

The Influence of the External Operating Environment on the Development, Change and Resilience of the Foreign Ethnic Restaurant in Malaysia: A Qualitative Perspective

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i17/5220>

DOI:10.6007/IJARBSS/v8-i17/5220

Published Date: 26 December 2018

Abstract

The presence of foreign ethnic restaurants has become a norm in Malaysia. The establishment of such restaurants has been increasing steadily especially in recent decades. This phenomenon could be attributed to some elements that motivate foreigners to open their business in Malaysia. The present study is conducted through qualitative approach using in-depth interviews aiming to uncover the underlying reasons for the foreigners to open their restaurant business and how the external operating environment affects their restaurant business resilience. Furthermore, there has been a lack of studies looking into the external operating environment and resilience of foreign ethnic restaurants. Therefore, this warrants an investigation on the issue at hand.

Keywords: External Operating Environment, Foreign Ethnic Restaurant, Resilience

Introduction

Among various sectors under the umbrella of the service industry, the restaurant or foodservice industry is one of the key contributors towards the lucrative revenue generated within the service industry. In 2014, the sums of global restaurant industry revenue stood at US\$2.7 trillion representing a compound annual growth rate of 6.4 percent between 2010 and 2014. This figure is expected to increase to a value of US\$3.8 trillion by the end of 2019 (Research and Market, 2015). In developed nations such as the United State of America, the restaurant industry generated more than US\$700 billion of sales in 2015 which accounted for 4 percent of total gross domestic product for the United States of America (National Restaurant Association, 2015). Shubber (2015) pointed out that a similar trend could be observed in United Kingdom whereby in 2014 the restaurant industry revenue amounted to £21.6 billion, a significant growth from £15.5 billion in 2010. The value was expected to climb

to £52 billion by 2017 (Michel, 2014). These figures clearly show that the restaurant industry has a really high return on investment value.

Similar developments can also be observed in relation to the internationalization of the foreign ethnic restaurant. Numerous ethnic restaurants, for example Indian, Chinese, Japanese, Thai, Middle Eastern and many more could be located in other countries with the purpose of establishing and expanding their businesses. For instance, as of 2004, there were 6,875 Thai restaurants overseas with 49 % of them in the United States and Canada, 20 % in Europe, 15 % in Australia and New Zealand, 14 % in Asia and 2% in other countries and the majority of them are owned by Thai nationals (Tsui, 2006). On the other hand, foreign ethnic restaurants from East Asia also warrant attention. There are approximately 89,000 Japanese restaurants around the world (JMAFF, 2015). In the U.S.A. alone, there are 9,000 Japanese restaurants and this is double the number of Japanese restaurants in the last 10 years.

Establishing fast food restaurants and ethnic restaurants internationally is certainly not a smooth process or without encountering many challenges. Operating internationally requires attentive care in dealing with a number of matters regarding migration regulations, social benefits, economic policies towards small businesses, and the availability of venture capital and legal regulations (Kloosterman, 2000; Leung, 2003). In this context, some foreign ethnic restaurants operating in UK and Germany for instance are having trouble to recruit skilled labour particularly qualified chefs from their homeland as labour migrants in these countries have been regulated strongly in an effort to satisfy the economic and political interests of the countries (Leung, 2003). Furthermore, foreign ethnic restaurants also face the issue of taste or palatability of their cuisine. This is certainly an issue encountered when opening an ethnic restaurant internationally (Park, 2012). All of the issues confronted by the ethnic restaurant owners operating internationally lead to fundamental and crucial matter not only for restaurant but for any other businesses.

Issues in Contextual Study Setting

Organizational resilience in its narrowest sense refers to the ability of a complex system such as business organizations to return to stable state after disruptions (Bhamra et al., 2011). In similar fashion, it also concerns with the capacity of the systems to function during the disruptions while concomitantly adapting with the changing environment (Wright et al., 2012). Therefore, the issue of business resilience is also a challenge in the context of foreign ethnic restaurants operating in Malaysia. This is an important matter as there are numerous types of foreign ethnic restaurants operating in Malaysia as a result of the rapid internationalization and globalization strategies of these restaurants. This is becoming more and more evident with the opening of ethnic cuisine restaurants such as Western, Japanese (Chong, 2014), Korean (Azizan, 2012) and Middle Eastern restaurants (Raeis, Zahari, Hemdi & Suhaimi, 2013) which are testament to the unstoppable wave or the influx of foreign food culture. Despite there being no exact number of the new foreign ethnic restaurants opening in Malaysia, anecdotal evidence suggests that there are more than 10,000 foreign ethnic restaurants currently in operation (Hungrygowhere.com, 2016) with Wong, Foong, Chong, Pari & Ikram (2015) mentioning that there are more than 3,000 outlets in Kuala Lumpur city alone.

The proliferation of the foreign ethnic restaurant in Malaysia could be attributed to several external environmental factors such as government policies, market stability, sound economic base, easy visa application, the Malaysian education hub and Malaysia being a popular tourist destination (Raeis et al., 2013; Ho, 2010). A government policy that encourages and welcomes foreign direct investment from all over the world is capable of attracting foreigners to open their restaurant business in Malaysia. The foreign ethnic restaurant investment portfolio in Malaysia is strengthening with the market and economic stability that S.E. Asia and specifically Malaysia possess (Ho, 2010). Government policy also encourages the open education system that allows international student from all over the world to study in Malaysia (Bernama, 2015). The sight of foreigners studying in public and private universities and colleges in Malaysia is gradually becoming the norm and this in addition to the growing number of international businesses operating in Malaysia is directly contributing to the proliferation of foreign ethnic restaurants (Verbik & Lasanowski, 2007). All of these factors are contributing to foreign investors opening their restaurants in Malaysia.

As previously mentioned, the existence of resiliency issues is inherent in restaurant business operation. The significance of resiliency is particularly high for foreign ethnic restaurant owners looking to gain an upper hand in the competitive international market. Taleb (2008) mentioned that business resiliency has become important because of unforeseeable globalization effects, economic uncertainty and in light of changes on social expectation and responsibility towards a company (Porter & Kramer, 2007). Furthermore, the existence of foreign ethnic restaurants that present foreign food culture into foreign environments will certainly collide with the existing local food culture which presents other issues that could affect the level of foreign ethnic restaurant resiliency. Therefore, all of the matters highlighted raise some fundamental questions such as does the population at large adapt to the foreign ethnic cuisine or is it the foreign restaurant operator adapting to the local cultural preference? Does the foreign food culture become a norm within this country? How does the external operating environment in Malaysia affect foreign ethnic restaurant operation? What are the key ingredients leading to their success and resiliency? Besides those questions, the majority of the studies related to ethnic restaurants (Tunsi, 2000; Turgeon and Pastinelli, 2002; Utami, 2004; Verbeke & Lopez, 2005; Withers, 2000) and restaurants of particular ethnic cuisine (Bailey & Tian, 2002; Josiam & Monteiro, 2004; Qu, 1997; Ray, 2007) were conducted in a foreign country setting. Furthermore, there is a lack of studies exploring foreign ethnic restaurant historical development and the forces behind their resilience and sustainability in a Malaysia context particularly in Middle Eastern, Japanese, Korean and Western/European restaurants.

Literature Review

External Operating Environment

The design of the business model, including the possible variance that affect the success of a business venture, began with an investigation of the rapidly changing business environment as its quality have tremendous effect on the business organization (Buno, Nadanyiova, & Hraskova, 2015). Since organizations are in constant exchange with their environments (Yunus, Bustaman & Rashdi, 2014), it is arguable that successful entrepreneurial firms better “fit” their environments than those firms that are unsuccessful, maximizing the benefits of the exchanges with the environment (Naman & Slevin, 1993). The centrality of the

environment in models and theories of entrepreneurship is evident in the writings of Bygrave and Hofer (1991), Bruno and Tyebjee (1982), Carsrud et al. (1986), Cooper and Dunkelberg (1986), Garud and Van de Ven (2002), Kent (1984), Roure and Keeley (1990), Zahra (1991), and many others. The environment is a major driving force that influences the organization.

Isiac (2014) viewed the external operating environment as an aggregate environment that could have a direct or indirect impact on the performance of business organizations. In addition, it can also be defined as a group of external factors such as economic, technology, social, political and legal factors that cannot be controlled and influence the operating efficiency of the business organizations. According to Kaderabkova (2008), the external operating environment in a broader sense reflects or displays the quality of the economic condition of the country. An organization should have the ability to scan, analyse, and forecast critical events and trends affecting it. Examples of environmental studies include industry and competitor analysis, environmental scanning, and scenario development.

Economic Factor

Economic development and improving national welfare are among key priorities of developing countries governments and FDI is thought to be a key driver of economic growth and ultimately poverty eradication (Kolstad & Wiig, 2011). It is vital to understand that there are both macro and micro-economic fundamentals that should be satisfied for FDI to have a positive impact on the host countries' economic development. From a macroeconomic point of view there should be capital accumulation which is brought about by having a positive net transfer on the capital account, current account and government revenues (Sarode, 2012; Salman & Hui Xiao, 2009). While from a microeconomic point of view there should be a positive spill over effect to the indigenous firms (Damijan, Rojec, Majcen, & Knell, 2013). In the case of foreign business firms, the government plays an important role in promoting and providing an environment in which the foreign investors become attracted to invest and open their business in the host country. It is important to understand that foreign direct investment (FDI) stock takes into account the initial capital injection made by the foreign company and all succeeding capital transactions between two corporates and among affiliated companies, regardless of their status (Cotula, Vermeulen, Leonard, & Keeley, 2009). Besides attracting the FDI, the economic factors also possess a major impact on the operations of the business organizations. Such factors may come in form of gross domestic product, foreign exchange reserves, the growth of foreign trade, the market of goods and services, the availability of capital etc. Furthermore, the overall condition of the economic situation has an impact on the household disposable income that affects consumers spending pattern.

Technological Factor

Organizations implement new technologies to achieve specific results, such as increased productivity and reduced operating costs, but outcomes have not always met expectations (Kim & Shanklin, 1999). Technologies are powerful tools for creating a stronger and more efficient organization. However, to realize the benefits from any given technology, it must be perceived as being useful, adopted, and then used by employees (Venkatesh & Bala, 2008). One of the most salient factors impacting organizations and employees is technological change and advancement (Duxbury, Higgins, & Thomas, 1996). Organizations implement new technologies to achieve objectives such as increased productivity and

reduced operating costs (Kim & Shanklin, 1999). These technologies have the potential to change roles and responsibilities of employees within the organization and must be communicated properly to meet organizational objectives for long-term success. It is very important for companies to keep up to date with these changes, not only because it will enable innovative new products, but will also give them a competitive advantage in challenging business environment (Yoo, Sawyerr, & Tan, 2015).

Political-Regulatory Factor

This factor focuses upon the government structure and the initiative taken to promote and establish a welcoming environment for the potential foreign investor through favourable policy and general infrastructure. The vast and growing literature on the democratic peace does find that political regimes influence relationships between national-states. This well-developed literature on the democratic peace is helpful in understanding the potential benefits of democratic governance structures for foreign investors. If democratic political institutions allow higher levels of cooperation between states, they may also allow for higher levels of cooperation between states and multinational corporations. There are three interrelated reasons why democratic systems might attract higher levels of FDI. The need to attract FDI pressures governments to provide a climate more hospitable to foreign corporations, potentially altering patterns of domestic economic policy, possibly even challenging the de facto sovereignty of the nation state and the capacity for democratic governance. Government policies which promote good operating structures, development of local businesses and entrepreneurship and encourage foreign firms compete by providing value-adding activities have been identified to be important in ensuring that the positive impacts of FDI prevail (Chen, Melachroinos & Chang, 2010). In the same time, the political stability is also a crucial point in attracting and maintaining foreign investors as it could send a signal of strength and confidence to potential investors. Furthermore, the political-regulatory factors affecting the business are important since all business organizations must follow the established law. Therefore, the managers or business owners have to recognize how upcoming laws or policies will affect business operation (Yunus et al., 2014).

Organization Development and Change

Cummings and Worley (2014) define organizational development and change (ODC) as planned interventions, based in behavioural science in order to improve individual development and organizational functioning by altering the on-the-job behaviours of organizational members. According to Lozano (2012), the major intent of ODC is to determine whether there are consistent patterns of change and innovation that improve the performance of the organization, and also whether the cost of these change agents would be worth the expenditure. The development and change experienced by any organization is largely contributed to the influence of external operating environment (Anderson, 2016; Cummings & Worley, 2014). This matter could be seen through the gradual social change through demographic shift and attitude toward foreign culture. Change within the pattern of needs is also crystal clear in the work force with various needs such as sabbaticals, shorter work weeks, job enrichment, flexible hours and work at home. People are more mobile, moving from job to job, organization to organization and area to area. Technology too is rapidly expanding, and the accelerated rate of change itself contributes to the turbulence

experienced by most of us. Social, political, economic, and technological changes are increasing at an almost unbelievable pace.

A variety of important changes have become evident in today's organizations as a result of powerful societal forces. For example, the role and purpose of most organizations in our society are changing. Business firms, for example, are increasingly expected to earn reasonable as opposed to maximum profits, and to join in the fight against pollution and global warming. Organizations are becoming larger and larger and much more complex. This is true for government, hospitals, educational and religious institutions as well as for business firms. Size increases at statistical rates increase the complexity of task roles, relationships and the processes that are required to coordinate activities (Benn, Edwards & Williams, 2014). Additionally, various elements in the external operating environment namely technological, economic, and political-regulatory exert influence on the organization development and change activities will ultimately affect its resilience in a given business environment.

Food Socio-Cultural

The relationship between food, culture and society has always been an important one. Although food has been mentioned as a common topic of cultural discourse, it is often considered as popular culture, or mass culture as opposed to high culture such as music, art or architecture (Gans, 1999). In the last decade, the spread of food and cuisines across the globe, although not a new phenomenon (Kiple, 2007), is now understood as a way to clarify economic and cultural processes of globalization (Cwiertka & Walraven, 2002, Locher, 2003). Studies tackle globalization through Mexican cuisine and tacos (Pilcher, 2008), King's Christmas pudding (O'Connor, 2009), Thai cuisine (Sunanta, 2005), sushi (Bestor, 2000, 2001) and French-African beans (Freidberg, 2003), among others. These studies not only have in common food and globalization as research interests, but also a commodity network approach to unfold the phenomena of food going global. Since the nature of restaurant business directly intertwine with the customers, the element of socio-cultural is crucial in establishing a profitable restaurant business especially for the foreign ethnic restaurant looking to open their business in other countries.

Organizational Resilience

The concept of organizational resilience can be thought as the maintenance of positive adjustment under challenging conditions such that the organization emerges from those conditions strengthened and more resourceful (Orchiston, Prayag & Brown, 2016). By challenging conditions it include discrete errors, scandals, crises, and shocks, and disruptions of routines as well as ongoing risks such as competitions, stresses and strain. The disruption also includes both the sets of conditions (exogenous shocks and ongoing strain) because research has shown that the accumulation of small interruptions can compromise the safety of a system just as readily as a larger event (Rudolph & Repenning, 2002).

Two specific beliefs seem to anchor resilient organizations. First, these organizations treat success lightly and are leery of the potential for the unexpected (Sahebjamnia, Torabi & Mansouri, 2015). In other words, resilient organizations assume their model of risks is in need of regular updating, their countermeasures are incomplete, and their grasp on safe operations is fragile. Second, resilient organizations also hold onto the belief that they can

readily cope with a wide array of anomalies and are constantly striving to grow their capabilities to do so. In other words, resilient organizations operate under the belief that they are imperfect but can become more perfect over time through learning from events and near events. Resilience also relies upon processes, structures, and practices that promote competence, restore efficacy, and encourage growth endow organizations with capabilities to mediate jolts and increased strain (Vogus & Sutcliffe, 2007).

In the context of the present study, the foreign ethnic restaurant resilience is thought to be under the pressure of constant change or fluctuation in the external operating environment namely through the technological, economic and political-regulatory. The foreign ethnic restaurants need to constantly monitor the environment condition as to intercept any possible incoming crisis or opportunity that affect its business resilience. Alteration or changes to the foreign ethnic restaurants business strategy, policy, or planning may be taken in tandem with the current situation in the external operating environment. Those development and changes made is presumed to affect foreign ethnic restaurant resilience.

Methodology

The present study utilized a cross sectional, qualitative approach in designing the instrument, data collection and data analysis. Given the nature of the study that is looking into the connection between the external operating environment in Malaysia and foreign ethnic restaurant resilience, the targeted sample was chosen among the foreigners who have operated their restaurant business in Malaysia for at least 8 years. This was to ensure the restaurant business had sufficient time to recover its initial investment and still be able to continue operating which indicates a certain degree of resiliency. A sample size of 25 number of foreign ethnic restaurant owners was initially selected for the research. The participating foreign ethnic restaurants are based on Kuala Lumpur, Selangor, Penang and Johor. All of the restaurant owners were then contacted to seek their permission to be interviewed. As this study requires the involvement of the owners themselves, some claimed to be too busy with business matters and unavailable to be interviewed while others refused or reluctant to share the information. In the end, only ten (10) were willing to be interviewed. The dates and times for the interview sessions to be carried out were then prearranged based on the convenience and wishes of the respondents which required unlimited flexibility on the part of the researcher. Luckily, all of the dates arranged with those ten entrepreneurs were within the time frame that had been planned by the researcher, thus, the progress of the whole research process was not interrupted. All of the interviews were conducted on the premise of the foreign ethnic restaurants owners.

It is worth mentioning that before each interview the respondent was first asked for permission to tape-record the interview and the researcher was allowed to do so by all of them. During the interview a predetermined set of structured questions based on the objectives of the study was posed. The researcher ensured that she did not ask leading questions which could lead the entrepreneur to answer in a certain direction and provide a greater chance of biased answers (Kumar, 1996). All of the interviews that were carried out with the respective respondents lasted between thirty minutes and one hour on average. Overall, the researcher was fully satisfied with the answers provided and was really grateful

for the commitment and the cooperation given by all of them towards the interviews. Subsequently, the recorded interview was transcribed using the pen portrait approach and each of the answers were sorted and categorized into meaningful theme as to uncover the underlying pattern within the qualitative data.

Results and Discussion

Informant Profiles

The 10 foreign ethnic restaurant owners who were interviewed in this study have been operating between 8 to 20 years in Malaysia's restaurant sector. Prior to their current restaurant business venture, the majority of the respondents have experienced working in various occupations outside the realms of the foodservice industry. Most of the respondents stated that opening a restaurant was one of the options considered after leaving their previous occupation. It is worth mentioning that their names and company could not be disclosed to ensure and preserve their confidentiality thus throughout the analysis they are known or used as "INFORMANT". From a brief explanation of the 10 foreign ethnic restaurant owners, what could be said is that although their business is not dealing with millions of dollars, a very positive sign of development has been experienced especially in successfully attracting local customers while operating and surviving in foreign country. With that, their profiles are simplified and presented in the following Table 4.1.

Table 4.1

Foreign Ethnic Restaurant Owners' Profile

Code of Respondent	Age	Years of Experience	Type of Restaurant
INFORMANT 1	45 years old	13 Years	Korean
INFORMANT 2	56 Years old	15 Years	Japanese
INFORMANT 3	42 Years old	12 Years	Japanese
INFORMANT 4	52 Years old	10 Years	French
INFORMANT 5	55 Years old	19 Years	Middle Eastern
INFORMANT 6	44 Years old	10 Years	Middle Eastern
INFORMANT 7	55 Years old	8 Years	Spanish
INFORMANT 8	47 Years old	11 Years	Korean
INFORMANT 9	54 Years old	12 Years	Middle Eastern
INFORMANT 10	45 Years old	12 Years	French

Reasons for Opening a Restaurant in Malaysia

The first question is intended to reveal the attributes that influence the informants' decisions to become involved in the foodservice industry particularly in foreign ethnic restaurants. In regard to this question, most of the foreign ethnic restaurant owners who were interviewed had almost similar opinions and the overall information obtained can be divided into three themes. The themes are; a) Favourable government foreign policy, b) Political stability, and c) Multi-racial country.

The foreign ethnic restaurant owners mentioned that the foreign policy devised by the Malaysian government that was geared towards providing a conducive environment for

potential foreign investors was one of the crucial elements in attracting them to invest in Malaysia:

"For me personally, I am not originally well versed in restaurant business as I worked as contractors before venturing in the foreign ethnic restaurant. So I need to look into the places where the governments are welcoming the entrance of foreigner as a business owner. Luckily this country is among the easiest for foreigners to run and own a business. Thanks to the accommodating policy, I am able to operate this restaurant as the sole owner without any partnership with the local people. I think that such policy is important to encourage more foreigners to come and open their businesses in new places where there is less competition"

Informant 5

The majority of the foreign ethnic restaurant owners perceived the government (or political stability in Malaysia) to be one of the major reasons that influenced their decision to venture into the Malaysian foodservice industry. The peace and security that comes with the political stability is important as the foundation of a positive business environment:

"When you are looking to venture into international market, the places where you want to establish your business need to be in peaceful and safe condition. For me... that is very important aspects that must be considered before making any decision on where to open your business as this involve certain risk when you are investing your own money. I think that you must have seen what happen to politically unstable country like in the middle east whereby conflict and war is a normal occurrence. It is hard for such countries or region to portray good image in order to attract foreign direct investment into their country. Therefore, as I see Malaysia and this region in general to be in peaceful harmonious state, it influences my decision to come and see the opportunity that this country has to offer. Even if there is some uncommon ground between the ruling party and the opposition, it is within tolerable limit and does not jeopardize the political stability and business environment in this country. Well, I suppose that is something to be expected in any democratically elected government"

Informant 1

Furthermore, the foreign ethnic restaurant owners stated that they are enthralled by the harmonious and peaceful aura that this country possesses despite being composed of a multitude of ethnicity. This is an important attribute that contributes towards the overall acceptance of their foreign ethnic restaurants. Witnessing the opening of new foreign ethnic restaurant will not be a foreign idea as the general public in Malaysia has been exposed to intercultural interactions since the inception and independence of this country – it is now the norm.

"As you can see, your country is composed of many different people from variety of ethnicity background. From my earliest day in this country until

now, I can see that people from different background live together in harmony side by side. This sight is something that I cannot found in my home country and I think it really show how much effort has been done by your government to make this condition possible. I would say that this multi-racial diversity that exist in this country has attracted me to pursue my restaurant business here as the people will be more welcoming and tolerant toward new foreign food culture which emerge through the opening of foreign ethnic restaurant. Furthermore, I felt it is interesting to live in country with much ethnicity background”

Informant 3

Challenges Faced in Foreign Ethnic Restaurant Operations

The second question probed the main challenges faced by the foreign ethnic restaurant owners in running their business within the foreign business environment. This question is important as it indirectly provides information to the actual condition of foreign ethnic restaurant operations in this country. Digesting from what has been gathered through the interviews from the 10 foreign ethnic restaurant owners, two themes can be identified and they are; a) Business uncertainty, and b) Policy and Regulation.

The majority of the foreign ethnic restaurant owners in this qualitative study mentioned that managing and facing business uncertainty is part and parcel in any business not only within the restaurant industry. However, the informants stressed that while business uncertainty could be a normal concern for ordinary businesses, for international restaurant owners operating in a foreign market it is a different story because operating a foreign ethnic restaurant depends on foreign palate acceptance of the cuisine which adds another layer of concern.

“As far as the challenges that I’ve faced in all the year of operating in this country, I would say that doing business in the midst of uncertainty is one at the top of the list. When you consider the fact that the economy is open and connected to other country, it is getting more difficult to manage the business especially considering my restaurant business is located in unfamiliar territory. You have many thing that you need to consider on daily basis; your operation, your financial status, do you make enough revenue to sustain the business and many more. All of those thing need to be synchronized with what happen in the outside world, how the economic condition, what is the current food trend that people like, do people like has sufficient disposable income to spend, do people like my restaurant cuisine and so on. This is some of the issue or uncertainty that affects restaurant business. But I suppose as you stay longer in this business you will gain more experience in dealing with uncertainty”

Informant 8

In addition, the informants expressed their amazement with the effort made by the government in passing generally favourable regulations and providing the necessary infrastructure for foreign direct investment. This is considering the fact that Malaysia is still in its development phase. Below is one of the verbatim quotations.

"It would be unreasonable if I say that I face no challenges, there are certainly some challenges along the way, however it is mostly dealing with the internal strife in my restaurant, looking after the worker, keeping tab on the financial performance and so on. I would not say business environment is not important, but its effect is rarely disastrous and usually challenges from the business environment are subtle but noticeable. For an instance, when I want to set up my restaurant business in international market, there are several countries that have strict regulation in allowing foreign investor entry into their country. Even though the country has promising potential for foreign ethnic restaurant growth, its tight regulation has deterred my will. Thankfully, your country is more accommodative and welcoming foreign investor"

Informant 7

Foreign Ethnic Restaurant Development within Malaysia's Business Environment

The third question in this qualitative research investigates foreign ethnic restaurant owners' views on how the business environment in Malaysia influences their restaurant business development. This is based on the notion that the external operating environment exerts some pressure on business operations. Through information gathered from the interviews one theme has been identified; a) Gradual restaurant development.

In relation to the influence of the external operating environment on the foreign ethnic restaurant development and change, the majority of the restaurant owners shared the view that under the present conditions of the business environment in Malaysia, the foreign ethnic restaurant business could only develop in incremental gradual steps as opposed to immediate successful development. Looking at the foreign ethnic restaurant development and change from the owners' perspective, it is clear that the process of internationalization is not an easy process as they have to take into consideration various evolving variables in order to properly run their restaurant business internationally. According to one of the informants, a business venture in an unfamiliar territory is very demanding and requires lots of planning, monitoring, and adaptation, contingency planning and continuous learning in order to move the foreign ethnic restaurant business forward – all of this takes time.

"There is no tried and true, one solution fits all business model... when you open new business, any kind of business, you need to treat it as a new entity that require different needs and business strategy. When I open restaurant in my home country, it is not a big deal, it is a common sight seeing new restaurant being opened and you can have certain expectation on where to go with all the preparation and planning that you've done beforehand. I assure you there will be very little surprise or unexpected thing that will happen as you are familiar with how things are done and how the business environment and culture in your home country. It is an entirely different story when I first started to venture out my business in this country. There are certain things that my experience in running restaurant business helped, however, for most of the part it is a new environment, new socio cultural aspect and new experience for me. With what confronted me, I have to take

it slow and gradually pick up the pace in developing my restaurant business as I gain more experienced in this country. I would say that it is an arduous, tiring, and demanding experience with lot of planning and adaptation, but in the end it is certainly very rewarding when you started to see the restaurant gain traction and local people beginning to accept your cuisine”

Informant 7

Socio-Cultural influence of food on the Foreign Ethnic Restaurant Development and Resilience

Since the restaurant sector primarily interact with the customers frequently, the element of food socio-culture play an important role in the acceptance of the new foreign food culture that enter country. Therefore, this qualitative section is intended to reveal how food socio-culture in Malaysia specifically affects foreign ethnic restaurant development and change with its resilience. Through information gathered from the interview one theme has been identified;

Positive feedback and reinforcement

Another finding from the interviews was that the informants felt that the influence of socio-cultural factors is very important in prolonging the longevity of the restaurant businesses. Being aware of what is different and what is similar in terms of food culture has helped them to develop their restaurant's business. A nonchalant attitude and insensitivity toward the needs and demand especially from the local customers could really hamper the growth of the business. One of the informants stated that he has learned this lesson the hard way by losing customers in the early stage of his foreign ethnic restaurant operation in Malaysia before realizing and admitting his mistake in rejecting the local customers' feedback and suggestion.

“As I have said before, one of the reasons that I chose your country as the location for my foreign ethnic restaurant business operation is due to the fact that it comprised of people from various ethnicity background. I viewed that as one of the aspect that could help my restaurant business to grow and develop in foreign marketplace. People that naturally lived with other ethnic since childhood is more acceptances toward other foreign culture and it somewhat ease my burden to certain degree in relation to attracting people to come to my restaurant. However, it still not without any obstacle. Foreign cuisine is still a foreign cuisine for the people trying for the first time even though the local customers have positive attitude about it. In my observation, you cannot really change the culturally constructed taste that is dominant in any given culture or ethnicity. Therefore, in order to further develop my restaurant, I constantly look into the comment or feedback that the customers leave which could help me better my service and food so that it will become something that the local customers like or accept”

Informant 6

General Strategy to Cope with Unexpected Crisis within Malaysia Business Environment.

Economic, technological and human uncertainties always pose business organizations with the probability that a crisis could emerge unexpectedly, thereby reducing their capability to operate and, ultimately, survive. As a formal activity within businesses, crisis management is characterized by the paradox that organizations are planning for events that they do not wish to occur but that are often known possibilities. Having highlighted such statements, this section reveals the information gathered from the interviews with the informants in relation to what measures are taken in an attempt to handle unexpected events or a crisis. After digesting all the information obtained, two themes could be derived: a) Sufficient level of resources, and b) Being dynamic and flexible.

The informants agree that having a sufficient resource (what type of resource?) will help in the process of resolving the crisis without impacting the restaurant business in any significant manner. Few of the restaurant owners stated that in time of emergency, it is the slack resources that help to solve the problems or crises, however, they admitted that even with all the resources in possession and preparation, dealing with an unexpected crisis will still leave the restaurant business operation in a vulnerable state for a while until the crisis has subsided or resolved. Furthermore, after a crisis has ended, there will be some changes and further development will have to take place in order to prevent or to lessen the impact if the crisis is ever to arise in the future.

“When you started doing business, you know instinctively that it carries certain risk due to the unforeseen circumstances and uncertainty. Naturally you have to take into account during your planning that some crisis might erupt out of nowhere. I think it is inherent even in your daily life, that’s why people take precaution like life insurance. Then when it comes to business, having the right and sufficient amount of resources at hand. For me it is an important step in facing unintended crisis that emerge. Nobody has the full picture of what is going to happen in the future, but by having some preparation you will be able to tackle the crisis more readily if any of it ever to arise in your business. For me, having strong financial capability and knowledge of the current business environment are the two most important resources that you could have”

Informant 2

As well as having sufficient resources to cope with the crisis being dynamic and flexible is another important trait in the face of incoming or ongoing crisis management. In other words, when handling a crisis business firms need to be able to change their business strategy or business model to suit the emergency situation they are currently facing. Being rigid and inflexible is not the best practices in business especially when tackling a huge crisis. Having enough resources is not the whole answer when the slack resources cannot be utilized properly due to poor decision making, slow resource deployment and a refusal to change the business strategy. Finding the right balance between a new strategy and an old proven business strategy is the vital point in mitigating the crisis.

"I suppose that handling ongoing crisis necessitate a business organization to be nimble, dynamics and not too rigid. When crises happen, it truly means that something in the system is out of order like your body when it fall ill. You need to make quick but calculated decision to mitigate the risk brought by the crisis. When financial crisis hits in the past, I would be a fool to keep things as it is, the menu pricing, ingredient cost, overhead cost, marketing effort, all of that has to be changed in certain degree or else I know my restaurant business could not survive. Yes, I admit that lowering price and sourcing lesser quality local ingredients jeopardized my restaurant operation, but it is a necessary strategy, you could say that most of the foreign ethnic restaurants were in survival mode during that time"

INFORMANT 5

Foreign Ethnic Restaurant Resilience and Survival

The last question posed revealed how the foreign ethnic restaurant owners have guided their current business operation successfully and are able to survive in Malaysia despite the challenges and any crisis faced whilst operating their business. After listening to the answers, the majority of the informants gave almost the same views and with one main theme emerging; a) Enhanced restaurant business resilience.

In answering this question, the majority of the foreign ethnic restaurant owners recalled their early stage of restaurant business operation in this country. They mentioned that just like any restaurant businesses early experiences, hardship and struggle are the norm in the journey of gradually developing a new restaurant business. During the transition phase, a lot of new experiences are gained and an understanding of the external operating environment and the local socio-cultural behaviours. This new knowledge enhances significantly their restaurant business resilience. Overtime, the cycle of crisis that is faced reduces and the foreign ethnic restaurant matures with significant business strategy improvement as well as better resources management and capacity. All of the factors mentioned help to strengthen the resilience of the foreign ethnic restaurant which ultimately helps it to survive in the foreign market.

"It is not an easy task to operate your restaurant in foreign market what more to maintain and make a living out of it for a long time. Things do get better as you progress the restaurant business throughout the span of several years, however, to survive means you need to have the capability and resources to enhance your business resilience. Even I took around 5 years to actually see some semblance of stability in my restaurant business operation. As you grow, you will get to know other restaurant owners and establish close relationship with your suppliers, local authorities and most importantly the regular and local customers that frequent my restaurant. I see that as precious resources when properly utilized. If your business is struck with unexpected or even unprecedented crisis, all those networking and relation with the customers definitely help you to get through the tough spot. This gives you time and the opportunity to analyse the weakness in your business

strategy or model and gain valuable experience in the process of resolving the crisis. As time goes by you will know how to properly utilize your business resources and your connection to mitigate incoming crisis which will strengthen your business resilience and the rate of survival"

INFORMANT 1

Contribution and Conclusion

From the six questions asked, the majority of the foreign ethnic restaurant owners that have successfully opened their restaurant business venture in Malaysia revealed that favourable government foreign policies, possessing strong and stable political conditions and Malaysia being home to various multi-racial peoples are the main reason for their international business venture into this country. Despite these strong and positive points that encourage them to operate their business in Malaysia, there are several obstacles that they face in order to survive and develop their foreign ethnic restaurant business. Business uncertainty, policy and regulation were the primary concerns voiced by the informants about operating their businesses in an unfamiliar territory which requires substantial effort and time before they are able to grasp the ebb and flow of running their restaurant business in a foreign country.

In addition, it is important to understand that the foreign ethnic restaurant owners perceived the general operating environment in Malaysia to be conducive to operating a foreign ethnic restaurant due to the strong multi-racial background that somewhat eases the general public's uneasiness or wariness of discovering new foreign food cultures. This matter is viewed by the foreign ethnic restaurant owners as being caused by the prolonged exposure and familiarity of the general public with the racial diversity that existed since the period of British occupation in Malaya. However, despite having the advantage of the general public's familiarity and encounter with various ethnic and cultural backgrounds in Malaysia, the foreign ethnic restaurant owners still admit that the pace of their restaurant business development towards maturity still moves at a gradual pace. There seems to be an introductory phase that most of the foreign ethnic restaurant owners went through in the beginning. The introductory phase mainly deals with the inexperience of the restaurant owners trying to grasp the nuance of the general operating environment and thus they need some time before significant experiential knowledge has been obtained to effectively operate their restaurant business in a foreign marketplace. Nonetheless, the present study will be able to provide a potential restaurant operator with the guidelines and general views on the factors important for development and its resiliency. This information will enable the potential restaurant operators to assess and evaluate as well as develop strategic planning whenever they are considering opening a new restaurant and operating in a foreign country.

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