Assessing the internal factors of Malay ethnic restaurants business growth performance

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Abstract
Malaysia is a multi-ethnic country consisting of Malay, Chinese, Indian and others. Although Malay is the largest ethnic group in the country, Malay ethnic restaurant are less likely to sustain in foodservice industry. The objective of this study is to analyse the internal factors towards business growth performance of Malay ethnic restaurant. The internal factors in this context are management orientation, organizational culture, technology orientation, alliance and cooperation as well as market orientation. The data was collected through survey questionnaires from 102 respondents. The population for this study was management staffs from Malay ethnic restaurant in Shah Alam area. The findings indicate that management orientation, organizational culture, technology orientation, alliance and cooperation and market orientation have a significant relationship towards Malay ethnic restaurants’ business performance.

Keywords:
Management orientation, organizational culture, technology orientation, alliance and cooperation, market orientation, business performance growth
1 Introduction

Hospitality and tourism industry is one of the largest industries in the world today. According to the World Travel and Tourism Council (WTTC) (2015), travel and tourism industry is developing more rapidly compared to all broader economy and other important sectors like automotive, financial services and health care in recent years. Food and beverage sector, under the hospitality and tourism industry is one of the important sectors that contribute to most countries’ income. Market Access Secretariat Global Analysis Report Agriculture and Agri-Food Canada (2014) states that, food and foodservice organizations stay as a basic meeting for get-together and social events, since food is a vital part of Malaysian culture. Statista (2016) reports that the revenue of food and beverage industry in Malaysia was US$17 million in September 2016 and it was forecasted to be US$71 million in 2021 by the annual advance rate of 33.6 % from the market volume. Moreover, foods that are being served in the many food establishments represent the diverse cultures in Malaysia. Talib (2009) and Othman, Zahari and Radzi (2013) state that 65% of the population in Malaysia comprise of Malays with Islam as the main religion, 20% of Chinese as Buddhist or Christian and followed by Indian with 10% with Hindu and Christian as the religion. It is not hard to understand the existence and the development of these ethnics’ restaurants throughout the country.

There are several factors from previous cases which involved Malay restaurants that are failed to survive. According to Parsa, Self, Njit and King (2005), managerial perspective, such as the managerial restrictions and lack of skills, are among the factors that can lead to restaurant failure. Eriqazz (2014) reports that the management of the franchisors of franchise restaurants such as Ani’s Sup Utara and Sekinchan Ikan Bakar is the main problem that leads to the closure of both restaurants after several months of operation. There are issues of no standardization on the taste and quality of food served and poor customer service. In addition, the organization culture also has become the issue of restaurant failure. O’Donnell and Boyle (2008) state that, organizations’ culture compress the things that the company has practiced before. However, this can be a problem if one disobeys and do not follow the previous practices. For example, 1Market, a restaurant in Singapore which belongs to the famous Malaysian celebrity chef, Chef Wan, was closed in June 2016 due to disarray management. The kitchen crew did not follow the standard of procedure while preparing meals thus led to poor meal quality and rise in food cost due to food wastage. They also had no incentives to discuss this matter with Chef Wan to develop and change their menu despite the increase in costs and rental rates (Berita Media Corp, 2016).

Technology is vital for restaurants as it helps to save time and energy and to accelerate the performance. Technology can also aid the restaurateurs for restaurant security. Pullen (2012) explains in his article that five technologies which change the restaurant industry include installing the webcam in restaurant to enable the owners to
observe the employees’ work in the kitchen and other workplace locations. This helps to discover any noncompliance regarding health principles and safety codes. For instance, Ajai, a well-known music composer, closed his “Asam Pedas' restaurant after the restaurant manager took the sales money and sold recycled cooking oil without his consent (Roti Kaya, 2016). Hence, the technology is not only for production in the restaurant but also for the security of the restaurant to prevent theft and fraud. According to Zahari and Othman (2008), and Othman, Zahari and Radzi (2013), Malay restaurants were unable to operate for an extended period due to lack of customers’ interactions with the staffs and poor service quality. Besides that, Malay restaurants always have troubles in terms of service delivery particularly with waiting times for customers to receive their meals (Othman et al., 2009; 2013).

2 Literature Review

2.1 Relationship between management orientation and business growth performance

The relationship between strategy and business performance has been inspected in various works, both theoretically and observationally. The linkage between strategy and performance is commonly operationalized by utilizing measures and explicit ideas of causality fuelled by advancements in strategy research. This section reviews the literature of strategy-performance relationship in Miles and Snow typology (Anwar & Hasnu, 2016). The support for Miles and Snow’s presumption that reasonable strategies perform similiarly well over the long-run is overwhelming (Conant et al., 1990; Rajaratnam & Chonko, 1995; Jenning et al., 2003; Parnell, 2010; Sarac et al., 2014; Snow & Hambrick, 1980; Woodside & Sullivan, 1999). Various researches have debated that strategic human resources practices are reliably superior to comparative practices. They claimed that all organizations, regardless of size, industry or business strategy, ought to receive these so-called “best practices” school (Arthur, 1994; Delery & Doty, 1996). However, whether strategic human resource management should always be positively related to firm performance remains uncertain. Several researchers have examined the relationships between specific, tangible organizational variables and firm level performance. McGahan and Porter (2002) find that industry association, business specific impacts, and corporate-parent impacts positively affected financial performance, yet were subject to change after some time.

On the other hand, other researchers (e.g. Bharadwaj et al., 1993; Carmeli & Tischler, 2004) have identified more intangible sources of competitive advantage including management capabilities, human and organizational resource and skills, and the firm’s external reputation. In a study of public sector organizations in Israel, Tischler (2004) finds that intangible organizational element like managerial capabilities, and perceived organizational reputation each affected the organizational financial performance positively. A conceivable explanation is that organizations require support
of organizational or quality culture to be successful in the implementation of maintenance programs (Tsang & Chan, 2000). However, this implies that it is imperative that management and employees are committed to the implementation of maintenance programs (Hansson et al., 2003), and that a strong establishment on quality management orientation is available. In response to the research question, the findings of the above studies indicate that management orientation has a significant effect on maintenance performance. Therefore, the following hypothesis is proposed:

H₁: Management orientation has significant positive effect on business growth performance.

2.2 Relationship between organizational culture and business growth performance

As stated by Tracey and Hinkin (1994), most of the restaurants tend to take the characteristics of a hierarchy culture type. The culture model would suggest making a change of organizational culture to the group culture as stated by Cameron and Quinn (1999). Employee is a part of an interconnected, extended family hence accomplishing the needs and wants of each individual can create a higher sense of loyalty. The shared power structure and autonomy related with the culture can make a higher productivity (Kohn, 1999). Furthermore, successful leadership can raise employee commitment and brand supporting behaviours (Wallace, de Chernatony & Buil, 2013). Clark, Hartline, and Jones (2008) believe that, managers who are committed to service quality and employ an empowering leadership style can lead the employees to share the organizational value, understand role of the organization, satisfied with the jobs and perform higher level of quality.

Barney (1986) and Camerer and Vepsalainen (1988) claimed that culture from economic perspective and condition under culture might impact the efficiency and effectiveness of a business. Kerr and Slocum (1987) believe that organizational culture value may common differences in the rates of strong and weak performers. It means that, organization culture that focuses on the value of teamwork, security and respect leads to loyalty and long-term commitment in the organization among all employees. In addition, strong culture is one of the driving powers to improve the performance of the employees. It can increase self-confidence and commitment, reduces job stress and improves the ethical behaviour of the employees (Saffold, 1998). Deal and Kennedy’s (1982), suggest that both strong and weak culture have a significant impact on the organizational behaviour but in the strong culture, employee’s goals are in line with the goal of management and can increase the overall organizational performance. Based on the above arguments, the study proposes that:

H₂: Organizational culture has a positive impact on business growth performance.
2.3 Relationship between technology orientation and business growth performance

Technological deployment correlates with the way companies plan and handle the information technology to benefit from its potential and effectiveness. Day (1999) states technological leadership is an important condition to succeed. The Internet and its collaborative environment allows organizations to have easy access to information on customers and competitors, share creative ideas from various sources, language and time, independently from the barriers of distance and greater speed and flexibility in responding to customer wants (Prasad et al., 2001). Besides that, technology-oriented firms obtain better business performance when technology change rapidly. When technology changes, they can appropriately introduce new processes, products and services to satisfy customer needs.

Technologically oriented firms that combine customer-value innovation have opportunity to sustain profit and performance. Furthermore, ease-of-use is one of the key factors that influences a consumer’s intention to use recent technology (Agarwal and Prasad, 1999; Davis, 1989; Karnoukos & Focus, 2004; Zmijewska et al., 2004). Ease-of-use refers to the degree to which a person believes the system is a free of effort (Davis, 1989). According to Sethi and King (1994) and Victorino, Verma, Plaschka, and Dev (2005), technology implementation will help restaurant to develop sustainability, competitive advantage and increase customer satisfaction. Besides that, Arora and Singer (2006), and Yuksel and Rimmington (1998) believe that, the relationship between key factors may affect customer satisfaction. The restaurant marketers know which perceived quality factors have the greatest consequences on customer satisfaction whether it is failure or success in a restaurant’s management (Hwang & Zhao, 2010). In this sense, the following hypothesis is proposed:

H₃: Technology orientation has a positive impact on business growth performance.

2.4 Relationship between alliance/cooperation and business growth performance

Adams and Goldsmith (1999) state that firms were doing better after alliances and the businesses were long-lasting. The finding suggests that there is a relationship between alliances and business growth performance. Previous studies have used unbiased actions of performance such as survival of the alliance (Franko, 1971; Stopford & Wells, 1972; Killing, 1983; Geringer, 1990) with its duration (Harrigan, 1986), and instability (Franko, 1971; Gomes-Cassaras, 1987; Harrigan, 1987). Shamdasani and Sheth (1995) find that managers make decisions about their marketing alliances on the foundation of their satisfaction to date and their expectation of continuity of cooperation. Next, through alliances and cooperation, it enables the organization to create new reputation and brand image of theirs to market.

This has been proven by a previous study by Pekar and Olio (1994) who found that, alliances between brand-name hotel and restaurant companies help companies to exploit their profit potential. The alliance and cooperation can give five benefits for the firms which include; create financial benefits, provide customers with greater value,
improve a property's overall image, strengthen an operation's competitive position, and create operational advantages. Therefore, more and more hotel companies are looking to establish strategic alliances with brand-name restaurant companies since it allows hotel companies to focus on managing the hotel itself rather than the restaurant facility in their establishments. Therefore, the following hypothesis is established:

H₄: Alliance and cooperation has significant positive effect on business growth performance

2.5 Relationship between market orientation and business growth performance

Jaworski and Kohli (1993); Kara et al. (2005) mention that, some previous studies had come out with non-significant relationship between market orientation and business performance as they perceived performance to be influenced by environmental features such as competitive intensity, industry and customer characteristics, although most researches have pointed that there is a positive relationship between that two variables (Matsuno et al., 2005; Slater & Narver, 1994). They state that market orientation contributes to business performance such as new product achievement, sales growth, profitability, profitability levels or return on investments (ROI) of small firms. Protcko and Dornberger (2014) support previous research by Narver and Slater (1990), where they find that market orientation is correlated to return on assets (ROA). Pitt et al. (1996), in their study at UK and Malta, contend that market orientation positively affects financial performance such ROCE and sales growth. Most of the studies support a direct and positive relationship between market orientation or its components towards performance in businesses (Narver & Slater, 1990; Slater & Narver, 1994b). Slater and Narver (2000) believe that market orientation approach is a sustainable competitive advantage source for an organization as it helps to develop superior value for customers, hence, results in better business performance.

Many scholars found a positive link between the extent of market orientation and business (Mokhtar, 2014; Narver & Slater, 1990; Slater and Narver, 1993; Kohli & Jaworski, 1990; Martín-Consuegra & Esteban, 2007) Schalk (2008) believe that competitive advantage can be obtained by good application of market orientation within organization and give result to performance. There were also studies looking at market orientation’s indirect effect toward performance. According to Schalk (2008), market orientation will lead to enhanced innovation and organizational knowledge that result to better performance with the aid of information that enable employees to create better products and deliver better service. Jaworski and Kohli (1993) add that market orientation is connected to innovation because the concept is determined by creating modification and introducing fresh ways of doing business to gain competitive advantage. Therefore, it can be hypothesized that:

H₅: Market orientation has significant positive effect on business growth performance
3 Methodology

3.1 Participants and procedures

The sample population of this study were among the management staff of 102 Malay restaurants. The chosen restaurants were located around Shah Alam, Selangor. The researchers identified several characteristics before distributing the questionnaires to get the best respondents for this study. For instance, the menu must consist 80 percent of Malay food, the restaurant must have been established for at least two years and above with more than ten employees, and also the respondents should be among supervisors, managers and above. By doing that, researchers could get the respondent from different background to participate in the research process.

3.2 Measurement

A seven item instrument was used to measure management orientation adopted (Hernks, 1998; Rogers, 2003; Salavou, Balkas & Lioukas, 2004; Aragon-Sanchez & Sanchez Marin, 2005) seven items to measure organizational culture (Blumentritt & Danis, 2006; Laforet & Tamn, 2006; Martesan et al., 2007). Seven items used to measure technology orientation (Aragon-Sanchez & Sanchez Marin, 2005; Allocca & Kessler, 2006; Martesan et al., 2007). Another seven items to measure alliance and cooperation (Aragon-Sanchez & Sanchez Marin, 2005; Allocca & Kessler, 2006; Martesan et al., 2007). Seven items to measure market orientation (Aragon-Sanchez & Sanchez Marin, 2005; Allocca &Kessler, 2006; Martesan et al., 2007) and 14 items to measure business growth performance (Wadongo, Odhuno, Kambona & Othuon, 2010; Garrette, Dussauge, Castaner &Mulotte, 2000).

3.3 Data Analyses

This study used the SPSS version 20 program. The multiple regression analyses were conducted to determine the relationship of several independent variables toward dependent variable. Other than that, multiple linear regression was also used to identify the best predictor among the independent variables toward business growth performance (Pallant, 2005).

4 Findings

4.1 Demographic profiles

53.92% or 55 respondents were female, just a bit higher than male with 47 or 46.08% respondents. The study was dominated by respondents who aged between 31 and 38 years old (n=41, 40.20%), followed by those in the range of 23 to 30 years old (n=34, 33.33 %). There are seven management positions in this study namely; (1) owner, (2) senior management, (3) manager, (4) executive, (5) supervisor, (6) officer and (7) others. Supervisor attained the highest number of representatives with 28.43% or 29
respondents, followed by the owner of the restaurants (n=25, 24.51%) and restaurant managers (n=17, 16.67%).

4.2 Multiple regression analysis

Based on the results in Table 1, the effects of internal factors towards business growth performance in Malay restaurant have been proved. The figure showed the score of beta coefficient for each internal factor and technology orientation had the highest score of 0.670. It reflects that 67 percent of total variation of business growth performance value was influenced by technology orientation. In addition, the significance value of technology orientation was below 0.05, depicting that technology orientation has a significant relationship with the dependent variable.

Table 1: Beta coefficient score and R² value

<table>
<thead>
<tr>
<th>Variables</th>
<th>β Coefficient</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management Orientation</td>
<td>0.550</td>
<td></td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>0.491</td>
<td></td>
</tr>
<tr>
<td>Technology Orientation</td>
<td>0.670</td>
<td>0.302</td>
</tr>
<tr>
<td>Alliance and Cooperation</td>
<td>0.396</td>
<td></td>
</tr>
<tr>
<td>Market Orientation</td>
<td>0.548</td>
<td></td>
</tr>
</tbody>
</table>

The result supported the hypothesis and consequently answered the research question of technology orientation. At this stage, it is appropriate to say that technology-oriented firms could obtain a better business performance when technology change rapidly by introducing new process, products and service to satisfy customer needs. Therefore, it indicates that technology orientation is one of the major contributors to business growth performance in Malay restaurant.

5 Discussion

Many researchers claimed that management orientation or strategic human resource management has a positive effect on firms’ performances. They accepted that strategic human resource management could help firms enhance their human resources or management cost benefits, promote working efficiency, increase innovation and transformation ability, and increase organizational performance benefits (Dyer, 1983). Gomes-Mejia et al. (1995) indicates that strategic human resource management specifically and directly benefits organizations since it changes passivity into initiative, transmits organizational goals clearly and encourages the contribution of line managers. Thus, in response to research question, the findings of the study indicate that management orientation has a significant effect on business growth performance.

Employees’ attitudes toward an organization and its customers can have some positive effects on customer service and organizational success. Davidson (2003) states
that employee behaviour will increase the probability of success in any industry. Firms with a strong sense of customer orientation can lead to higher levels of customer satisfaction (Achneider & Bowen, 1993). Meyer and Allen (1997) state that organizational commitment is explained with the psychological state that involve employees to the organization. Higher level of commitment means an employee is less likely to miss work (Blau & Boal, 1987). Jorritsma and Wilderom (2012) find that improving service through organizational culture is an essential tool to the survival and growth in the companies. Koutroumanis, Watson and Dastoor (2012) explain that the main components in the organizational culture includes service quality and customer intentions. Organizational learning culture and customer satisfaction have the relationship with the role of employee job satisfaction (Pantouvakis & Bouranta, 2013).

Technologically-oriented firms that combine customer-value innovation have opportunity to sustainable profit and performance (Agarwal & Prasad, 1999; Davis, 1989; Karnoukos & Focus, 2004; Zmijewska et al., 2004). Sethi and King (1994) and Victorino, Verma, Plaschka and Dev (2005) state that technology implementation will help restaurant to develop sustainability, competitive advantage and increase customer satisfaction. Beamish and Killing (1997) and Preble et al. (2000) mention that, strategic business transactions namely licensing, research and development (R&D) partnerships, exchange of technology, franchising, joint ventures, and others provide many benefits to firms such as prompt access to new markets, technology and knowledge. Cooperation will also lead to increase in reputation besides organization’s sales and brand image. This factor also aids them to be more flexible in organizing and managing their restaurants since the exchange of information, skills and other sources are happening between two or more parties. Hence, based on the result, we can conclude that, the internal factors of alliances and cooperation has a positive significant effect toward business growth performances in Malay ethnic restaurant.

Slater and Narver, (1994) and Matsuno et al., (2005) argue that market orientation provides optimistic influence towards performance of business in terms of success of new product, sales expansion, profitability and return on investments (ROI). This factor can only contribute to business performance if the restaurateurs have sufficient information about the customers, competitors and efficient organizational working condition. Then, the restaurant must communicate, interpret and distribute the marketing information to some departments of the organization (Mokhtar, 2014). This is vital for the management team to create the strategies to fulfil customers’ needs and wants and creates the working culture that align with the current business environment.

6 Conclusion

The purpose of this research was to investigate the relationship between several internal factors and business growth performance of Malay restaurant. Based on the findings, it can be concluded that internal factors which are management orientation, organizational culture, technological orientation, alliance and cooperation and market...
orientation have the capability in influencing the business growth performance of Malay restaurant. The evidence clearly indicates that the firm performance is overwhelmingly influenced by the result of internal factors. Thus, focusing on these internal factors determine the future success of Malay restaurants.

7 References


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