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REVEALING THE TOLERANCE LIMITS OF POTENTIAL COST AND COST EFFECTIVENESS AT THE HUB BALI RESTAURANT

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ABSTRACT

This study uses an ethnographic approach in finding out how an organization's policies can be influenced by the existing culture in the organization. Experience and religion are the two factors that are very inherent in a person in his/her perception of an event. The potential limit policy in order to achieve cost effective at The Hub Bali was formed because of the different experiences and religions of each actor. Different experiences and religions do not prevent the parties at The Hub Bali from achieving the same goal.

Preliminary

Contingency theory was adopted to explain management diversity of accountants to show how certain aspects of the accounting system are related to various contextual variables (Emmanuel et al., 1990). The contingency approach to management accounting is based on the premise that no universally appropriate accounting system applies equally to all organizations in all circumstances. The effectiveness of a cost system design depends on its ability to adapt to changes in external circumstances and internal factors (Pavlatos & Paggios, 2009). Contingency theory shows that the company's strategy, organizational structure, and environment determine the choice of control system (Chenhall, 2003). Any associated benefit or drawback is a

function of the degree of alignment between the design of the firm's cost system and the set of special circumstances the firm faces (Chenhall & Morris, 1986). Benefits or losses are not solely caused by absolute level of cost system functionality.

The company is one of the profit-oriented business units in carrying out its activities or is often referred to as profit oriented. The company hopes that with the minimum expenditure it can generate the maximum possible profit or at least the company can use its assets maximally to generate income. In practice, not all companies can do this, even many companies have obstacles in the form of high costs that are not proportional to the income earned. One way is to control the costs incurred compared to the income earned, meaning that the contextual management control system design means that it cannot be generalized, but it depends on the uniqueness of the company. (Hanif, 2015). One form of management control system is the Cost Control function which is required in planning, supervision and coordination relating to the use of company assets because Cost Control has a role to secure the company's cash or cash equivalents. The choice of analytic perspective and cost components to include in a health economic evaluation can have an important impact on value assessment (Kim *et al.*, 2020).

Cost analysis is widely used in various fields such as health, banking, education, and even restaurant business. Cost analysis in evaluation refers to using a set of technical measures to evaluate and make decisions, including cost effectiveness, cost benefit, cost necessity, and cost feasibility.

Cost-effectiveness analysis is an alternative economic evaluation to compare costs and benefits, costs on currency values while the effect on the physical value of a particular program. Reference while in a restaurant based on calculations product is called the potential cost. Potential calculation will determine the selling price of a product but does not determine the picture *cost* generally. There are many things that need to be considered in determining the selling price to become a selling power to the customer, such as the quality and value of the product offered (value for money), it is not a taboo thing in shopping customers always think for the value of money spent whether it is appropriate to buy the item. Determining the right price can provide convenience for customers. Furthermore, the sales volume to be achieved or sales targets is an important factor in determining the selling value and potential cost to be achieved, for example with a large sales volume and high potential cost or with medium volume and small potential cost. The last consideration is having a lower price than competitors for the same type of product, making a restaurant an added value for customers. Cost-effectiveness analysis involves an assessment of both cost and effectiveness (Weintraub & Cohen, 2009).

Potential cost is calculated based on the recipe which is the guideline in each menu. Each recipe from the menu is formed a cost card that contains a cost count for each recipe. Furthermore, the cost card of each menu is multiplied by the number of products sold. Of the total value of all menus sold, this cost is assessed as a potential cost.

Control over food and beverages is conducted by calculating the cost or sale of food and beverages, this can be done every day or at the end of each period, namely by making a cost reconciliation for food and beverages. Managers operating in a competitive environment lacking access to accurate cost information can hinder their ability to make effective decisions (Patiar, 2016).

Cost reconciliation is carried out on the actual cost compared to the potential cost, the difference between the actual and the potential cost can be due to several reasons, including: wrong notes, miscalculations, wrong places or even fraud. If the actual cost is compared to the potential cost, it is unlikely that it will be the same, therefore in the cost reconciliation that is carried out, a tolerance limit is needed.

There is no definite tolerance limit for the difference in actual cost and potential cost, it all depends on managerial agreement. The greater the sales of food and beverage, the smaller the difference that can be tolerated, and vice versa. If the application of the fair difference limit is incorrect, then this can lead to undesirable events. Interested parties may take advantage of this gap for their personal gain. Therefore, this limit is very risky if not implemented properly.

The tolerance limit for the difference between the actual cost and the potential cost is a form of Cost of Quality (COQ), where the COQ is done to ensure conformity to quality standards in order to maximize cost effectiveness. This finding supports the results of previous studies (Plunkett and Dale, 1987; Porter & Rayner, 1992). They found that investing in appraisal activities led to reduced costs due to production failures and further investment in prevention activities did not result in a reduction in appraisal costs.

The Hub Bali, a restaurant located in Sanur, Bali, the management applies a tolerance limit of 2% for the difference between potential cost and actual cost. The 2% value is intended to provide tolerance for items that are no longer suitable for disposal, providing convenience in terms of production, due to the impossibility of producing to measure ingredients to match the recipe, to the previous experience of the chef executive in applying this value. The tolerance limit value is a form of assessment so that the quality of the food or beverage produced is in accordance with the standard, this is done for the purpose of achieving cost effectiveness.

The goal of achieving cost effectiveness requires collaboration from various parties, executive chefs and cost control believe that if cost effectiveness is implemented properly, the company will be able to get more value in the form of customer trust because the price offered is reasonable and right with the quality, so that customers do not feel burdened more because price that is considered excessive. This added value is ultimately believed to be able to influence the company to survive in the long term. The parties at The Hub Bali prioritize customer comfort, they believe that a good restaurant business is to provide a fair price to be offered to customers, and still provide the best quality food, so the company will last for a long time.

The belief of the perpetrators at The Hub Bali is cost effective to not only seek personal wealth, it becomes attractive with the Hindu belief in Tri Hita Karana about the paradigm of the meaning of profit which does not aim for oneself, but for society. (Amaliah, 2016), besides Buddhism in the Anguttara Nikaya where it is explained that good trading is a business that does not harm anyone causing a sense of disappointment, the Khuddaka Nikaya also explains "Na Nikatya Dhanam Hare" which means "don't seek wealth fraudulently", to keep customers from feeling disappointed and not feeling cheated, it really needs to be implemented cost effective which has an impact on ensuring the quality of the food served. A hadith in Islam says "Seller and buyer are both free to choose while they have not been separated. So if both of them are honest and explain each other correctly, then they will be blessed with both business. However, if you hide defects and lies, the blessing of buying and selling will be erased ", from this hadith it is understood that Allah blesses those who do business honestly. Honestly, it is understood that being committed to providing the best quality to customers, both in terms of quality and quantity, requires a policy of implementing cost effective.

Table 1. Potential Cost vs. Actual Cost of The Hub Bali restaurant in 2019

Month	Potential Cost (%)	Actual Cost (%)	Difference (%)
January	36.43	36.75	+0.32
February	36.42	37.12	+0.70
March	36.41	38.25	+1.84
April	36.55	37.09	+0.54
May	36.19	38.01	+1.81
June	36.72	38.67	+1.95
July	36.72	37.44	+1.38
August	36.29	37.11	+0.82
September	36.21	37.36	+1.15
October	36.15	37.56	+1.41
November	36.37	37.80	+1.44
December	36.18	37.82	+1.64

Source: Primary data processed, 2020

The cost effective policy implemented by The Hub Bali has succeeded in keeping COGS at the expected value, this success has given several customers who continue to visit again because of their belief that the quality of food and the price offered is comparable. This is in line with the initial goal of implementing cost effectiveness, which is defined as providing benefits that are proportional to the costs incurred. Based on the explanation above, it is interesting to examine whether the actors at The Hub Bali who adhere to different religions have an element of belief which is the basis for the successful implementation of cost effectiveness.

RESEARCH METHODS

Procedure and Ethnographic Data Collection

This research uses qualitative research methods, because the object of this research is humans. Qualitative research is a research procedure that produces descriptive data in the form of speech or writing and the behavior of the people being observed (Furchan, 2004). Through qualitative research, writers can identify subjects and feel what they experience in everyday life. Qualitative research is research using a natural setting, with the intention of interpreting the phenomena that occur and is carried out by involving various existing methods (Moleong, 2017).

The interpretive paradigm used in this study is derived from Germanic Philosophical Interests which emphasize the role of language, interpretation and understanding. The interpretive paradigm is formed based on the assumption that social reality is not a concrete existence, but its existence is formed from the subjective-objective experience of each individual. So that social reality is created from the results of the interpretation and individual concepts and how it is created from the results of the interpretation and individual concepts and how the meaning of the interpretation is formed. So that social reality is plural, usually survives or changes depending on individual understanding.

This study intends to reveal the essence behind the application of the tolerance limit to the difference between potential cost and actual cost, which aims to achieve cost effectiveness at The Hub Bali, and the perspective of actors at The Hub Bali in interpreting cost effectiveness according to their respective cultures. The research approach used is ethnography with the aim of understanding the direct perpetrator's point of view, providing an overview of its social and cultural relationships, in order to get his views on cost effectiveness. Therefore, this study describes a culture of a group of people from the perspective of the original actors, the culture in question is not only a material phenomenon such as objects, people, behavior, or emotions.

The object of ethnographic research is a culture which can be described, interpreted and described from various perspectives of the direct perpetrators. Different perspectives will lead to different understandings for each actor of different cultures. The concept of culture as a symbol system which has the meaning of a theory seeks to explain the level of behavior of the actors in relation to the meaning of symbolic interactionism.

Analysis and Explanation in Context

The type of data used in this study is primary data. Primary data obtained directly from field research through interviews. The technique of collecting data through in-depth interviews with informants, as a support, used observation and documentation techniques. Unstructured interviews are used to obtain in-depth information through sources who explore the situation and know more about the information the interviewer needs.

Research Model

An ethnographic design, researchers will be involved in the process of developing descriptions, analyzing data in order to find themes, and providing interpretations in order to interpret information. This research requires consideration between description, analysis, and interpretation so that each of them becomes an important element in the analysis. Furthermore, interpretation is discussed by understanding cultural themes, actively reflecting on information found in literature, and proposing ideas on how your research contributes to understanding the cultural themes in question.

The right informants will be able to provide a detailed explanation of the phenomenon, and know what actually happened, so that clear information can be obtained about the various reasons for applying the tolerance limit value to the difference between potential cost and actual cost. In order to be cost effective, the company is able to manage its costs as best as possible. The key informants in this study were Executive Chef, Cost Control, and Accountant.

Apart from key informants, researchers also used Sous Chef and Sales Executive support informants as additional information with the consideration that the supporting informants had knowledge and had frequent contact with key informants.

DISCUSSION OF RESULTS

Culture is acquired by humans as members of society. Without society there is very little possibility to form a culture. Conversely, without culture it is impossible for humans (individually or in groups) to maintain their life. According to Spradley (1998), culture refers to the knowledge that a person has acquired, used to interpret experiences and produce social behavior. Organizational culture is the values and norms of behavior that are shared by members of the organization as the basis for the rules of behavior in the organization.

The process of creating culture occurs in three ways: First, founders are simply recruiting and retaining employees who are like and feel with them. Second, the founders indoctrinate and socialize the way they think and behave to employees. Lastly, the founder's own behavior acts as a role model that encourages employees to identify themselves.

Policy in an organization cannot be separated by the influence of culture in the organization. In the organization itself, it is made by stakeholders who have different backgrounds who are united in an organization, the backgrounds of these stakeholders themselves create a new culture in the organization that causes the creation of a policy in the organization. The policies that are formed cannot be separated from the cultures in the organization.

The Hub Bali as an organization engaged in the restaurant sector certainly has a culture in it which is formed by previous experiences, religion, and the behavior of the individual itself as a role holder in the organization. The different experiences and different religions of the actors themselves make it

an interesting culture to explore in determining a policy that cannot be separated from the existence of an organization, one of the policies at The Hub Bali is the determination of potential tolerance limits and cost effective related to food cost.

Potential Tolerance Limits in the context of Cost Effective in the view of the Chef Executive.

The potential tolerance limit policy involves several parties at The Hub Bali, one of which is an executive chef who provides a lot of input in determining the policy. The input given is of course inseparable from the various experiences he had before working at The Hub Bali. The policy in determining this potential tolerance limit is also inseparable from the experience of executive chef The Hub Bali who plays an important role, this is as explained by informant Pak Putra Yasa as executive chef;

"Yes, it doesn't have to be the same, at most the difference is 2%. There must be differences wherever it was applied... "

This statement is reinforced by further questions by researchers who ask about how the potential tolerance limit policy in the informant's previous work place, provision of potential tolerance limits is very helpful in kitchen operations, daily operations do not allow to always measure what is included in the standard recipe. in a restaurant considering the complexity of making one menu dish;

"Yes, everyone must apply such a difference of 2% to maintain our stability in the kitchen, because when we cook it, we can't weigh the grams very accurately, because sometimes we use a role of thumb (in measuring)..."

Determination of potential tolerance limits is not necessarily applied without reason and previous observations, a policy must support all parts of the company to make it easier but not underestimate something, therefore the determination of policies such as this potential tolerance limit must be preceded by seeing how the actual conditions occur. . This was stated by Pak Putra Yasa as the informant when the researcher asked about how the potential tolerance limit policy came from;

"Finance Control (FC) has gone into the workplace and seeing that we are cooking, it is impossible to weigh it ..."

It is not uncommon also how experiences can help someone in his current life, experiences can be very valuable to someone just depending on how that person can interpret it. A good experience will certainly make it easier for someone in his current life to determine the right step.

Determination of Potential Tolerance Limits is inseparable from the desire for cost effectiveness with specific aims and objectives, cost effectiveness is defined as all forms of costs incurred to ensure they are not in vain and bring benefits such as added value in the eyes of customers in terms of taste and

price. important to maintain the sustainability of a restaurant business. This was well realized by the executive chef of The Hub Bali when asked about his views on cost effectiveness itself;

"... it means that it is good, it meets the standards, it is controlled, it does not harm the company and customers."

"Maintaining stability in the kitchen, preventing unlikely events like cheating, if we use it that way, it's already awake and controlled, because we stick to the same recipe."

Cost effective It is very important for an executive chef who is obliged to maintain the quality of his food, in forming a good image in the eyes of customers, a restaurant must be able to maintain the quality of its food, even better. This was conveyed by the executive chef of The Hub Bali as a person who is obliged to maintain the quality of his food;

"... so that's how the job description maintains food standards, and quality ..."

A similar sentiment was also conveyed by the supporting informant (sous chef) who is in charge of assisting executive chefs in their daily operations;

"Actually, if we talk about food quality, we have to look at the recipe, the recipe can't change, so the food that comes out is almost still good. Consistency with the new recipe is necessary for our food quality ... "

The quality of a dish really depends on how a recipe is arranged, starting from the ingredients, the supporting ingredients, to the method of making the dish. The quality of a dish is something that is highly emphasized in the restaurant business, both in terms of portions, food composition, to the taste of the food. The Hub Bali tries to be cost effective with the hope that the quality of the food offered at the price of the food is worth it, customer feedback is sufficient to give an assessment if this method is successful. This is as stated by the supporting informant as a sales executive;

"Yes, because it is appropriate, the price we offer is worth it for the customer ..."

Other accounts were also conveyed regarding the impact of the positive feedback;

"Because of the positive feedback from customers who have come, I can make a report and make it easier in marketing it to future customers ..."

Potential Tolerance Limits in the Cost Effective framework in the view of Cost Control.

The vision of Cost Control is expected to refer to proper and targeted efficiency and effectiveness so that any form of cost sacrifice that is incurred can provide benefits that are worth it or even more. In carrying out this vision, one way to do this is to make it cost effective to ensure that the costs incurred will definitely bring benefits in the future. The vision of cost control in seeing cost effectiveness was explained by the informants as cost control;

"... The costs incurred are maximal, it just so happens that because here I am only asked to focus on the use of raw materials, so yes, in terms of raw materials, we have to maximize their use... "

One of the things that concerns cost control in a restaurant is related to food costs, because food costs are related to food quality and costs incurred. Cost effective related to food cost is related to actual cost and potential cost, as a reference for potential cost which is formed from the existence of a standard recipe, to keep the actual condition not far from the potential cost, a policy is made to provide the difference between potential cost and actual cost. Several things were done by The Hub Bali's cost control to achieve cost effectiveness, he disclosed;

"... check the potential cost compared to the actual cost ..."

Like executive chefs, in contributing to how cost effective, cost control at The Hub Bali is also influenced by his experience, it is closely related to how one's experiences with others are able to form an interaction. It needs good cooperation between cost control and executive chefs in order to achieve cost effectiveness, just like moving forward, a new footing cannot be separated from the old trail. Cost control at The Hub Bali states;

"Based on experience, of course, from the previous place I learned about it ..."
Control must be carried out on food costs, considering that food costs are one of the largest cost components at The Hub Bali. Cost control as one of the controlling tools plays an important role in determining the profits of a restaurant both in financial and non-financial terms(Cengiz et al., 2018).

Potential Tolerance Limits in the Cost Effective Framework in the view of the Accountant.

Doing business is not just for profit, but Howin order for the business to last for a long time, this assumption shows that the company is committed, fulfills its obligations, achieves its goals and so on. Various things that affect the survival or failure of a business, to maintain its business commitment, the company makes various policies that keep each role in a company having the same goals. The policies of each company itself are different, many policies are adjusted to how the condition of the company itself is and a lot has to do with the culture of the organization itself.

The Hub Bali is one of them that makes policies to unite various roles in the company as an effort to achieve company goals, policies in The Hub Bali are adjusted to how the culture is in it. One of the policies of The Hub Bali is the limit of potential tolerance which aims to achieve cost effectiveness, cost effectiveness is an effort of The Hub Bali to show its commitment in the restaurant business.

This policy of potential tolerance limits is expected to be able to maintain the quality of the food offered. This policy expects how the food quality standards

match the output. The potential tolerance limit while maintaining the best possible so that the costs incurred on food production can be controlled properly. An accountant is of course very supportive of how policies like this can be implemented as best as possible, considering that accountants must also be able to provide useful information in making decisions, an accountant's opinion is needed in a policy like this.

Accountants should not only think of profits in terms of money value, but also be able to see the benefits of unseen value in terms of value for money, such as customer trust. The potential tolerance limit policy not only provides monetary value but also invisible benefits in terms of monetary value

Cost effective in the Executive Chef's viewpoint as Hinduism

A person in a society is bound by a culture. Through the culture inherent in itself, humans can also adapt and be able to survive, culture makes humans a unique figure of the many types of creatures that are created on this earth.(Amaliah, 2016). Culture in a society is also used as a way to solve a problem, culture also plays a role in shaping how the community thinks and acts.

One of the cultures at The Hub Bali can be seen in its policy regarding cost effectiveness which is influenced by people at The Hub Bali. As an adherent of Hinduism, the executive chef of The Hub Bali has a culture of believing in the philosophy of Tri Hita Karana and it is expressed in how his mindset and actions are carried out at The Hub Bali.

Tri Hita Karana explains that there are three things that lead to achieving harmony. The concept of harmony consists of 3 things, 1) the concept of *parahyangan* (the relationship between humans and God), 2) the concept of *pawongan* (the relationship between humans and humans), and 3) the concept of *palemahan* (human relationship with the environment or nature). *Tri Hita Karana* explained the position of humans in the universe and the relationship between humans and other elements in the universe.

The narrative delivered by the executive chef of The Hub Bali ensures that the cultural atmosphere that has been held so far plays an important role in shaping his mindset and the actions he takes. The concept of *parahyangan* can be seen from what was said by the informant "... we lied to him, sinned us", it is meant that customers don't get what they should get just because cost effectiveness is not achieved, this can be assessed how an executive chef is responsible for his actions towards his relationship. with God, whatever is done will be accounted for in the next life.

The concept of *pawongan*, "... must be honest with the customer" from this word explains that if the executive chef applies the concept of *pawongan*, the meaning here is that the standard recipe made is a form of commitment of the executive chef's responsibility to the customer for the quality of food that will be provided, therefore as a The executive chef is committed to providing the best quality food for customers according to the existing standard recipes by

achieving cost effectiveness. The commitment to provide the best quality food for customers explains how the relationship between humans and humans should be.

"... awake and in control, because we stick to the same recipe."

The last concept is the concept of *palemahan*, cost effectiveness, which is intended so that everything can be maximally utilized, one of which is the use of raw materials, the use of raw materials which should be a form of human relationship with nature, which does not waste food ingredients obtained from nature, this is implied in the explanation above.

Cost effective in the viewpoint of Cost Control as a Muslim

Doing a good business is not just a matter of gain or loss for a Muslim, but more a matter of heavenly life, that is the view of being an obedient Muslim. Cost Control The Hub Bali, who was born as a Muslim, has the same view because how his teachings are so embedded in his life journey, working in a restaurant certainly does not limit him from continuing to do what he believes. Cost Control as the informant revealed;

"... so as not to seek a lot of profit ..."

In 601 AD, Islam was told through the Messenger of Allah to straighten out business practices that had many deviations. Rasulullah built an Islamic business culture with four basic principles, namely *shiddiq* (integrity), trust (credibility), *fathonah* (smart), and *tabligh* (conveying). The Shiddiq principle explains that the main key to a business is honesty. Honesty is an important principle so that a business can grow rapidly, because the trust of consumers is one of the main factors. In line with what was conveyed by the informants;

"... if we buy expensive food, we will definitely feel disadvantaged, right, so the customer will be annoyed too, right?"

The principle of *Amanah* which is believed by Muslims is interpreted as a responsibility, including in terms of doing business, the mandate that is meant is how workers do their best to run a business by investors, and try their best to consumers so that the goods or *jada* offered do not contain the elements that are detrimental to consumers such as trickery (*gharar*), gambling (*maysir*), and *samar* (*jahalah*).

"... in the past, the story of the Prophet was explained like trading like that, so if we trade it takes a little profit so it doesn't harm other people, then the customer wants to come again if we give a cheaper price, both are lucky even though a little."

The third principle is *fathonah*, this principle describes business skills, this principle teaches how to solve various problems in business. This principle is carried out with the reflection that cost effectiveness is a step to overcome

problems in managing how raw materials should be used. The informants stated the same explanation;

"... weekly flash cost, yes, just checking the items when there is a PO (Purchase Order), ..."

The last principle is *tabligh*, in a business context it means how a business develops by means of good marketing, the role of cost control is important in determining the selling price of food so that it is easy to market, the price and quality of food that is equivalent is definitely the best marketing for customers. Marketing of this product of course depends on starting from raw materials to become a dish that is ready to eat, cost control cannot be separated from how the food process reaches the customer.

Cost effective in the accountant's viewpoint as Buddhism

Cost effective in an effort to show how the company is committed, in case The Hub Bali is cost effective as a commitment to provide the best service from various aspects in the restaurant sector. Accountants believe in doing business not only a matter of how to get profit in the form of value for money.

Having a background as a Buddhist, accountants have a background in business based thinking *Dhammacakkappavattana Sutta*; Samyutta Nikaya 56.11 (S 5.420), The Buddha taught the Four Noble Truths (Cattari Ariya Saccani) within which there is a path leading to the cessation of Dukkha. That path is called the noble eightfold path (Ariya Atthangika Magga), one of which is to explain right livelihood (*samma-ajiva*), doing good business should avoid having a livelihood that causes harm or suffering to other beings. There are five wrong livelihoods that must be avoided (Majjima Nikaya. 117), namely: 1) Fraud; 2) Disloyalty; 3) Dedication; 4) Cheating; and 5) Charging high interest rates (loan shark practice).

Business as a livelihood is a form of right thoughts, words and actions that are applied in people's lives. Right livelihood is the basis of every buddhism in understanding what a business should be. The Buddha said, "One makes an effort to leave wrong livelihood and enter into right livelihood; this is someone's right effort. With alertness he leaves wrong livelihood, alertly or mindfully he enters and abides in right livelihood; this is one's true concern. Thus these three states move and revolve around right livelihood, namely right view, right effort, and right mindfulness. " (Maha-cattarisaka Sutta, MN 117.33)

Cost effective reflects how it should be in business, the manifestations of right thoughts, speech and actions are contained within *cost effective* which aims for the internal and external good of the company. *Cost effective* in the right mind will think that business is not only for profit, gaining trust from customers is equally important, right speech to explain how the truth is, commitment to providing standards should be in accordance with the output, and right actions related to the efforts that have been carried out to achieve *cost effective*, such

as the potential tolerance limit, so that nothing is wasted, and so on, in order to achieve business as a right livelihood.

CONCLUSION

Policies in a company are largely determined by the culture of each person involved in the policy, therefore the policies of each company are different. This policy determines where the company will move, including The Hub Bali which determines the potential tolerance limit policy to achieve *cost effectiveness*. The limit of tolerance is a potential step for The Hub Bali to achieve *cost effectiveness*, the potential tolerance limits are made by comparing *potential cost* based on *recipe* with *actual cost*. The implementation of this policy makes it easier for the perpetrators to work without prejudice to the goals of their work, such as *Executive Chef* which is helped by the existence of this limitation makes the quality of the dish always consistent with *recipe* which exists, *Cost Control* which is helped to maintain how COGS is always controlled, it is made easy for accountants to provide the right information for making decisions. The potential tolerance limit is able to provide added value to The Hub Bali compared to its competitors. Various parties strongly support the existence of a potential tolerance limit policy in achieving cost effective which always compares the costs incurred to be able to provide maximum output.

Application of *cost effectiveness* greatly influenced by the experiences that run it, including how religion plays a very important role in shaping the views of the perpetrators. *Cost effective* from the point of view of Hinduism, it is a form of implementation of the Tri Hita Karana as the responsibility of God, Man and the surrounding Environment. Muslims looked *cost effective* as an order Rasulullah to build an Islamic business culture with four basic principles, namely shiddiq (integrity), trust (credibility), fathonah (smart), and tabligh (convey). *Cost effective* From the standpoint of Buddhism reflects how it should be in business, the manifestations of right thought, speech and action are contained within *cost effective* which aims for the internal and external good of the company.

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