POLITICAL SCIENCE

Cost Governance and Outlet Profitability Analysis for Sustainable Growth of Saudi Restaurant Chain

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Abstract

Restaurant chains can increase sales and outlet numbers while weakening the economics of their existing operations. Sustainable growth consequently requires a cost-governance system that explains where resources are consumed, how outlet profitability is measured and which managerial responses preserve future earning capacity. This paper develops an analytical approach for Saudi restaurant chains using a targeted integrative review of restaurant costing, revenue management, food waste, hospitality accounting and governance research. Official Saudi statistics establish the sector context, while accounting guidance clarifies differences between management indicators and financial reporting. The synthesis distinguishes menu contribution, channel contribution, outlet operating performance and the return on invested resources. It identifies weaknesses arising from inconsistent overhead allocations, incomplete delivery economics, unsuitable labour comparisons, unrecorded waste and expansion decisions based on aggregate revenue. Three tables organize the proposed profitability hierarchy, variance diagnosis and intervention review. A sourced graph displays separate sector indicators, and a conceptual diagram connects reconciled outlet information to operational diagnosis and investment decisions. The framework recommends investigating the cause of an adverse result before imposing uniform cost reductions. It also requires savings to be assessed against service quality, cash commitments and the durability of the improvement. No Saudi company dataset, estimated intervention effect or confidential company results are presented. The contribution is a decision-oriented model that can support empirical research and financial management in restaurant chains operating under Saudi Arabia's economic transformation.

Keywords: cost governance; outlet profitability; restaurant chains; menu costing; resource efficiency; Saudi Arabia; Vision 2030

1 Introduction

Restaurant-chain growth involves more than reproducing a successful concept in additional locations. Each outlet operates within a particular combination of customer demand, rent, staffing, opening hours and service channels. A chain can benefit from purchasing scale, shared expertise and brand recognition, yet its outlets need not have identical economics. Financial governance must make those differences understandable. Otherwise, profitable sites can subsidize persistently weak operations without a clear decision about why the subsidy exists or when it should end.

Cost governance means assigning responsibilities for defining, attributing and reviewing resource use. It should connect expense decisions with operational viability. Food quality, trained staff and reliable equipment sustain demand; reducing one expense may weaken those capabilities or increase other costs.

Outlet profitability analysis provides the evidence for those decisions. However, the term profitability can describe several different measures. A menu item may contribute after ingredients while

consuming scarce preparation capacity. An outlet may cover its direct expenses but fail to justify its original investment. A delivery channel may generate sales while producing weak incremental cash after commissions and promotional support. The same business can appear attractive under one measure and unattractive under another. Clear definitions are necessary before managers compare sites or evaluate interventions.

The Saudi context makes disciplined expansion relevant to private-sector development under Vision 2030. Restaurant groups participate in consumer services, tourism-related demand and employment, but national growth does not guarantee the success of an individual concept. New locations create commitments before demand is fully known. A chain needs evidence that its operating model can remain profitable as it expands, not merely evidence that the sector is large. This paper examines the management mechanisms behind that distinction and proposes a framework suitable for later testing with Saudi outlet records.

1.1 Aim and research questions

The aim is to explain how cost governance and outlet profitability analysis can support sustainable growth in Saudi restaurant chains. Five objectives guide the paper: distinguish useful profitability measures; evaluate costing and revenue-management approaches; identify major sources of outlet variation; develop a governance process for investigating and acting on that variation; and outline an empirical research agenda appropriate to Saudi operations.

Three questions organize the analysis. How should a restaurant chain measure outlet profitability without obscuring differences in format, maturity and service channel? Which operating mechanisms explain adverse cost and contribution movements? How can financial oversight translate those findings into responsible improvement, expansion or exit decisions? These questions require analysis at both outlet and chain level because locally attractive actions can have different consequences for shared facilities, brand reputation or the wider network.

2 Literature review

2.1 Menu costing and resource consumption

Research by Raab et al. (2007) explores activity-based costing in restaurant operations. Their work demonstrates why ingredient costs alone may provide an incomplete picture of menu economics. Activities such as preparation, service and related support consume resources that conventional menu analysis may not attribute adequately. The practical value of this approach lies in explaining consumption, not in assuming that a more elaborate allocation always produces a better decision. Cost-model design should reflect the question being asked and the information available.

Raab et al. (2010) subsequently compare activity-based menu engineering with traditional approaches. Their exploratory results support considering resource-related costs when assessing menu profitability. For a Saudi chain, this suggests examining whether apparently attractive items require unusually intensive preparation or service effort. The studies do not supply universal cost drivers or local profitability benchmarks. A chain should test whether its chosen activity measures capture meaningful resource differences rather than import a model developed for another restaurant.

The distinction between attribution and avoidability is important. Allocating an expense to a dish does not show that removing the dish will eliminate that expense. A kitchen may retain the same equipment and staffing after a menu change. Conversely, an item with positive ingredient contribu-

tion can restrict throughput during a peak period. Financial analysis should separate the cost assigned for reporting from the resources that would actually change under the proposed action. This makes menu decisions more useful than a simple ranking of accounting margins.

2.2 Revenue management and capacity

Kimes et al. (1998) introduce restaurant revenue management through the relationship between service capacity and time. Their revenue-per-available-seat-hour concept connects sales to seats and the period over which they can generate revenue. Kimes's (1999) implementation work further emphasizes understanding the service cycle before selecting interventions. These contributions broaden outlet analysis beyond daily sales totals. Identical revenue can arise from different combinations of demand, operating hours and capacity use.

For restaurant chains, capacity is not confined to dining seats. Kitchens, collection areas and delivery preparation can also constrain service. A promotion that increases orders may create congestion, errors or delays, reducing the benefit of additional demand. Time-based revenue measures remain useful where their assumptions fit the format, but they do not directly measure profit. A Saudi chain should connect capacity indicators to contribution and service outcomes instead of treating faster turnover as an unconditional improvement.

Customer-related accounting offers another perspective. McManus (2013) examines customer accounting and marketing measures in Australian hotels, highlighting the relationship between customer information and management practice. Although hotels differ from restaurants, the transferable question is whether revenue analysis recognizes the costs associated with different customers or channels. Repeat dining, promotions and delivery relationships can have different economic consequences. The paper adopts this question while avoiding direct transfer of hotel-specific findings or measurement conventions.

2.3 Food waste and operational control

Filimonau and De Coteau (2019) review food-waste management from the perspective of hospitality operations. They emphasize managerial capability, training, investment and potential savings, showing why waste reduction requires an organizational response. Dhir et al. (2020) synthesize hospitality and food-service waste research across multiple themes and stakeholders. Together, these reviews support linking waste measurement to purchasing, preparation and service decisions rather than treating discarded food as an isolated disposal issue.

Pirani and Arafat's (2014, 2016) work on hospitality waste, including evidence from the United Arab Emirates, adds regional relevance without establishing Saudi effects. Their research examines waste generation through the food-service process. Heikkilä et al. (2016) likewise identify interacting factors in food-service waste through qualitative research in Finland. These studies justify investigating where and why material is lost. They do not establish a standard waste percentage for all restaurant formats or prove that a particular intervention will yield the same savings locally.

2.4 Management accounting and governance

Campos et al. (2022) review management accounting practices in hospitality, with particular attention to hotel evidence. Their synthesis describes the relevance of accounting tools for managerial decisions while identifying implementation challenges. Restaurant chains share the need for useful internal information but differ in production, demand and cost patterns. The appropriate implication

is to select measures for the decision context, not to assume that a recognized hospitality reporting system can be transferred unchanged.

Agency theory explains the need for monitoring where owners delegate decisions to managers (Jensen & Meckling, 1976). Yet a cost target can create unintended responses when managers control only part of the reported result. A manager may delay repairs, reduce training or shift expenditure to another period to improve a short-term indicator. Hospitality governance research by Li and Singal (2022) reinforces the importance of context and the limitations of simple structural prescriptions. Responsibility should match influence, and performance review should examine the mechanism behind an apparent improvement.

Bloom et al. (2015) associate ownership differences with measured management practices, including monitoring. Bernstein and Sheen (2016) provide restaurant-specific evidence on operational changes following private equity buyouts. These studies motivate attention to managerial capability and observable operating practices. They do not show that ownership change is required for cost governance or that financial pressure inevitably improves service. A restaurant chain can examine reporting, responsibility and follow-through within its existing ownership arrangements.

2.5 Saudi industry context

The General Authority for Statistics (2025) reports 2024 food and beverage service operating revenues of SAR 90.3 billion, operating expenditure of SAR 40.5 billion and employee compensation of SAR 15.6 billion. Figure 1 displays these as separate official indicators. Their statistical definitions should be checked before combining categories; the graph is not an outlet income statement. Subtracting the displayed values would not establish a chain's profit, cash generation or investment return.

The figures demonstrate sector scale, while the outlet question remains local. A group must evaluate its locations, customers, menu and contractual commitments using its own records. National revenue does not identify which restaurant formats are commercially attractive or whether their costs are sustainable. Vision 2030 (Saudi Vision 2030, n.d.) provides the broader rationale for private-sector development, but growth quality requires evidence about operating viability. This review therefore uses national information as context and reserves company-level conclusions for future empirical work.

Saudi governance materials (Capital Market Authority, 2023) and the G20/OECD principles (OECD, 2023) provide institutional reference points for accountability and disclosure. Their legal scope differs across private entities and listed issuers. This paper does not prescribe all listed-company governance provisions for every restaurant chain. It examines the functions that financial oversight should perform, including transparent responsibilities, reliable reporting and scrutiny of material decisions. Implementation must reflect the company's structure and applicable requirements rather than a generic compliance checklist.

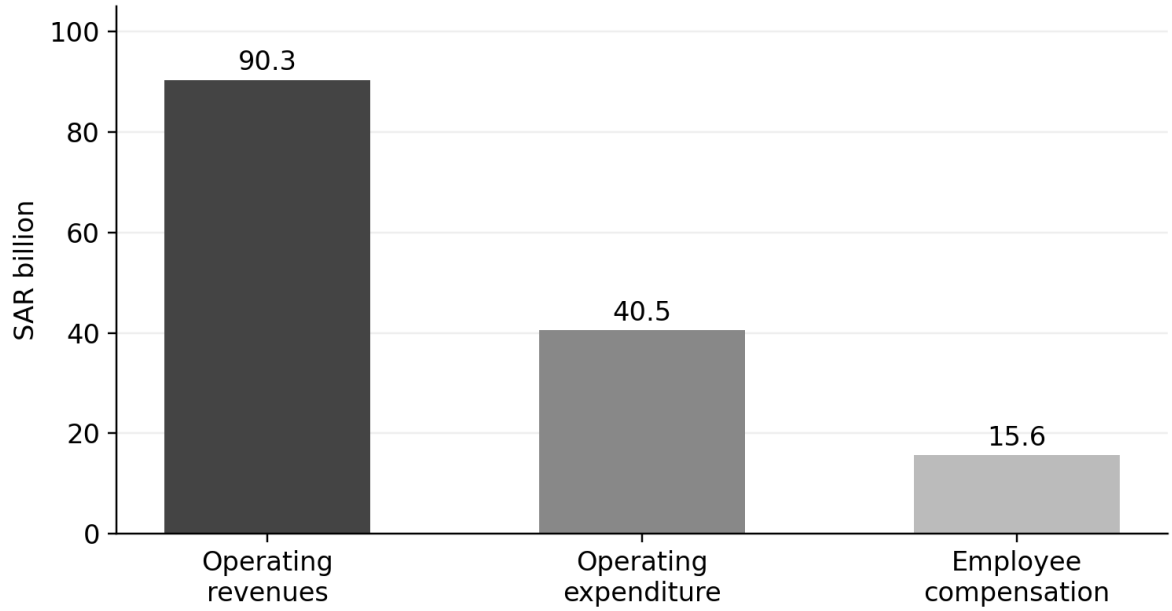


Figure 1. Saudi food and beverage service indicators in 2024.

Note: Data from General Authority for Statistics (2025), Structural Business Statistics for Other Services Activities 2024. Separate sector indicators, not an outlet profit calculation; category definitions must be checked before aggregation.

3 Research methodology

3.1 Review approach

This paper uses a targeted integrative review and analysis of authoritative documents. The method brings together restaurant operations, management accounting, governance and sustainability evidence around a common decision problem. Snyder's (2019) discussion of review methodology informs the distinction between integrative synthesis and statistical pooling. The paper does not estimate an average effect of cost governance because the sources examine different interventions, populations and outcomes. Its output is a conceptual framework with proposed analytical practices.

3.2 Source identification

Public searches were directed toward publisher websites, scholarly repositories, author institutions and official organizations. Search combinations included restaurant costing, menu engineering, activity-based costing, outlet profitability, restaurant revenue management, food waste, hospitality management accounting, Saudi food services and Vision 2030. Metadata and accessible research summaries were checked against primary publication records where available. Searches and verification were completed in October 2026. Older foundational work was retained where it directly explained the costing or capacity mechanism under discussion.

The review did not access subscription Scopus or Web of Science databases. It makes no claim about a comprehensive indexed search or article-screening yield. The bibliography contains twenty-five selected references, including academic research, accounting guidance and official institutional material. No invented screening totals or survey observations are reported. Some studies were

accessible only through abstracts or publication summaries, limiting detailed evaluation of samples, identification strategies and robustness checks.

3.3 Inclusion and appraisal

Research was included when publication details could be established and the material addressed restaurant economics, cost measurement, management processes or operational resource use. Hospitality studies from other settings were included only when their relevance and transfer limits could be stated. Official sources established sector context or reporting principles. Marketing claims, unsupported industry benchmarks and unsourced estimates of Saudi outlet margins were excluded.

Appraisal considered the study design, operating setting, unit of analysis and specificity of the outcome. Exploratory costing studies were distinguished from broader reviews and empirical ownership research. An association with stronger management practices was not treated as proof that a chosen cost target causes better performance. Accounting standards clarified reporting distinctions but were not used as evidence of profitability improvements. These boundaries support more disciplined synthesis despite the limited search design.

3.4 Analysis and evidence boundaries

Evidence was grouped into profitability definitions, capacity, resource consumption, waste, management information and decision accountability. Each theme was examined for its relevance to outlet-level diagnosis and chain-level growth choices. The resulting tables and diagram are original analytical proposals. They do not describe observed practices in a named Saudi company or validate a universal profitability score. The paper uses no confidential financial statements, interviews or company-level operational results.

4 Results and discussion

4.1 A hierarchy of profitability measures

An outlet report should begin by specifying the decision it supports. Menu contribution helps assess product economics after defined direct costs. Channel contribution considers the expenses associated with the route through which orders reach customers. Outlet operating performance adds location-specific resource commitments. Chain-level profitability then recognizes central functions and other group obligations. Return analysis considers the capital committed to producing those outcomes. None of these measures can substitute for all the others.

The proposed hierarchy in Table 1 retains these distinctions instead of compressing them into one margin. It allows an analyst to ask whether a problem originates in product mix, delivery terms, local staffing, occupancy or the wider support structure. Comparisons require consistent definitions and an explanation of exclusions. A positive outlet contribution does not necessarily justify keeping the site indefinitely, while a negative fully allocated result does not automatically show that closure will improve group earnings.

Two safeguards are particularly important. First, controllable performance should remain distinguishable from results that include costs assigned by headquarters. Second, avoidable future costs should be separated from historical expenditure or commitments that continue after closure. The aim is neither to excuse weak sites nor to preserve them through accounting choices. It is to show which resources would change under each decision and how that change would affect the chain.

Table 1. Proposed profitability hierarchy.

Measure	Analytical basis	Decision boundary
Menu contribution	Net item revenue less defined direct item costs.	Does not capture all preparation, service or shared costs.
Channel contribution	Channel revenue less relevant channel costs.	Incremental costs differ from fully allocated costs.
Outlet operating result	Outlet revenue and defined location costs.	State whether central costs and lease adjustments are included.
Fully allocated outlet result	Operating result after documented shared-cost allocations.	Allocated expense may remain after closure.
Cash consequences	Expected receipts and payments under each alternative.	Include contractual obligations and implementation spending.
Investment return	Future benefits compared with capital committed and risk.	Requires verified cash estimates and an explicit valuation basis.

Note: Author synthesis; proposed indicators require company-level validation.

4.2 Revenue reconciliation and channel economics

Outlet sales should be reconciled across point-of-sale records, refunds, discounts, delivery settlements and accounting reports. IFRS 15 (IFRS Foundation, n.d.-d) provides the reporting context for revenue from contracts with customers, but specific arrangements still require assessment. Gross order value, collected cash and recognized revenue can differ. A chain should document these differences so that managers do not interpret a change in settlement timing or presentation as a change in customer demand.

Channel analysis should include incremental preparation, packaging, commissions and promotional support where relevant. A delivery order can have different economics from the same item consumed on-site. Allocating every existing outlet expense to that order may overstate its incremental cost, while ignoring channel-specific costs can overstate its contribution. Both errors can lead to unsuitable decisions. The relevant calculation depends on whether management is pricing an additional order, evaluating a contract or redesigning the outlet's channel mix.

Promotions should be reviewed against the demand they create and the resources they require. Discounted transactions may replace full-price purchases rather than add entirely new business. Higher order counts can also increase kitchen congestion or service errors. A useful review compares affected periods and channels while examining alternative explanations. This paper does not prescribe a universal promotional return threshold because price, capacity and customer relationships vary across formats.

4.3 Ingredient costs and purchasing variances

Food-cost movements should be decomposed before responsibility is assigned. Purchase prices can change because of market conditions, product specifications or supplier terms. Consumption can change because of yield, portioning, preparation practices or menu mix. Recorded inventory can change because of timing errors, transfers or write-offs. An aggregate food-cost percentage cannot reliably identify which mechanism is responsible. It should function as an initial signal that triggers more specific investigation.

Recipe standards should reflect actual production and approved specifications. A theoretical food-cost estimate based on outdated quantities or prices gives a weak baseline for evaluating kitchens. Conversely, repeatedly revising the standard to match actual consumption can hide deterioration. Changes should be documented, with a distinction between deliberate menu redesign and unexplained variance. The proposed control process connects purchasing and preparation records so that finance and operating teams investigate the same underlying movement.

Supplier evaluation should consider reliability and usable output as well as invoice price. A lower-priced input can increase waste or preparation effort. Buying larger quantities may improve a discount while increasing spoilage or storage requirements. Purchasing decisions should therefore examine the consequences across the service process. The objective is an economically sound supply arrangement that sustains the menu, rather than a saving demonstrated only in procurement reports.

4.4 Labour capacity and service performance

Labour analysis should recognize the relationship between staffing, demand and the work required by the concept. Sales per labour hour can be informative, but comparisons between outlets need similar definitions of hours and responsibilities. A site serving complex dishes or handling several channels may require more preparation effort than another with similar revenue. Staff movements, opening preparation and training can also affect the reported ratio without indicating persistent inefficiency.

Scheduling should be evaluated at the periods when demand and service requirements occur. A daily total can conceal shortages during peak demand and idle capacity during quieter periods. The proposed approach examines scheduled hours, actual deployment and relevant service outcomes together. This can reveal whether the issue is inaccurate demand planning, task organization, limited skills or avoidable waiting. It does not assume that reducing headcount is the appropriate response to every adverse labour ratio.

Service indicators act as safeguards when interpreting labour savings. Order accuracy, preparation delays, complaints and operational continuity can reveal effects that expense reports miss. Their definitions should remain stable, and isolated incidents require context. Financial review should identify whether lower expenditure reflects a process improvement or a transfer of pressure to employees and customers. Sustainable productivity means using resources more effectively while retaining the capability needed to serve demand.

4.5 Waste, utilities and maintenance

Waste governance should distinguish where losses occur: receiving, storage, preparation, surplus production or customer leftovers. The same recorded value can require different responses depending on its source. Purchasing corrections will not necessarily solve excessive production, and changing portion sizes may affect the customer proposition. Waste measurement should be connected to responsible functions and interpreted alongside sales and menu changes. A decline in waste during a period of falling demand is not sufficient evidence of a successful intervention.

Utilities and maintenance require attention to the physical operating model. Energy use can vary with opening hours, equipment, production intensity and shared facilities. A comparison per outlet can therefore be misleading unless those differences are understood. Maintenance deferral can improve short-term expenditure while increasing disruption or later repair needs. Managers should distin-

guish recurring operating use from deterioration that threatens service continuity. No universal energy or maintenance target is proposed without verified information about the facilities.

Inventory accounting provides a related boundary. IAS 2 (IFRS Foundation, n.d.-a) addresses inventory measurement and recognition of losses, but accounting write-downs are different from the daily process that prevents waste. Finance should reconcile operational records with the relevant reporting treatment while preserving the ability to investigate physical causes. A clean year-end adjustment does not establish that purchasing, storage or production practices have improved. The investment in control should be evaluated through the reliability of the resulting information and decisions.

4.6 Occupancy costs and shared overheads

Occupancy commitments can make an otherwise effective outlet economically difficult to sustain. Lease terms, location demand and investment requirements need assessment together. IFRS 16 (IFRS Foundation, n.d.-e) affects the reporting of many lease arrangements, so earnings comparisons should remain consistent with contractual payments and the chosen reporting basis. A change in presentation is not a disappearance of rent. Outlet analysis should reconcile accounting measures to the obligations that influence cash and future flexibility.

Shared overheads should be allocated transparently for reporting while retaining visibility over the actual service provided. A revenue-based allocation may assign more cost to a growing outlet even when its use of central resources has not increased proportionately. Other drivers may better explain particular functions, but no single allocation basis is universally appropriate. The chain should document its rationale and avoid interpreting changes in allocation as improvements in resource efficiency.

Closure decisions require assessment of costs that remain. Headquarters salaries, a central kitchen or contractual obligations may not fall when one outlet closes. A site with weak fully allocated earnings may still contribute toward those commitments. Equally, retaining a site can consume management attention and capital that could be used more productively elsewhere. The decision should compare realistic alternatives using future cash and resource consequences, not rely solely on a historical accounting result.

4.7 Outlet comparability and growth cohorts

Outlet comparisons should recognize differences in maturity, format, location and trading periods. Recently opened sites often have preparation and ramp-up conditions that established sites do not share. Temporary disruption, refurbishment or changes in operating hours can also affect performance. Comparing outlets without qualification can encourage unsuitable targets or conceal structural weakness behind explanations that never expire. Each adjustment should have a documented reason and a basis for later review.

Opening cohorts can help a chain assess whether expansion economics are repeatable. The original business cases should be preserved, and realized results should be examined against the assumptions that supported approval. Differences in demand, expenditure and timing should be explained rather than removed through repeated reforecasting. Management can then identify whether planning needs correction, execution capability needs investment or the concept itself requires reconsideration.

Existing-estate performance should remain distinguishable from growth caused by new openings or acquisitions. Chain revenue may increase while mature outlets weaken, and group averages can conceal that movement. Expansion should also be assessed for possible effects on nearby sites or shared production capacity. The proposed framework treats these relationships as questions for investigation. It does not claim a measured rate of cannibalization or establish that every overlap between locations destroys value.

4.8 Decision rights and intervention review

The response to an adverse result should begin with diagnosis. Table 2 links financial signals to possible operating explanations and the evidence needed to distinguish them. A uniform percentage reduction across expense categories may ignore the cause of the problem. Supplier changes, scheduling improvements, menu redesign and site restructuring involve different responsibilities and risks. Governance should make those differences visible before an action is approved.

Each material intervention should have an accountable owner, an expected mechanism and a measurement basis. The review should establish which resources are intended to change and what service conditions must be preserved. Savings should be net of implementation and recurring support costs. An action completed on schedule has not necessarily produced its expected economic benefit. Evaluation should examine whether the relevant outcome improved and whether alternative explanations remain plausible.

Board and executive review should permit challenge of both adverse results and apparently favourable ones. Managers should not be rewarded for transferring costs to another outlet, delaying essential expenditure or changing definitions without explanation. Reporting should connect exceptions to decisions and retain evidence of resolution. Saudi governance materials provide context for accountability, but the specific authority structure should reflect the chain's ownership, legal form and operating needs.

Table 2. Outlet variance diagnosis.

Financial signal	Possible explanation	Evidence required
Food-cost increase	Prices; specification; yield; portioning; mix.	Invoices; recipe standards; receipts; consumption records.
Weak labour ratio	Demand timing; workload; skills; deployment.	Schedules; actual hours; channel load; service performance.
Higher waste	Storage; preparation; surplus; recording change.	Stage-specific records; volumes; menu and sales changes.
Weak delivery contribution	Commissions; discounts; packaging; order substitution.	Contracts; settlements; incremental costs; channel comparisons.
Low allocated profit	Occupancy; local costs; central allocation.	Lease commitments; allocation drivers; avoidable costs.
Growth with falling cash	Opening spending; inventory; payment timing.	Bank reconciliations; forecasts; approved commitments.

Note: Author synthesis; proposed indicators require company-level validation.

4.9 Cash, investment and sustainable growth

Profitability should be connected to cash and investment requirements. Inventory purchases, payment timing and opening expenditure can create liquidity pressure even when the chain reports earnings. IAS 7 (IFRS Foundation, n.d.-c) distinguishes operating, investing and financing cash flows, helping explain why profit and cash movements differ. A managerial forecast should connect those movements to outlet plans and contractual commitments rather than extrapolate earnings mechanically.

Investment review should include maintenance needed to sustain current operations. Expanding the estate while deferring existing-site requirements can produce growth that is fragile. A profitable-looking outlet may require significant refurbishment, while a weaker site may have a credible improvement opportunity. The proposed approach compares future commitments and benefits across alternatives. IAS 36 impairment (IFRS Foundation, n.d.-b) provides a reporting safeguard in relevant circumstances, but impairment outcomes should not replace the chain's own investment-performance review.

Sustainable growth is defined here as expansion supported by durable operating economics, responsible resource use and adequate financial flexibility. It does not imply that every environmental initiative immediately reduces costs or that short-term profit maximization captures all obligations. Waste prevention, service quality and workforce capability can affect both current expenditure and future viability. Decisions should make their trade-offs explicit and assess the evidence rather than presume that one indicator represents sustainability as a whole.

4.10 Proposed analytical framework

Figure 2 presents a diagnostic framework beginning with reconciled outlet information. The analysis separates revenue and channel effects from resource and commitment effects before selecting a response. Operational remedies are then distinguished from decisions that change the outlet's structure or investment role. Verification examines cash consequences and service safeguards, and recurring review updates assumptions. The arrows express proposed reasoning relationships rather than empirical estimates of causality.

Three propositions emerge. Comparable profitability definitions should improve the identification of weak outlet economics relative to aggregate sales reporting. Intervention review that considers avoidable costs and service conditions should produce more credible savings assessments than expense targets alone. Expansion review that distinguishes opening cohorts from existing operations should improve the explanation of deviations from investment cases. These are testable expectations, conditional on data quality and organizational capability, rather than findings established for Saudi chains.

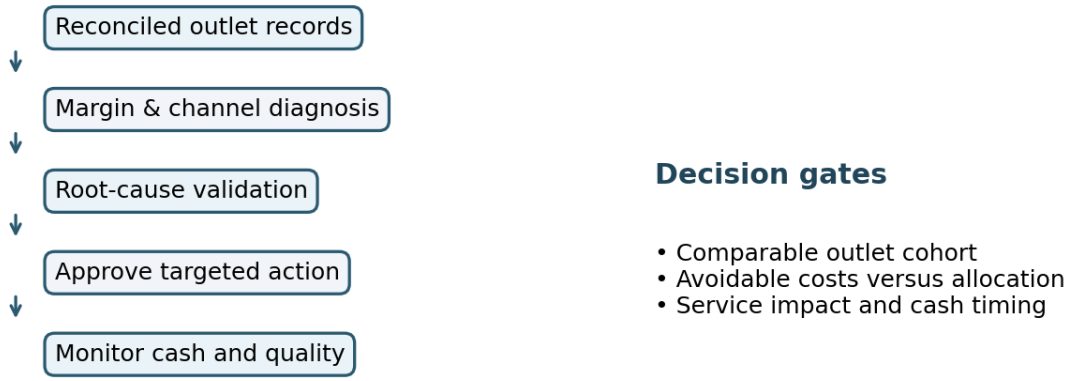


Figure 2. Outlet profitability diagnosis and decision framework.

Note: Original conceptual synthesis. Arrows show proposed analytical dependencies and recurring review, not measured causal effects.

5 Implementation and decision controls

An implementation review should compare the approved hypothesis with actual results after a defined monitoring period. Financial savings must be read alongside customer service, product quality, staff capability and recurring maintenance needs. These are proposed controls for future validation, not observations from a Saudi restaurant company.

For an outlet expansion or closure proposal, decision papers should distinguish historical investment from avoidable future cash flows, identify lease and employment commitments, and test sensitivities in demand and input costs. Reviewing one site in isolation may be misleading where shared production, brand reputation or distribution routes affect other outlets. The proposed governance record therefore connects outlet actions to network-level cash and operating effects.

The proposed cost governance process can be implemented as a staged decision cycle rather than a single scorecard. Finance first reconciles sales, discounts, delivery settlements, inventory movements and outlet expenses. Operational managers then test whether a flagged variance reflects price, volume, waste, service capacity or an accounting allocation. Only after that diagnosis should management authorize an intervention with measurable expected consequences.

6 Conclusion and recommendations

Cost governance supports restaurant-chain growth when it clarifies resource consumption and improves the decisions made from outlet information. The review identifies several essential distinctions: ingredient contribution differs from full menu economics; sales differ from channel value; allocated outlet profit differs from avoidable cash consequences; and expansion revenue differs from investment success. Maintaining these distinctions helps prevent decisions based on a favorable aggregate result that conceals weak operating fundamentals.

Saudi chains should develop comparable outlet reporting, preserve original investment assumptions and connect material variances to operational investigation. Procurement, scheduling, waste and occupancy decisions should be reviewed for their effects on service and future cash commitments. Central oversight should assign responsibility according to managerial influence and require

evidence before declaring an intervention successful. These recommendations offer a basis for disciplined growth under Vision 2030 while leaving company-specific targets and decisions to verified local analysis. Table 3 summarises the proposed intervention review requirements.

Table 3. Proposed intervention review requirements.

Review question	Responsible participants	Evidence to retain
What caused the movement?	Finance and outlet operations.	Reconciled variance with competing explanations assessed.
What will the action change?	Relevant operating owner.	Resource mechanism and implementation commitments.
Which conditions must be preserved?	Operations and quality functions.	Service, safety and capability safeguards.
Was the benefit realized?	Finance and action owner.	Comparable outcomes net of recurring and implementation costs.
Should the decision be revised?	Executive leadership or board.	Documented response and remaining cash obligations.

Note: Author synthesis; proposed indicators require company-level validation.

7 Future directions

Future research should use longitudinal Saudi outlet data to evaluate the proposed mechanisms. Participating chains could provide reconciled sales, purchasing, consumption, staffing, occupancy and investment records, with appropriate confidentiality arrangements. Studies should distinguish formats, maturity and service channels instead of treating all outlets as interchangeable. Comparison groups or carefully designed staged interventions would help separate management effects from changing demand and market conditions.

Qualitative evidence could explain how managers interpret targets and why corrective actions succeed or fail. Interviews should be compared with records of approved interventions and observed outcomes. Research should include closures, stalled openings and unsuccessful improvements to avoid studying only visible successes. It should also examine whether more detailed costing changes decisions sufficiently to justify its information burden. A technically elaborate model is useful only when its additional precision helps management address a relevant problem.

This paper is limited by a targeted public-source search, reliance on heterogeneous studies and the absence of Saudi chain-level observations. Much foundational evidence comes from different institutional settings, and some sources were accessible only through summaries. The proposed framework therefore requires local validation. Its value is to organize the questions, measurements and responsibilities needed for that work, while maintaining the boundary between a plausible management approach and demonstrated improvements in outlet profitability.

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