

Final Project 1

Code: MGM 496-PMG496

Project Template

Faculty of Management
Midocean University

Midocean University

Faculty of Management

Department/ Specialization Management



Project title

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

Student name

SEHAM TABOUN

Graduation Project – 1

Faculty of Management - Midocean University

Supervisor

Dr.

Faculty member- Faculty of management- Midocean University

Date of submission – number of Semester Spring 2026

Table of Contents

1. Chapter 1: Introduction	3
1.1. Research Background.....	4
1.2. Research Problem	6
1.2.1. Theoretical Gaps.....	6
1.2.2. Practical Gaps	6
1.3. Research Significance	6
1.3.1. At the practical level	7
1.4. Research Questions.....	7
1.5. Research Objectives	8
1.6. Research Hypotheses	8
1.7. Research Model	8
1.8. Research Methodology	9
1.9. Scope of The Study.....	9
1.10. The Suggested Project Structure.....	9
2. Chapter 2: Literature Review	11
2.1. Introduction	11
2.2. The independent variable	11
2.3. The dependent variable	12
2.4. The relationship between the independent and the dependent variables	12
2.5. Conclusion.....	12
References	13

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 costs that influence restaurant profitability?
3. How can effective cost management help startup restaurants survive in the long term?

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.

1.8.Research Methodology

This study will use a descriptive research approach to examine the impact of cost management on the sustainability of startup restaurants. The research will rely on reviewing previous studies and analyzing information related to restaurant management and operational costs.

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 several chapters. Chapter one introduces the research background, research problem, research questions, and research objectives. Chapter two will review the previous literature related to cost management and restaurant sustainability. Chapter three will explain the research methodology used in the study.

2. Chapter 2: Literature Review

2.1.Introduction

Brief introduction for the chapter

2.2.The independent variable

2.3.The dependent variable

2.4.The relationship between the independent and the dependent variables

2.5.Conclusion

References

Walker, J. R. (2017). *The Restaurant: From Concept to Operation*. Wiley.

Parsa, H. G., Self, J., Njite, D., & King, T. (2005). Why restaurants fail. *Cornell Hotel and Restaurant Administration Quarterly*.

Davis, B., Lockwood, A., Pantelidis, I., & Alcott, P. (2018). *Food and Beverage Management*. Routledge.