

Final Project 1

Code: MGM 496-PMG496

Cost Management and Sustainability in Startup Restaurants

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ABSTRACT

This study examines the impact of poor cost management on the sustainability of startup restaurants. The study focuses on the importance of budgeting, monitoring operating costs, controlling food and material costs, and reducing unnecessary expenses. A quantitative descriptive research approach was used, and primary data were collected through a questionnaire from 35 respondents with experience or involvement in restaurant operations. The respondents included restaurant owners, managers, employees, and other participants. Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to analyze the collected responses. The findings showed an overall mean of 3.70 for cost management and 4.04 for the sustainability of startup restaurants. The results indicate that respondents generally have positive perceptions of cost management practices and recognize the importance of effective cost control in supporting business continuity and long-term sustainability. However, the study was limited by the relatively small sample size and the use of convenience sampling. The study recommends that startup restaurant owners and managers strengthen budgeting, regularly monitor operating costs, control food and material expenses, and review unnecessary costs to improve financial stability and sustainability.

Keywords: Cost Management, Sustainability, Startup Restaurants, Cost Control, Financial Stability.

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Project title

The Impact of Poor Cost Management on the
Sustainability of Startup Restaurants

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1. Chapter 1: Introduction

This chapter introduces the general background of the research and highlights the importance of cost management in the restaurant industry. The chapter discusses the research problem and explains why many startup restaurants face financial challenges due to poor cost management.

In addition, this chapter presents the research significance, research questions, and research objectives of the study. The purpose of this chapter is to provide a clear overview of the study and explain the main concepts related to the sustainability of startup restaurants.

1.1. Research Background

The restaurant industry is one of the most competitive sectors in the business world. Many entrepreneurs are attracted to this industry because of the increasing demand for food services and dining experiences. However, despite its popularity, many startup restaurants fail within the first few years of operation.

One of the main reasons for this failure is poor cost management. Restaurants usually face several operational costs such as rent, employee salaries, food supplies, utilities, and maintenance expenses. If these costs are not carefully managed, they can significantly affect the financial performance of the restaurant.

Many entrepreneurs focus mainly on food quality, restaurant design, and customer service while underestimating the importance of financial planning and cost control. As a result, operational expenses may become higher than expected, especially when restaurants operate in large buildings that require more employees to manage different sections.

Therefore, effective cost management plays an essential role in ensuring the sustainability and success of startup restaurants.

1.2. Research Problem

Many startup restaurants face serious financial challenges during their first years of operation. One of the main reasons for these challenges is poor cost management. Restaurants usually have many operational expenses such as rent, employee salaries, food supplies, and utilities. When these costs are not properly managed, they can reduce profitability and threaten the sustainability of the business.

1.2.1. Theoretical Gaps

Although many studies have examined restaurant management and business performance, limited research has focused specifically on the impact of poor cost management on the sustainability of startup restaurants.

1.2.2. Practical Gaps

In practice, many startup restaurants experience financial difficulties because operational costs are higher than expected. High rent, staff salaries, and food supply expenses often consume most of the restaurant's revenue, which may lead to financial losses and business failure.

Main Research Question:

How does poor cost management affect the sustainability of startup restaurants?

1.3. Research Significance

This research is important because it highlights the role of cost management in the sustainability of startup restaurants. Many new restaurants fail due to financial challenges related to high operational costs. Understanding these challenges can help entrepreneurs make better financial decisions when starting a restaurant business.

1.3.1. At the practical level

At the practical level, this research provides useful insights for entrepreneurs and restaurant owners about the importance of controlling operational costs. Understanding cost management can help startup restaurants avoid financial losses and improve their chances of long-term sustainability.

1.3.2 At the theoretical level

At the theoretical level, this study contributes to the academic literature on cost management and small business sustainability in the restaurant industry.

1.4. Research Questions

- 1. How does poor cost management affect the sustainability of startup restaurants?**
- 2. What are the main operational cost factors that influence the profitability of startup restaurants?**
- 3. To what extent does effective cost control improve the long-term survival of startup restaurants?**

1.5. Research Objectives

- 1. To examine the impact of poor cost management on the sustainability of startup restaurants.**
- 2. To identify the main operational costs that affect restaurant profitability.**
- 3. To highlight the importance of effective cost management in improving the survival of startup restaurants.**

1.6. Research Hypotheses

H1: Poor cost management negatively affects the sustainability of startup restaurants.

1.7. Research Model

This research examines the relationship between cost management as an independent variable and the sustainability of startup restaurants as the dependent variable.

**Cost Management
(Independent Variable)**



**Sustainability of Startup Restaurants
(Dependent Variable)**

1.8. Research Methodology

This study adopts a quantitative descriptive research approach to examine the impact of cost management on the sustainability of startup restaurants. The study uses both primary and secondary data. Primary data were collected through a questionnaire from respondents with experience or involvement in restaurant operations, while secondary data were obtained from academic books, journal articles, and previous studies related to restaurant management, cost control, and business sustainability. Descriptive statistical methods were used to summarize and interpret the questionnaire responses.

1.9. Scope of The Study

This study focuses on examining the impact of cost management on the sustainability of startup restaurants. The research specifically highlights operational costs such as rent, employee salaries, and food supply expenses that may affect the financial stability of new restaurants.

1.10. The Suggested Project Structure

This research is organized into five chapters. Chapter One introduces the research background, research problem, research questions, research objectives, research hypotheses, research model, methodology, and scope of the study. Chapter Two reviews the previous literature related to cost management and the sustainability of startup restaurants. Chapter Three explains the research methodology, including the research design, population and sampling, data collection, and statistical analysis procedures. Chapter Four presents the statistical analysis and findings of the questionnaire responses and discusses the results. Chapter Five presents the research limitations, recommendations, and overall conclusion of the study.

2. Chapter 2: Literature Review

This chapter provides an overview of the existing literature related to cost management and the sustainability of startup restaurants. It highlights key concepts and examines the relationship between cost control and business success.

2.1. Introduction

This chapter presents a review of previous studies related to cost management and the sustainability of startup restaurants. It discusses the importance of cost control and its role in improving business performance. The chapter also highlights the relationship between cost management and long-term sustainability (Davis et al., 2018).

2.2. The independent variable

Cost management is one of the most critical factors affecting the performance of startup restaurants. It involves planning, controlling, and monitoring all operational expenses such as rent, employee salaries, food supplies, utilities, and maintenance costs.

According to Walker (2017), effective cost management allows restaurant owners to maintain financial stability and improve profitability. Without proper cost control, operational expenses may exceed revenues, leading to financial difficulties and possible business failure.

In startup restaurants, cost management becomes even more important due to limited financial resources. Many new businesses fail because they lack proper budgeting and financial planning.

Therefore, cost management plays a vital role in ensuring the sustainability and long-term success of startup restaurants (Hornngren et al., 2015).

In addition, cost management includes different techniques such as budgeting, cost control, and financial planning. Budgeting helps restaurant owners plan their expenses in advance, while cost control ensures that actual expenses do not exceed the planned budget.

Financial planning is also essential for startup restaurants because it helps in allocating resources efficiently and avoiding unnecessary expenses (Drury, 2018).

Without proper financial planning, restaurants may face cash flow problems that affect their daily operations.

Moreover, technology plays an important role in cost management. Many restaurants use digital systems to track expenses, monitor inventory, and control waste. These tools can help improve efficiency and reduce operational costs.

2.3. The dependent variable

Sustainability refers to the ability of a business to survive and continue operating over a long period of time. In the restaurant industry, sustainability means maintaining profitability, controlling costs, and adapting to market changes.

Many studies have shown that a large number of startup restaurants fail within the first few years of operation. According to Parsa et al. (2005), financial problems are one of the main reasons behind restaurant failure.

According to Davis et al. (2018), sustainable businesses depend heavily on financial stability and effective resource management.

Sustainability is influenced by several factors such as cost control, management skills, and market conditions. However, financial stability remains one of the most important factors for long-term success (Davis et al., 2018).

For startup restaurants, achieving sustainability requires effective planning and proper management of financial resources. Without good cost control, businesses may struggle to survive in a highly competitive market.

Furthermore, sustainability is not only about financial performance but also about maintaining a strong customer base and providing consistent service quality. Restaurants that fail to manage their costs properly may compromise on quality, which can negatively affect customer satisfaction.

Therefore, sustainability requires a balance between cost control and service quality to ensure long-term success in the competitive restaurant industry (Davis et al., 2018).

2.4.The relationship between the independent and the dependent variables

The relationship between cost management and sustainability is strong and direct. Effective cost management helps reduce unnecessary expenses, improve profitability, and increase the chances of business survival.

According to Horngren et al. (2015), effective cost control is directly linked to improved financial performance and long-term business success.

On the other hand, poor cost management can lead to financial losses, reduced profitability, and eventually business failure(Parsa et al., 2005). Startup restaurants are especially vulnerable to poor cost control due to limited financial resources.

Previous studies indicate that businesses with strong cost management practices are more likely to achieve long-term sustainability (Davis et al., 2018).

Therefore, improving cost management practices is essential for enhancing the sustainability of startup restaurants (Davis et al., 2018).

Additionally, effective cost management allows restaurant owners to make better strategic decisions. By understanding their costs, managers can adjust pricing strategies, control waste, and improve operational efficiency.

This strong relationship between cost management and sustainability highlights the importance of financial awareness in business success (Davis et al., 2018).

Research Gap

Despite the existing literature on cost management and business sustainability, limited studies have specifically focused on startup restaurants.

Most previous studies have examined general business sectors, while few have analyzed the impact of poor cost management on the sustainability of startup restaurants.

Therefore, this study aims to fill this gap by focusing on startup restaurants and their financial challenges in order to provide a better understanding of the relationship between cost management and long-term sustainability.

2.5. Conclusion

This chapter reviewed the existing literature related to cost management and the sustainability of startup restaurants. It highlighted the importance of controlling operational costs and maintaining financial stability.

The findings from previous studies indicate that poor cost management is one of the main reasons behind restaurant failure. On the other hand, effective cost management improves business performance and increases the chances of long-term sustainability.

Therefore, cost management plays a key role in ensuring the success and survival of startup restaurants (Davis et al., 2018).

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Appendix A: Questionnaire

The Impact of Poor Cost Management on the Sustainability of Startup Restaurants

Please indicate your level of agreement with the following statements:

Cost Management

The restaurant prepares a clear budget for operational expenses.

Food costs are monitored regularly.

Employee salary expenses are effectively controlled.

Operational costs are reviewed periodically.

Cost control practices help reduce unnecessary expenses.

Sustainability

The restaurant maintains stable profitability.

The restaurant can survive financial challenges.

Effective cost management improves business continuity.

The restaurant achieves long-term financial stability.

Cost control contributes to the sustainability of the restaurant.

Scale:

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

Appendix B: Research Instruments Table

Variable	Dimension	Number of Items	Source
Cost Management	Cost Control & Budgeting	5	Developed by the Student
Sustainability of Startup Restaurants	Business Sustainability	5	Developed by the Student

Source: The Student

3. Chapter 3: Research Methodology

3.1 Introduction

This chapter presents the research methodology used to examine the impact of poor cost management on the sustainability of startup restaurants. It explains the research design, research population, sampling method, data collection procedures, and statistical techniques that will be used to analyze the collected data. The methodology was selected to provide a better understanding of the financial challenges faced by startup restaurants and how poor cost management can affect their long-term sustainability.

In addition, this chapter describes the research variables and explains the methods used to collect and analyze data. The study adopts a quantitative approach using a questionnaire distributed to individuals with experience or involvement in restaurant operations. The purpose of this methodology is to provide reliable findings and support the objectives of the study.

3.2 Operational Definitions for Research Variables

Variable	Operational Definition
Cost Management	The process of planning, controlling, and monitoring restaurant operational expenses such as rent, employee salaries, food costs, and utilities.
Sustainability of Startup Restaurants	The ability of startup restaurants to maintain financial stability and continue operating successfully over the long term.

Source: Prepared by the Researcher (2026).

3.3 Research Design (Research Onion)

This study adopts a quantitative research approach to examine the impact of poor cost management on the sustainability of startup restaurants. The research design is based on Saunders' Research Onion model, which provides a structured framework for selecting the research philosophy, approach, strategy, time horizon, and data collection techniques. The study uses a positivist philosophy and a deductive approach because it aims to test the relationship between the research variables using quantitative data collected through questionnaires

3.4 Research Population and Sampling Methods and Technique

Research Population

The target population of this study consists of individuals with experience or involvement in restaurant operations. These respondents were selected because they have knowledge of restaurant operations and cost-related practices.

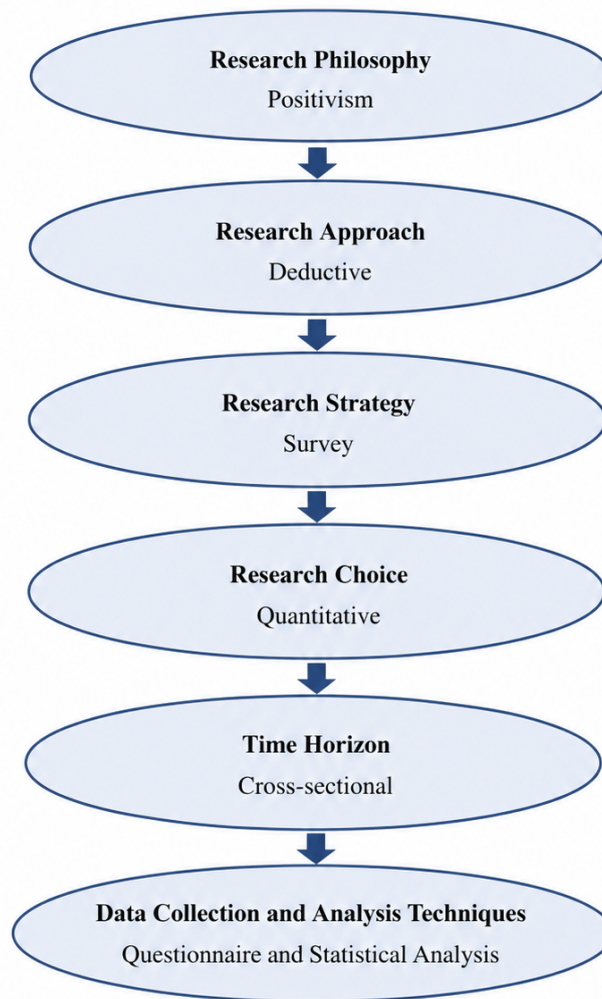
Research Sample

A sample of 35 respondents participated in this study. The respondents included restaurant owners, managers, employees, and other individuals with experience or involvement in restaurant operations.

Sampling Method and Technique

This study uses a convenience sampling technique. The respondents were selected based on their accessibility and willingness to

Figure 3.1: Research Onion



Source: Adapted from Saunders *et al.* (2019).

3.4 Research Population and Sampling Methods and Technique

participate in the study. Convenience sampling is commonly used in business research because it allows researchers to collect data efficiently within a limited time and resources.

3.5 Data Collection Method

This study uses a questionnaire as the main instrument for collecting primary data. The questionnaire was designed based on the objectives of the study and consists of two sections representing the research variables. The first section measures cost management practices in startup restaurants, while the second section measures the sustainability of startup restaurants. In addition, secondary data were collected from books, journal articles, and previous studies related to cost management and business sustainability.

Variable	Dimension	Number of Items

Cost Management	Cost Control and Budgeting	5
Sustainability of Startup Restaurants	Business Sustainability	5

Source: Prepared by the Researcher (2026)

3.6 Types of Data

This study uses both primary and secondary data. Primary data were collected through questionnaires from respondents with experience or involvement in restaurant operations. Secondary data were obtained from books, academic journals, articles, and previous studies related to cost management and business sustainability.

Type of Data	Source
Primary Data	Questionnaire
Secondary Data	Books, journals, articles, and previous studies

Source: Prepared by the Researcher (2026)

3.7 Statistical Analysis Procedures

The collected questionnaire data were analyzed using descriptive statistical methods. Frequencies and percentages were used to describe the respondents' characteristics, while mean and standard deviation were used to analyze the responses to the research variables. The hypothesis was assessed based on the descriptive results of the research variables, as inferential statistical testing was not conducted because the available data were aggregated response frequencies rather than individual-level responses.

Statistical Technique	Purpose
Frequencies and Percentages	To describe the demographic characteristics of respondents.
Mean and Standard Deviation	To analyze the responses to the research variables.

Source: Prepared by the Researcher (2026)

3.8 Conclusion

This chapter explained the research methodology adopted in this study, including the research design, population and sampling methods, data collection procedures, types of data, and statistical analysis techniques. The methodology provides a suitable framework for examining the impact of poor cost management on the sustainability of startup restaurants and will support the analysis and interpretation of the research findings in the next chapter.

4. Chapter 4: Statistical Analysis & Findings Discussion

4.1 Introduction

This chapter presents the statistical analysis and findings of the study on the impact of poor cost management on the sustainability of startup restaurants. The analysis is based on the data collected through the questionnaire from respondents with experience or involvement in restaurant operations. The chapter presents the profile of the research sample, evaluates the validity and reliability of the questionnaire, and analyzes the responses related to cost management and the sustainability of startup restaurants.

In addition, descriptive statistics are used to answer the research questions, while hypothesis testing is used to examine the relationship between poor cost management and the sustainability of startup restaurants. The findings are also discussed in relation to the previous studies reviewed in Chapter 2.

4.2 Sample Profile

The sample profile presents the characteristics of the respondents who participated in the study. The respondents were selected based on their involvement or experience in restaurant operations. The profile provides an overview of the participants and helps to understand the background of the research sample.

Respondent Role	Frequency	Percentage (%)
Owner	15	42.9%
Manager	10	28.6%
Employee	5	14.3%
Other	5	14.3%
Total	35	100%

Source: Questionnaire data, 2026.

The results in Table 4.1 show the distribution of respondents according to their role in the restaurant. The distribution helps demonstrate different levels of involvement in restaurant operations.

4.3 Validity and Reliability Tests

The validity and reliability of the questionnaire are important to ensure that the research instrument measures the intended variables consistently. The questionnaire was developed based on the research objectives and the two main research variables: cost management and sustainability of startup restaurants. Descriptive statistical analysis was conducted using the collected questionnaire responses.

Research Variable	Number of Items	Cronbach's Alpha
Cost Management	5	Not calculated
Sustainability of Startup Restaurants	5	Not calculated

Source: Questionnaire data, 2026.

Note: Cronbach's Alpha was not calculated because the available data were aggregated response frequencies rather than individual-level response data.

4.4 Descriptive Statistics for Research Variables

Descriptive statistics were used to summarize the responses related to the research variables. The analysis focuses on the mean and standard deviation of the items measuring cost management and the sustainability of startup restaurants. These statistics help explain the general level of agreement among the respondents and provide evidence for answering the research questions.

Cost Management Items	M e a n	Standard Deviation
The restaurant prepares a clear budget for its operational expenses.	3.80	0.93
The restaurant regularly monitors its operating costs.	4.03	0.79
The restaurant controls its food and material costs effectively.	3.71	0.57
The restaurant reviews its expenses regularly to reduce unnecessary costs.	3.80	0.41
The restaurant plans and controls its operating costs effectively.	3.14	0.94
Overall Cost Management	3.70	â€”

Source: Questionnaire data, 2026.

Sustainability of Startup Restaurants Items	Mean	Standard Deviation
The restaurant maintains stable profitability.	3.26	0.78
The restaurant can survive financial challenges.	3.94	0.87
Effective cost management improves business continuity.	4.51	0.70
The restaurant achieves long-term financial stability.	4.00	0.77
Cost control contributes to the sustainability of the restaurant.	4.49	0.70
Overall Sustainability	4.04	â€”

Source: Questionnaire data, 2026.

The descriptive statistics will provide an overall understanding of the respondents' perceptions of cost management and the sustainability of startup restaurants. The results will be interpreted based on the mean and standard deviation values obtained from the questionnaire responses.

4.5 Testing Hypotheses

The study developed one main hypothesis to examine the impact of poor cost management on the sustainability of startup restaurants. The hypothesis will be tested using the statistical results obtained from the questionnaire responses.

H1: Poor cost management negatively affects the sustainability of startup restaurants.

Hypothesis	Assessment Method	Result	Decision
H1: Poor cost management negatively affects the sustainability of startup restaurants.	Descriptive analysis of cost management and sustainability responses	Cost Management Mean = 3.70; Sustainability Mean = 4.04	Descriptive support only

Source: Questionnaire data, 2026.

The hypothesis was assessed based on the descriptive findings obtained from the questionnaire responses. The results showed an overall mean of 3.70 for cost management and 4.04 for the sustainability of startup restaurants. These findings provide descriptive support for the importance of cost management in relation to sustainability. However, no inferential statistical test was conducted because the available questionnaire data were aggregated response frequencies rather than individual-level responses. Therefore, the hypothesis cannot be statistically confirmed based on the available data.

4.6 Discussion of Findings

The findings indicate that cost management is an important factor in the sustainability of startup restaurants. The results show generally positive responses toward cost management practices, particularly in monitoring operating costs and controlling operational expenses.

The findings also indicate a positive perception of sustainability among the respondents. Respondents generally agreed that effective cost management improves business continuity and contributes to the long-term sustainability of restaurants.

These findings are consistent with the literature reviewed in Chapter 2, which emphasizes that effective cost control can improve financial stability, reduce unnecessary expenses, and support the long-term survival of restaurants. Therefore, the findings provide support for the importance of effective cost management in improving the sustainability of startup restaurants.

4.7 Conclusion

This chapter presented the results of the questionnaire collected from 35 respondents. The findings showed that cost management had an overall mean of 3.70, while sustainability of startup restaurants had an overall mean of 4.04. The results indicate generally positive perceptions of cost management and sustainability among the respondents. The findings also suggest that effective cost control and cost management practices may support business continuity and sustainability in startup restaurants.

5. Chapter 5: Research Limitations, Recommendations & Conclusion

5.1 Introduction

This chapter presents the main limitations of the study, recommendations based on the research findings, and the overall conclusion. It summarizes the key findings regarding cost management and the sustainability of startup restaurants and provides practical recommendations that may help restaurant owners and managers improve cost control, financial stability, and business sustainability.

5.2 Research Limitations

This study has several limitations that should be considered when interpreting the findings. First, the study was based on a relatively small sample of 35 respondents, which may limit the generalizability of the findings to all startup restaurants. Second, convenience sampling was used because respondents were selected based on their accessibility and willingness to participate. Third, the study relied on respondents' perceptions and self-reported responses through a questionnaire. Finally, the analysis was mainly descriptive because individual-level response data were not available for inferential statistical analysis.

5.3 Recommendations

Based on the findings of this study, the following recommendations are proposed:

- 1. Improve budgeting practices:** Startup restaurant owners and managers should prepare clear and realistic operating budgets and regularly compare actual expenses with planned expenses.
- 2. Monitor operating costs regularly:** Restaurants should continuously monitor expenses such as food supplies, salaries, rent, utilities, and maintenance to identify unnecessary costs.
- 3. Strengthen food cost control:** Restaurant managers should monitor food purchasing, inventory, waste, and portion sizes to reduce unnecessary food-related expenses.
- 4. Review expenses regularly:** Management should conduct regular reviews of operating expenses to identify areas where costs can be reduced without negatively affecting product and service quality.
- 5. Improve financial planning:** Startup restaurants should strengthen financial planning and maintain sufficient financial resources to deal with unexpected financial challenges.
- 6. Focus on long-term sustainability:** Effective cost management should be treated as an important part of strategic decision-making because controlling costs can support business continuity and financial stability.

5.4 Conclusion

This study examined the impact of poor cost management on the sustainability of startup restaurants. The study used a quantitative descriptive approach and collected primary data through a questionnaire from 35 respondents with experience or involvement in restaurant operations.

The findings showed an overall mean of 3.70 for cost management and 4.04 for the sustainability of startup restaurants. These results indicate that respondents generally had positive perceptions of cost management practices and recognized the importance of effective cost control for business continuity and sustainability.

The study concludes that effective cost management can play an important role in supporting the financial stability and sustainability of startup restaurants. Proper budgeting, regular monitoring of operating expenses, effective food cost control, and the reduction of unnecessary costs can help restaurants manage financial challenges and improve their ability to remain sustainable over the long term.

Although the study was subject to limitations, particularly the small sample size and the use of convenience sampling, the findings provide useful insights into the importance of cost management for startup restaurants.