenue—(relevant account)
Wholesalers

Source: HANYC (2014)

In accordance with HANYC (2014) there are three categories of expenses: departmental expenses, undistributed operating expenses and non-operating expenses.

Regarding departmental expenses, there are three categories, with respect to an operated department revenue (“rooms”, “food and beverage” and “other operating departments”). Each operated department has departmental expenses separated in four groups: “cost of sales”, “cost of other revenue”, “labour cost and related expenses” and “other expenses”. The several items belonging to these groups are listed through table 3.

Table 3: Items of operated department revenue's expenses

Ambience
Athletic Supplies
Audiovisual Cost
Banquet Expense
Bonuses and Incentives
China
Cleaning Supplies
Commissions
Commissions & Fees—Group
Comp. In-Room/Media Entertainment
Complimentary Services/Gifts
Contract Services
Corporate Office Reimbursables
Cost of Beverage Sales
Cost of Clothing Sales
Cost of Food Sales
Cost of Merch. Sales
Cost of Sales
Decorations
Dishwashing Supplies
Dues and Subscriptions
Employee Benefits
Entertainment—In-House
Equipment Rental
Flatware
Gasoline and Lubricants
Glassware
Grounds M&L
Guest Relocation
Guest Supplies
Guest Transportation
Health and Beauty Products
Ice
Irrigation
Kitchen Fuel
Kitchen Smallwares
Laundry and Dry Cleaning
Licenses and Permits
Linen
Management Fees
Menus and Beverage Lists
Misc. Cost (of Other Revenue)
Miscellaneous
Music and Entertainment
Operating Supplies
P&ODC
Paper and Plastics
Payroll Taxes
Printing and Stationery
Reservation Fees
Reservations
Royalty Fees
Salaries and Wages
Supplemental Pay
Swimming Pool
Tournament Expenses
Training
Travel—Meals & Enter.
Travel—Other
Uniform Costs
Vehicle Rep. & Maint.
Water

Source: HANYC (2014)

Table 3- Items of undistributed operating expenses report expenses related with all the hotel which are not allocated to other departments. There are five categories: “administrative and general”, “information and telecommunications systems”, “sales and marketing”, “property operation and maintenance” and “utilities” (HANYC, 2014). The several items belonging to these groups are listed through table 4.

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Table 4: Items of undistributed operating expenses

A&G
Audit Charges
Bank Charges
Building
Cash Overages/Shortages
Cent. Acct. Charges
Cluster Services
Contract Services
Corporate Office Reimbursables
Cost of Cell Phones
Cost of Internet Services
Cost of Local Calls
Cost of Long Distance Calls
Credit and Collection
Credit Card Commissions
Decorations
Donations
Dues and Subscriptions
Elec. & Mech.
Elevators & Escalators
Energy Management
Engineering Supplies
Equipment Rental
Floor Covering
Food & Beverage
Furniture and Equipment
Golf
Grounds M&L
Hardware
Health Club/Spa
Human Resources
HVAC Equipment
Information Security
Kitchen Equipment
Laundry Equipment
Legal Services
Licenses and Permits
Life/Safety
Light Bulbs
Loss and Damage
Miscellaneous
Operating Supplies
Other Equipment
P&ODC
Painting and Decorating
Payroll Processing
Plumbing
POM
Rooms
Salaries and Wages
Sales and Marketing
Swimming Pool
System Costs
Telecommunications
Vehicle Repairs
Waste Removal

Source: HANYC (2014)

USALI is widely used in the country where it was created (USA) and in the international chains of hotels.

Previous studies show that USALI is being used as a source of information all over the world, in some cases with some adaptations according to the needs of which hotel management practices. According to Carvalho & Fernandes (2011), managers at Hotel Baia use allocation bases of indirect or overhead expenses to departments and income statements were also adapted to meet its needs and the hotel's reality. Faria et al. (2015) have developed an exhaustive literature review about the topic and have concluded that there are few empirical studies about the use of USALI.

Regarding a sample of Spanish small independent hotels, Planas (2004) noticed that 63% adopted USALI. He verified that international chains used USALI more than national chains. The way USALI is used is not homogeneous, because departments differ between hotels. In relation to the "other hotels", 66.7% use USALI. The hotels' organization consider several departments in more than 50% of hotels: room, food, beverage, shop, telecommunications, swimming pool, parking, laundry, administration, marketing, systems, energy, human resources, security, management, others.

In Greece, Zounta & Bekiaris (2009) refer that there is not any Greek Uniform System of Accounts for hotels. The hotels follow a general system of accounts, but about 70.8% of hoteliers believe that a system of accounts for hotels is a necessity. Pavlatos & Paggios (2007) noticed that just 2.9% of national chains or independent hotels used USALI.

In Macedonia, the majority of hoteliers knows USALI but does not use it. However, they are ready to learn and to implement this uniform system. Macedonia's hoteliers developed their own financial report with similar indicators, allowing only a comparison inside their country (Kosarkoska & Mircheska, 2012).

In Croatia, Persic & Jankovic (2010) show 84% of USALI adoption but there is not any data concerning the percentage of use in independent hotels. USALI has been used for 20 years (Persic et al., 2013). Nevertheless, Croatian hotels only use two departments: "rooms" and "food and beverage".

In China, the hotel industry does not use USALI - each hotel makes its own record. However, it is an urgent priority to develop a uniform system of accounts for all kinds of hotels. It was referred that through professional networks and industry associations, it will be possible to adopt a uniform system (Yu & Huimin, 2007).

In Brazil, the number of micro hotels that do not use a cost system is huge, about 62% of the hotels in study. Nonetheless, it was not questioned anything about USALI (Lunkes, 2009).

In Portugal, Faria et al. (2012) state 50% of USALI adoption in hotels of 4 and 5 stars in Algarve region. In the case of independent hotels the percentage reaches 52.4%. According to Faria et al. (2015), the Hotel Association of Portugal (*Associação de Hotéis de Portugal - AHP*), made the first inquiry about the use of USALI in Portugal. The authors say that the levels of USALI adoption are reduced, except in Lisbon city and in some hotels in Algarve. With regard of Algarve region, recent studies show that 50% of the inquiries adopt USALI (Faria et al., 2015).

Regarding the accounting practices in Portugal, Lima Santos et al. (2012) have noticed that just the big hotels with foreign management adopt USALI. This goes in line with the finding of Faria et al. (2015).

Gomes et al. (2015) refer that the USALI is not used by most of hotels in Portugal. The USALI is essentially used for the decision making process, to prepare budgets and as a source of information of control systems. The hotel managers demonstrated a high degree of satisfaction using USALI to define costs, profitability analysis of products, pricing and profitability analysis of the markets. These authors have also determined the factors that influence the adoption of USALI, such as competitiveness in the promotion, size (number of employees) and when the decision-making is carried out at operational level.

In Portugal the academic work about the topic is new and scarce. This fact led us to research what has been done in Portugal after 2015.

Serrasqueiro & Nunes (2008) conclude that there is a positive relationship between size and performance of Portuguese SME's. Scales economies and diversification are very important to the Portuguese SME's performance.

In fact, Dearden (1963) stated that small businesses were using techniques of management accounting that were expensive and inefficient. These should be replaced in order to provide useful and efficient information to the manager.

In other words, management accounting techniques should be adapted to small businesses. It also states that there are some techniques that have been used successfully by medium-sized enterprises, like profit planning accounting. Yu & Huimin (2007) refer that hotels managed by international companies exhibit better financial goals. Under Williams & Hare (2012) innovation is a competitive advantage for small hotels.

According to Planas (2004) and Schmidgall (2011), USALI can be adapted by large and small hotels. Schmidgall (2014) states that USALI intends to meet the hoteliers' needs. In this terms the main question is "what happens if small hotels remove several items and schedules? which of them they are not going to use?".

As mentioned above, this research begins with the case of Portugal. This country has many independent hotels, which may take out irrelevant line items. In case more detailed information is needed, it is possible to create sub-schedules. So the aim of this study is to propose an USALI for small hoteliers, where there will be all the information they require.

The decision process of hoteliers is not adequate with the miscellaneous of information. If USALI allows line items to be removed and if it provides needed information to hoteliers, why not creating an USALI for small hotels? It existed previously and there are not records related to inefficiency in the use of information. Weygandt et al. (2005) refer that from 1930s to 1970s there was the Uniform System of Accounts for Smaller Hotels, when most hotels were smaller.

Methods

A quantitative approach was adopted. The study covers the period until the year of 2016. It was developed a structured survey to serve as main data for this study. The survey was elaborated on an online platform and was conducted between March and April of 2016. Afterwards, in collaboration with Portuguese Hotel Managers Association (Associação dos Diretores dos Hóteis de Portugal - ADHP), an email was sent to the CEO of small independent hotels of Portugal containing a link to the online survey. It was asked to fill out the survey properly. The hoteliers who answered will receive the study's results on this first phase.

The survey was divided in three parts. In the first one, the CEOs were asked to provide information about the hotel unit description (management type, number of stars, employees, rooms and available F&B seats, last available year turnover, existing departments) and they also were asked to indicate the significant revenue and expenses topics, normally used in the USALI.

In the second part, the CEOs were asked about the use of operational indicators and ratios. First they had to answer if they use or not each indicators and ratios. After that they had to rate their importance to the hotel unit management, using a 5 point Likert scale with "1" being "not important", "2" being "less important", "3" being "important", "4" being "very important" and "5" being "extremely important".

In the third part, the CEOs were asked about the use of financial indicators and ratios, namely: liquidity, solvency, profitability and turnover indicators and ratios. Likewise, first they had to answer if they use or not each indicators and ratios, after that they had to rate their importance to the hotel unit management, using a 5 point Likert scale with "1" being "not important", "2" being "less important", "3" being "important", "4" being "very important" and "5" being "extremely important".

The results of the first part were used in this study and the results of the second and third parts were used in other independent papers.

A total of 25 surveys were collected, of which 21 were usable. The data was processed using SPSS. It was used descriptive statistics in order to characterize the sample, ascertain what departments are used and determine revenue and expenses accounts that are being used by hoteliers.

Results

In this study 21 hotels of Portugal were analysed. Through the table 5, the sample is featured according to the rate one to five stars.

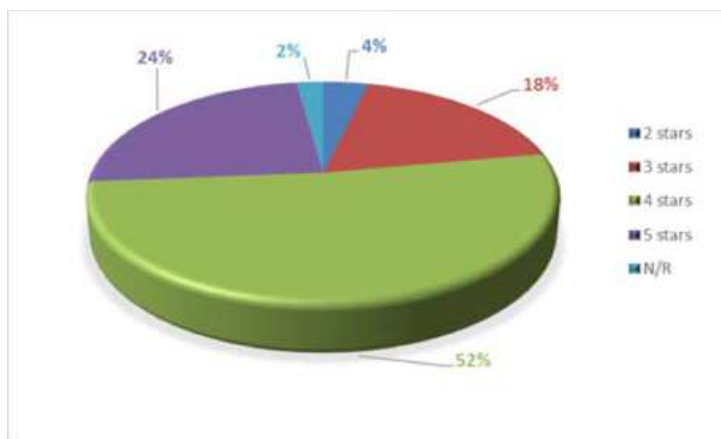
Table 5: Feature of the sample

Stars	Number	Percentage
2	1	4,8%
3	5	23,8%
4	11	52,4%
5	5	14,3%
Missing value	1	4,8%

Source: prepared by authors

It was found that most hotels in the study (52.4%) are classified with four stars. If the sample is observed by the number of rooms, it will be found a higher concentration of rooms in 4 stars hotels, about 52% rooms of the sample (Figure 1). The number of rooms varies from 17 to 240 and the mean of hotels rooms of the sample is 65 rooms.

Figure 1: Number of rooms by hotel star classification

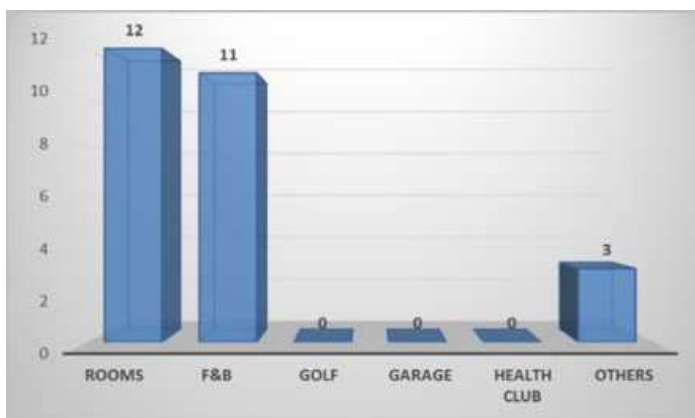


Source: prepared by authors

Relatively to the number of employees, the sample is featured with a mean of 30 employees. The turnover confirms this profile (small enterprise), with a mean of 2.3 EUR millions. Regarding the F&B component, there is a mean of 54 seats, considering that 3 hotels do not have restaurant.

When asked about departmental management, 57% of hoteliers replied that their units were organized by departments. As shown in the chart below, the two most often common departments are the two traditional major operating departments: “Rooms” and “Food & Beverage” (F&B).

Figure 2: Hotels departments



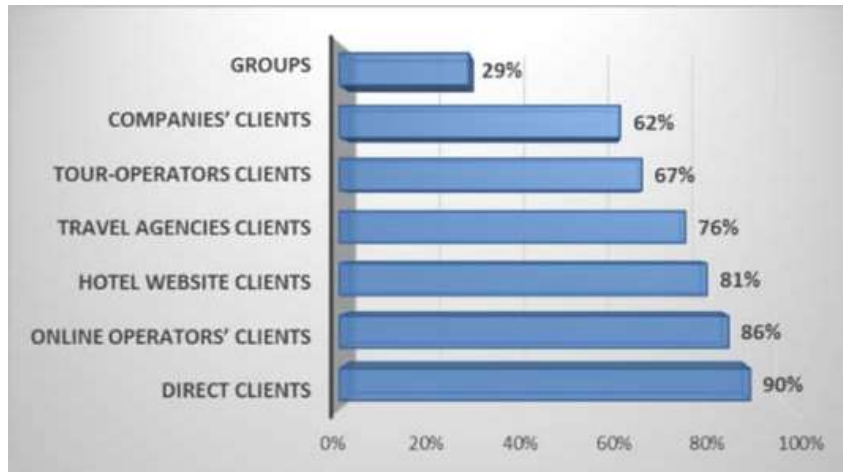
Source: prepared by authors

In relation to other mentioned departments, three of the hoteliers mentioned four others departments: “Maintenance”, “Housekeeping” (floors), “Conferences and Banquets” and “Surf”.

The survey also attempted to identify which revenue items would be significant within the two major operational departments.

It was ascertained that all inquiries mentioned an interest in the “Rooms” department. And within this main item, they mentioned an interest in all the named sub-items. However, it is possible to verify that the item “Groups” is one that has less interest to 29% of inquiries. All other sub-items are above 62%, which shows that it has relevance to inquiries.

Figure 3: Revenue items of rooms



Source: prepared by authors

In “F&B” department, the results of its various sub-items state substantial differences. In fact, about 67% of inquiries mentioned an interest in F&B. As shown in Figure 4 the various sub-items of F&B department obtained more diverse rates of significance and lower in relation to the F&B department when compared with rooms department. This may be due to the fact that room revenue is traditionally the most important component of the overall hotel revenue, increasing concern among hoteliers to separate the various items of revenue. With more than 50% it stands out the sub-items “restaurants à la carte” and “in-rooms breakfast”.

As a result, and taking into account the items used in USALI, it was chosen the ones that had more than 50% and one which the hoteliers use to register the miscellaneous revenues (table 6).

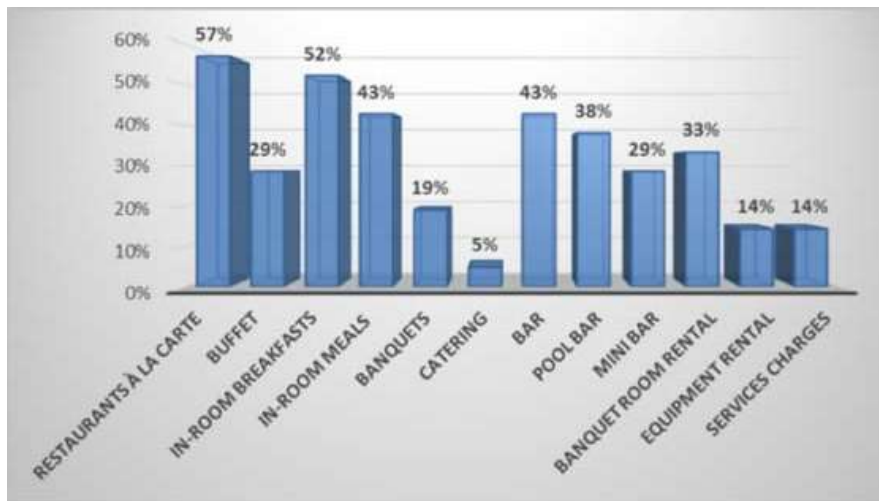
Table 6: Revenue items of rooms department

USALI's items	Survey's items
Corporate	Companies' clients
Retail	Direct clients Hotel website clients Travel agencies clients
Tour/Wholesalers	Online operators' clients Tour-Operators clients
Wholesalers	Tour-Operators clients
Other Revenue	

Source: prepared by authors

The F&B department is also traditionally a department with low profitability levels (Moser, 2002), due to unstable sales and structure of costs (mostly variable and heavy in “salaries and wages”).

Figure 4: Revenue items of F&B



Source: prepared by authors

In figure 4, is shown items with higher rates: “Restaurants (à la carte)”, “In-room breakfast”, “in-room meals (room service)” and “Bar”. The items with lower significance are “Catering”, “Equipment rental” and “Services charges”.

Still relatively to the “F&B” department, 57% of inquiries mentioned the importance of separating food and beverages. As an outcome, and taking into account the items used in USALI, it was chosen the ones that had higher rates and one which the hoteliers use to register the miscellaneous revenues (table 7).

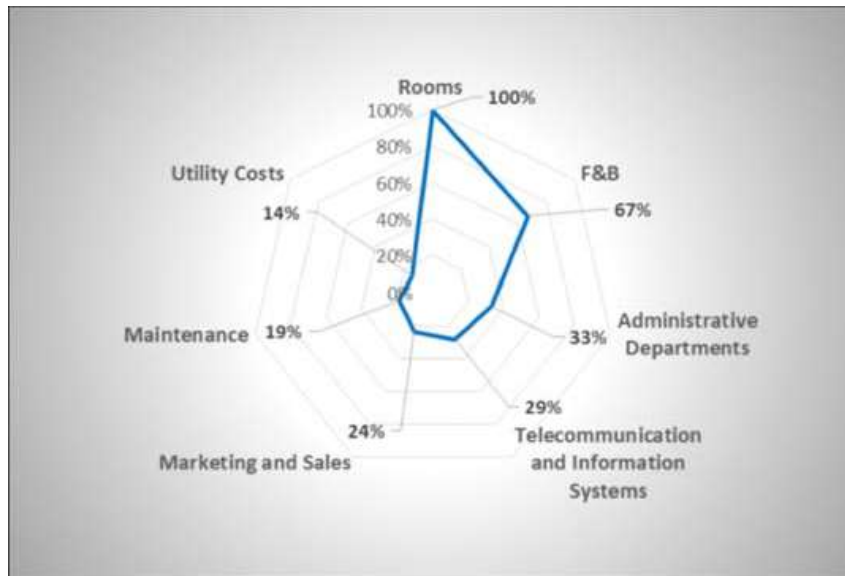
Table 7: Revenue items of F&B department

USALI’s items	Survey’s items
Venue Beverage Revenue	Restaurants a la carte Bar
Venue Food Revenue	Restaurants a la carte Bar
In-Room Dining Beverage Revenue	In-room breakfast In-room meals
In-Room Dining Food Revenue	In-room breakfast In-room meals
Other Revenue	

Source: prepared by authors based on HANYC (2014)

To the question “Which EXPENSES items would be significant for your hotel unit management?”, hoteliers have again demonstrated more interest in expenses of the two traditionally most important operational departments: “Rooms” (100%) and the “F&B” (67%) (Figure 5).

Figure 5: Significant departments for expenses



Source: prepared by authors

Regarding items of operated department revenue’s expenses and considering only the items that have reached at least 50% of response expressing interest, the results are described in table 8.

Table 8: Items of operated department revenue’s expenses

Items	Percentage
Rooms department	100%
Salaries and wages	95%
Training	81%
Payroll taxes	71%
Bonuses and Incentives	67%
Contracted, leased and outsourced labour	67%
F&B department	67%
Salaries and wages	67%
Training	67%

Source: prepared by authors

The items that most inquiries considered important are all related with labour cost. It can be observed that there are lower results between 20% and 50%. However, they should not be devalued, because at least 5 inquiries considered significant.

As an outcome, considering the items used in USALI, it was chosen the ones that had rates above 20% and one where the hoteliers can use to register the miscellaneous expenses (table 9).

Table 9: Items of operated department revenue's expenses

USALI's items	Survey's items
Banquet Expense	
China	
Commissions	
Complimentary Services/Gifts	Complimentary food and beverage
Corporate Office Reimbursables	
Cost of Beverage Sales	
Cost of Food Sales	
Decorations	
Flatware	
Glassware	
Kitchen Fuel	
Kitchen Smallwares	
Laundry and Dry Cleaning	
Licenses and Permits	
Linen	
Menus and Beverage Lists	
Miscellaneous	
Reservations	

Source: prepared by authors based on HANYC (2014)

Regarding the departments of undistributed operating expenses, it was found low percentages, highlighting the department administrative and general with 33% (table 10).

Table 10: Significance of departments of undistributed operating expenses

Departments	Percentage
Administrative and general	33%
Information and telecommunications systems	29%
Sales and marketing	24%
Property operation and maintenance	19%
Utilities	14%

Source: prepared by authors

It can be observed that the items of the departments of undistributed operating expenses had results lower than 30%. However, the items between 20% and 30% could not be devalued, because at least 5 inquiries should be considered significant. Through the table 11 it is presented the information considering the items used in USALI.

Table 11: Items of the departments of undistributed operating expenses

Bank Charges
Contract Services
Corporate Office Reimbursable
Office Equipment
Security
Miscellaneous
Payroll Processing
Salaries and Wages
Telecommunications
Training

Source: prepared by authors based on HANYC (2014)

With this information, it is possible design new schedules for small independent hotels, using USALI as a base. This is going to allow the comparison of items and indicators between small independent hotels and others. A schedule can be proposed, for example, for rooms department in table 12.

Table 12: Rooms - Schedule

Revenue
Transient Rooms revenue
Retail
Direct clients
Hotel website clients
Travel agencies clients
Wholesaler
Group rooms revenue
Corporate
Tour/Wholesales
Online operators' clients
Tour-Operators clients
Other revenue
Total rooms revenue
Expenses
Labor costs and related expenses
Salaries and wages
Payroll taxes
Training
Bonuses and Incentives
Contracted, leased and outsourced labour
Total labor costs and related expenses
Other expenses
Commissions
Complimentary Services/Gifts
Laundry and Dry Cleaning
Corporate Office Reimbursable
Decorations
Linen
Licenses and Permits
Miscellaneous
Reservations
Total other expenses
Departmental profit

Source: prepared by authors based on HANYC (2014)

Findings of this research show that independent hoteliers believe in the usefulness of management accounting like was defended by Santos et al. (2010), Zounta & Bekiaris (2009), Briciu et al. (2013) and Persic et al. (2013).

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According to Planas (2004) and Schmidgall (2011), USALI can be adapted by small hotels, where it is possible to remove some items. Weygandt et al. (2005) refer that from 1930s to 1970s there was the Uniform System of Accounts for Smaller Hotels, when most hotels were smaller. So, taking into account these findings, there are many items that the hoteliers think that they are insignificant. Having regard also to the large number of small independent hotels in Portugal, it is imperative to draw up a USALI for small independent hotels. It will allow an implementation more simplified. This kind of USALI can be expanded to other countries, which its business structure is characterized by small enterprises. Considering Dearden (1963), the use of some management techniques by small businesses was expensive and inefficient, therefore USALI for small independent hotels will be cheap and efficient.

Conclusions

Prior studies have recognized the USALI as one of the management accounting techniques. USALI allows the standardization of data recording in hotels, which in turn enables the comparison between hotels and with the lodging industry average. However, USALI is prepared for large hotels, which concern the little hoteliers, because they find multiple schedules, sub-schedules, accounts, items, metrics and ratios.

Regarding Planas (2004) and Schmidgall (2011), USALI can be adapted by large and small hotels, it is simply necessary remove several items and schedules.

Therefore it was carried out a research in order to ascertain the necessary departments as well as which accounts to use.

It was found that most hotels in the study (52.4%) are classified with four stars. It was verified that 57% of hoteliers organize their hotels by departments. In relation to operating departments, the most frequently used are: "Rooms" and "Food & Beverage" (F&B). About the other mentioned departments, three of the hoteliers mentioned four others departments: "Maintenance", "Housekeeping" (floors), "Conferences and Banquets" and "Surf". The departments of undistributed operating expenses are underutilized, highlighting the administrative and general with the best percentage of use.

With regard to revenue items, it should be used: corporate, retail, tour/wholesalers, wholesalers, venue beverage revenue, venue food revenue, in-room dining beverage revenue, in-room dining food revenue and other revenue.

With respect to operated department revenue's expenses, it should be applied: bonuses and incentives, contract services, payroll taxes, salaries and wages, training, banquet expense, china, commissions, complimentary services/gifts, corporate office reimbursable, cost of beverage sales, cost of food sales, decorations, flatware, glassware, kitchen fuel, kitchen smallwares; laundry and dry cleaning, licenses and permits, linen, menus and beverage lists, miscellaneous and reservations.

Regarding items of the departments of undistributed operating expenses, the highest scorers are: bank charges, contract services, corporate office reimbursable, office equipment, security, miscellaneous, payroll processing, salaries and wages, telecommunications and training.

To sum up it is necessary to reduce a lot of items and schedules, but this is a process that will improve the accounting management of hotels, thus enabling an improvement in decision making.

Limitations and future research

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This study has some limitations such as low response rate. This is mainly due to the fact the surveys have been presented to the hotel's CEOs. Despite our efforts in order to obtain a major number of usable surveys on the ADHP's XII Nacional Congress, it seemed that the CEOs have not got enough information to answer the questions.

On the other hand, the survey took place only in Portugal, showing just the reality of a country. However, it cannot be forgotten that the situation of small independent hotel is a reality all over the world.

In the future, this survey should be addressed to CFOs, considering that they will be the right people with adequate knowledge to answer. This survey has been translated into English and Spanish so it will be applied in other countries. For that, we wish to be successful building partnerships on internacional collaboration forum.

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