

# Food cost efficiency at the Patra Bali Resort & Villas

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## Food cost efficiency at the Patra Bali Resort & Villas

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**Abstract** - This research focuses on implementing food costs with specific reference to the hotel industry. This study aims to determine the implementation of food costs to increase cost efficiency, as well as know the factors that determine the stability of the cost of food. The methods of data collection applied for this research are observation, documentation, and interview. The respondent in this study is the Financial Controller, Cost Controller, Purchasing Manager, and Store Manager about implementation and factors that determine the stability of food cost. The study uses two data analysis methods, namely: 1) Quantitative Descriptive Analysis by calculating the percentage of standard food costs and actual food costs and then providing a review of the comparison of the two. 2) Qualitative Descriptive Analysis by providing an explanation of the information obtained through interviews, observations, and documentation. The results of this study indicate that: 1) the implementation of the cost of food at the company has not reached an efficient level due to high purchases but low sales. 2) the high cost of food is caused by external factors such as the high price of raw materials in a certain period, and internal factors such as frequent damage to the chiller, the lack of applying the FIFO theory to storage and retrieval of goods, and lack of employee discipline in retrieving goods without using a store requisition. The suggestion given to management is more often to update the selling price in accordance with changes in the standard food cost and carry out more optimal supervision and control over the process of food cost discharges.

**Keywords:** costs; implementation costs; standard food costs; actual food costs

## 1. INTRODUCTION

Tourism is a trip made by someone for a while which is held from one place to another by leaving the original place and with a plan or not the intention to make a living in the place he visited, but solely to enjoy the activities of sightseeing or recreation to meet diverse desires. The development of the world of tourism is attracting tourists to visit the place of tourism, if many visitors in a tourism city then the city will be famous. The number of guests who come raises needs - needs that must be provided by the city of tourism one of which is a hotel.

Hotel is one form of public service that offers a service in terms of providing shelter, which is temporary and in certain times for anyone who needs it. Hotel is a very important supporting facility because its main function is to provide accommodation facilities that are very much needed by foreign tourists and domestic tourists. Hotel is a business that is looking for profit as the end result of its business activities (Wiyasha, 2010; Yana, 2016; Alauddin, 2017; Carolina, 2017). The largest hotel revenue came from room sales with a contribution of approximately 65 percent, and from food and beverage sales which contributed approximately 30 percent of total hotel revenue. In achieving revenue targets, hotels and restaurants need a control system on the cost of food so that the costs that come out are always efficient and do not exceed cost standards. With the standard food costs, of course the hotel wants the cost of food incurred or what is expected to be expected according to standards set by management. It aims to get the maximum profit. In carrying out supervision and control of the cost of food is needed cooperation between hotel departments such as Food & Beverage Department, Purchasing, and Cost Control to avoid misunderstanding in terms of quality, purchase, size and price of food ingredients.

Food costs are the prices of all foods used to produce this type of food. The cost of food is directly compensated for the sale of food that occurs and other costs such as labour costs and costs of materials used are used up, not charged to the cost of food. To see the efficiency of the cost of food, a positive result is needed in the difference between the standard food cost and the actual food cost used as a benchmark in assessing the performance of the Food & Beverage Department, and other related hotel departments. Positive results on the difference in standard food costs and actual food costs indicate that the costs incurred are smaller than the costs set by the hotel management, it indicates that the departments involved in handling the cost of food have worked well. However, based on the Food Cost Reconciliation data of the company in 2017-2019, it appears that the actual food cost per month is unstable and often exceeds the limits of the standard food cost targeted by hotel management. Comparison table between standard food cost and actual food cost at the company in 2017-2019 consists of Standard Food Cost, Actual Food Cost, and Variance. Variance is obtained from the reduction of the standard food cost with the actual food cost. The table can be seen in Table 1.

Table 1 presents many differences between standard food costs and actual food costs in 2017-2019. The positive results in 2017 were seen in April at 16.702.251 and August at 115.515 while the biggest negative results were in September of (281.988.951). In 2018 there were no significant positive results within 12 months the actual food cost always exceeds the standard food cost. The biggest negative result in 2018 was in December of (156.487.068) and the smallest was in August of (75.085). In 2019, there were positive results in June amounting to 72.226.755, September of 29.950.890 and November of 109.511.020, while the biggest negative result was found in December with a difference of (172.129.481). Variance with a negative result indicates that there is no efficiency in the cost of food that comes out every month and this happens because some things are not carried out as they should, such as lack of good attention to the stages in the storage of goods, which according to the recommended procedure for the first item to enter issued first, but the reality is found in the field that the first item is retained due to the second item coming out first, thus damaging the quality of the item and when the quality of the item has been damaged the result of the item cannot be used so that the cost remains out without sales. Lack of discipline employees in taking goods at the store without using store requisition, where if employees take goods without store requisition, the number of items in the store and bin card is not balanced and it is difficult for the inventory process.

Based on the descriptions above, the authors are interested in examining the implementation of food cost stability of the company.

Table 1 Comparison between Standard Food Cost and Actual Food Cost (2017-2019)

Month	Standard Food cost	2017	
		Actual Food Cost	Variance
January	695,357,022	768,587,460	- 73,230,438
February	620,770,178	803,293,628	- 182,523,450
March	580,764,373	654,409,868	- 73,645,495
April	653,768,208	637,065,957	16,702,251
May	644,860,388	783,871,757	- 139,011,370
June	592,708,115	608,653,142	- 15,945,027
July	729,627,942	743,641,193	- 14,013,251
August	887,479,270	887,363,755	115,515
September	551,826,377	833,815,328	- 281,988,951
October	536,082,196	683,281,967	- 147,199,771
November	513,473,740	531,215,440	- 17,741,700
December	312,831,812	343,499,230	- 30,667,418
2018			
January	394,518,993	514,384,962	- 119,865,969
February	451,935,346	482,236,984	- 30,301,638
March	534,584,857	601,766,701	- 67,181,844
April	571,329,166	670,173,584	- 98,844,418
May	583,722,679	656,487,761	- 72,765,082
June	498,482,559	600,700,415	- 102,217,856
July	683,995,724	789,772,671	- 105,776,947
August	759,248,810	759,323,895	- 75,085
September	732,956,364	862,668,138	- 129,711,774
October	986,072,290	1,032,059,927	- 45,987,637
November	563,582,753	565,385,653	- 1,802,900
December	714,631,672	871,118,740	- 156,487,068
2019			
January	429,480,444	546,129,918	- 116,649,474
February	567,996,228	635,937,193	- 67,940,965
March	758,976,755	845,992,282	- 87,015,527
April	442,786,353	571,600,106	- 128,813,753
May	352,181,213	419,679,880	- 67,498,667
June	728,209,447	655,982,692	72,226,755
July	558,258,050	668,111,936	- 109,853,886
August	674,809,169	705,927,457	- 31,118,288
September	806,589,186	776,638,296	29,950,890
October	1,004,434,689	1,013,895,838	- 9,461,149
November	979,943,246	870,432,226	109,511,020
December	596,760,455	768,889,936	- 172,129,481

Source: Finance Department, 2020

## 2. RESEARCH METHOD

This research was conducted at the Finance Department for 4 months at the PBR&V that has 206 rooms, 3 pools, restaurant, ballroom, spa, gym, and kids club. The company is a 5-star hotel that has long been established and still has strong competitiveness in the Kuta area. The company is also often a place to hold big events ranging from national to international, so that the costs incurred especially food costs need to be controlled in order to remain efficient and still make a profit. The object of this research is food cost to increase cost efficiency of the company.

The type of data used in this study is qualitative and quantitative data. Qualitative data is data in the form of words, not in numbers and obtained from various data collection techniques such as interviews, documentation, and observation. Qualitative data can also be expressed in the form of images obtained through a photo shoot or video documentation. Quantitative data is data expressed in the form of numbers, can be stated in the form of graphs, tables and other. Qualitative data in this thesis is data about hotel information in the form of hotel history, organizational structure and job description in the finance department. Quantitative data in this thesis is the food cost reconciliation report.

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Data collection methods are observation, documentation and interview. There are several data analysis techniques used to analyse the implementation of food cost to increase cost efficiency of the company. They are quantitative descriptive analysis and qualitative descriptive analysis. Quantitative analysis is a technique in the form of calculations to calculate the percentage of food costs sold or bring profit every month in 2017-2019, and can be expressed in food cost percentage and variance of food cost. Quantitative descriptive analysis techniques are used to describe the factors that determine the stability of food costs and the results of the comparison of the percentage of standard food costs and actual food costs.

- (1) Food Cost Percentage
- (2) Variance Food Cost

$$\text{Food Cost Percentage} = \frac{\text{Food Cost}}{\text{Food Sales}} \times 100\%$$

$$\text{Variance Food Cost} = \text{AFC Percentage} - \text{SFC Percentage}$$

While qualitative descriptive analysis techniques are ways to understand, describe and present the facts that are explained or elaborated using sentences. This analysis is used as a problem solver. In this qualitative study carried out by the process of collecting and arranging well the data obtained through observation, interviews and documentation

### 3. RESULT AND DISCUSSION

#### 3.1. The implementation of food cost to increase cost efficiency

In the background that has been explained, there is a comparison between standard food costs and actual food costs from 2017-2019. This comparison is a tool to see whether the cost has reached the standard or exceeds the standard. In addition, to see the efficiency of the cost of food staples requires a percentage of the basic cost of food used as a benchmark in assessing the performance of the F&B Department, and other related hotel department. Percentage of the basic cost of food applied in the company is 35% of total food sales. The percentage of the actual cost of food is compared to the percentage of the basic cost of food. If the difference between the percentage of the actual cost of food is insignificant, it indicates that the departments involved in handling the cost of food have worked well in other words if the actual cost of food does not exceed the basic cost of food, the food production process has run efficiently. In the reconciliation report the percentage



of food cost between the standard food cost and the actual food cost <sup>2</sup> can be seen in the following table 2.

Table 2 shows the comparison between the percentage of standard food costs with actual food costs from 2017-2019 and it can also be seen the difference and the average that occurs between the actual standard of the food costs with actual food costs. From this table it can be seen that during the last 3 years the percentage of the actual food costs has increased and decreased each month. The standard food cost applied for the last 3 years was 35%, but the average actual food cost exceeded the standard set in 2017, which was 39.90%, in 2018 amounting to 39.67% and in 2019 amounting to 38.74%.

The highest increase in actual food cost in 2017 occurred in September by 52.89%, due to the many events that occurred during the month such as meetings from Pacto Surabaya-Pelindo (38 people), PMPK Direct Hired Executive Batch II 2017 (50 people), PMPK Direct Hired Madya Batch II 2017 (60 people), Tugu Pratama Meeting (16 people), Pertamina Domestic Gas (30 people), PCU - High Impact Presentation Skill Training (21 people), lunch & dinner from several companies and weddings (Appendix 3). In 2018 in January the percentage of actual food cost was 45.63%, the high percentage was due to several events held such as meetings from Pertamina's Upstream Directorate (20 people), Pertamina Marine Region VII (17 people), Pertamina Gas (15 people), Pertamina Training & Consulting (25 people), Pertamina Processing (50 people), Pertamina Corporate University (30 people), lunch & dinner from several companies and weddings (Appendix 4). In 2019 the percentage of actual food cost in April was 45.18% due to event meetings from several companies such as President University (International Conference on Family Business and Entrepreneurship) which were attended by 100 people, IMIP / Zero Jiang (40 people), HKCBEEs / Zero Jiang - ICCAI 2019 (41 people), Tugu Pratama Indonesia (25 people), Pertamina Mor VII / Gas (70 people), Pertamina Asset (85 people), PMPK / Pertamedika (93 people), lunch & dinner and wedding (Appendix 5). The actual food cost percentage above has exceeded the standard, resulting in a difference of 10 to 17% and based on interviews with the company's Cost Controller, the tolerance limit given for the actual food cost percentage is 2%.

Table 2 Comparison of the percentage of standard food cost and the actual food cost

2017					
Month	Actual Food Cost	Food Sales	Actual Percentage (%)	Standard Percentage (%)	Variance (%)
Jan	768,587,460	1,986,734,349	38.69	35	3.69
Feb	803,293,628	1,773,629,079	45.29	35	10.29
Mar	654,409,868	1,659,326,780	39.44	35	4.44
Apr	637,065,957	1,867,909,167	34.11	35	-0.89
May	783,871,757	1,842,458,250	42.54	35	7.54
Jun	608,653,142	1,693,451,757	35.94	35	0.94
Jul	743,641,193	2,084,651,262	35.67	35	0.67
Aug	887,363,755	2,535,655,057	35.00	35	0.00
13	833,815,328	1,576,646,793	52.89	35	17.89
Oct	683,281,967	1,531,663,417	44.61	35	9.61
Nov	531,215,440	1,467,067,828	36.21	35	1.21
Dec	343,499,230	893,805,179	38.43	35	3.43
Average			39.90	35	4.90
2018					
Jan	514,384,962	1,127,197,121	45.63	35	10.63
Feb	482,236,984	1,291,243,847	37.35	35	2.35
Mar	601,766,701	1,527,385,305	39.40	35	4.40
Apr	670,173,584	1,632,369,045	41.06	35	6.06
May	656,487,761	1,667,779,083	39.36	35	4.36
Jun	600,700,415	1,424,235,882	42.18	35	7.18
Jul	789,772,671	1,954,273,498	40.41	35	5.41
Aug	759,323,895	2,169,282,313	35.00	35	0.00
Sep	862,668,138	2,094,161,039	41.19	35	6.19
Oct	1,032,059,927	2,817,349,401	36.63	35	1.63
Nov	565,385,653	1,610,236,438	35.11	35	0.11
Dec	871,118,740	2,041,804,779	42.66	35	7.66
Average			39.67	35	4.67
2019					
Jan	546,129,918	1,227,086,983	44.51	35	9.51
Feb	635,937,193	1,622,846,364	39.19	35	4.19
Mar	845,992,282	2,168,505,013	39.01	35	4.01
Apr	571,600,106	1,265,103,864	45.18	35	10.18
May	419,679,880	1,006,232,038	41.71	35	6.71
Jun	655,982,692	2,080,598,421	31.53	35	-3.47
Jul	668,111,936	1,595,022,999	41.89	35	6.89
Aug	705,927,457	1,928,026,198	36.61	35	1.61
Sep	776,638,296	2,304,540,530	33.70	35	-1.30
Oct	1,013,895,838	2,869,813,396	35.33	35	0.33
Nov	870,432,226	2,799,837,847	31.09	35	-3.91
Dec	768,889,936	1,705,029,871	45.10	35	10.10
Average			38.74	35	3.74

Table 3 Comparison of actual food costs (August and September 2017)

2017						
No	Explanation	August		September		Variance
		RP	%	RP	%	
1	Opening/stock	338,817,911	13.36	307,533,803	19.51	6.14
2	Purchase	1,563,109,388	61.65	794,633,507	50.40	-11.24
3	Transfer in/out	1,594,393,496	62.88	833,815,328	52.89	-9.99
4	Ending/balance	307,533,803	12.13	268,351,982	17.02	4.89
5	Total cost	887,363,755	35.00	833,815,328	52.89	17.89
6	Total sales	2,535,655,057	100.00	1,576,646,793	100.00	0.00
	FCP		35.00		52.89	17.89

Based on Table 3, it can be seen the comparison of the percentage of food cost in 2017 in August and September where in August the percentage of food cost was in accordance with the standard set by management by 35% while in September the percentage of food cost exceeded the specified standard of 52.89%. The increase in the percentage of food cost in September was due to an increase in Opening stock by 6.14% to 19.51% where the August figure was 13.36% and Ending/balance increased by 4.89% to 17.02%. From the Table 3, the percentage in September was due to low food sales and high food costs.

Table 4 Comparison of actual food costs in August and September 2018

2018						
No	Explanation	August		September		Variance
		RP	%	RP	%	%
1	Opening/stock	276,204,108	12.73	342,259,992	16.34	3.61
2	Purchase	1,446,651,600	66.69	1,500,662,224	71.66	4.97
3	Transfer in/out	1,380,595,716	63.64	1,492,625,559	71.28	7.63
4	Ending/balance	342,259,992	15.78	350,296,657	16.73	0.95
5	Total cost	759,323,895	35.00	862,668,138	41.19	6.19
6	Total sales	2,169,282,313	100.00	2,094,161,039	100.00	0.00
	FCP		35.00		41.19	6.19

An increase in the percentage of food cost in 2018 was one of which occurred in September by 41.19%, in contrast to the previous month which adjusted the percentage to 35%, the difference between August and September was 6.19%. The increase was caused by Opening stock which increased by 3.61% from the previous month to 16.34%, Purchase increased by 4.97% to 71.66%, Transfers increased by 7.63% to 71.28%, and Ending increased by 0.95% from the previous month 15.78% to 16.73%. From this table in 2018 we can see the percentage of food cost in September because the total cost incurred is higher than the total cost that has been set.

Table 5 Comparison of actual food costs (November and December 2019)

2019						
No	Explanation	November		December		Variance
		RP	%	RP	%	
1	Opening/stock	258,345,674	9.23	291,097,171	17.07	7.85
2	Purchase	1,469,059,504	52.47	1,168,016,271	68.50	16.03
3	Transfer in/out	1,436,308,007	51.30	1,140,178,830	66.87	15.57
4	Ending/balance	291,097,171	10.40	318,934,612	18.71	8.31
5	Total cost	870,432,226	31.09	768,889,936	45.10	14.01
6	Total sales	2,799,837,847	100.00	1,705,029,871	100.00	0.00
	FCP		31.09		45.10	14.01

The increase in food cost percentage in 2019 was in December by 45.10%, the difference in percentage between November and December was 14.01% where in November the food cost percentage was 31.09%, although the November percentage below 35% was included in the efficient category because according to the cost controller of the company the smaller the percentage of what has been set, the more efficient the food cost will be. The increase in December was caused by an increase in Opening stock by 7.85% to 17.07%, Purchases increased by 16.03% to 68.50%, Transfers increased by 15.57%, and Ending/balance increased by 8.31% to 18.71%. The large percentage of food costs in December 2019 is due to decreased total sales and increased total cost.

Based on the above explanation, the percentage increase is due to high purchases but low sales, so the costs incurred are quite high, in addition there are several events held which are one of the causes of rising and falling food costs in August and September 2017 (Appendix 6), months August and September 2018 (Appendix 7), and November and December 2019 (Appendix 8). Many factors are the cause of the high cost such as the price of raw materials such as fruits and vegetables which become high in a certain period which makes these materials difficult to obtain and the price of ingredients in



the market jumps up. Second, there is often damage to the chiller so that the stored food becomes damaged and cannot be processed, then the cost that comes out becomes high without the sales process. The third is the lack of applying the First In First Out (FIFO) theory to the goods in the store so that the goods that first enter the store are not issued first but the newly arrived items that are released, so the items that are first entered become not fresh and not suitable for use because the storage limit is too long and makes the material must be disposed. The last cause is that many employees who take goods at the store without using a request so that many items that go out are not recorded in the bin-card or in the system. Of the several causes that have been explained, of course, the impact will be felt by the hotel, the impact that will be seen is the reduced profit or profit that will be obtained by the hotel or its Net Operating Profit After Tax (NOPAT). Net operating profit after tax (NOPAT) is a financial measure that shows how well a company is performing through its core operations, net of taxes, NOPAT provides a more accurate picture of a company's profitability and operational efficiency. So if food costs are high and sales are low, the profit will be reduced by the company.

The implementation of food cost is carried out to increase cost efficiency at company by updating the selling price on a regular basis in accordance with the standard cost that has been set so that the company will continue to benefit, selecting suppliers with the best quality at a price comparison which is small compared to the market and can deliver groceries based on time. Checking goods when receiving goods based on quality and quantity ordered and checking the expiration date on food ingredients, as well as storing food items neatly and regularly to avoid damage and spoilage. Always take care of the store to keep it clean and sterile to maintain the cleanliness and health of food ingredients, and apply the theory of First In First Out to the collection of food ingredients.

### 3.2. Factors determine the stability of food cost

In achieving cost efficiency, it requires food costs that are always stable, so there are factors that need to be maintained so that food costs remain stable and the percentage of food costs always matches the set standards. Factors that determine the stability of food costs consist of external factors and internal factors, external factors are factors that come from outside the company while internal factors are factors that originate from within the company which greatly influences the high food cost.

#### A. External Factors

##### (1) Supplier Selection

Supplier selection is one of the external factors in determining food cost stability with several processes that must be passed, namely:

- a. Purchasing, Cost Controller and Executive Chef conduct a market survey at the end of each month to determine the market price of each ingredient so that the hotel has a benchmark in determining prices on contract prices and in selecting suppliers.
- b. Vegetable suppliers will come to the hotel to offer some food by providing a price list to the Purchasing. Purchasing provides the price list to the Cost Controller to compare it with the market survey price. Purchasing and Cost Controller will choose several suppliers whose prices are equivalent or below the market survey price.
- c. Purchasing will make an offer so the price can be even lower but the supplier still gets a profit and will sort out suppliers who agree with the final price agreed on by both parties and will decide which supplier to use.

In the selection of suppliers there are factors that must be considered such as the price offered by the supplier is a price lower than the market survey, the quality and standard of raw materials offered by the supplier must be fresh and clean, and the delivery process of food is timely. Currently there are four (4) vegetable suppliers working with the company where suppliers will take turns every day according to the schedule set by Purchasing in the delivery of vegetables and fruit.

##### (2) Market Price

Market prices are the prices that become a benchmark for suppliers and hotels in providing prices on each ingredient, market prices always change according to the season and natural conditions. When foodstuffs begin to be difficult to obtain, the prices for these ingredients will slowly start to high, for example, frequent price increases in small chilli, onions, and eggs so that it will affect the food cost at the hotel, therefore the hotel must make a contract price to stabilize prices -the market price is always up and down. Market price is a factor that influences the high food cost therefore, market price is a matter that must always be considered by conducting more frequent market surveys and coordinating with suppliers regarding changes in prices of materials included in the contract price or not included.

Table 6 Contract Price  
Period: January 2020

Num	Items	Unit Size	Last Price	New Price	Market Survey	Difference	%
<b>Fruit</b>							
1	Apple Local	KG	40,000	38,000	35,000	3,000	8.57
2	Apple Red Import	KG	40,000	38,000	35,000	3,000	8.57
3	Avocado	KG	28,000	25,000	30,000	-5,000	-16.67
4	Banana Kepok	KG	18,000	18,000	20,000	-2,000	-10.00
5	Banana Mas	KG	15,000	15,000	20,000	-5,000	-25.00
6	Banana Raja	KG	20,000	20,000	25,000	-5,000	-20.00
7	Belimbing	KG	18,000	18,000	20,000	-2,000	-10.00
8	Bengkuang	KG	9,500	9,500	12,000	-2,500	-20.83
9	Coconut Gading	Bj	17,000	7,000	7,000	0	-
10	Coconut Young	Bj	12,000	9,000	15,000	-6,000	-40.00
11	Grape Black Lokal	KG	25,000	20,000	30,000	-10,000	-33.33
12	Honeydew Melon Green	KG	12,000	13,000	14,000	-1,000	-7.14
13	Honeydew Melon Red	KG	14,000	15,000	15,000	0	-
14	Jack Fruit Ripe Clean	KG	55,000	50,000	60,000	-10,000	-16.67
15	Jambu Air	KG	17,000	17,000	25,000	-8,000	-32.00
16	Kedondong	KG	14,000	14,000	25,000	-11,000	-44.00
17	Lime Green	KG	20,000	20,000	20,000	0	-
18	Mango Green (Muda)	KG	18,000	18,000	20,000	-2,000	-10.00
19	Mango Harum Manis	KG	25,000	25,000	25,000	0	-
20	Mango Manalagi	KG	32,000	25,000	25,000	0	-
21	Mangostine	KG	45,000	45,000	50,000	-5,000	-10.00
22	Orange Lokal	KG	13,000	13,000	15,000	-2,000	-13.33
23	Orange Mandarin	KG	65,000	65,000	60,000	5,000	8.33
24	Orange Pomelo	pcs	17,000	17,000	25,000	-8,000	-32.00
25	Orange Sunkist	KG	45,000	35,000	35,000	0	-
26	Papaya Mengkel	KG	6,500	6,500	8,000	-1,500	-18.75
27	Papaya Sayur	KG	6,500	5,500	8,000	-2,500	-31.25
28	Papaya Th	KG	7,000	7,500	8,000	-500	-6.25
29	Passion Fruit	KG	45,000	65,000	70,000	-5,000	-7.14
30	Pear Yally	KG	25,000	-	25,000	-25,000	-100.00
31	Pear Sweet	KG	40,000	40,000	35,000	5,000	14.29
32	Pineapple	KG	9,000	9,000	8,000	1,000	12.50
33	Rambutan	KG	20,000	17,000	30,000	-13,000	-43.33
34	Salak Super	KG	20,000	18,000	25,000	-7,000	-28.00
35	Sawo	KG	20,000	20,000	30,000	-10,000	-33.33
36	Strawberry	KG	65,000	70,000	80,000	-10,000	-12.50
37	Tangerine	KG	26,000	26,000	25,000	1,000	4.00
38	Water Melon Non Seed	KG	9,000	9,000	8,000	1,000	12.50
39	Water Melon Yellow	KG	11,000	11,000	15,000	-4,000	-26.67

The contract price is used for goods that must be purchased in large quantities and the price will not change during the contract period without the agreement of both parties. Table 6 shows an example of a contract price in January 2020, where the contract price consists of the name of the material included in the agreement, the unit of material, the last price which is the price of the contract price in the previous month, December 2019, there is a new price resulting from the offer and approval of each selected supplier, and the market price survey conducted by Purchasing, Cost Controller and Executive Chef at the end of each month. With the price contract, the Purchasing can check the price given by the supplier in each invoice that comes, and if there is a price difference on the material contained in the price contract, the Purchasing must coordinate the supplier to keep using the price in accordance with what is stated on the price contract. For example in the purchase of corn baby, the price of corn baby in the contract price in January 2020 is Rp. 28,500 but the invoice given by the supplier is Rp. 30,000 then the price on the invoice will be changed to the price on the contract, and when the price of corn baby

given by the supplier is below the price contract, the Purchasing must still replace the price to Rp 28,500 to remain in accordance with the contract price and there is no change if the material price is higher or lower than the price contract.

### (3) Internal Factors

#### a) Ordering and Purchasing Goods

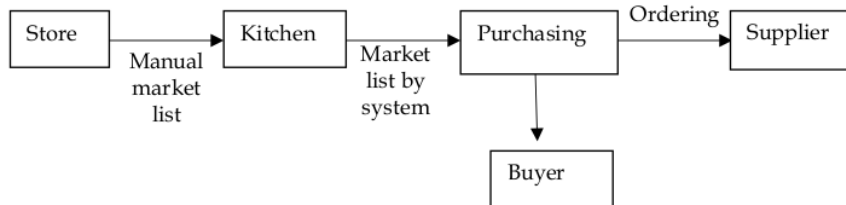


Figure 1 The Process of Ordering and Purchasing groceries  
(Source: Finance Dept. of the company, 2020)

In Figure 2, ordering and purchasing foodstuffs starting from the Store Clerk makes a manual market list based on the number of items in the store and those that will come that day to make it easier for the user (Chef / Sous Chef) to determine the items which will be ordered in accordance with the amount needed.

ITEM	UNIT SIZE	ON HAND	ON THE WAY	TO ORDER	PRICE	DEALER
Beef						
Aust. Harvey Superior A 7 Lb Up	Kg					
Aust. Harvey Tenderloin 4.5 Lb	Kg					
Aust. Top Side	Kg					
Beef Backfat	Kg					
Beef Fat Import	Kg					
Beef Liver	Kg					
Beef Onions	Kg					
Beef Short Rib 1234 8 in Tasty Jam	Kg					
Cuts Beef 3 Lb Up	Kg					
Cuts Beef Import Whole	Kg					
US Shenson Superior 1804 (141)	Kg					
10-12 Lb Choice	Kg					

Figure 3 Manual Market List

Table 7 Comparison of the percentage of standard food cost and the actual food cost

To : BUDI ANANTA

PO. No : P191217024  
Date of Order : 17/12/2019  
PR No : -  
Department : FB PRODUCT  
Term of Payment : 30 day(s)  
Arrival Date : 18/12/2019  
Instruction :

QTY	Unit	Description	Remark	Unit Price	Amount
80.00	kg	Melonwater Yellow		11,000	880,000
5.00	kg	Grape Black Lokal		25,000	125,000

3.00	kg	Grape Red	110,000	330,000
7.00	kg	Pears Fruit	45,000	315,000
7.00	kg	Mango Green	18,000	126,000
1.00	kg	Strawberry Fruit Grade A	65,000	65,000
3.00	kg	Belimbing	18,000	54,000
3.00	kg	Orange Mandarin	65,000	195,000
5.00	kg	Mango Ripe/Mango Fruit	20,000	100,000
10.00	kg	Rambutan	20,000	200,000
10.00	kg	Orange Santang	55,000	550,000
2.00	kg	Pears Hijau	55,000	110,000
5.00	kg	Garlic Clean	35,000	175,000
1.00	kg	Mushroom Button Fresh	35,000	35,000
20.00	kg	Onion Bombay	20,000	400,000
Total (Rp):				3,660,000

In Purchasing there are two types of Purchase Orders, the first Purchase Order for receiving checks the goods according to the order and the second Purchase Order for the payment process. This Purchase Order is the result of an improvement of the Purchase Order that originates from receiving and will be processed starting from inspection with Cost Control, Purchasing Manager, Finance Controller to General Manager. If all processes do not have a problem then the Payable Account will make payments according to the amount stated. Purchase Orders that are given to Receiving are used to correct the quantity and brand of goods that arrive and this Purchase Order can be crossed out because it will be given back to the Purchasing to be made a Purchase Order to be processed.

Checking the goods can be seen from the fresh or not of fruits and vegetables, and checking the expiration date for groceries, Receiving can also coordinate with the Food & Beverage Product department, especially butcher to check the quality of meat. After the goods are declared eligible for use, Receiving gives a stamp on the invoice given by the supplier as a sign of receipt with a register number and signature of the recipient (Appendix 25). As an example, Purchasing has ordered shrimp and mackerel fish to the supplier, then the Purchasing gives a Purchase Order to Receiving to do checking and acceptance as stated in the Purchase Order. Upon arrival of shrimp and mackerel, Receiving will contact Butcher to check the freshness and weight as required if the shrimp and mackerel match the order, the invoice will be stamped by Receiving but if Butcher does not accept due to excess weight or poor meat quality then shrimp and mackerel will be returned and replaced according to user request. After the shrimp and fish are replaced, Receiving will contact the Butcher Return and carry out a weighing and quality check, and will stamp the invoice and provide the invoice and the Purchase Order to the Purchasing to make a new Purchase Order.

#### b) Storage of Goods

After checking, the goods are stored in the store according to the type and location of the items. The storage process so that food ingredients remain well-groomed and must pay attention to several things such as, controlling temperature and humidity in the chiller and store, arrangement and placement of food ingredients neatly according to the order of arrival so that it is easy to retrieve, and recording of food ingredients in the bin-card.

#### c) Care of Goods

Storage care (store / chiller) must always be treated to maintain the quality of food ingredients so as not to damage. Store section can do cleaning once a week both cleaning in the store area and inside the chiller, because chiller damage often occurs because the temperature is too low to make the chiller door freeze and difficult to open. The Store section must also check the bin-card to ensure that the goods in the store and those listed on the bin-card or system have the same amount.

#### d) Taking of Goods

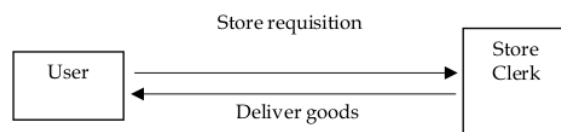


Figure 2 Process of taking goods  
(Source: Finance Department of the company, 2020)



The process of taking goods must be carried out according to procedure to minimize loss of goods or goods not recorded. Every user (Food and Beverage Product Department) who wants to take items must use store requisition based on the number of items recorded in the system, the user must take the goods with the knowledge of people who work in the store.

Store requisition is a requirement for taking goods, store requisition contains a record number that serves as the identity number of each requisition to facilitate the search if needed again, in addition to the record number there is a department that takes it and the name of the item along with its quantity to make it easier for the store clerk to collect the goods and store requisition must be accompanied by the signature of the requesting party, then approved by the manager or the parcel and the signature of the store clerk who received and retrieved the item. As the example shown in Figure 4.6 is a store requisition of the Food and Beverage Product Department who wants to take 5kg of Fish Dori, 2kg of frozen peeled Shrimp, 2kg Beef fillet steak, 2kg frozen beef rump, and 5kg of chicken breast with total food cost that comes out as shown in the image.

THE PATRA BALI (Bali)					Page	1	
Jl. Ir. H. Juanda Tuban South Kuta Beach					Date	16/03/20 08:33:21	
Tel +62-361-9351181							
Store Requisition Record - R200318004							
Department : FB PRODUCT							
Date	From-St	To-St	ArtNo	Description	Average-Price	Quantity	Value Mass-Unit
16/03/20	02	05	1111005	Fish Dori	51.861.63	5.000	259.308.13 Kg
16/03/20	02	05	1111015	Shrimp peeled Frozen	179.152.08	2.000	358.304.17 Kg
16/03/20	02	05	1116012	Beef Fillet Steak 200gr	144.840.63	2.000	289.681.25 Kg
16/03/20	02	05	1116020	Beef Rump Frozen	129.079.78	2.000	258.159.56 Kg
16/03/20	02	05	1116028	Chicken Breast	65.000.00	5.000	325.000.00 Kg
Total					1.490.053.11		
Requested by :					Checked by :		
					Approved by :		

Figure 3 Store Requisition

If the inventory is ongoing, the user can use store requisition manually by writing the items and the amount on plain paper containing the date and signature of the requestor, the number of items that can be taken is based on the amount listed on the market list manually sent by the store. In taking goods, the First in First Out (FIFO) theory is applied where the goods that come out first will be in accordance with the expiry limit approaching the end date to reduce the damaged and past expired items so that no cost is wasted. After the user takes the item, Store Clerk must update the bin-card of each item that has been reduced to facilitate checking and inventory.

#### 4. CONCLUSION

Actual food cost percentage has a difference that is quite far from the predetermined 35% with a tolerance limit of 2%, the average actual food cost in 2017 is 39.90%, in 2018 is 39.67% and in 2019 it is 38.74%. The increasing actual food cost percentage indicates that the implementation of food cost is not going well or has not yet reached efficiency. The increase in percentage is due to the high purchase but low sales, so the cost is quite high. Many factors cause the high cost such as the price of raw materials such as fruits and vegetables which become high in a certain period, frequent damage to the chiller, the lack of applying the theory of First In First Out (FIFO) on goods in stores, and the number of employees who take goods in the store without using a request so that many items that come out are not recorded in the bin-card or in the system.

There are external and internal factors in determining food cost stability, namely supplier selection and market prices for external factors and ordering and purchasing goods, receipt and checking of goods, storage of goods, maintenance of goods or stores, and taking goods for internal factors.



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