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## **Cost control management in the exclusive hospitality industry: A case study of Sanctoo Suites and Villas Bali**

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**Abstract**--This research aims to analyze cost control strategies applied in the exclusive service-based hospitality industry, with a case study at Sanctoo Suites and Villas Bali. Using a descriptive qualitative approach and a case study strategy, data was obtained through in-depth interviews, participatory observation, and internal financial documentation of the hotel. The results showed that the cost control strategy was carried out through occupancy-based budget planning, daily raw material purchasing system, resource usage control, and staff job rotation. Cost control is done selectively without sacrificing service quality, and is supported by an integrated digital system. Challenges faced include fluctuations in demand, raw material prices, and limited human resources, which are addressed through a collaborative approach between departments and regular evaluations. The findings indicate that effective cost control management in exclusive hotels requires a balance between operational efficiency and service quality, as well as strong managerial commitment in creating a culture of efficiency.

**Keywords**---cost control, exclusive hotel, operational efficiency, financial management, Sanctoo Suites and Villas.



## **Introduction**

The exclusive service-based hospitality industry such as Sanctoo Suites and Villas Bali faces complex challenges in maintaining a balance between premium service delivery and operational cost efficiency. The hotel is a luxury accommodation offering a private and personalized experience, with a unique integration with Bali Zoo, making it one of the preferred destinations for high-end travelers in the Gianyar region. This boutique and exclusive service model has consequences on high operational costs, especially in the aspects of food and beverage (F&B), housekeeping, and utilities that must always be in optimal condition to maintain service quality.

Initial observations and internal documents show that the average occupancy rate of Sanctoo Suites and Villas in 2023 is around 58%, with monthly operational expenses exceeding IDR700 million, of which more than 45% is allocated for F&B and room cleaning costs. Fluctuations in market demand influenced by tourist seasons make cost efficiency an important aspect for the hotel to remain competitive as well as financially sustainable. In this context, cost control management becomes a vital instrument in maintaining the sustainability of hotel operations with exclusive services without sacrificing the quality that is the main identity.

Various previous studies have shown that cost control has a strategic role in hotel management. Putri & Mahadwartha (2022) in their research at a five-star hotel in Ubud found that the implementation of cost control based on historical operational data and tight budgeting was able to increase efficiency by 18% in the first three months of implementation. Another study by Sulastri and Prasetyo (2021) showed that cost control through a zero-based budgeting approach in a boutique hotel resulted in significant efficiency in housekeeping and utility cost items of up to 21%, without reducing guest satisfaction.

Furthermore, Riyadi & Sudarma (2023) analyzed the effect of cost control on profitability at exclusive hotels in Nusa Dua and concluded that departments that implemented cost control cycles consistently experienced an increase in operating profit margins. In their study, the F&B department took center stage as it accounted for the largest proportion of costs and had the highest potential for waste. Meanwhile, research by Anggraeni (2020) also emphasized the importance of integrating accounting technology and hotel management in monitoring daily budget realization as part of a measurable efficiency strategy.

Hilton & Platt (2022) state that cost control in service-based businesses must consider the subjective aspects of quality and guest perceptions. Therefore, cost control is not only about reducing expenses, but also about value-based efficiency, where savings are made without sacrificing elements that are considered valuable by guests.

Bali as a major national tourist destination is also facing pressure in maintaining the competitiveness of exclusive hotels post-pandemic. According to BPS data of Bali Province (2024), Gianyar Regency has 42 four- and five-star hotels, signaling the high competition that forces hotel management to be more adaptive and

efficient. In this landscape, boutique hotels such as Sanctoo Suites and Villas need to implement a cost control approach that is not only responsive to financial data, but also contextual to demand patterns and expectations of exclusive travelers.

This research aims to analyze the cost control management strategies implemented by Sanctoo Suites and Villas Bali in various key departments, evaluate the effectiveness of cost control in the context of operational efficiency and preservation of exclusive service quality and identify challenges and practical solutions in implementing cost control in a boutique/luxury hotel environment based on personal experience. The results of this study are expected to provide academic and practical contributions for hotel managers, academics, and other hotel industry players in designing relevant, adaptive, and high-value service-based cost control systems.

## **Literature Review**

### *Financial Management in the Hospitality Industry*

Financial management in the hospitality industry includes financial planning, management, monitoring and reporting activities aimed at maintaining business continuity and increasing company profitability (Hilton & Platt, 2022). The characteristics of the hospitality industry, such as fluctuating levels of demand, dependence on seasonality, and high fixed costs, demand careful and adaptive financial management. According to Garrison et al. (2021), good financial planning in hotels should be able to anticipate market dynamics and provide a flexible yet accurate cost control mechanism.

### *Cost Control Concept*

Cost control is part of the managerial function to monitor and control expenses so as not to exceed the predetermined budget without compromising service quality (Horngren et al., 2020). In the context of exclusive hotels, the cost control approach needs to pay attention to two main things: efficiency and perceived quality. Cost control is carried out through stages: budget planning, recording cost realization, variance analysis, and corrective action (Prasetyo & Wibowo, 2023).

The right cost control strategy can increase the hotel's gross operating profit (GOP) while maintaining guest satisfaction (Putri & Mahadwartha, 2022). Some approaches commonly used in cost control in hotels include standard costing, budgetary control, and activity-based costing (ABC).

### *Activity-Based Costing (ABC) in the Hospitality Industry*

The ABC method emphasizes the importance of tracking costs based on activities that consume resources, not just by department or function. This approach is particularly suitable for hotels that manage high-value services because it allows management to accurately identify activities that cause waste or inefficiency

(Sulastrri & Ramadhani, 2021). In exclusive services such as spa, F&B fine dining, or butler service, ABC helps in service pricing and value-driven cost control.

### *Exclusive Service-based Hotels*

Exclusive/boutique hotels have a competitive advantage through personalized service, private atmosphere, and unique thematic design. However, this type of accommodation also has a different cost structure, with a higher cost per guest ratio than mass hotels (Kusumawati & Darmawan, 2024). Therefore, the implementation of cost control must adjust to the complexity of the services provided. According to Walker (2020), efficiency in boutique hotels cannot be implemented in a conventional way, but requires a process-based approach and service quality.

### **Methods**

This research uses a descriptive qualitative approach with a case study strategy to explore cost control management practices at an exclusive service-based hotel, namely Sanctoo Suites and Villas Bali. This approach was chosen because the research aims to describe and understand the phenomenon in depth in its original context, namely how cost control strategies are implemented by hotel management in the face of operational dynamics, efficiency challenges, and service quality demands. This method is considered the most relevant because it allows researchers to widely explore managerial practices, decision-making processes, as well as the subjective experiences of organizational actors who are directly involved in cost management.

Data collection was conducted through three main techniques, namely in-depth interviews, participatory observation, and internal hotel documentation. Semi-structured interviews were conducted with key informants consisting of the finance manager, F&B department head, housekeeping supervisor, and hotel general manager. Questions in the interviews were designed to explore how decision-making related to cost control is carried out, what strategies are implemented, challenges faced, and the impact of these strategies on efficiency and service quality. Observations were made of daily operational processes in departments that contribute significantly to operational costs, namely F&B and housekeeping. This observation aims to see the extent to which cost control implementation takes place in the field, including procedures for monitoring the use of raw materials, work schedule management, and real-time cost recording. Meanwhile, documentary data in the form of internal financial reports, standard operating procedures (SOPs), and monthly operational cost reports were used to strengthen data triangulation.

Data analysis techniques were carried out through the stages of data reduction, data presentation, and conclusion drawing, as described by Miles, Huberman, and Saldaña (2014). After all data were collected, researchers identified important information that was in accordance with the focus of the research, then compiled patterns and interrelationships between data obtained from various sources. The validation process was carried out using the triangulation method of sources and techniques, to ensure the reliability and consistency of the findings. All data

obtained was reviewed contextually by considering the operational environment of Sanctoo Suites and Villas Bali which has exclusive and limited-scale characteristics, but with high service standards.

The research location was purposively selected at Sanctoo Suites and Villas Bali because this hotel is one of the exclusive accommodation models with a high level of personalization that is part of the Bali Zoo tourism ecosystem. This makes it representative to examine cost control dynamics in the context of a hotel that not only sells rooms, but also sells an integrated experience. Using a single case study approach, this research is expected to generate a comprehensive and in-depth understanding of cost management practices that focus not only on numerical efficiency, but also on value and service quality.

## Result and Discussion

Table 1. Interview Matrics (Thematic Code)

Key Informants	Themes	Key Findings	Key Quotes
Financial Manager	Cost control system	Daily monitoring and weekly operational cost reports	<i>“Every week we evaluate cost realization against budget, especially in F&amp;B and housekeeping.”</i>
Head of F&B	Raw material control	Using FIFO system and digital recording of incoming and outgoing materials	<i>“We avoid overstock with daily purchases, adjusted to occupancy predictions.”</i>
Head of Housekeeping	Labor efficiency	There is a rotation schedule and linen usage is controlled by a daily reporting system	<i>“We create a daily linen reporting form to control usage to avoid waste.”</i>
General Manager	Strategic evaluation	Assess that cost control has a positive impact on efficiency and satisfaction	<i>“We always maintain a balance between efficiency and quality, especially since this hotel is exclusive.”</i>

Secondary Data, 2025

### *Cost Control Management Strategy at Sanctoo Suites and Villas Bali*

The results showed that the cost control management strategy at Sanctoo Suites and Villas Bali is adaptive, collaborative, and structured. The budget planning process is carried out periodically and based on estimated guest occupancy,

which is then derived in a weekly plan by the finance department. Expenditures from each department are monitored on a daily basis, and evaluations are conducted every weekend to see the extent to which budget realization is in line with planning. The finance department prepares a variance report as the main control tool to evaluate the deviation between the budget and the realization of operating expenses.

One of the key strategies implemented by this hotel is the use of a digital system in recording daily expenses, both for food ingredients in the kitchen and housekeeping supplies. This system allows real-time access for managers to monitor the usage of ingredients and stock items. This is in line with the views of Horngren et al. (2020) and Sulastrri & Ramadhani (2021) that the use of technology in cost control provides high transparency and accountability in cost management. Thus, the cost control strategy in this hotel is not only document-based, but also system-based that is integrated and responsive to daily operational dynamics.

#### *Effectiveness of Cost Control on Operational Efficiency and Service Quality*

The effectiveness of cost control at Sanctoo Suites and Villas Bali is reflected in the management's ability to achieve operational efficiency without reducing the quality of exclusive services. The F&B department implements a daily purchasing system based on estimated guest consumption, which has proven to be able to reduce the potential for food waste and unused raw material costs. The head of the F&B department explained that with this system, raw material expenditure is more controllable, and the menu served remains fresh and of high quality.

In the housekeeping department, the effectiveness of cost control can be seen in the standardized use of linen and cleaning materials. In addition, staff rotations and efficient shift arrangements help keep labor costs down without compromising cleanliness and guest comfort. These strategies show that management is able to minimize waste and unnecessary costs while maintaining guest satisfaction. This finding aligns with the value-based cost control theory (Hilton & Platt, 2022) that emphasizes value-based efficiency, where the costs that are reduced are those that do not contribute directly to service quality.

The General Manager's evaluation reinforced this conclusion. He stated that in general, cost control had a positive impact on the hotel's gross operating profit and encouraged staff to be more conscious of efficiency without lowering the standard of exclusivity. Thus, it can be concluded that the effectiveness of cost control in this hotel is not only measured from the financial side, but also from the consistency of the quality of service provided to guests.

#### *Challenges and Practical Solutions in the Implementation of Cost Control*

In its implementation, Sanctoo Suites and Villas Bali faces several challenges in cost control, such as occupancy fluctuations that render expenditure planning less accurate, unexpected changes in the price of raw materials, and limited human resources for processing financial data efficiently and accurately. Furthermore, during national holidays or high seasons, the need to maintain

premium service quality often places additional pressure on the budget, especially in areas related to personalized services such as butlers and room service.

However, the hotel management has implemented several practical solutions to overcome these challenges. One notable approach is the strengthening of interdepartmental coordination through weekly cross-functional meetings that discuss budget realization and evaluate efficiency strategies. This collaborative method enables the management team to respond swiftly to shifting operational demands and avoid overlapping expenditures. In addition, internal training is provided to administrative staff to improve their capabilities in recording, reporting, and processing cost data systematically.

The hotel has also gradually developed an integrated digital system, encompassing procurement records, raw material usage, and financial reporting—accessible by each department head. This solution has proven effective in accelerating data analysis processes and supporting more timely and accurate decision-making.

### *Managerial Implications*

The findings of this study offer significant managerial implications for hotel management practitioners, especially in boutique or exclusive hotel operations. Firstly, cost control should be positioned as part of a long-term strategic approach, rather than merely a short-term cost-cutting tool. Secondly, accurate, timely, and accessible managerial information systems across all departments are essential to facilitate data-driven decision-making. Thirdly, involving staff from all levels in efficiency processes fosters a sense of ownership toward the organization's sustainability.

Other exclusive hotels may adopt this study as a reference in designing cost control systems that are not only numerically efficient but also maintain the high-quality service that constitutes their primary market appeal. Finally, it is crucial for hotel managers to strike a balance between efficiency initiatives and service differentiation as a strategy to build long-term customer loyalty.

### **Conclusion**

This study concludes that Sanctoo Suites and Villas Bali has implemented cost control strategies that are effective, adaptive, and well-aligned with its characteristics as an exclusive service hotel. These strategies include weekly budget planning based on occupancy forecasts, periodic cost monitoring through variance reports, daily raw material purchasing in the F&B department, and controlled linen usage and labor efficiency in the housekeeping department. The implementation of an integrated digital system for cost recording and reporting further enhances the speed and accuracy of decision-making processes.

The effectiveness of cost control is reflected not only in operational efficiency but also in the hotel's ability to maintain high service quality. The efficiency strategy employed is value-based, meaning that cost-saving measures are applied selectively without compromising the guest experience. The balance between

efficiency and quality has been a key factor in the hotel's ability to remain competitive amidst the intense hospitality industry landscape in Bali.

Challenges in cost control implementation, such as price fluctuations, occupancy uncertainty, and limitations in human resources and systems, have been addressed through interdepartmental collaboration, internal staff training, and the enhancement of managerial information systems. These findings indicate that cost control in a hotel is not merely a technical function, but a strategic process that requires the active involvement of all management and staff levels.

Based on these results, it is recommended that Sanctoo Suites and Villas Bali continue developing an integrated financial information system across departments to make the cost monitoring and evaluation process more real-time and predictive. Additionally, the hotel is advised to expand internal training on cost management for non-financial staff to foster a consistent efficiency culture throughout the operation. Further collaboration with local suppliers can also serve as a long-term strategy to stabilize logistics costs and enhance sustainability.

#### *Research Limitations*

This study has several limitations. First, the research scope only covers a single case study—Sanctoo Suites and Villas Bali—thus the findings are contextual and may not be generalizable to all exclusive service hotels in Bali or Indonesia. Second, the qualitative approach used focuses on in-depth understanding but does not provide quantifiable data on the impact of cost control on profitability. Third, the financial data analyzed were limited to those provided by the hotel's internal management, without independent verification through external financial reports or audits.

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