Evaluating Financial Performance in Times of Crisis: A Case Study of a Full-Service Hotel

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Abstract

Purpose of the study: This study aims to assess the financial performance of full-services hotel during the COVID-19 pandemic over the period 2019–2021. It examines the effects of the pandemic on the hotel's profitability and identifies suitable strategies for financial recovery and sustainable operations in the post-pandemic context.

Design/methodology: The research adopts a descriptive quantitative approach focusing on one of full-service s hotel in city of Bandung, Indonesia. The main analytical tools are financial statements, particularly income statements, which are examined using horizontal, vertical, and trend analyses supported by Microsoft Excel. To enrich the analysis, interviews with hotel management and a review of relevant literature were conducted.

Findings: The results show a marked decline in revenue and profitability during 2019–2021, the core pandemic years. The analysis also reveals rising operational costs and a generally weak financial position, underscoring the need for stronger cost-control measures and revenue-optimization strategies to improve financial performance in the post-pandemic period.

Research limitations/implications: This study is relevant to hospitality management, financial analysis, and strategic planning, offering practical insights for hotel managers, financial analysts, and policymakers on evaluating financial performance in times of crisis. It also provides a reference point for future research on hotel management and recovery strategies in the tourism and hospitality industries.

Novelty/originality of the study: This research presents a focused analysis of the financial performance of one full-services hotel in city of Bandung, Indonesia during the COVID-19 crisis, a period of extraordinary disruption for the hospitality sector. By applying a comprehensive quantitative framework and emphasizing financial recovery strategies, the study advances knowledge on crisis management and financial resilience and delivers actionable insights for industry stakeholders.

INTRODUCTION

The COVID-19 pandemic, which began in March 2020, severely disrupted many industrial sectors, including tourism in Indonesia. The implementation of Restrictions on Community Activities (PPKM) further worsened economic conditions by limiting social interaction and suppressing business activities. Four years later, however, Indonesia's economy has begun to recover and is once again recognized as the largest economy in Southeast Asia by the IMF. The tourism sector, particularly in West Java Province, has become an important driver of this recovery. Famous for its natural landscapes, cultural richness, and culinary diversity, tourism in West Java contributes significantly to Indonesia's foreign exchange earnings. This recovery is reflected in the gradual increase in the hotel Room Occupancy Rate (TPK) reported by Statistics Indonesia (BPS), indicating a rebound in the accommodation sector. Rising room demand presents an opportunity for hotels to enhance revenue, and income from accommodation and hotel businesses in West Java has shown a steady upward trend from 2021 to 2022, signaling recovery after the sharp downturn caused by the pandemic.

From figure 1. BPS data shows that star-rated hotels in West Java have experienced notable growth in room sales, as reflected in their Room Occupancy Rate. During the pandemic, hotel occupancy hit its lowest point, particularly in April 2020, when the impacts of COVID-19 were most severe. However, occupancy rates began to improve significantly the following year. Over the past few years, December consistently recorded the highest occupancy rates, indicating a gradual recovery in the hospitality sector. Although this growth has been steady, occupancy levels have yet to return to the pre-pandemic highs of 2019. This trend suggests that as tourism rebounds, the hotel industry is also recovering, with increasing demand for rooms. This presents a significant opportunity for hotel businesses to contribute to economic growth and the development of tourism infrastructure. As occupancy rates improve, so does the potential for increased revenue, as supported by BPS data.

Figure 1: Occupancy Percentage of Star Hotels in West Java 2019-2023
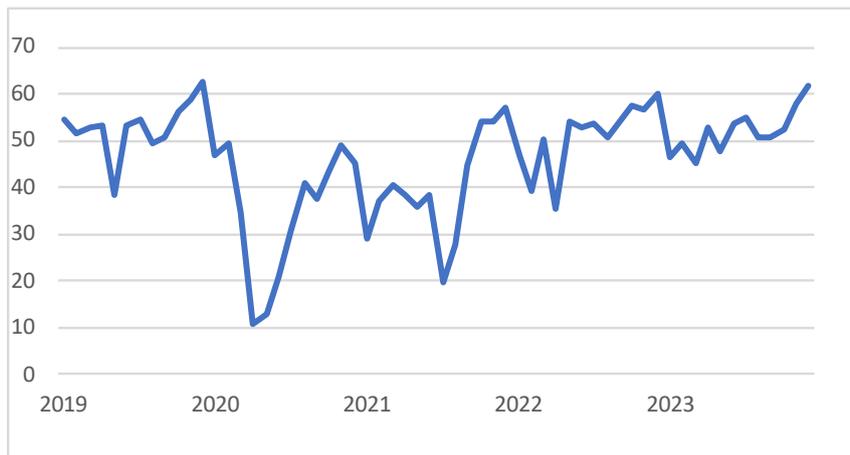
Source: BPS or West Java Central Statistics Agency, 2024

To maintain a sustainable hotel business, it is essential for a hotel to achieve stable profitability by maximizing revenue from room sales, restaurants, services, and other facilities while controlling costs and expenditures. Therefore, a hotel needs to understand its performance, which reflects the level of achievement and success in executing business activities based on benchmarks and criteria. Performance illustrates a company's ability to achieve its vision, mission, goals, and objectives based on the strategic plan of the company (Wahyuningsih & Widowati, 2016). And to assess the financial performance of a hotel, it is necessary to record, formulate, book, and report all business activities over a specific period. Hotel management and investors must track the revenue and expenses of the hotel, detailing the usage and types of income. Financial statements reflect the management's responsibility to the company's owners and indicate the success in achieving the company's objectives, serving as a basis for stakeholders to make informed decisions (Wijaya, 2017).

The stability of a business's performance can be assessed through various indicators. The primary indicators include financial aspects, such as the hotel's financial statements, and non-financial aspects, such as guest satisfaction, staff satisfaction, and operational performance (Yulianingtyas, 2016). Financial statements are documentation that contains financial information for a specific accounting period, aimed at depicting the company's performance and achievements at a given time (Sujarweni, 2017). Those reports are used to plan, allocate, utilize, and maximize the company's value. The information provided in these reports helps understand the company's current situation and condition and aids in decision-making for the present and future. Consistent growth in a hotel's financial performance is attractive to investors as it provides a basis for evaluating past performance and making investment decisions. Therefore, maintaining financial stability should be a priority for hotel management. Financial performance is an indicator used to evaluate and measure a company's financial condition based on its ability to generate profit (Pang et al., as cited in Putri, 2023).

Consistent financial performance of a hotel is attractive to investors and is a key indicator in assessing the success or failure of a business. Financial data from one of full-service hotel in Bandung shows fluctuations in revenue, costs, and net profit from 2019 to 2021, with a significant decline in 2020 due to the pandemic. Further analysis is needed to evaluate the efficiency of the hotel's financial performance. Therefore, the analytical techniques used are based on vertical, horizontal, and trend analysis techniques according to Schmidgall (2015). It is used to identify issues and find solutions for improving performance in the future. Evaluating a hotel's financial performance can provide an overview of the financial condition of the hotel business, whether it is profitable or not. Additionally, assessing financial performance is useful for evaluating past performance and for making future

policy and strategy decisions. Given the economic uncertainty, a profit-driven company like a hotel is required to innovate in order to meet its set targets.

Based on this phenomenon, this study aims to analyze the financial performance of One of full-service hotel in Bandung during the pandemic crisis, focusing on the income statement, using the horizontal, vertical and trend analysis methods. The results are expected to provide insights and solutions to enhance the hotel's financial efficiency and stability in the future.

LITERATURE REVIEW

Hospitality Accounting

Accounting is a process that identifies, measures, and communicates economic information to facilitate assessment and decision-making by users, generally involving financial information expressed in monetary terms (Schmidgall, 2015). The starting point of the accounting process involves three activities: identifying relevant economic events, recording these events systematically and chronologically as financial history, and communicating the accumulated information to stakeholders through standardized financial reports. Accounting identifies, records, and communicates economic events to interested parties within a company (Weygandt et al., 2015).

Financial management involves a series of organizational activities aimed at acquiring, using, and allocating funds effectively and efficiently, with the goal of studying the use and processing of these funds (Hasan et al., 2021). KD Wilson (2020:1, cited in Hasan et al., 2021) explains that financial management fundamentally involves procedures for raising and utilizing funds to maximize shareholder income effectively. In a business, there are generally three functions of financial management: planning, organizing, and controlling. According to Astuty (2019), financial management implements established goals to provide information regarding wealth structure, capital, and finances. Therefore, management needs to apply principles such as consistency, accountability, transparency, and business sustainability.

Financial statements are reports that present the current financial condition and position of a company as of a specific date or period (Kasmir, 2019). These reports are the end result of a series of processes involving the recording and preparation of transaction data within a business, serving as a means of communication to stakeholders regarding financial information or business activities (Hery, 2015). According to Kasmir (2019) and Hery (2015), there are generally five types of reports included in financial statements: income statement, statement of shareholders' equity, balance sheet, cash flow statement, and notes to the financial statements.

The income statement, or profit and loss statement, is a financial report that provides a comprehensive overview of operational activities over a specific period for a company (Wijaya, 2017). This report is used to convey operational performance and is often referred to as the Statement of Operations (Schmidgall, 2015). It shows the financial condition of profit and loss for the company. This information serves as a reference for decision-making and future steps for management and company owners (Hasan et al., 2021). According to Schmidgall (2015), hospitality properties prepare financial statements for both internal and external parties, each with different requirements. Internal users, such as hotel management, require detailed and comprehensive reports, including department-specific details and comparisons with operational budgets. External users, such as potential investors, creditors, and passive hotel owners, only need general information, such as sales and major expense categories.

Financial Statement Analysis

According to Thian (2022), financial statement analysis is the process of dissecting and reviewing financial reports to gain a clear and accurate understanding of the statements. This activity involves assessing the company's internal performance and comparing it externally with similar companies to gauge operational effectiveness. Schmidgall (2015) outlines for techniques for financial statement analysis which are horizontal analysis, vertical analysis, trend analysis, and ratio analysis.

Financial statement analysis is used to determine the current financial position of a company. By understanding the company's actual financial condition, including assets (wealth), liabilities (debts), and equity (capital) on the balance sheet, one can assess performance based on the revenue and expenses recorded in the financial reports for that period. This analysis provides information on the company's strengths and weaknesses, which can be used as a basis for future growth and understanding financial performance over time (Kasmir, 2019).

Due to limitations in the availability of capital data or equity reports at One of full-service hotel in Bandung, this study will apply horizontal, vertical, and trend analysis techniques according to Schmidgall (2015) to assess financial performance at the hotel. According to Hubarat (2021), financial performance is the result of analyzing a company's ability to achieve its goals for maximizing profit. If these goals are not met, the company needs to analyze its performance to identify steps for improvement. Financial performance is measured by the company's

ability to use its capital effectively and efficiently (Munawir, 2014). Financial stability is an attractive feature for investors, motivating the company to achieve consistent financial performance (Wijaya, 2017).

According to Schmidgall (2015), horizontal analysis involves calculating both absolute and relative changes in financial statement items over two or more periods. Relative changes are expressed as percentages, reflecting comparative financial reports and often referred to as percentage changes. This technique is a simple yet important approach to analyzing financial statements and ensuring fair reporting. Horizontal analysis, as described by Weygandt (2015), evaluates a series of financial report data to determine increases or decreases within a company. Generally, this technique is used for intracompany comparisons over several business years.

Vertical analysis, or common-size analysis, simplifies information in the income statement into percentages of the total, based on accounting items relative to total revenue for a specific period. This analysis helps to observe changes in the composition of assets, liabilities, and owner equity on financial reports from year to year. Management needs to investigate significant changes to determine their validity and, if not reasonable, to address the issues. Vertical analysis is useful for comparing businesses both intra- and intercompany because it eliminates size differences by using percentages.

Trend analysis involves comparing several financial periods with a base period to measure growth. This analysis is used to understand the trend in financial position through percentages or indices. By employing this technique, one can identify whether business growth trends are rising or falling, allowing management to address emerging industry trends. According to Rudianto (2021), this method examines the direction of company performance year-over-year, whether for specific items or overall, to evaluate and make necessary improvements.

METHODOLOGY

This study uses a quantitative descriptive method as a guide for solving problems. This method is based on a rational, empirical, and systematic scientific approach to obtaining data for specific purposes and uses. The data collected are observational with valid criteria based on the accuracy between actual data and research results, characterized by reliability and objectivity (Sugiyono, 2017). According to Elvera (2021), the quantitative method refers to research that obtains data in numerical form or qualitative data that is quantified. This method, according to Sugiyono (2017), is based on the philosophy of positivism, which holds that reality, phenomena, or phenomena can be classified as fixed, concrete, measurable, and observable with causal relationships. Descriptive methods are used to present data by describing or providing a complete picture of the collected data. This method can also be used to determine the strength of relationships between variables through correlation analysis, make predictions with regression analysis, and compare average sample or population data without testing variable significance or generalization.

The research object used in this financial performance analysis is the Mercure Bandung Nexa Supratman Hotel, which is a brand under Accor Hotels. This four-star hotel features a modern luxury business hotel concept located in the heart of Bandung City. With stunning views of the Bandung Skyline, the hotel is strategically located near government districts, commercial offices, and Gedung Sate. It is surrounded by various tourist locations such as museums, parks, restaurants, and cafés. Mercure Nexa has 181 modern contemporary rooms and suites, a Cyber Café offering fresh food with Indonesian, Asian, and international specialties, and 8 meeting rooms for business or recreational events with a capacity of up to 250 guests.

Data collection methods include interviews, literature studies, and documentation studies. These instruments serve as tools to collect necessary data for evaluation and information gathering, measured against appropriate standards. Interviews are a form of dialogue conducted by researchers to obtain current information from individual respondents in a guided manner (Siyoto, 2015). This interview process involves unstructured question-and-answer sessions with the management of the Mercure Bandung Nexa Supratman Hotel, including the General Manager and Accountant, regarding financial report data and supporting information for the research.

According to Sugiyono (2015), documentation studies refer to data collection techniques that support the verification of research findings. The data must be up-to-date, complete, and accurate for use in research. This study complements other methods with records of past events to ensure credibility. These records may include writings, descriptions, or significant works by individuals. This research uses documents from the Mercure Bandung Nexa Supratman Hotel, focusing on the income statement from 2019 to 2021 as secondary data. It is supplemented with printed and electronic media as primary data and information sources for data management and theories used in the study. Literature studies involve theoretical reviews and references related to values, culture, and norms present in the researched situation. This is based on criteria such as the relevance of the theory presented, the novelty of the theory used, and the originality of the sources. This validates the researcher's ability to describe related theories in the context of the research focus (Sugiyono, 2015). This study draws on scientific literature from books, literature, journals, and previous research.

According to Sugiyono (2017), an independent variable is referred to as a free variable, which is the variable that influences or causes changes in the dependent variable (bound variable). In this study, the author uses the income statement as the independent variable, meaning that this variable is not influenced by other variables (See Table 2).

Table 2 : Research Framework

Variable	Sub-Variable	Indicator	Scale
Income Statement	Horizontal Analysis	Total Revenue Total Cost of Sales Total Payroll (PTEB/PTER) Other Expenses Gross Operating Profit	Percentage Ratio
	Vertical Analysis	Best Performance	
	Trend Analysis	Growth Index	

Source: Schmidgall, 2015

Data analysis involves grouping data based on variables and respondent types after data collection, tabulating, presenting, computing, and then testing problem identification. The technique used in this quantitative research is descriptive statistics. Descriptive statistics serve to analyze data by explaining or describing the data as obtained, without aiming to generalize (Sugiyono, 2015:147).

Horizontal analysis involves calculating absolute changes (total) and relative changes (percentages) in financial statement items over two or more periods. This analysis helps identify the sources or uses of hotel funds and the growth of the hotel from year to year. This information is used to evaluate increases or decreases in the company (Weygandt et al, 2015).

Formula 1. Horizontal analysis

$$Absolute\ Variance\ =\ Amount\ current\ year\ -\ Amount\ last\ year$$

$$Relatif\ Variance\ =\ \frac{Absolute\ amount\ difference}{Amount\ current\ year}\ \times 100\%$$

Source: Purwasih, 2023

Vertical analysis, or common-size analysis, simplifies information in the income statement into percentages of the total revenue for a specific period to see the overall composition. In the income statement, total revenue is used as the parameter for each accounting item in the report.

Formula 2. Vertical analysis

$$Account\ Percentage\ =\ \frac{Account\ Amount}{Total\ Revenue}\ \times 100\%$$

Source: Purwasih, 2023

Trend analysis involves comparing financial periods with a base period to measure growth. According to Roselana (2023), trend analysis uses three or more years of financial reports with index numbers, and all financial data are related to percentage index numbers.

Formula 3. Index

$$Index\ Growth\ =\ \frac{Comparison\ Year}{Base\ Year}\ \times 100\%$$

Source: Roselana, 2023

RESULTS

The research in this Final Project is based on the phenomenon of fluctuating financial performance in the income statement of One of full-service hotel in Bandung, as outlined by the author in the background of the study. Based on this, the author felt the need to further explore the financial performance of the hotel and provide alternative solutions to address the observed phenomenon. In this research process, the author adopted the Grand Theory by Schmidgall (2015), employing horizontal, vertical, and trend analysis methods.To analyze the data and assess the financial performance of One of full-service hotel in Bandung, the author reviewed data from the hotel's income statements for the years 2019, 2020, and 2021.

Horizontal Analysis Calculation

To assess the performance of the income statement for each year, the author has prepared a tabulation of the variance between the actual and budgeted income statements. This comparison is examined based on the differences between the actual and budgeted totals from the income statements for each year, presented as absolute variance in total figures and relative variance in percentage form. The following is the horizontal analysis of the actual and budget variance for each year 2019, 2020, 2021 Table 3, 4, and 5).

Table 3: Variance Actual dan Budget Year 2019

DESCRIPTION	2019					
	ACTUAL	%	BUDGET	%	VARIANCE	%
Revenue	35.856.485.250	100,00%	32.220.026.270	100,00%	3.636.458.980	11,29%
Cost of Sales	4.263.389.341	11,89%	4.099.815.363	12,72%	163.573.978	3,99%
PTER/PTEB	10.293.412.275	28,71%	9.198.429.329	28,55%	1.094.982.946	11,90%
Dept. Expenses	4.431.335.988	12,36%	4.075.663.032	12,65%	355.672.956	8,73%
Undistributed	5.063.945.898	14,12%	4.209.859.590	13,07%	854.086.308	20,29%
GOP	11.804.401.748	32,92%	10.636.258.956	33,01%	1.168.142.792	10,98%
EBITDA	10.103.187.816	28,18%	8.818.802.909	27,37%	1.284.384.907	14,56%

Source: Authors own calculation, 2024

Table 4: Variance Actual dan Budget Year 2020

DESCRIPTION	2020					
	ACTUAL	%	BUDGET	%	VARIANCE	%
Revenue	20.938.310.255	100,00%	41.023.249.999	100,00%	(20.084.939.744)	(48,96%)
Cost of Sales	1.934.425.137	9,24%	4.840.097.749	11,80%	(2.905.672.612)	(60,03%)
PTER/PTEB	6.903.490.311	32,97%	10.815.577.482	26,36%	(3.912.087.171)	(36,17%)
Dept. Expenses	3.606.300.800	17,22%	4.365.255.114	10,64%	(758.954.314)	(17,39%)
Undistributed	4.054.315.882	19,36%	5.586.402.569	13,62%	(1.532.086.687)	(27,43%)
GOP	4.439.778.125	21,20%	15.415.917.085	37,58%	(10.976.138.960)	(71,20%)
EBITDA	3.474.832.356	16,60%	14.143.451.571	34,48%	(10.668.619.215)	(75,43%)

Source: Authors own calculation, 2024

Table 5: Variance Actual dan Budget Year 2021

DESCRIPTION	2021					
	ACTUAL	%	BUDGET	%	VARIANCE	%
Revenue	26.223.420.605	100,00%	25.856.453.811	100,00%	366.966.794	1,42%
Cost of Sales	3.948.583.097	15,06%	3.025.990.272	11,70%	922.592.825	30,49%
PTER/PTEB	7.768.528.591	29,62%	8.238.960.658	31,86%	(470.432.067)	(5,71%)
Dept. Expenses	3.694.703.009	14,09%	3.128.398.656	12,10%	566.304.353	18,10%
Undistributed	3.918.095.927	14,94%	4.481.936.290	17,33%	(563.840.363)	(12,58%)
GOP	6.893.509.981	26,29%	6.981.167.935	27,00%	(87.657.954)	(1,26%)
EBITDA	5.631.049.056	21,47%	6.072.461.736	23,49%	(441.412.680)	(7,27%)

Source: Authors own calculation, 2024

Vertical Analysis Calculation

In the vertical analysis, the author continues to use data from the income statements for the years 2019, 2020, and 2021 as the basis, just as presented in the results of the horizontal analysis. Vertical analysis is conducted by using the best performance as a benchmark for comparison against the financial years under study. Best performance refers to the figure that identifies the optimal result among the years analyzed, providing an overview of financial performance with the most favorable outcomes. This optimal result is determined based on the lowest cost levels and highest revenue levels among the percentages for those years. The determination of best performance focuses on the cost aspects of the income statement being analyzed. The author then creates a comparative tabulation of the income statements for each year to identify the best performance from the period of 2019 – 2021 (table 6).

Table 6: Best Performance Data Calculation for the Period of 2019 – 2021

DESCRIPTION	2019		2020		2021	
	ACTUAL	%	ACTUAL	%	ACTUAL	%
Total Revenue	**35.860.658.275**	**100,00%**	20.939.113.828	100,00%	26.223.751.364	100,00%
Total Cost of Sales	4.265.205.341	11,89%	**1.935.314.537**	**9,24%**	3.955.844.639	15,08%
GROSS PROFIT	31.595.452.934	88,11%	**19.003.799.291**	**90,76%**	22.267.906.725	84,92%
Total Payroll	**10.293.412.275**	**28,70%**	6.903.490.311	32,97%	7.768.528.591	29,62%
Total Departemental Expenses	**4.431.335.988**	**12,36%**	3.606.300.800	17,22%	3.694.703.009	14,09%
Total Undistributed Expenses	**5.063.945.898**	**14,12%**	4.054.315.882	19,36%	3.918.095.927	14,94%
GROSS OPERATING PROFIT	**11.806.758.773**	**32,92%**	4.439.692.298	21,20%	6.886.579.198	26,26%
Total Owning Expenses	1.701.213.932	4,74%	**964.945.769**	**4,61%**	1.262.460.925	4,81%
PROFIT BEFORE TAX	**10.105.544.841**	**28,18%**	3.474.746.529	16,59%	5.624.118.273	21,45%

Trend Analysis Calculation

The author conducted a trend or growth analysis by comparing one base period of financial statements to other periods. The base period was selected based on the best financial performance, which was the year 2019, serving as the reference year. This year was chosen as the baseline to assess the hotel's growth year by year, providing an overview of the hotel's ability to develop in future periods. The following calculations were carried out to determine the hotel's growth index in Table 7.

Table 7: Trend Calculation Data Based on Growth Index

DESCRIPTION	2019	2020	2021	GROWTH
Revenue	Rp35.856.485.250	Rp20.938.310.255	Rp26.223.420.605	(26,87%)
PTER/PTEB	28,71%	32,97%	29,62%	3,19%
Undistributed	14,12%	19,36%	14,94%	5,79%
GOP	32,92%	21,20%	26,29%	(20,15%)
EBITDA	28,18%	16,60%	21,47%	(23,79%)

DISCUSSIONS

Horizontal Analysis

In 2019, the hotel's total revenue increased by 11.29%, surpassing the annual budget target. However, this was accompanied by a slight increase in cost of sales (0.83%) and departmental expenses. The PTER/PTEB (employee-related expenses) also exceeded the budget by 0.16%. Despite the increase in revenue, some expenses, particularly undistributed departmental expenses, were higher than budgeted, indicating a lack of cost control, especially in non-operational departments like administration and general expenses, sales and marketing, energy costs, POMEC, and ICT. The significant variance in energy costs suggested inadequate control over electricity usage. Due to these increased expenses, the Gross Operating Profit (GOP) percentage dropped by 0.91%, and the hotel missed out on potential GOP gains. However, the hotel managed to increase its EBITDA by 0.81%, primarily due to reductions in owning expenses, particularly fixed charges. Overall, while revenue, GOP, and EBITDA met or exceeded budget targets, the hotel's cost structure, including cost of sales and

departmental expenses, did not, limiting the potential profitability. The hotel's GOP of 32.92% was within the favorable range, as it was able to cover operational costs, aligning with MM Hospitality's standard GOP tolerance ratio of 30% to 35%, making the financial outcome of 2019 favorable.

In 2020, the hotel's total revenue fell short of the target by 48.96%, largely due to a significant drop in operational activities and annual revenue. This decrease was mirrored by a 2.56% reduction in cost of sales. The hotel successfully reduced PTER/PTEB expenses by 6.61%, saving Rp 1,383,208,107, reflecting the hotel's ability to adapt to the challenging business environment. However, this reduction might have impacted service quality due to the adjustment to the new working conditions. Departmental expenses, however, exceeded the budget by 6.58%, while undistributed expenses also increased by 5.75%, indicating instability in cost control during 2020. Consequently, GOP declined by 16.37%, leading to a potential loss of revenue of Rp 3,428,522,285. EBITDA also dropped by 17.88%, reflecting the negative impact of decreased revenue on the hotel's overall financial performance. The unfavorable outcomes in 2020 resulted in a disappointing financial year for the hotel.

In 2021, the hotel's total revenue increased slightly by 1.42%, indicating growth despite the challenging business environment. This revenue increase was accompanied by a 3.35% rise in cost of sales. The hotel successfully reduced PTER/PTEB expenses by 2.24%, saving Rp 587,363,221, demonstrating effective management of employee-related costs. This reduction had a positive impact on the overall financial performance. However, departmental expenses increased by 1.99%, which aligned with the revenue and cost of sales growth. On the other hand, undistributed departmental expenses decreased by 2.39%, indicating improved cost control, positively influencing the hotel's financial performance. Despite the improvements, GOP declined by 0.71%, resulting in a missed potential GOP gain of Rp 186,737,930. EBITDA also decreased by 2.01%, primarily due to the significant increase in departmental expenses, preventing the hotel from achieving optimal results. Although the actual GOP of 26.29% did not meet MM Hospitality's GOP tolerance standard, the hotel's cost control and revenue achievements in 2021 were considered standard and placed the financial performance in the favorable category.

Vertical Analysis

Table above presents the vertical analysis results for 2019, calculated based on the best performance percentage. The analysis reveals that there was over-costing in the cost of sales, which could have been minimized in several departments. For instance, the food and beverage department could have reduced costs by 9.47%, equivalent to Rp 351,749,196. The sport and recreation department, however, was operating optimally according to the best performance calculations. Additionally, the other operating departments could have reduced costs by 35.06%, or Rp 32,586,475. This indicates that the total cost of sales could have been minimized by a total of Rp 384,335,671 if best performance benchmarks had been followed. In the PTER/PTEB aspect, nearly all departments were operating optimally, but the sales and marketing department could have reduced expenses by 48.20%, amounting to Rp 468,831,481. This suggests that there was a significant cost overrun in the PTER/PTEB aspect. Had the hotel managed and controlled costs according to best performance standards, these excessive PTER/PTEB expenses could have been avoided.

Moreover, departmental expenses in the room department were optimal, but the food and beverage department could have reduced expenses by 23.60%, equivalent to Rp 163,634,798. This indicates that if the hotel had managed expenses according to best performance standards, it could have avoided excessive costs. Another area with significant variance was undistributed departmental expenses in several departments, except for POMEC and ICT, which were operating optimally. Over-expenses occurred in admin and general by 9.02%, amounting to Rp 135,183,821, in sales and marketing by 12.41% or Rp 96,345,097, and in energy costs by 1.97%, or Rp 36,714,569. According to the author's observations, the activities of these non-operational departments should be reviewed to optimize costs effectively. If these costs had been adjusted according to best performance benchmarks, the hotel could have gained an additional Rp 268,243,487 in revenue.

Therefore, the profits earned in 2019 were not fully optimized due to cost control not being aligned with best performance standards. The GOP that the hotel could have achieved if costs were minimized would have been Rp 12,823,560,723. As a result, the hotel lost potential revenue of Rp 1,016,801,950, or 7.93%, due to excessive costs. Furthermore, owning expenses could still be optimized, with the management fee reduced by 1.98%, equivalent to Rp 15,479,050, and fixed charges by 8.24%, or Rp 68,651,271. Thus, the EBITDA the hotel could have obtained, if calculated according to best performance, would have been Rp 11,206,477,112. The hotel lost potential profits of 9.82%, or Rp 1,100,932,271. While 2019 did not meet the optimal standard, it was still considered satisfactory based on the GOP standards of MM Hospitality, achieving a percentage of 32.92%. Therefore, 2019 is considered a favorable and profitable year.

Table above shows the vertical analysis results for 2020 based on the best performance percentage. The analysis reveals that the cost of sales did not yield optimal results, except for the food and beverage cost department, which operated efficiently. In the sport and recreation department, costs could have been minimized by 0.87%, or Rp 112,896, while the other operating departments could have reduced costs by 45.92%, equivalent to Rp 22,180,966. The significant increase in the other operating departments indicates a lack of cost control at the

hotel. In all aspects of PTER/PTEB, over-expenses occurred that could have been minimized in each department. Potential cost reductions include 22.08% in the room department, equivalent to Rp 398,446,620, 25.30% in the food and beverage department, or Rp 349,947,669, 24.11% in admin and general, equivalent to Rp 370,473,373, 3.42% in sales and marketing, or Rp 19,417,791, and 27.94% in POMEC, or Rp 103,241,321. The total loss in PTER/PTEB amounted to Rp 1,241,526,774. This significant increase in costs negatively impacted the hotel's profitability in 2020.

Additionally, departmental expenses could have been reduced in the room department by 41.55%, or Rp 953,029,430, and in the food and beverage department by 3.99%, or Rp 13,800,740. This indicates a lack of cost optimization, leading to increased expenses. The author suggests that this could be due to insufficient internal control over the use of funds in the operational departments. Moreover, the largest source of variance was in the undistributed departmental expenses, which were not optimized according to best performance standards. This included 58.97% in admin and general, equivalent to Rp 516,219,617, 16.80% in sales and marketing, or Rp 76,177,243, 19.00% in energy costs, equivalent to Rp 206,748,996, 84.31% in POMEC, or Rp 113,347,144, and 137.20% in ICT, equivalent to Rp 341,602,154. The total potential cost savings from optimizing according to best performance standards amounted to Rp 1,254,095,153.

These significant increases in undistributed departmental expenses had a substantial impact on the hotel's operations. According to the author's observations, the hotel failed to manage its expenses efficiently, which in turn affected its profitability. As a result, the total service charges earned by hotel staff also decreased. Based on these cost calculations, the hotel lost potential GOP of Rp 1,221,020,790, or 21.57%, and EBITDA of 26.33%, or Rp 1,241,748,036. Thus, the 2020 income statement was far from optimal based on the difference between actual results and best performance. The actual GOP results indicate that 2020 was below the hotel's average of 30%, standing at only 21.20%. Therefore, 2020 is considered an unfavorable year with unsatisfactory results.

Table 6 presents the vertical analysis results for 2021 based on the best performance percentage. Several aspects that could have been reduced include the cost of sales in the food and beverage department by 64.59%, equivalent to Rp 1,530,653,597, and in the sport and recreation department by 10.65%, or Rp 1,816,462. These significant cost increases greatly impacted the final financial performance. In the PTER/PTEB aspect, the sales and marketing department achieved optimal performance, but other departments could still be minimized. This includes a 19.41% reduction in the room department, equivalent to Rp 436,027,508, a 1.94% reduction in the food and beverage department, or Rp 34,415,708, a 6.13% reduction in admin and general, or Rp 118,029,752, and a 13.99% reduction in POMEC, or Rp 64,727,736. The total PTEB/PTER savings that the hotel could have achieved if based on best performance standards was Rp 653,200,704. This indicates a lack of internal control over the number of employees in the human resources department, which negatively impacted the hotel's total year-end revenue for 2021.

Additionally, departmental expenses in the room department could have been reduced by 13.89%, or Rp 396,584,428, indicating a lack of efficiency in the use of funds in the room department. On the other hand, undistributed departmental expenses in the admin and general, sales and marketing, and energy cost departments were optimal. However, POMEC could still have been minimized by 16.37%, or Rp 27,564,261, and ICT by 123.01%, or Rp 383,588,020. The total revenue lost based on best performance calculations was Rp 411,152,282. This variance points to a lack of cost optimization and control in the POMEC and ICT departments. According to the author's observations, the hotel's strategy for managing property, equipment, supplies, and electronics in that year was inadequate, resulting in significant losses in potential profits.

Consequently, 2021's income statement shows that financial performance was not optimal, with a GOP difference of 17.26%, or Rp 1,436,405,220, and EBITDA of 21.24%, or Rp 1,516,344,669. The aspects most affecting this outcome were PTER/PTEB and the undistributed departmental costs in POMEC and ICT, which had the highest variance. This led to the hotel's inability to maximize its revenue in 2021 and its failure to meet hotel standards. Thus, the financial performance in 2021 is considered unfavorable.

Trend Analysis

The trend analysis of full-service hotel in Bandung's financial performance from 2019 to 2021 indicates fluctuating results across various financial aspects. The year 2019 is used as a reference year due to its highest revenue compared to the other years. Overall, the hotel did not show positive growth across the assessed financial aspects.

Revenue

In 2019, the hotel recorded total revenue of Rp 35,856,485,250. However, in 2020, revenue significantly declined by 41.61% to Rp 20,938,310,255 due to reduced operational activity, influenced by external factors such as the pandemic. Although revenue increased to Rp 26,223,420,605 in 2021, it was still 26.87% lower than in 2019. This decline indicates that the hotel was unable to sustain or increase its revenue over the period. This revenue trend, which fails to align with Indonesia's average economic growth of 5.03% between 2015 and 2019, shows that the hotel did not experience positive growth.

Payroll Taxes and Employee Benefits (PTER/PTEB)

PTER/PTEB, covering employee-related expenses, was 28.71% in 2019. In 2020, these expenses rose significantly by 14.85% to 32.97%. In 2021, the expenses decreased to 29.62%, still 3.19% higher than in 2019. This indicates that despite cost-control efforts in 2021, the hotel has not yet managed to bring employee expenses back to the more efficient levels of 2019. Compared to the average inflation rate of 3.17% from 2015 to 2019, the higher growth in PTER/PTEB costs suggests less effective cost management, making it unfavorable.

Undistributed Departmental Expenses

Undistributed departmental expenses were 14.12% in 2019. In 2020, these expenses increased to 19.36%, a rise of 37.11% compared to 2019. In 2021, the expenses dropped to 14.94%, but still 5.79% higher than the 2019 level. The increase in these costs reflects challenges in controlling expenses in non-operational departments of the hotel. Similar to PTER/PTEB, these expenses are higher than the inflation rate, which also makes them unfavorable from a financial management perspective.

Gross Operating Profit (GOP)

The hotel's Gross Operating Profit (GOP) was 32.92% in 2019. However, in 2020, GOP sharply declined to 21.20%, a drop of 35.59%. In 2021, GOP improved slightly to 26.29%, but still remained 20.15% lower than in 2019. This trend suggests that the hotel struggled to maintain its profitability during the period, with a significant drop in 2020 and insufficient recovery in 2021. This condition is inconsistent with Indonesia's economic growth trends, indicating that the hotel did not achieve positive growth.

Earning Before Income Tax, Depreciation, and Amortization (EBITDA)

EBITDA was at 28.18% in 2019. In 2020, EBITDA sharply dropped to 16.60%, a decrease of 41.10%. In 2021, EBITDA increased to 21.47%, but it was still 23.79% lower than in 2019. Like GOP, EBITDA also indicates a decline in operational efficiency and profitability over the three-year period, negatively impacting the overall financial performance.

Based on the trend analysis over these three years, it can be concluded that One of full-service hotel in Bandung did not demonstrate significant financial growth. The growth in various financial aspects, including revenue, GOP, and EBITDA, did not align with Indonesia's economic growth and inflation rates. This situation directly affects the hotel's total equity funds, which in turn impacts the return on investment received by investors. The hotel's low competitiveness and financial instability also reduce its attractiveness to potential investors. Furthermore, the hotel's inability to effectively adapt to economic crises suggests that One of full-service hotel in Bandung is in an unfavorable condition for external stakeholders, both in terms of financial health and investment appeal.

CONCLUSION

Based on the analysis conducted using horizontal, vertical, and trend analysis techniques, the following conclusions can be drawn regarding the financial performance of the study hotel in this research during the period 2019 to 2021.

Horizontal Analysis

The horizontal analysis compared actual figures against the budgeted targets. In 2019, the hotel achieved impressive results, surpassing the budgeted revenue targets. However, there was a significant increase in certain costs, particularly in the non-operational departments, leading to an increase in undistributed departmental expenses, especially in energy costs. These expenses negatively impacted the overall financial performance for the year. In 2020, the hotel's performance declined as it failed to meet the revenue budget targets. Despite efforts to reduce operational costs, there was a substantial increase in Personnel Expenses (PTER/PTEB) and undistributed departmental expenses. In 2021, there was a recovery in revenue, which met the budgeted targets. However, this growth was accompanied by a proportional increase in operational costs. Overall, the horizontal analysis indicates that the financial performance from 2019 to 2021 was unstable and generally unfavorable.

Vertical Analysis

The vertical analysis, using best performance standards, revealed that 2019 had positive results, though there was room for optimization, especially in reducing costs in the non-operational departments, particularly in sales and marketing. In 2020, the revenue fell short of the potential indicated by the best performance standard, and there was a significant increase in various costs across non-operational departments, notably in PTER/PTEB and undistributed departmental expenses. In 2021, the hotel was still unable to fully realize its revenue potential, with PTER/PTEB, POMEC (Property, Operations, Maintenance, and Energy Costs), and ICT (Information and Communication Technology) costs remaining far from optimal. Therefore, the vertical analysis shows that the hotel did not achieve its optimal revenue potential during the three years analyzed.

Trend Analysis

The trend analysis, based on the growth index with 2019 as the baseline year, indicated that 2020 did not exhibit growth, as evidenced by declines in total revenue, GOP (Gross Operating Profit), and EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization). There were also increases in PTER/PTEB and undistributed departmental expenses. In 2021, there was an improvement compared to 2020; however, the growth relative to 2019 was still below expectations. The growth trend analysis concluded that the financial performance in 2021 did not reach the levels achieved in 2019. As such, the trend analysis or growth index suggests that there was no significant growth in financial performance from 2019 to 2021.

The growth trend observed reflects the hotel's ability to sustain itself in the competitive hospitality industry. The inability to compete effectively indicates the financial health, investor credibility, crisis management capabilities, and long-term strategic development of the hotel. Based on these findings, the financial performance of the hotel in terms of growth capability shows a negative or unfavorable outcome. These conclusions provide an overview of the financial performance, position, and condition of One of full-service hotel in Bandung during the crisis period from 2019 to 2021. Although the hotel demonstrated resilience and continued operations, generating profits even during the pandemic crisis, the analysis highlights that there is still room for optimizing cost management to achieve more satisfactory performance.

RECOMMENDATIONS

Based on the analysis of financial performance, the author provides the following suggestions and recommendations for One of full-service hotel in Bandung to improve its financial performance in the future. The authors suggest that the hotel conduct quarterly budget evaluations. This is crucial for identifying and addressing financial risks early, especially if the annual budget is not being met. Quarterly evaluations allow management to review aspects that are less effective and efficient, and they encourage more optimal hotel operations.

The author notes the need for better cost management strategies, particularly regarding the unstable energy costs. The hotel is advised to implement energy-saving campaigns, including installing light sensors, using energy-efficient lighting, and installing solar panels. Additionally, raising awareness among employees and hotel guests through energy-saving reminder posters can further enhance this initiative. Given the unstable personnel costs, the hotel is encouraged to review employee performance and consider reducing the number of non-essential staff. Furthermore, the hotel could optimize the use of daily workers and trainees, and implement a cross-training program to maximize the potential of permanent employees.The hotel needs to consider the economic growth standards and inflation rate in Indonesia as a basis for setting realistic growth targets and managing operational costs wisely. This strategy is essential to ensure efficiency without compromising service quality, allowing the hotel to continue growing and remain competitive in the hospitality industry.

By implementing these recommendations, it is hoped that One of full-service hotel in Bandung can enhance its financial performance and maintain its competitiveness in the hotel industry. No study can encompass all aspects of the research problem, and this analysis of the financial performance of One of full-service hotel in Bandung during the pandemic is no exception. Several limitations were identified in this study is data availability. The research relied on financial data that was available from the hotel, which may not have captured all relevant financial activities or external economic factors affecting performance. This could limit the comprehensiveness of the analysis. Hotel couldn't provide equity documents that could be use for further analysis. Next is time frame where the study focused on a specific period (2019-2021), which may not fully represent the long-term trends in financial performance. Future studies could benefit from a longer time frame to assess the sustainability of financial strategies post-pandemic.

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