Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

DESIGN AND OPTIMIZATION OF COST ACCOUNTING SYSTEMS IN SMALL AND MEDIUM-SIZED RESTAURANT ENTERPRISES: A CASE STUDY OF XIABUXIABU

Xin Tao [1]
Khai Loon Lee [2*]

[1] Faculty of Industrial Management, Universiti Malaysia Pahang, 26600 Pahang, Malaysia
(E-mail: Tao Xin vanles@foxmail.com)
[2] Faculty of Industrial Management, Universiti Malaysia Pahang, 26600 Pahang, Malaysia
(E-mail: Lee Khai Loon leekhailoon@umpsa.edu.my)
*Corresponding author: Lee Khai Loon leekhailoon@umpsa.edu.my

Article history
Received date : 5-3-2025
Revised date : 6-3-2025
Accepted date : 29-3-2025
Published date : 25-4-2025

To cite this document:
Tao, X., & Lee, K. L. (2025). Design and optimization of cost accounting systems in Small and Medium-Sized Restaurant Enterprises: A case study of Xiabuxiabu. *Journal of Islamic, Social, Economics and Development (JISED)*,10 (72), 141- 153.

Abstract: *Under a more competitive and cost-saving market environment, achieving advanced and systematic cost control has become a fundamental factor in the sustainable development of small and medium-sized restaurant enterprises. In this paper, Xiabuxiabu—a representative Chinese hotpot chain—is selected as a case study and systematically explores its real processes and optimization practices in establishing a cost accounting system, taking into account its business features such as chain standardization, modular units, and multi-branch management. Drawing from literature review, field interviews, and empirical data analysis, the research formulates a cost accounting model formulated particular to restaurant operation on a small scale. It is aimed at ensuring a set structure of accounts, reliable data sources, and relaxed control procedures. It also defines cost collection units and rules of expense classification, and proposes an integrated optimization strategy comprising application of digital systems, store-level cost center administration. The findings indicate that Xiabuxiabu's strategies, particularly in cost disaggregation, standard workflows, and technology integration, offer replicable lessons for other SMEs operating in the food service sector. The study thus provides a real-world and scalable manual for the adoption of scientific cost control systems as part of the general precision management of restaurants.*

Keywords: *Small and medium-sized restaurant enterprises; cost accounting; cost control; system optimization*

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Introduction

In the last few years, with China's urbanization trend and household consumption levels constantly increasing, the catering business—a core part of the service sector—has seen enormous expansion opportunities. Small and medium-sized restaurant enterprises (SMREs) and other market participants have become principal drivers based on their operating flexibility, community localization, and localized consumer responsiveness. These characteristics make it possible for SMREs to become central actors in urban food service systems.

However, this development trajectory is increasingly beleaguered by rising market competition, incessant volatility of raw material costs, and rising labor and commercial rental costs. Under these conditions, SMREs generally experience narrowing profitability margins and deepening operating risks. This is not only a finance management problem but also a strategic imperative. Effective cost management has become a key pillar in shaping the business resilience, investment attractiveness, and innovation potential of SMREs in today's volatile business environment.Against this backdrop, it is imperative for small and medium-sized restaurant enterprises (SMREs) to develop a scientifically sound, cutting-edge, and highly effective cost accounting system. Not only does it enable these firms to measure precisely the make-up and variation of various cost components, but it also enables operational transparency and decision-making efficacy. More importantly, it provides data-based grounds for optimizing resource allocation and general managerial effectiveness.

Compared to large chain restaurant corporations that are likely to enjoy access to powerful financial infrastructures, advanced information systems, and well-established accounting processes, SMREs usually have strong institutional and technical constraints. Some of these are rudimentary accounting systems, low levels of digitalization, and coarse cost aggregation and allocation processes. Therefore, the managers of such companies find it challenging to get a true picture of cost behaviors at the store level, thereby undermining their ability to implement targeted control measures and performance assessment.As a representative brand in the Chinese fast-casual dining sector, Xiabuxiabu has evolved into a role model of standardized business and innovation since its inception in 1998. First to introduce the "individual hotpot" concept of dining, the company has grown into a huge market success by combining high-frequency consumption with chain-scale efficiency. Decades of history have enabled Xiabuxiabu to acquire affluent experience in cost control, supply chain optimization of materials, and unit-store performance evaluation—hence providing a beneficial and exemplary case to be studied and investigated by academicians and practitioners alike.Owing to these characteristics, this paper employs Xiabuxiabu as a field case to explore the rationale, structure, and optimization mechanism of its cost accounting system. Through analysis of its cost drivers, allocation procedures, and management instruments with a systematic questioning, the study seeks to capture an implementable and reproducible cost control system appropriate to the operating realities of small and medium-sized restaurant firms. It seeks to provide actionable insights on how to improve cost transparency, accuracy of control, and decision-making efficacy in this critical segment of the catering industry.The goal of this study is not only to offer theoretical advice and practical recommendations for enhancing the managerial abilities of small and medium-sized restaurant businesses (SMREs), but also to contribute to the overall development of the catering sector towards further refinement, data orientation, and standardization.

Above all, as digitalization increasingly remodels the traditional service industries, the question of how to implement modern information systems and intelligent tools to achieve automated and visualized cost accounting processes has been a primary field for future management

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

innovation. Based on the case of Xiabuxiabu, this research presents preliminary findings of how data-oriented methodologies and system integration can make this happen. The study should inform future forays into digital-enabled cost control models and provide a practical point of reference to other restaurant companies embarking on a similar path of transformation.

Literature Review

Theoretical Foundations of Cost Accounting Systems

Cost accounting is the systematic collection, classification, and dissemination of the value of resources consumed in various business activities. It is a component of cost management, operations analysis, and strategic decision-making. Cost accounting has evolved theoretically—a lot—from conventional costing methods to standard costing, activity-based costing (ABC), and most recently, time-driven activity-based costing (TDABC). This is for enhancing the accuracy and efficiency of capturing the consumption of resources in organizations.

In the SME environment, the literature emphasizes that the creation of a complex cost accounting system plays a key role in increasing financial transparency, managing operational risks, and simplifying resource allocation structures (Cooper & Kaplan, 1991). The ABC method, in particular, enables the more precise assignment of indirect costs by tracing resources to activities and subsequently assigning them to cost objects. This approach is most suitable for service firms, where overhead is large and diverse. However, in SMEs, its application is restricted by reasons that vary from the cost of implementation to the lack of reliable data and complexity of processes to track—making smaller companies incapable of reaping the complete advantages of ABC in practice..

Empirical Studies on Cost Accounting Practices in the Restaurant Industry

At the operational level, both domestic and international researchers have explored the accounting systems and cost structure within the restaurant industry. Empirical studies have shown that the primary cost factors for restaurant companies overall tend to be direct materials (i.e., unprepared food ingredients), direct labor (wages and benefits for service staff), manufacturing overhead (kitchen equipment depreciation, utility costs such as electricity and water), and period costs (e.g., rent, advertising, and administrative costs). Among them, cost-cutting programs are typically directed at three categories: food procurement, labor management, and store-level operational expenses.For example, Zheng Lihua (2020), through investigating a group of chain restaurant firms, revealed that the sophistication of store-level cost accounting has a direct influence on financial performance and profit margin. The study emphasized the need to develop more refined standardized procedures for cost consolidation at the unit (store) level for consistency and comparability across branches.

There have been other studies identifying the growing importance of computerized tools in modern cost management. Enterprise Resource Planning (ERP) systems, when integrated with Point-of-Sale (POS) systems, can significantly improve the accuracy and timeliness of cost data, real-time financial reporting, and process-level cost control. These technologies enable restaurant managers to monitor ingredient usage, employees' efficiency, and operation variances with much greater precision. As things stand, researchers advise small and medium-sized restaurant companies to invest in their digital infrastructure as a means of migrating to data-driven, automated cost accounting systems.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Research Foundation on Xiabuxiabu

Existing academic literature on Xiabuxiabu has predominantly addressed its brand promotion, corporate governance, and service innovation models. These studies have contributed to the formulation of a more informed understanding of the company's success in achieving a solid market position and operating effectiveness. However, a major gap is evident in the literature with regard to a systematic study of Xiabuxiabu's cost control mechanism and cost accounting system.

Given the company's highly standardized operations, rich experience in chain management, and prominent success in supply chain coordination and performance measurement, Xiabuxiabu presents a valuable case-based research. By way of an examination of the design rationale and real application of its cost accounting system, this study aims to bring a new perspective to the current body of knowledge. It seeks to add value to the existing pool of knowledge by providing empirical insights into how a mid-sized, fast-casual restaurant brand in China has navigated the complexities of cost structure management, especially in a rapidly changing and competitive business environment.

Not only does an approach of this nature complete the research gap regarding cost accounting applications within the food service sector, but also generates replicable models and prescriptive guidance for other small and medium-sized restaurant firms desirous of enhancing their internal cost control functions.

Analysis of the present state of cost management

Company Profile and Business Model

Xiabuxiabu Catering Management Co., Ltd., established in 1998, is the first chain restaurant brand in mainland China to pioneer the trend of "one hotpot per customer." The company aims at the mid-to-low price segment of the fast-casual dining market and targets young urbanites and white-collar workers. Its business model emphasizes a standardized production system with "open kitchens," centralized kitchens and cold-chain logistics, and just-in-time preparation at the storefront.As of December 2023, Xiabuxiabu had more than 800 directly managed stores in China and had realized centralized procurement of ingredients, unified logistics, standardized back-of-house kitchen procedures, and modularized cost control at the store level.The company's business model is defined by the following main operational characteristics:Highly standardized chain operation and ownership by the company, facilitating centralized capture of data, unified management practices, and uniformity of operations;Streamlined product offering, with hotpot meal sets as the flagship, facilitating standardization of ingredient usage and cost forecasting;Streamlined service processes, to reduce dining time and maximize table turnover rates;Store-as-cost-center" organizational setup, focusing on the accountability and responsibility of each outlet in controlling its own cost and performance metrics.

In this highly integrated operational framework, cost control is the critical interface between three tiers of the organization: the corporate decision center, regional operating teams, and front-line store management. An appropriately designed cost accounting and control system is thus essential not just to maintaining profitability at the group level but also to providing sustainable, efficient operations at local locations.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Cost Structure and Accounting Elements

According to Xiabuxiabu's official financial reports and in-depth field interviews, the cost structure of the company can be broken down into several key components as follows:Ingredient Purchase Costs: This includes the purchase of hotpot base ingredients, large quantities of fresh ingredients (vegetables, meats, and soy products), cooking spices, and supporting materials. As the most volatile cost category, ingredient costs typically absorb about 35% to 40% of total operating expenses.Labor Costs: These consist of wages, benefits, and training expenses for front-line service staff, kitchen workers, and store managers. Labor costs represent around 20% to 25% of total costs and have a very close correlation with store size and complexity of the service model.Rent and Depreciation: It includes payments for store rents, capitalized cost of renovations, and depreciation on kitchen equipment and furniture. Rent and capital spending are particularly prominent in Tier-1 cities owing to high real estate prices.Utilities and Operating Services: They are ongoing expenses such as water, electricity, gas, cleaning, and waste disposal—essential for maintaining day-to-day store operations.Period Expenses: These are operational but non-capitalizing expenses such as promotion and advertising campaigns, platform charges (e.g., Meituan delivery charges), and overall corporate-wide administrative overheads retransferred from the center.

Cost accounting methodology-wise, Xiabuxiabu operates a double-layered structure with store-level accounting in addition to centralized financial consolidation. Each outlet must submit a daily report to its regional operations center, with raw material consumption records, waste reports, sales summaries, and employee scheduling information. The center's finance department then consolidates and analyzes these reports to generate categorized financial statements. These outputs help monitor cost composition trends, anomaly detection, and managerial decision-making at regional and corporate levels.

Challenges in Cost Accounting Practices

Though Xiabuxiabu performs relatively well in cost control compared to industry standards, it still faces a series of issues with its cost accounting practices—particularly during times of explosive growth. The key issues are:Inconsistency and Real-Time Data: Inconsistencies have been noted in certain stores between reports generated manually and records by the system. This inconsistency has a tendency to fall behind the efficient monitoring of ingredient wastage, and consequently, impacts procurement forecasting as well as slows down the responsiveness of the supply chain.Unstandardized Cost Allocation Criteria: Some common costs—like cold-chain logistics expenses and headquarters administration overheads—cannot always be allocated across store units. This puts an uneven burden on fixed costs, often producing distorted measures of store profitability.Incomplete Labor Efficiency Assessment Framework: Although Xiabuxiabu has introduced performance-based compensation systems, its measurement criteria are still largely sales revenue per employee. It does not have complete metrics that integrate labor input with the actual cost absorption, so actual labor efficiency is difficult to ascertain from a cost-benefit perspective.Digital Infrastructure Integration Gaps: Despite the use of an enterprise resource planning (ERP) system, integration with in-store point-of-sale (POS) systems and mobile data collection platforms remains absent. Such technology gaps hinder the realization of fully automated and real-time costing processes across all operating units.

These problems suggest that although the cost accounting system of Xiabuxiabu is quite advanced, further data refinement, system coherence, and cumulative performance

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

measurements must be incorporated in order to facilitate cost transparency and scalability during future organizational enlargements.

Cost Accounting System Design

Four Basic Principles for Design of the Cost Accounting System

According to the business characteristics of Xiabuxiabu and the general limitations on small and medium-sized restaurant businesses (SMREs), the formulation of a scientific and practical cost accounting system must adhere to the following four basic principles:

Comprehensiveness:The system must comprehensively cover all the significant cost categories and support costs. These include direct materials, direct labor, manufacturing overhead, and period costs, so as to comprehensively capture and systematically account for all consumption of resources.

Adaptability and Dynamism:The accounting infrastructure has to be scalable so that it can accommodate changing store numbers, geographic organizational architectures, and morphing supply configurations. The system should enable dynamic calibration of the parameters of tracking and reporting cost for adaptation to organizational expansion and operations changes.
Grain size and Precision:Each store would be a low-level cost accounting unit, with strict monitoring systems at the product and job-post level. The aim is to offer fine-grained costing aggregation, enable cross-unit comparison, and offer controllability and auditability of costing information by business function.

Digital Enablement:The cost accounting system needs to be based on a robust digital infrastructure, using Enterprise Resource Planning (ERP) systems, Point-of-Sale (POS) terminals, and Business Intelligence (BI) platforms. These tools enable real-time data gathering, computerized data processing, and simple-to-use visual reporting, thereby enhancing responsiveness and quality of decision-making.

Following these guidelines, the cost accounting system can be made accommodating the operational facts of decentralized restaurant operations while simultaneously enhancing analytical depth and strategic worth.

Framework Structure of the Cost Accounting System

The cost accounting framework proposed here is store-based in nature, wherein each physical store is considered an individual cost center, with product category as the principal cost aggregation entity. The structure has three levels of hierarchy:

Major Cost Categories

The cost items are grouped into four major categories:
Category A: Direct Costs.Includes food ingredients, hotpot soup bases, and disposable items such as napkins and single-use utensils.
Category B: Labor Costs:Includes fixed and variable salaries, performance-based incentives for frontline staff, kitchen staff, and managers.
Category C: Operating Costs.Includes store rental, utility charges (electricity, water, gas), equipment depreciation, and maintenance of facilities.
Category D: Headquarter-Apportioned Costs.Comprises administrative overhead, brand marketing expenses, and shared services allocated from the corporate to individual stores.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Activity-Based Cost Aggregation.Each cost category is further broken down into job functions or business processes to enhance traceability and control:For example: kitchen preparation, waiter scheduling, delivery packaging, store cleaning.

The model also introduces "activity cost units", which facilitate precise measurement of resource utilization. These may include:"Per hotpot base unit,""Per customer served,""Hourly rental cost per square meter,""Per takeout order packaged,". Hese metrics provide standardized cost assignment measures to analyze specific service and production activities.
System Integration Interfaces

To support automation and real-time updating, the system interfaces with various internal digital systems:Inventory System Integration: Automatically retrieves raw material inflow and outflow records to accurately track ingredient usage.Human Resource System Integration: Accrues job-level working hours and payroll data to share labor costs accurately.Financial and Lease System Integration: Assembles recurring operating costs such as rent, insurance, and utility bills from the general ledger.

Data Collection and Reporting Structure

To enhance the workability of the cost accounting system, there must be a low-intervention, high-frequency data collection that supports cross-functional teamwork. It must be developed on three operational levels of business:

1. Store-Level Input (Frontline Data Capture)

Each store is required to provide daily operating reports, including:Daily sales volume and revenue

• Raw materials usage records. Sales volume by menu item. Quantities of ingredient wastage and spoilage

This level of detail ensures that cost data is linked to actual operations and allows accurate cost tracing to direct materials as well as product-level profitability.

Regional Operations Center (Mid-Level Review and Standardization)

Regional managers play an important role in monitoring the consistency and credibility of cost data in more than one outlet. Their responsibilities include:Periodic checks on cost recording procedures in each store;Verification of data deviations and reporting discrepancies;Intervening and corrective advice on abnormal cost variances;It serves as a "quality control" verification to meet standardization across decentralized units.Corporate Finance Department (Centralized Aggregation and Reporting)

Corporate finance department, corporate level, aggregates multi-source data to create a portfolio of multidimensional cost reports. These are: Store-Specific Cost Detail Reports (Daily / Weekly / Monthly);It monitors trends in food cost, labor, and overhead by store.Per-Item Profitability Reports;Allow horizontal comparison of profitability among different SKUs or product categories.;Cost Variance Early Warning Reports;Have pre-set threshold indicators to alert the management of abnormally high-cost variations or inefficiency.Labor Efficiency and Output Analysis Reports;Evaluate workers' productivity based on per-capita output, cost-per-hour rates, and cost-to-revenue contributions.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Institutionalization of the Cost Accounting Workflow

To enable the cost accounting system to function effectively and uniformly, there needs to be an organizational framework in place that legitimates duties, roles, and governance procedures. The following institutional measures are proposed:Clearly Defined Roles and Responsibilities:Establish a systematic process which segments duties into four stages:Data Entry → Preliminary Review → Analytical Processing → Final Verification.Segmentation of responsibilities minimizes errors and enhances responsibility among departments.

Integration into Store Manager Performance Measurement:

Integrate cost reporting metrics into store-level key performance indicators (KPIs). Metrics such as food cost control, labor efficiency, and budget target achievement should have a direct impact on managerial performance measurements and bonus levels.Institutionalization of a Cost Exception Reporting System;Establish a formal process for flagging and responding to cost behavior irregularities. Examples include:Abnormally high levels of ingredient wastage;Historically unprecedented levels of labor utilization;Unexpected spikes in utility costs.These exceptions should be directed to a dedicated analysis team within the supervision of the operations department, which will have the mandate of making root cause findings and creating corrective action plans.

In conclusion, with the incorporation of a store-based, multi-level accounting structure, an information system–based capture mechanism, and an institutionalized performance linkage mechanism, the resultant cost accounting model presents a replicable, scalable, and implementable solution to small and medium-sized restaurant operations. Not only does it refine internal managerial precision but also heighten cost visibility and organizational reactivity across business units.

Cost Optimization Strategies

According to the structure of cost accounting proposed in the previous chapter, and based on Xiabuxiabu's experience in operations blended with the realities of small and medium-sized restaurant businesses (SMREs), this chapter explores several strategic options for cost optimization. These strategies span the whole cost cycle from purchasing to store operations and systems integration.

Optimization of Ingredient Procurement and Inventory Management

As the largest cost factor, ingredient purchasing and inventory optimization have a direct impact on a restaurant's gross margin.

1.Supplier Rating Mechanism:Implement a tiered rating system for suppliers based on price, consistency of quality, and delivery dependability. Supplier performance needs to be dynamically assessed to maintain sourcing flexibility and prevent procurement risk.

2.Centralized Purchasing and Regional Distribution:By tracing the route of Xiabuxiabu, via centralized kitchens and cold-chain logistics, small firms can adopt cooperative buying associations or third-party platforms to reduce frequency and unit cost of procurement at the store level.

3. Precision Inventory Modeling:Integrate ERP and POS systems to perform real-time sales-driven inventory forecasting. This reduces overstocking, minimizes spoilage, and offers high-turnover of perishables.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Human Resource and Role-Based Labor Cost Optimization.Labor cost optimization is not just cutting back—there must be a guarantee of service quality and stability of the workforce. Proposed techniques are:

Flexible Shift Scheduling:Use historical sales to forecast daily customer counts and staff accordingly, improving labor-to-demand alignment and avoiding overstaffing.

Performance-Linked Labor Evaluation:Integrate measures like revenue per employee, service time per guest, and customer satisfaction into staff assessment. This creates a "labor efficiency–service quality–cost effectiveness" feedback loop.

Part-Time and Outsourcing Models:During holiday periods or peak seasons, employ seasonal workers or outsource non-core functions (e.g., cleaning), thus reducing fixed payroll costs while retaining capacity flexibility.

Store-Level Cost Control Strategies

Every store is an independent business unit and ought to adopt tailored strategies in line with its performance profile:Sophisticated Utility Management:Implement smart meters and monitoring equipment to track energy usage by time and location. Analyze utility patterns to uncover inefficiencies.

Standard Consumption Controls:Assign standard ingredient amounts and acceptable wastage ranges to each dish. Alerts in real-time detect a deviation for instant managerial intervention.

Menu Engineering and Optimization:Periodically analyze dish performance by sales volume, gross margin, and ingredient efficiency. Drop low-margin items and promote profitable cost-effective ones.

Digital System Integration and Cost Monitoring Systems

Digitalization is the cornerstone of cost management that is sustainable. Key recommendations include enhanced ERP–POS Data Interfaces.Create seamless data flows from receipt of inventory to consumption, sales, and profit margin determination. Automate report creation to remove human error in input and speed up decision-making.

Visual Cost Dashboard (Cost Cockpit):Create a BI-powered analytics platform to provide easy, store-by-store performance comparisons, variance trends, and strategic cost diagnostics.

Three-in-One Training Mechanism:Develop an internal training program that converges system usage, data literacy, and cost control awareness. Equip employees with the capability to carry out and internalize optimization targets.

Bridging Cost Control and Business Performance

There must be a closed-loop system to enable cost optimization via performance and incentive mechanisms:Improved Store KPIs:Segment store-level profitability into actionable metrics such as labor efficiency, ingredient usage rate, food cost per transaction, and loss rates.

Accountability Commitment Mechanism:Regional managers implement cost target agreements with store leaders and receive incentives or penalties depending on cost goal achievement.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Recognition and Benchmarking:Conduct regular appraisals to identify the top-performing stores in cost management. Promote best practices and establish a competitive learning environment through horizontal benchmarking

Research Conclusion

With Xiabuxiabu, a well-known Chinese hotpot chain restaurant, as a case study, the research systematically explores the cost accounting system design rationale and optimization direction for small and medium-sized restaurant enterprises (SMREs). Theoretically, this paper traces the evolution path of cost accounting methods with a specific emphasis on activity-based costing (ABC) and its applicability to the food service sector. Empirically, the research conducts a thorough analysis of Xiabuxiabu's cost structure, accounting practices, and optimization initiatives.The article outlines a comprehensive cost accounting system for multi-store restaurant companies founded on three legs: store-level cost control, process-level management, and technology-enabled reporting systems. It subsequently elaborates on practical suggestions for ingredient procurement, labor scheduling, store-level budgeting, and electronic cost visualization.

Key findings are that cost control is not merely an issue of cutting costs, but a reflection of how effectively a firm controls resources, standardizes procedures, and consolidates internal functions. Xiabuxiabu has succeeded in balancing standardization and operational flexibility by developing a multi-layered accounting and control system that penetrates through procurement, human resources, store operations, and corporate management. Through institutionalized processes, integrated IT systems, and performance-based incentives, the company provides a scalable, replicable model for SMREs seeking to achieve cost transparency and operational resilience.

Policy Recommendations

In order to further develop cost management competencies among SMREs and the digital and institutional modernization of the sector, the following policy recommendations are advanced: Improve Digital Infrastructure for SMREs.Governments should provide financial subsidies and training programs to support the digitalization of small service-sector businesses. More pervasive adoption of ERP, POS, and BI systems in the restaurant sector will lay the foundation for automated cost accounting and performance analysis.

Develop Industry-Wide Cost Accounting Standards.Industry associations should lead the way in creating standardized cost accounting and performance management templates for SMREs. This would lower the threshold for system implementation as well as increase the comparability and consistency of cost control practices across the industry.

Support Regional Collaborative Procurement Platforms.Promote the establishment of regional ingredient purchasing platforms to allow SMREs to achieve bulk-purchasing advantages. These platforms have the potential to increase pricing power, reduce supply chain volatility, and ensure cost savings and product quality.

Promote Integration of Financial and Operational Management.Firms need to shift from static financial reporting treatment and make it a real-time decision-making and cost-monitoring operational tool. A "finance + operations" co-governance will enable more responsive and fact-based management.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Create a Cost-Conscious Corporate Culture.Cost awareness needs to be strongly embedded into frontline operations through visual dashboards, task-specific training, and performance incentives. Establishing an organizational culture of "everyone manages cost, everyone values efficiency" will enhance cost accountability and continuous improvement at all levels.

Future Research Outlook:
Future studies can tackle problems such as multi-store cost coordination systems, digital performance feedback systems, and behavioral economics–based cost interventions to further develop the body of knowledge on cost optimization under the backdrop of high-quality development for SMREs. These future research paths will help achieve the alignment of managerial innovation with the evolving needs of the modern restaurant industry.

Acknowledgment
I would like to express my sincere gratitude to my supervisor, Dr. Lee Khai Loon, for his valuable guidance, support, and encouragement throughout the development of this paper.

Conflict of Interest
The authors declare that there is no conflict of interest regarding the publication of this paper.

Author Contributions
Tao Xin was responsible for the conceptualization, literature review, data collection, and the initial drafting of the manuscript.Dr. Lee Khai Loon supervised the research design, provided critical revisions, and contributed to the methodological structure and final editing of the paper.Both authors have read and approved the final manuscript.

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

References

Acar, E., Kocak, I., Sey, Y., & Arditi, D. (2005). Use of information and communication technologies by small and medium-sized enterprises (SMEs) in building construction. Construction Management and Economics, 23(7), 713-722. https://doi.org/10.1080/01446190500127112

Bhamu, J., & Sangwan, K. S. (2014). Lean manufacturing: literature review and research issues. International Journal of Operations & Production Management, 34(7), 876–940. https://doi.org/10.1108/IJOPM-08-2012-0315

Bowen, D. E., & Youngdahl, W. E. (1998). "Lean" service: in defense of a production-line approach. International Journal of Service Industry Management, 9(3), 207–225. https://doi.org/10.1108/09564239810223510

Chen Zhiyan. (2014). Research on the Application of "5S" Management Model in Catering Food Safety. Journal of Guiyang University (Natural Science Edition), 9(4), 44-46. http://dr.lib.sjp.ac.lk/handle/123456789/6567

Cheng Dong et al.2001 Cheng Dong, & Yao Xiantao. (2001). Management Practice and Cases of Small and Medium Enterprises. CITIC Press. https://doi.org/10.1002/csr.1305

Deng, J. (2022). The Informatization of Small and Medium-Sized Enterprises Accounting System Based on Sensor Monitoring and Cloud Computing. Mobile Information Systems, 2022(1), 5007837. https://doi.org/10.1006/mare.2000.0141

Henderson, B. A., & Larco, J. L. (2000). Lean Transformation: How to Change Your Business into a Lean Enterprise. Oaklea Press.

Hines, P., Holweg, M., & Rich, N. (2004). Learning to evolve: a review of contemporary lean thinking. International Journal of Operations & Production Management, 24(10), 994–1011. https://doi.org/10.1108/01443570410558049

Netland et al.2016 Netland, T. H. (2016). Critical success factors for implementing lean production: The effect of contingencies. International Journal of Production Research, 54(8), 2433–2448. https://doi.org/10.1080/00207543.2015.1096976

Rohani M.M., & Yusoff, A. S. (2015). Tahap Kesediaan Pelajar Dalam Penggunaan Teknologi, Pedagogi, Dan Kandungan (TPACK) Dalam Pembelajaran Kurikulum di IPT. Proceeding of the 3rd International Conference on Artificial Intelligence and Computer Science, Pulau Pinang.

Schonberger, R. J. (2008). Best Practices in Lean Six Sigma Process Improvement: A Deeper Look. Hoboken, NJ: John Wiley & Sons. DOI:10.1002/9781119196761

Shah, R., & Ward, P. T. (2007). Defining and developing measures of lean production. Journal of Operations Management, 25(4), 785–805. https://doi.org/10.1016/j.jom.2007.01.019

Tortorella et al.2014 Tortorella, G. L., & Fogliatto, F. S. (2014). Method for assessing human resources management practices and organisational learning factors in a company under lean manufacturing implementation. International Journal of ProductionResearch,52(15), 4621–4631. https://doi.org/10.1080/00207543.2014.881577

Womack et al.2005Womack, J. P., & Jones, D. T. (2005). Lean Solutions: How Companies and Customers Can Create Value and Wealth Together. New York: Free Press. https://doi.org/10.1080/00207543.2014.881577

Womack, J. P., & Jones, D. T. (1996). Lean Thinking: Banish Waste and Create Wealth in Your Corporation. New York: Free Press. https://doi.org/10.1057/palgrave.jors.2600967

Zhang Hongqin. (2011). Discussion on the Construction of Accounting System of Small and Medium Enterprises. China Collective Economy, (8S), 145-146. https://doi.org/10.1006/mare.2000.0141

Volume: 10 Issues: 72 Special Issue [April, 2025] pp. 141 - 153
Journal of Islamic, Social, Economics and Development (JISED)
eISSN: 0128-1755
Journal website: www.academicinspired.com/jised
DOI: 10.55573/JISED.107211

Zhang Liping. (2015). Identification and Control of Risks in Implementation of ERP Management in Chinese Enterprises. China Market, (19), 156-157. https://doi.org/10.1108/17410390910993554