STREAMLINING OPERATIONS AND BEST PRACTICES IN THE RESTAURANT INDUSTRY: A CATALYST FOR BUSINESS EXPANSION

Joy N. Savellano *

* College of Management and Business Technology, Nueva Ecija University of Science and Technology, Cabanatuan City, Philippines
Contact details: College of Management and Business Technology, Nueva Ecija University of Science and Technology, General Tinio Street, Cabanatuan City 3100, Philippines

Abstract

This research delves into the business operations, profiles, challenges, and best practices of homegrown restaurants in Nueva Ecija, Philippines. The study used a qualitative research design, conducting interviews with restaurant owners or managers to gather data. The findings reveal that restaurants in Nueva Ecija display significant variability in aspects such as the number of branches, years of operation, and registration status. Most restaurants tend to lean towards a corporation business model, prioritize local sourcing of ingredients, and heavily utilize word-of-mouth promotion (Kaplan & Haenlein, 2010). Challenges encountered in the operational phase mainly revolve around staffing issues, budget management, and adapting to customer preferences (Perry, 2001). Successful practices involve treating personnel as family, maintaining good customer relationships, and effective financial management (Kusluvan et al., 2010; Liu & Jang, 2009). The study concludes that robust entrepreneurial qualities, technical skills, and an excellent understanding of market trends contribute significantly to the restaurants’ success. The research adds depth to the existing literature on small-scale restaurant operations and contributes insights that can aid future entrepreneurial endeavors in the food industry (Parsa et al., 2005).

Keywords: Best Practices, Business Management, Competitive Advantage, Operational Strategies, Productivity

Authors’ individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

Declaration of conflicting interests: The Author declares that there is no conflict of interest.

Acknowledgment: The Author would like to express sincere gratitude to the participants, colleagues, friends, and family who supported and contributed to this research project. The Author expresses his gratitude to the researchers whose work was referenced in this study — their valuable contributions and pioneering research have influenced and shaped this study.

1. INTRODUCTION

As a focal point in the global food industry, the restaurant sector has demonstrated sustained growth over recent years. A surge in the number of restaurants, cafes, and snack houses has been observed, offering a dynamic and competitive marketplace. Given the fundamental human necessity for food, the demand within this sector remains consistently high. This reality has positioned the food business as a potentially profitable yet demanding enterprise, requiring
innovative and distinct strategies to carve a niche within an increasingly saturated market.

The National Restaurant Association’s (2017) report illustrates the scale of the restaurant industry in the United States, with sales figures nearing US$799 billion. These numbers accounted for nearly 4% of the US gross domestic product and represented almost half of the total food dollars spent within the country. Yet, this rapid growth also presents significant challenges for restaurant owners, who must adapt to a continually changing landscape shaped by evolving consumer tastes, a more demanding workforce, and escalating competition (National Restaurant Association, 2019).

The Philippines mirrors this growth trend, with its food service industry experiencing a substantial expansion driven by increased consumer purchasing power and a lifestyle that increasingly favors convenient food options (Philippine Statistics Authority [PSA], 2018). According to 2015 Annual Survey of Philippine Business and Industry (ASPBI), restaurants lead the sector, accounting for 24.6% of the total businesses engaged in accommodation and food service activities, followed closely by fast food chains at 4,477 establishments (PSA, 2018).

Within this context, each restaurant’s success, whether high-end or smaller, homegrown businesses, is determined by an array of factors and unique narratives. This study seeks to delve into these narratives by investigating the effective practices of selected restaurants in Nueva Ecija. It will examine as follows: 1) business profiles, 2) operational years, 3) industry organization, memberships, and 4) the recognitions they have received. The core research question driving this investigation is:

RQ: What are the successful practices and significant challenges experienced by homegrown restaurants in Nueva Ecija?

This study utilizes the theoretical framework of business development and strategic management, integrating dimensions of entrepreneurship, firm dynamics, and the surrounding environment (Sorensen, 2014). Through a mixed-method research approach, the study amalgamates qualitative and quantitative data collection and analysis techniques, harnessing both primary (e.g., surveys and interviews with restaurant owners and managers) and secondary sources (e.g., industry reports and academic literature) (Creswell, 2014).

The findings derived from this study are anticipated to benefit a diverse range of stakeholders, including restaurant managers and owners, customers, academicians, potential entrepreneurs, government agencies, and future researchers. Therefore, this research endeavors to significantly enhance the broader understanding of restaurant business development and management.

To provide a comprehensive overview, this paper is structured as follows: Section 2 presents a detailed literature review to identify existing research and knowledge gaps. Section 3 explicates the research methodology, elucidating the data collection and analysis techniques employed. The primary findings are presented and discussed in Sections 4 and Sections 5, respectively. Finally, Section 6 concludes the study, drawing together the research outcomes and suggesting future recommendations.

2. LITERATURE REVIEW

2.1. The concept of business establishment

Establishing a business entails different inspirations, aspirations, and concepts. To create a business, it starts with a compelling business idea. According to Hughes et al. (2018), entrepreneurs start their businesses because they could not find the product or service that they need. They begin to innovate or create products and services to satisfy their needs which they eventually introduce to the market. Hughes et al. (2018) added that this concept of introducing products and services to the market often serves as a steppingstone to business. And most of the time, successful businesses get to become well-known because of the first product they offer or serve in the market that eventually makes it their specialty and trademark. Fundamentally, the creation of a business commences with a unique business idea. In turn, Cabral et al. (2021) also noted that the emergence of most businesses is due to the inability of entrepreneurs to locate the product or service they necessitate. Consequently, they take the initiative to innovate or devise such products and services to satisfy their needs, which they subsequently introduce to the market. This process of introducing products and services to the market often forms the bedrock of business development. Over time, successful businesses tend to gain recognition due to the unique and pioneering products they offer, which often become their specialty and trademark.

2.2. Business growth and development

The journey towards establishing a successful business is not confined to a brilliant idea. Rather, it encompasses the identification and management of various operational factors to effectively and efficiently navigate the continual challenges and risks of running a business. From the decision to embark on a business venture to the point of achieving market recognition and popularity, risks, and challenges persist. Notably, overcoming these obstacles can foster business growth and development (Ruiz-Jiménez et al., 2021).

The term ‘business development’ is often used interchangeably with ‘business growth’. According to Ruiz-Jiménez et al. (2021), the growth of a business hinges on its survival and ability to compete effectively with other market participants. As a business grows, the likelihood of its failure diminishes. Consequently, the development of a business's products and services fortifies its operations and enhances its market standing. While growth is quantifiable and its results can be measured and observed, development is qualitative, making it challenging to measure directly. Despite this complexity, an increasing number of studies have aimed to measure the growth and development of businesses (Achtenhagen et al., 2013).

In recent literature, Malkawi and Khayrullina (2021) emphasized the role of self-regulation as a crucial human skill required for successful business and corporate development in an increasingly digitalized environment. Moreover, technology has been identified as a transformative force in the restaurant industry, significantly altering its
landscape (Gupta, 2019). As Santos (2023b) pointed out, certain aspects of Human Resource Management have been crucial in improving organizational performance and contributing to business success. Thus, these studies illustrate the multifaceted nature of business growth and development, encompassing elements of self-regulation, technological advancement, and effective human resource management.

2.3 Factors contributing to business growth

Successfully growing a business involves not only the achievement of growth but also its sustainability (Weinzimmer, 2000). Different research perspectives define growth differently. Commonly, growth is gauged by measuring the number of employees or by tracking the company's sales over time (Achtenhagen et al., 2013). Additional indicators of business growth include increased profits, the value of assets, and the internal development of the firm. Internal development can encompass enhancements in competencies, organizational practices for efficiency, and the formation of professional sales processes. Brush et al. (2009) noted that growth could also represent geographical expansion, reflecting increases in the number of branches, new markets, and clients, as well as an increase in the number of products and services, and acquisitions of machinery, materials, and properties.

Further research is warranted on how entrepreneurs decide whether to expand or maintain their current stature (Wright & Stiglani, 2013). Prompted by this need, this study aims to analyze the establishment, growth, and development of restaurant businesses. It focuses on the implications and roles of organizational management styles, marketing operations, technical aspects of production, and financial management.

Recent studies have further highlighted factors contributing to business growth. Santos (2023a) showed that cities are becoming smarter through the use of technologies that increase efficiency and quality of life. This suggests the importance of adopting such technologies in businesses to enhance their growth prospects. Srimulyani and Hermanto (2022) found that self-efficacy and entrepreneurial motivation are crucial as they impact the success of micro and small food and beverage (F&B) businesses. Further, Kusa et al. (2022) indicated that combinations of opportunity-seeking and diversification, as well as those of innovativeness and diversification, can foster growth, especially during a crisis.

2.4 Key business success factors

According to Lawrimore (2011), the key business success factors consist of: 1) people/organization and management, 2) operations, 3) marketing, and 4) finances. A success factor is one of several elements that consistently cause or produce success in any business or organization (Lawrimore, 2011). As the definition explains, the success factor is just one of several elements that when combined results in consistent successful output. These other elements are what every business organization has access to but combined in a variety of ways that determines the possibility and sustainability of success. The combination of these elements could always be the determinant of business failures. The elements that are available to every business organization that the researcher is claiming include the fact that every business is composed of people (employees, associates, managers), things (office, equipment, money) and engages in certain activities that are both internal and external (Lawrimore, 2011). Another common factor among business organizations is that they all have a purpose or focus (profit-making, or serving the public). The presence of these elements is not a guarantee of success because if it is, then every business organization will be successful but that was never the case. The determinant of the success or failure of a business organization is how management combines certain critical success factors with these generally available elements. The critical success factors and their relevance to determining the success of failure of a business organization are explained as follows.

According to Lawrimore (2011), the success of a business hinges on four critical factors: 1) people, 2) operations, 3) marketing, and 4) finances. People, often referred to as human resources, represent the core of any business, and their skills and quality significantly impact the company's productivity. Operations, constituting the daily activities of employees, encapsulate numerous functions, from marketing to cleaning, and their effectiveness and efficiency determine the level of business success. Marketing represents the third factor and involves external activities that go beyond selling to customers. Effective marketing strategies are crucial as they increase product and service awareness, and their failure could lead to the business's downfall. Lastly, finances, encapsulating more than just the business's monetary assets, contributes significantly to success. Ensuring a healthy source of financing, including a strong revenue-generating stream, is vital for any thriving business (Lawrimore, 2011).

2.5 Competitive advantage in business

People's demand for products and services is more diversified than ever before which requires the entrepreneur to acquire better knowledge and skills in grabbing those opportunities and to face the potential challenges. Therefore, it is the role of entrepreneurs to position their businesses in a competitive market through competitive advantage. Michael Porter, renowned author of economic books and Harvard Business School professor, simply defines competitive advantage as what distinguishes one enterprise from the competition in the minds of its customers (Porter, 1985). Porter (1985, as cited in Hindle, 2012) argues that “Competitive advantage is a function of either providing comparable buyer value more efficiently than competitors (low cost) or performing activities at comparable cost but in unique ways that create more buyer value than competitors and, hence, command a premium price (differentiation)” (p. 37). Hindle (2012) noted, that “You win either by being cheaper or by being different (which means being perceived by the customer as better or more relevant)” (p. 37).
2.6. The restaurant industry in Cabanatuan City and Nueva Ecija

According to Masigan (2017), the promotion of eating out by Filipino households “has made the restaurant industry one of the most attractive businesses to get into for both fledgling entrepreneurs and established businesses”, in Cabanatuan City alone, as of October 2020, there are 156 registered restaurants as per the record of the City Business Licensing and Investment Promotion Office.

In Nueva Ecija, there are various restaurant businesses that originated in its various town. Hapag Vicenticos restaurant (in Cabanatuan City) was featured in Biyahé Ni Drew (International title: Drew’s Travel Adventure) is a Philippine television travel documentary show broadcast by GMA News TV (“A gastronomical adventure in Nueva Ecija”, 2015). Joey’s Restaurant (in Cabanatuan City) and Luz Kitchenette (in Gapan City) was recommended by the Department of Tourism in the Ultimate Travel Guide for Tourists (Department of Tourism, 2017). With this, the researcher considers these businesses to be the subjects of this research since these establishments are not only popular in their food offerings but also have a history of success and survival in the restaurant industry.

2.7. Success stories and best practices of local restaurants

The province of Nueva Ecija has a notable number of restaurants to be proud of and worthy to be the subject of academic studies which can contribute to new knowledge in the academe and in the business and hospitality industries. It is in this precept that this research study is undertaken. The homegrown restaurants in Nueva Ecija are becoming household names in the restaurant industry not only in their place of origin but have started to penetrate greater reach due to their consistent public demand. The power of social media has also made them even more popular and become a place to visit by local travelers, television personalities and celebrities, and other social media influencers.

2.8. Research purpose and scope

The researcher would like to highlight the best practices of the selected homegrown restaurants in Nueva Ecija which surpassed the test of times and withstand the high degree of competition and were able to exist for the past ten years. It is indeed important to highlight things that can be attributed to the success that they are savoring at present. The researcher also believed that each of the restaurants also has uniqueness and is worthy to be highlighted for the readers to know and appreciate. This study would be a great avenue to showcase what Nueva Ecija-based restaurants could offer to every food enthusiast.

Having this endeavor, the researcher has high hope that the result of this study could help aspiring entrepreneurs and or restaurant owners to have some ideas on the operations of a restaurant and or food business. The best practices presented in this academic research could serve as a benchmark for future restaurant owners.

As an active participant in the academic community, the researcher sought to explore the intricacies of the restaurant and food industry as a distinct business venture. The researcher would like to know the strategies and coping mechanisms practiced by the successful restaurant entrepreneurs in Nueva Ecija in times of difficulties; as these can be imparted to the students and to all interested parties.

Furthermore, considering the current state of the restaurant industry, this study could serve as a template for future entrepreneurs which could draw inspiration as they start their endeavors, overcome challenges, sustain their operations, and obtain potential growth and development in the future.

2.9. Theoretical framework

In this study, the systems approach in management will be used as its theoretical framework. As noted by Baltazar et al. (1988), a system is a set of interacting elements bound together by a common objective and operating within a given environment.

No matter how simple or difficult the operation of the business is, the performances of each unit or department will greatly influence the quality output of the whole business establishment. And according to Simangan (2012), the systems approach to management is a concept that views a company as an interconnected purposive system that consists of several business sections. He further adds that it is a management approach that enables the leaders to see the company as a unified part or a major section of the larger outside business environment.

A business establishment is defined as a location where business is conducted, goods are made or stored or processed, or where services are rendered. And in order for the business establishment to become successful, the entrepreneur must have knowledge and skills or competencies in business administration which concerns managing the various aspects of business operations. The major aspects of business operations are organization and management, marketing operation, technical and production, and financial management. These aspects of business operations will be used by the researcher to identify the present condition of the selected restaurant businesses in Nueva Ecija including their struggling and successful experiences leading to the development of future plans of their businesses.

The study focused on the business operations of restaurants in Nueva Ecija. The profile of restaurant businesses was described in order to figure out their rich history and humble beginnings. This includes information such as their number of branches, years of operation, business registration, membership to industry organizations, and awards and citations they have received.

The status of business operations was also described in terms of organization and management, marketing, technical and financial. Organization and management aspects include next: 1) form of ownership, 2) type of organizational structure, 3) employment status, 4) employee qualification, 5) sources of employees, 6) selection procedure,
In terms of the entrepreneurial dimension, the study focused on the personal qualities and entrepreneurial skills of restaurant owners/managers. When it comes to different aspects of business operations, the study emphasized the exemplary practices employed by these restaurants in each area. Lastly, the business environmental dimension tackled the best practices in terms of restaurants’ external factors such as: 1) socio-cultural, 2) technological, 3) economic, and 4) political-legal. Furthermore, a development plan for restaurants was proposed in order for the restaurant industry in Nueva Ecija to maintain its competitive advantages in the market.

Figure 1. Research paradigm of the study

Source: Author’s elaboration.

3. METHODOLOGY

3.1. Research methodology

In this study, we undertook a descriptive examination of the operations of restaurants located in three selected cities in Nueva Ecija, namely Cabanatuan, Gapan, and San Jose. We focused on characterizing the profile of the restaurants, scrutinizing their business operations in various dimensions — organization, management, marketing, technicalities, and finance, and identifying the challenges they encounter in these areas. We also placed emphasis on their business practices within the context of entrepreneurial, firm, and environmental dimensions. The insights derived from this analysis were intended to serve as a benchmark for nascent restaurant owners and entrepreneurs.

3.2. Sampling and participants

To obtain a diverse and representative sample, we used purposive sampling to select six restaurant businesses that had been operational for at least a decade and offered similar food and services. We engaged a variety of respondents in our study, encompassing business owners, their authorized representatives, restaurant managers, and other key personnel, to ensure a comprehensive view of the restaurant operations.

3.3. Data collection

The primary data collection tool was a meticulously constructed four-part questionnaire that examined the profiles of owners/managers and the restaurants, evaluated the operations, identified pre-operating and operating challenges, and documented the best practices employed. The validity and reliability of this questionnaire were rigorously tested and confirmed prior to its deployment.
3.4. Alternative research methodologies

Moreover, it’s worth noting that alternative research methods could be used to achieve the research objectives. For instance, case study methodology could have been used to gain an in-depth understanding of a specific restaurant’s operational processes and challenges. Similarly, a comparative study methodology might have been utilized to compare and contrast operational practices among different types of restaurants.

3.5. Data collection process

After obtaining written consent from the respondents, the researcher personally administered the questionnaire, providing explanations as needed to ensure accurate and complete responses.

3.6. Data analysis

The collected data were then subjected to statistical analysis. Frequency and percentage were used to profile the restaurants, evaluate operations, identify problems, and evaluate best practices.

4. RESULT

This study aimed to become a benchmark for new and upcoming restaurant owners/entrepreneurs; hence, business practices of the restaurants in terms of entrepreneurial dimension, firm dimension, and environmental dimension were given emphasis. Furthermore, a development plan for restaurants was proposed to help restaurants in Nueva Ecija cope with the challenges they are facing. The study employed the descriptive type of research. The respondents of the study were composed of the business owner or its authorized representative of six homegrown restaurants in Nueva Ecija, namely: 1) Hapag Vicenticos, 2) Joey’s Restaurant, 3) Luzviminda, 4) Plaza Leticia in Cabanatuan City, 5) Luz Kitchenette in Gapan City, and 6) Marquez Restaurant in San Jose City.

4.1. Business profile

In exploring the business profiles of the six restaurants, several notable attributes emerged that illuminate the dynamics of the restaurant industry in Nueva Ecija. For instance, the establishments varied considerably in their extent of branch expansion. Two of the restaurants operated from a single location, while another pair had grown to include two branches. Significantly, two further establishments had expanded to encompass three branches each, showcasing their drive for business growth and market presence. This diversity in the number of branches revealed different strategies for market penetration and demonstrated the restaurants’ adaptive business planning.

When it came to business longevity, the establishments exhibited remarkable diversity. The restaurant with the longest continuous operation had been in business for an impressive 70 years. Other establishments were also longstanding, with one having additional branches that had been serving customers for 36, 22, and 21 years respectively. Other restaurants boasted operation spans of 30, 26, 22, and 16 years. Interestingly, most restaurants were registered as corporations, exemplifying regulatory compliance, with the exception of one that operated as a sole proprietorship. Moreover, a unique insight was that only one out of the six restaurants was part of an industry organization, the Bakers and Caterers Association, indicating their engagement in industry-related activities. Finally, one respondent had received an unspecified award, hinting at the high standards their restaurant maintained.

4.2. Business operation

The operational dynamics of the six restaurants, as revealed through the study, paint a rich picture of their individual business strategies. The findings show that most restaurants were registered as corporations, with only one being a sole proprietorship. The importance of an organizational structure was evident, with all establishments using organizational charts to delineate hierarchies and command chains. A remarkable diversity was observed in the size of their workforces, with employee counts ranging from less than 25 to over 100 across the restaurants. Interestingly, hiring largely relied on walk-in applicants and referrals, underscoring the importance of local talent pools and community connections. While the criteria for hiring was primarily focused on skill, all establishments made it a point to provide standard employee benefits such as social security, housing fund, and health insurance.

In terms of marketing strategies and customer reach, a majority of the restaurants catered to between 151 to 200 customers daily. The range of food and service offerings was diversified to suit customer preferences, reflecting an awareness of the need for tailored solutions in the competitive restaurant industry. Furthermore, it was noted that pricing strategies varied but were still accessible to all, with all restaurants offering budget meals among other pricing options. Interestingly, all restaurants leveraged the power of word-of-mouth as a key promotional activity, which underscores the importance of building a strong and satisfied customer base.

Looking at the technical operations, it was clear that all the restaurants prioritized continuous service, operating seven days a week. The majority of the buildings, facilities, machines, and equipment were owned by the restaurant owners or managers, most of which were brand new at the time of acquisition. This suggests a focus on quality and efficiency in service delivery. In addition, each restaurant adhered to proper waste management practices, signifying a commitment to maintaining a clean and pleasant environment, essential in the food industry.

Financial insights revealed the diverse range of initial capital investments, with four restaurants having started with over one million Philippine pesos (PHP) and two with less than a million. Notably, all restaurants now have a current capital exceeding one million pesos. Diverse sources for this initial capital were tapped, including personal savings, familial contributions, and bank loans. Interestingly, the average monthly net income varied considerably among the restaurants, with three
establishments earning less than PHP200,000, one between PHP200,001 and PHP400,000, another between PHP400,001 and PHP600,000 and one yielding more than PHP1,000,000. These findings indicate that despite the challenges of the industry, financial success is achievable with the right strategies in place. As part of their financial management practices, all restaurants meticulously prepared and regularly monitored their budgets, showcasing prudent fiscal management.

4.3. Business challenges and mitigation strategies

This subsection explores the hurdles and corresponding strategies used by the restaurants during their pre-operating phase and in their current operations, spanning four critical areas: 1) organization and management, 2) marketing, 3) technical, and 4) financial.

4.3.1. Pre-operation challenges

The exploration of pre-operation challenges offers insightful perspectives into the hurdles encountered by restaurant owners during their initial stages. Among organization and management issues, the most frequently cited were related to staff recruitment, with half of the restaurant owners facing difficulties in hiring both permanent and seasonal personnel. Furthermore, a substantial proportion, or four out of six of the owners, faced the challenge of providing adequate staff training. This difficulty was crucial to address, as it directly impacts the quality of service and the overall efficiency of the business operations.

On the marketing front, all six restaurant owners unanimously identified the development of effective marketing strategies as a notable pre-operational hurdle. Crafting a compelling marketing plan that could successfully attract customers was a daunting task for all. When it came to technical challenges, the majority of the owners grappled with issues like finding reliable suppliers for their main ingredients. Half of them found it difficult to secure an ideal location for their establishments, determine the optimal restaurant design and layout, and procure sufficient machines and equipment for smooth operations.

On the financial side, budget management was a challenge for the majority, while half of the owners found the high start-up capital and pre-operating costs burdensome. These findings illuminate the numerous complexities that entrepreneurs encounter while establishing their ventures in the restaurant industry.

4.3.2. Current operation challenges

The operational phase of these six restaurants brings forth a series of challenges. Regarding organization and management, four out of six (67%) restaurant owners expressed that they encounter difficulties with high staff turnover rates. This issue necessitates constant staff training and imposes an increased administrative workload on restaurant owners.

From a marketing standpoint, every single one of the six restaurants voiced concerns about keeping up with the ever-evolving customer preferences and expectations, staying updated with market trends, and grappling with the intensifying competition within the industry. On the technical side, a third of the restaurants (33%) expressed difficulties in consistently maintaining top-tier food quality and handling technical issues stemming from outdated equipment and machinery. Furthermore, one restaurant owner (17%) faced the complexity of managing a rotating inventory and the task of identifying reliable suppliers. Lastly, on the financial front, four out of six restaurant owners (67%) identified high operating costs and expenses as a substantial challenge during the operational phase, due to the significant impact they have on their operations and profitability. The findings underscore the complexities of running a restaurant business and highlight areas for potential improvement and intervention.

4.4. Best practices across various business dimensions

In exploring the best practices across various dimensions of business, the success of the six restaurants can be attributed to a combination of effective practices in the entrepreneurial, firm, and technical, and financial management domains. Starting with the entrepreneurial dimension, the restaurant owners identified several personal qualities as instrumental to their success. These include self-confidence, a strong work ethic, goal orientation, and a firm commitment to their business and its mission. Complementing these attributes, a range of entrepreneurial skills was deemed essential for effective business management and operations. Key skills identified included leadership, communication, human relations, and technical acuity.

Shifting to the firm dimension, the best practices highlighted were wide-ranging, touching on aspects of organization, management, marketing, technical, and financial management. In terms of organization and management, the owners prioritized treating staff as family members, fostering empathy with their teams, and offering adequate salaries for motivation and appreciation. For marketing, the practices emphasized maintaining strong customer relationships, consistent quality of signature dishes, and utilizing diverse promotional tools. Technical best practices incorporated the use of total quality management systems, optimizing restaurant layout, size, and location, and harnessing modern technology to enhance service delivery. The realm of financial management underscored diligent budgeting and the judicious use of funds as key practices, essential for ensuring financial stability and sustainable growth. Finally, in the business environmental dimension, several areas were spotlighted including socio-cultural responsiveness, technological advancements, economic stability, and political-legal relationships. All restaurant owners acknowledged the importance of catering to changing customer attitudes and values, indicating a deep appreciation for evolving consumer behavior. Technological adaptability was also highlighted, with all restaurants providing WiFi connections and accepting cashless payments, thus reflecting their commitment to meeting modern customer needs.
Economically, the restaurant owners recognized the benefits of operating within a low inflation rate and a stable economy, leveraging these favorable conditions for their business growth. Within the political-legal context, the owners emphasized the importance of cultivating positive working relationships with local government units, highlighting the value of good rapport with governmental entities.

5. DISCUSSION

The number of branches, years in business, business registration, industry membership, and accolades obtained by Nueva Ecija’s homegrown restaurants were analyzed. Restaurants have different branch counts. Two restaurants had one branch, two had two, and two had three. Expanding to serve more clients generally drives branch expansion. One restaurant owner in Nueva Ecija’s central business district said their main branch needed to expand since it couldn’t handle all clients. One Southern restaurant owner worried about quality control and resisted expanding. Small businesses often assess the pros and cons of growth (Kokemuller, 2019). The findings indicate that some popular restaurants opt to have only one branch to maintain consistency in taste, as expanding may compromise their unique selling proposition (“How to maintain consistency”, 2019). The surveyed restaurants have been operating for 16 to 70 years, with most establishments exceeding the 20-year mark. This longevity reflects their resilience in navigating the challenges of the industry. Restaurant owners actively seek customer feedback and stay updated with current trends by dining out regularly, demonstrating their commitment to adapt and maintain their reputation (Singh, 2022). The longstanding presence of these restaurants also instills trust among customers, giving them an advantage over newly established competitors (Barlan-Espinio, 2017).

All the surveyed restaurants in Nueva Ecija have complied with the legal requirements and obtained the necessary permits to operate. Five of the restaurants are registered under a corporation, while one operates as a single proprietorship. The process of obtaining licenses and permits is crucial for businesses, whether new or existing, as it ensures adherence to regulations and safeguards the interests of stakeholders such as investors, owners, employees, and customers (Murray, 2020). Maintaining separate business registration and tax filings from the owners and employees is an important practice in running a licensed business (“The importance of business registration & licensing”, 2017). It is worth noting that only one respondent mentioned being a member of an industry organization, specifically the Bakers and Caterers Association. Some respondents expressed a lack of awareness or interest in joining industry organizations. However, participating in industry organizations can provide numerous benefits, including opportunities for professional development, networking, and staying informed about the latest industry trends and practices (deBara, 2020). One respondent mentioned receiving an award from ZOO Pinoy, but the focus for them is on providing an excellent customer experience.

Customer satisfaction holds greater significance than awards, as it reflects the success of a restaurant (Woolway, 2017).

The profile of Nueva Ecija’s homegrown restaurants reveals variations in branches, years of operation, registration, industry organization membership, and awards. Expansion decisions are influenced by customer demand, quality control, and unique selling propositions. Longevity demonstrates adaptability and meets customer expectations. Compliance with legal requirements and membership in industry organizations contribute to success. Awards bring attention, but customer satisfaction is the ultimate measure. Business operations were assessed across various categories, including ownership, structure, employment, qualifications, selection, benefits, and discipline.

Homegrown restaurants in Nueva Ecija are predominantly registered as corporations, offering benefits like limited liability and growth potential. However, the value of sole proprietorships in terms of simplicity and longevity should not be overlooked (Regoli, 2016). Line organization is the prevailing structure, facilitating effective communication and decision-making (Parikh, 2021; Airmann, 2019). These restaurants typically employ fewer than 50 workers, facing challenges in balancing cost and customer demand (Makro’s HORECA Academy, 2019). Hiring prioritizes skills and educational qualifications, with a reliance on walk-in applications and referrals (Doyle, 2022). Personal interviews, reference checks, and skills testing are common selection methods (according to southern restaurant owners). Employee benefits include government-mandated contributions and additional incentives such as cash rewards and free meals (Ang, 2017; McQuarrey, 2019). Verbal warnings are the primary disciplinary action, aligning with established practices (Gorry, 2014).

Restaurants in Nueva Ecija serve a considerable number of daily customers, with multiple branches contributing to their success. They offer a diverse menu to cater to various tastes, drawing on the marketing strategy of communicating expectations and aiding decision-making. Price differentiation and location within city limits attract customers and maximize profit, reflecting the significance of price discrimination and culinary authenticity (Shah & Kumar, 2012). Word-of-mouth and social media marketing play a vital role in promotion, aligning with cost-effectiveness and wide reach (Kaplan & Haenlein, 2010).

Restaurants in Nueva Ecija demonstrate flexibility in their operations, operating seven days a week to meet customer demands. They prioritize control over resources, with many owning their premises (Zheng et al., 2010). Local sourcing of raw materials supports sustainability and community development (Feenstra, 2002). Good supplier relationships are maintained through cash and credit payment options (Chen et al., 2004). Hygiene and food safety protocols are strictly followed, reflecting industry standards (Mortlock et al., 2000). Emphasis is placed on maintaining safe, clean, and efficient production areas (Engström & Carlsson-Kanyama, 2004).

The financial considerations involved in running restaurants in Nueva Ecija highlight
the significant initial capital requirements and the sources of capital, including personal savings, family contributions, and loans. The monthly net income varies among restaurants due to factors such as location, branches, and demand. Effective financial management practices, such as budgeting and financial analysis, are crucial for restaurant success (Perrigot et al., 2009; Parsa et al., 2005; Hall, 2011).

5.1. Problems encountered and the strategies employed in the four aspects of business operation

Organization and management issues primarily involved hiring and training staff, a challenge reflected in the wider literature. To overcome this, owners assigned staff leaders for supervision and used job coaching.

In marketing, owners struggled with creating unique offerings, adapting to changing customer preferences, and dealing with competition. Similar issues were noted in the literature, with differentiation being a significant factor in restaurant success. Strategies included focusing on food quality, maintaining a local, "homey" ambiance, and creating dishes aligned with local tastes.

Technically, finding reliable suppliers and maintaining food quality were challenges, echoing the findings of Tang et al. (2021), who underscored the crucial role of choosing the right suppliers and implementing quality control in the food industry.

Financially, budget management, high start-up costs, and significant operational expenses were primary challenges, similar to financial issues identified by Perry (2001) in restaurant startups. Stable, long-running establishments were more able to navigate these issues.

Lastly, unique challenges included family-related problems, maintaining a local atmosphere, and preserving cultural heritage, issues that are highlighted in the literature as specific to family-owned and culturally-oriented businesses (Miller et al., 2007).

5.2. Best practices of the restaurants

Regarding the entrepreneurial dimension, restaurant owners’ personal qualities, including self-confidence, hard work, goal orientation, perseverance, sincerity, and commitment, greatly contribute to their success (Hisrich et al., 2007). Moreover, crucial entrepreneurial skills, such as leadership, communication, human relations, and technical skills, are paramount in ensuring the effective functioning of restaurants (Kuratko, 2005).

In the firm dimension, the practices of treating personnel as family members, having committed and responsible employees, and providing adequate salaries were observed as successful strategies (Kusluvan et al., 2010). Building a strong relationship with employees is key to business success, as highlighted by several studies emphasizing employee retention strategies (Alfes et al., 2013).

From a marketing perspective, maintaining good customer relationships, preserving the signature taste of dishes, and utilizing various promotional strategies were identified as effective practices (Liu & Jang, 2009). Offering a well-designed environment, providing modern amenities, and choosing an accessible location constitute key technical strategies (Ryu & Jang, 2007). The restaurants also successfully leveraged economic and political factors, such as stable inflation rates and establishing good relationships with local government units (Parsa et al., 2005).

6. CONCLUSION

Throughout their operations, the restaurants faced various challenges and identified key success factors. Common issues during the pre-operational phase included hiring and training staff, developing effective marketing strategies, sourcing the right ingredients, and managing budgets. During present operations, the major challenges revolved around staff turnover, administrative workload, adapting to changing customer preferences and market trends and managing high operating costs. However, the restaurant owners demonstrated essential entrepreneurial skills and qualities such as self-confidence, hard work, goal orientation, commitment, and technical expertise.

The best practices observed within the firm dimension included treating personnel as family, maintaining strong customer relationships, implementing total quality management, and effective financial management through budgeting and proper resource allocation. In terms of the environmental dimension, the restaurants responded to changing customer attitudes and values by providing amenities such as WiFi and accepting cashless payments. They also capitalized on a stable economy with a low inflation rate and established good relationships with local government units.

To further enhance their skills and effectiveness as business owners and restaurateurs, it is recommended that restaurant owners and their protégés continue to pursue training and development opportunities. They should also develop contingency plans to navigate unexpected events such as a pandemic, ensuring business continuity and resilience. Future studies should consider examining other aspects of restaurant operations not covered in this study to deepen our understanding of this sector and provide additional insights for improvement and success.

Despite the valuable findings obtained in this study, it is important to acknowledge its limitations. The research was conducted in a specific geographical area and focused on a specific industry. Therefore, the findings may not be generalizable to other regions or sectors. Additionally, the study relied on self-reported data from restaurant owners and managers, which may be subject to bias. Further research should aim to address these limitations and explore new avenues to enhance our understanding of homegrown restaurants and their contributions to the local economy and community.


