THE INTERNATIONAL JOURNAL OF
BUSINESS & MANAGEMENT

Exploration of Business Failures & Survival of Small Independent Full-Service Restaurants in Egypt

Dr. Haitham Nizam
Consultant, Walden University, Minneapolis MN, USA
Dr. Ify Diala-Nettles
Contributing Faculty, Walden University, Minneapolis MN, USA

Abstract:
Small businesses play a vital role in the modern economy. They represent the main catalyst for economic development. However, small businesses fail at a high rate, especially small independent restaurants. Around 25% of small independent restaurants fail within the first year of operation, and around 60% do not survive for more than 3 years. The purpose of this multiple case study was to explore what strategies small independent full-service restaurant owners in the Al Rehab District, Cairo, Egypt implemented to sustain operations for more than 5 years. The restaurant viability model provided the conceptual framework for this study. The population of this study comprised of 14 owners of small independent full-service restaurant with less than 50 employees in the Al Rehab District, Cairo, Egypt, who sustained their businesses operations for more than 5 years. The data sources included semi structured interviews, restaurant review websites, and social media platforms. Based on methodological triangulation of the data sources, open coding, analyzing the data using qualitative data analysis software, and member checking, 5 themes emerged: restaurant infrastructure strategies, marketing strategies, operations strategies, management strategies, and emotive strategies. The potential implications for positive social change include increasing the success rate of small independent restaurant owners, which in return will create wealth for the owners, generate employment opportunities, increase the government tax revenues, and contribute to the growth of the Egyptian economy.

Keywords: *Small business failure, full service restaurants, economic development, Survival*

1. Introduction

Small businesses fail at a high rate, especially small independent restaurants. Around 20% of small and medium enterprises (SMEs) fail within the first year while more than 50% do not survive for more than 5 years (Neagu, 2016). Moreover, restaurants have one of the highest failure rates among small businesses (Camillo, Connolly, & Kim, 2008). Around 25% of independent restaurants fail within the first year of operation, and around 60% do not survive for more than 3 years (Parsa, Self, Sydnor-Busso, & Yoon, 2011).
Small businesses are a vital engine for the development of Egyptian economy. SMEs play a crucial role in the modern economy (Neagu, 2016). SMEs represent the backbone of socioeconomic development of any national economy (Laurențiu, 2016). In Egypt, SMEs are major contributors to the gross domestic product (GDP) and employment (El-Said, Al-Said, & Zaki, 2015). Boosting the survival and growth of SMEs is vital for the development of the Egyptian economy and improvement of the living conditions of the Egyptian citizens.
Many novice entrepreneurs establish small independent restaurants to alleviate poverty, yet they lack strategies to sustain their restaurants. Although small independent restaurants fail at a high rate, the relatively low entry barriers and little initial capital required attract many novice entrepreneurs to startup small independent restaurants (Parsa, Self et al., 2011). It is crucial to investigate why small independent restaurants fail at a high rate.

2. Purpose and Significance of the Study

The purpose of this qualitative multiple case study was to explore what strategies small independent full-service restaurant owners in the Al Rehab District, Cairo, Egypt implemented to sustain operations for more than 5 years. The population of this study comprised of 14 owners of small independent full-service restaurants with less than 50 employees in the Al Rehab District, Cairo, Egypt, who sustained their businesses operations for more than 5 years. The findings from this study could help small independent full-service restaurant owners in Egypt sustain their businesses operations for more than 5 years, which in return can create wealth for the owners, create employment opportunities for youth to combat poverty, and contribute to the development of the Egyptian economy. Failure to sustain small businesses has devastating financial and psychological effects on the owners, employees, their families, and the community. Business failure is likely to generate a negative emotional response from the owners such as grief and depression (Jenkins, Wiklund, & Brundin, 2014). Job loss due to a business failure associated with subsequent unemployment can cause a decline in the employee's psychological and physical well-being, social withdrawal, family disruption, and lower levels of children's attainment and well-being (Brand, 2015). A potential benefit of conducting this study was to increase the success chances of small independent full-service restaurant owners.

3. Discussions

The following pages contain a review of the literature related to organizational, entrepreneurial, small businesses, and restaurant failure. The focal point of the literature review relates to the causes of small businesses failure, with an emphasis on small independent restaurant failure.

3.1. Restaurant Viability Model

Parsa, Self, Njite, and King's (2005) restaurant viability model provides a contemporary framework for understanding the restaurant failure phenomenon, which stems from the integrated view of business failure. In their attempt to study the phenomenon of restaurant failures, Parsa et al. took a different approach by conducting a mixed-method study exploring restaurant ownership turnover using a combination of qualitative and longitudinal data. Parsa et al. endorsed a multidisciplinary view combining the deterministic view of organizational failure from the industrial organizations (IO) and the organization ecology (OE) perspectives with the voluntaristic view from the organizational studies (OS) and the organizational psychology (OP) perspectives. Based on their research, Parsa et al. developed the restaurant viability model.

Parsa et al. (2005) argued that a combination of external environmental factors, internal organizational factors, and entrepreneur's psychological factors determine the restaurant's viability. Parsa et al. identified several factors that impact a restaurant's viability. Parsa et al. grouped the factors that shape restaurants success or failure into four groups: (a) external environment, (b) internal environment, (c) organizational life cycle, and (d) family life cycle.

<u>3.1.1. External Environment Factors</u>

In their restaurant viability model, Parsa et al. (2005) divided the category of external environment factors into two subcategories: (a) general or macro environment factors and (b) specific or competitive landscape factors. The macro environment factors include political, legal, economic, social, demographic, technological, and environmental factors that impose constraints on restaurants and influence their success or failure. The competitive landscape includes factors such as restaurant density and the characteristics of competing restaurants such as age, size, and affiliation.

<u>3.1.2. Internal Environment Factors</u>

Parsa et al. (2005) divided the category of internal environment factors into two subcategories: (a) operational factors and (b) management factors. The operational factors include restaurant concept, marketing strategy, organizational culture, and cost control. While management factors include the entrepreneur's leadership skills, business management competency, and experience.

<u>3.1.3. Organizational Life Cycle Factors</u>

Like all business organizations, restaurants go through a series of stages during their life cycle (Parsa et al., 2005). At any point along its life-cycle stages, a restaurant can face setbacks catastrophic enough to lead to failure. Throughout the life cycle, the first stages are the most vulnerable, which is why a high percentage of restaurants fail at an early stage (Parsa et al., 2005).

<u>3.1.4. Family Life Cycle Factors</u>

Parsa et al. (2005) argued that effective management of the entrepreneur's family life cycle and quality-of-life issues are critical to the survival and growth of a restaurant. It is essential for the entrepreneur to balance the demands of operating the business with the needs of the family (Parsa et al., 2005). A restaurant's survival and growth depend on the owner's family life cycle. Family situations may drive owners to grow, change, or quit their business (Parsa et al., 2005).

<u>3.1.5. Emotional Factors</u>

Camillo et al. (2008) conducted a multiple-case study to explore the success factors for independent restaurants. Similar to Parsa et al. (2005), Camillo et al. used an integrated approach. Based on their research, Camillo et al. proposed an augmentation to Parsa et al's restaurant viability model. Camillo et al. argued that emotional factors are fundamental to restaurants' success. Camillo et al. suggested that destructive emotions such as overconfidence, worries, and restlessness are precursors of failure, whereas creative emotions such as curiosity, love, and fondness are important determinants of success. Camillo et al. suggested adding emotional factors as a fifth category to Parsa et al's restaurant viability model.

3.2. Definitions of Business Failure

Scholars have not only used various definitions for business failure, but they have also adopted different views in conceptualizing business failure (Jenkins & McKelvie, 2016; Ucbasaran, Shepherd, Lockett, & Lyon, 2013). Scholars have used various definitions of business failure, which vary, in terms of their scope (Ucbasaran et al., 2013). The researcher choice of how to define failure has critical implications on the research question and methodology (Jenkins & McKelvie, 2016).

3.2.1. The Bankruptcy Definition

Scholars, who adopt the most restrictive definition, use bankruptcy or insolvency as a criterion to define business failure (Jenkins & McKelvie, 2016). They define failure occurring when a fall in revenues and a rise in costs are of such a magnitude that the company becomes insolvent and is unable to attract new funding (Jenkins & McKelvie, 2016). This definition is objective, deterministic, and narrow in scope. It is objective in regards that it relies on the financial performance of firms as a measurable criterion of business failure (Ucbasaran et al., 2013). It is deterministic in the sense that disclosure or failure is inevitable. This definition excludes firms that turned around after operating under bankruptcy protection. It is narrow in scope in regards that it excludes companies that are barely breaking even, or not providing a reasonable return on investment (Jenkins & McKelvie, 2016).

3.2.2. The Discontinuity of the Business Definition

Scholars who adopt a broader definition of business failure use disclosure of the organization as a criterion to define business failure (Ucbasaran et al., 2013). This definition is subjective, voluntaristic and broader in scope than the bankruptcy definition. It is subjective in regards that it incorporates the entrepreneur's assessment of the firm's financial performance at the exit. It is voluntaristic in the sense that the owner's voluntary decision to discontinue the business determines the failure. It is broader in scope in regards that it includes unprofitable, or underperforming firms (Jenkins & McKelvie, 2016).

3.2.3. The Discontinuity of Ownership Definition

Scholars who adopt the broadest definition of business failure use discontinuity of ownership as a criterion to define business failure (Ucbasaran et al., 2013). This definition is similar to discontinuity of the business definition in the sense that it is subjective, voluntaristic, but it is broader in scope. This definition fundamentally deviates from the previous two definitions of business failure. The other definitions imply that organizational failure and entrepreneurial failure are synonymous (Jenkins & McKelvie, 2016). However, this definition separates organizational failure from entrepreneurial failure (Jenkins & McKelvie, 2016). This definition includes not only businesses that ceased to exist but also businesses sold due to reasons related to the entrepreneur such as the owner could not cope with emotional stress or the owner wished to retire for age or health reasons (Ucbasaran et al., 2013).

3.3. Conceptualization of Business Failure

Although business failure has been a prominent theme in business and management literature for decades, it is still not clear what it means (Helmig, Ingerfurth, & Pinz, 2014). The lack of a universally accepted definition of business failure has resulted in a broad range of studies (Walsh & Cunningham, 2016). Researchers on organizational failure have focused on a single theoretical approach, which led to a clear divide between the deterministic and the voluntaristic views (Khelil, 2016). Consequently, there has been a long-running debate among scholars on the causes of business failure (Amankwah-Amoah, 2016).

Recently some scholars have called for an integrated approach in studying business failure, yet few scholars have explored the multifaceted aspects of business failure (Amankwah-Amoah, 2016; Khelil, 2016; Mellahi & Wilkinson, 2004). Heine and Rindfleisch (2013) argued that until now there has been no complete theory of business failure that integrates the various findings and different approaches. Khelil (2016) noted that in general, there are three schools of thought of organizational failure: (a) the deterministic view, (b) the voluntaristic view, and (c) the emotive view.

3.3.1. The Deterministic View

Scholars who endorse the determinist view attribute organizational failure to external factors and argue that failure is inevitable. They assume a deterministic role of the environment and argue that external factors over which the managers have little or no control lead to organizational failure (Khelil, 2016; Mellahi & Wilkinson, 2004). These scholars adopt a restrictive definition of failure that emphasizes the involuntary exits of firms from the market caused by external factors (Khelil, 2016). They argue that managers are constrained by exogenous environment and industry constraints leaving them with little real strategic choice, and hence managers' role can be ignored (Mellahi & Wilkinson, 2004). They argued that a range of environmental and industrial factors affect firms, which lead to the process of *natural selection*, whereby companies that do not fit their environment exit (Amankwah-Amoah, 2016). The deterministic view implies that organizational failure is an inevitable consequence of the process of *natural selection* and *survival of the fittest.*

The deterministic view branch into (a) the IO perspective, and (b) the OE perspective. Both IO and OE scholars agree that external environmental and industrial conditions over which managers have little or no control impose pressure and constraints on firms that doom them to fail, yet they diverge on how they attribute organizational failure to the external environment (Khelil, 2016). IO scholars attribute organizational failure to gradual changes in the competitive landscape or sudden environmental jolts (Trahms, Ndofor, & Sirmon, 2013). On the other hand, OE scholars attribute organizational failure to the density and the composition of the industry population (Mellahi & Wilkinson, 2004).

3.3.2. The Voluntaristic View

In contrast to deterministic scholars, scholars who endorse the voluntaristic view attribute organizational failure to internal organizational factors. These scholars reject the assumption that managers are powerless and argue that their actions and decisions are the fundamental causes of business failure (Khelil, 2016). According to them, attributing organizational failure to external factors is irrational, given that managers can shape the destiny of their organizations by adapting to the changes in the external environment (Amankwah-Amoah, 2016). Voluntaristic scholars adopt a broader definition of organizational failure compared to deterministic

scholars. According to them, failure may be involuntary due bankruptcy or insolvency of the firm or voluntary due to discontinuity of the business at the discretion of the owner (Khelil, 2016).
The voluntaristic view branch into (a) the OS perspective, and (b) the OP perspective. Both OS and OP scholars agreed that internal organizational factors are the primary causes of failure yet they diverge on how they attribute organizational failure to the internal factors (Khelil, 2016). OS scholars argue that organizations success relies on their ability to acquire and maintain resources critical for their survival (Amankwah-Amoah, 2016). They claim that the firm's competitive advantage stems from the possession and utilization of valuable resources and capabilities that are rare and hard to imitate or substitute (Helmig et al., 2014; Williams, 2014). Therefore, lack of quality resources and distinctive competencies are major contributing factors to organizational failure (Amankwah-Amoah, 2016). On the other hand, OP scholars attribute organizational failure to the managers' competencies, experience, and skills (Purves, Niblock, & Sloan, 2016). The lack of managerial foresight and the inability of the firm's managers in responding to changes in the external environment are significant factors in organizational failure (Amankwah-Amoah, 2016). OP scholars argued that managers' mental models of the organization and its environment influence their actions (Mellahi & Wilkinson, 2004). According to OP scholars, managers who are compositionally flawed are more likely to experience information processing deficiencies, which lead to strategic errors such as failure to gauge the seriousness of problems and inability to identify market opportunities promptly and respond to early warning signals of failure (Amankwah-Amoah, 2016).

3.3.3. The Emotive View
Scholars who endorse the emotive view adopt the discontinuity of ownership definition of organizational failure. They argue that organizational failure and entrepreneurial failure are not synonymous (Jenkins & McKelvie, 2016). These scholars assign a crucial role to the owners' motivation, commitment, and aspiration to explain why some owners choose to give up performing firms while others decide to persist with underperforming companies (Khelil, 2016). The emotive view emphasizes the psychological factors that may be more significant predictors of business failure or survival than environmental or organizational factors (Khelil, 2016). Emotive scholars argue that the entrepreneur's motivation and personal hardships in running a business are critical antecedents for the owner's decision to quit his or her business (Jenkins & McKelvie, 2016). Emotive scholars provide a complementary view to the deterministic and voluntaristic views of organizational failure (Khelil, 2016).

3.3.4. The Integrated View
Recently some scholars have called for an integrated approach in studying business failure (Amankwah-Amoah, 2016; Khelil, 2016; Mellahi & Wilkinson, 2004). Advocates of the integrated view noted that although the deterministic, the voluntaristic, and the emotive perspectives have some merits, each category of explanation in isolation offers only a limited picture of the causes of organizational failure (Amankwah-Amoah, 2016). According to them, any attempt to explain organizational failure must take into account the interaction between contextual forces and organizational dynamics (Amankwah-Amoah, 2016). They suggest that an integration of the three views offers a much more robust explanation of the causes of organizational failure (Khelil, 2016).

3.4. Antecedents of Restaurant Failure
Restaurants have one of the highest failure rates among the retail and service industries (Parsa, Gregory, & Terry, 2011). Around 25% of independent restaurants fail within the first year of operation, and around 60% do not survive for more than 3 years (Parsa et al., 2005; Parsa, Self et al., 2011). Independent restaurants experience higher failure rates than chain restaurants (Parsa et al., 2005; Parsa, Self et al., 2011; Parsa, van der Rest, Smith, Parsa, & Bujisic, 2014). The relatively low entry barriers and small initial capital required attracts many novice entrepreneurs to startup small independent restaurants (Camillo et al., 2008; Parsa, Self et al., 2011).
Restaurant failure is a complex phenomenon influenced by the interaction of multiple factors. In their restaurant viability model, Parsa et al. (2005) grouped the factors that shape restaurants success or failure into four groups: (a) external environment, (b) internal environment, (c) organizational life cycle, and (d) family life cycle. Moreover, Camillo et al. (2008) augmented Parsa et al's. restaurant viability model by including a fifth group representing emotional factors.

3.4.1. External Environment Factors
Many restaurants fail because the inability of their managers to analyze and adapt to market trends (Parsa et al., 2005). Successful independent restaurant owners must develop strategies that enable them to continuously adapt to the dynamic environment and find ways to exploit environmental opportunities. The external environment factors into two subcategories: (a) general or macroenvironment factors and (b) specific or competitive landscape factors.

3.4.2. Macroenvironment Factors
The macroenvironment factors include (a) political and legal, (b) economic, (c) social, (d) demographic, (e) technological, and (f) environmental factors.
Even in stable countries with no political unrest, political trends can have a significant impact on restaurants success (Samnani, 2014). Government policies, regulation, and taxation contribute to restaurants failures (Parsa, Self et al., 2011). Business registration procedures, labor law, operating hours' regulations, health and safety regulations, taxation, civil defense regulations, and brand name registration, are few of the legal factors that can have a profound effect on restaurants' revenues and costs (Parsa, Gregory et al., 2011; Parsa, Self et al., 2011). Moreover, urban planning activities have unintended impacts on restaurant businesses (Parsa, Gregory et al., 2011).

Economic factors have a significant role towards the success of restaurants (Parsa, Gregory et al., 2011). Restaurants depend on customers' disposable income and consumer spending (Parsa, Gregory et al., 2011). During an economic recession, customers experience a reduction in disposable income, which leads to decreased spending on dining out resulting in a decline in full-service restaurants' revenues (Parsa, Gregory et al., 2011).

The social environment is composed of society's values, perceptions, preferences, and behaviors (Kotler & Keller, 2015). Changes in consumer preferences, lifestyle, and habits can have a significant impact on restaurants success (Parsa, Gregory et al., 2011; Samnani, 2014). The growing trend towards a healthy diet is affecting certain segments of the restaurant industry such as fast food restaurants (Parsa, Gregory et al., 2011). The increasing working hours influenced recent growth in sales in the restaurant industry (Kim & Gu, 2003). The growing trend towards dining out with family and friends, as an opportunity for people to socialize, contributes to an increase in restaurants' revenues (Kim & Gu, 2003). Customers prefer full-service restaurants to fast-food outlets for celebrating holidays and special occasions (Ali & Nath, 2013). Adaptation to locality represents one of the most critical success factors of restaurants (Mamalis, 2009).

Demography is the study of descriptive characteristics of the populations regarding size, age, sex, race, location, education, occupation, and income (Kotler & Keller, 2015). Several demographic factors contributed to the growing dining-out trend such as changes in family structure, increase participation of women in the workforce, the growth in education and health awareness, improved access to information, communication technologies, and urbanization (Ali & Nath, 2013).

Technological factors affect how a firm create and deliver value to its customers. New technologies can help restaurants' managers increase the value offered to their customers such as improving the food quality and the speed of service. Moreover, new technologies can improve restaurants' operations efficiency. However, small independent restaurant owners often have limited capital to compete with chain restaurants that implement the latest technologies in restaurants' operations (Parsa et al., 2014).

Environmental changes also have significant impacts on the restaurant industry. Weather conditions influence the prices of commodities resulting in significant fluctuation in food costs and consequently restaurants' profitability (Parsa, Gregory et al., 2011). Weather conditions also affect customer patronage and the demand for restaurant menu items (Bujisic, Bogicevic, & Parsa, 2016).

3.4.3. Competitive Landscape Factors

The restaurant industry is one of the most competitive industries in the world today (Crandall, Vozikis, & Sparks, 1996). The restaurant industry has low entry and exit barriers (Lee, Hallak, & Sardeshmukh, 2016). The relatively low entry barriers and small initial capital required attracts many entrepreneurs to startup small independent restaurants (Parsa, Self et al., 2011). Restaurants density has significant effects on firms' survivability (Parsa, Self et al., 2011). Previous research indicated that the restaurant failure rate is higher in areas with high restaurant density (Parsa et al., 2005).

Independent restaurants face fierce competition from chain restaurants, which benefit from economies of scales and affiliation to strong brand name. Owners of affiliated restaurants enjoy market-based superiority due to the transfer of knowledge from one location to another (Parsa, Self et al., 2011). Restaurants affiliated with restaurant chains benefit from higher social capital (Ford & Andersson, 2016). Social capital refers to the relational resource that allows an organization to extract benefits and other resources from its network (Ford & Andersson, 2016). Small independent restaurants lack the purchasing power of the chain restaurants, which can save as much as 10% on food costs through mass purchasing (Walker, 2013). Restaurant affiliated with a restaurant chain had higher survival rate than independent restaurants (Parsa et al., 2014).

The restaurant industry consists of diverse segments with different types of guest service encounters (Parsa, Self, Gregory, & Dutta, 2012). During the past twenty years, the foodservice industry fell prey to nontraditional competitors including grocery stores, supermarkets, and convenience stores (Parsa, Gregory et al., 2011). Fast food, ready-to-eat meals, and dining at home are a serious threat to full-service restaurants.

3.4.4. Internal Environment Factors

Internal factors play a significant role in organizations failure (Khelil, 2016). Parsa et al. divided the category of internal environment factors into two subcategories: (a) operational factors and (b) management factors. The operational factors include factors related to running the restaurant operations. While management factors include factors related to the entrepreneur's leadership skills, business management competency, and experience.

3.4.5. Operational Factors

The restaurant industry has low barriers to entry, which attracts many entrepreneurs with limited capital (Parsa, Gregory et al., 2011). As a result, most owners startup restaurants with limited capital to sustain the first year of operation (Parsa, Gregory et al., 2011). Controlling expenditure is essential for restaurants' success (Parsa, Gregory et al., 2011). Two major costs in the restaurant industry are food and labor expenses (Parsa, Gregory et al., 2011). Full-service restaurants are labor intensive. Labor cost represents a major operating expense for full-service restaurants creating pressure on profit margins (Kim & Gu, 2003). Full-service restaurants have high labor cost to sales percentage, which is about 30% to 35% (Kim & Gu, 2003). Another challenge facing full-service restaurants is the type of menu they offer their customers. Full-service restaurants offer their customers wider variety of items compared to other restaurant segments such as fast-food restaurants (Crandall et al., 1996). The broader menu variety leads to higher cost for full-service restaurants (Crandall et al., 1996).

Working capital has a significant impact on restaurants' profitability (Mun & Jang, 2015). Efficient working capital management is critical for a restaurant's ability to cope with weak financial conditions and increased economic uncertainty (Mun & Jang, 2015).

Efficient working capital management refers to the manager's ability to plan and control the restaurant's current assets and liabilities to meet short-term obligations while avoiding excessive investment in short-term assets (Mun & Jang, 2015).

Restaurant owners often lack the basic branding skills necessary to thrive in the competitive restaurants industry (Parsa, Gregory et al., 2011). Restaurant owners need to incorporate all five senses into the restaurant brand to develop emotional attachment between the customer and the restaurant brand (Parsa, Gregory et al., 2011). The success of restaurants relies heavily on the ability of the restaurant owners to understand consumers' needs and attitudes and their ability to develop an appropriate marketing mix (Mamalis, 2009). Understanding factors that influence consumer behavior are especially important for restaurant managers (Mamalis, 2009). Knowledge of the dimensions underlying consumer decisions provides guidance toward marketing decisions regarding product, pricing, promotion, and place (Mamalis, 2009). Bujisic, Hutchinson, and Parsa (2014) noted that food quality and taste were key predictors of customer loyalty. Food quality, variety, and safety in addition to value for money are some of the attributes that influence customers' choice when choosing a restaurant (Ali & Nath, 2013).

Setting the right prices is a critical management decision since it determines restaurants' profitability and long-term success (Yim, Lee, & Kim, 2014). From the customers' perspective, the price of a product or a service is a proxy for quality (Yim et al., 2014). Therefore, management must execute pricing strategies very carefully (Yim et al., 2014).

Sales promotions are an integral and essential part of marketing in the service industry. Marketers use sales promotion frequently to influence consumers' buying behavior and generate customer loyalty (Mamalis, 2009). Sales promotion may affect customers buying decisions even in the case where customers are satisfied with their currently consumed brand (Mamalis, 2009).

A unique feature of full-service restaurants is their emphasis on the highest service levels (Bujisic et al., 2014). In the restaurant industry, service quality represents the intangible benefits, such as responsiveness, courtesy, caring and professional behaviors provided by the service staff (Bujisic et al., 2014). In an increasingly competitive environment, restaurant owners must provide a high-quality of service that exceeds customers' expectations (Mamalis, 2009). High-quality of service is a critical factor in customer satisfaction and loyalty (Mamalis, 2009). Service quality comprises of five dimensions: reliability, responsiveness, empathy, assurance, and tangibles (Bujisic et al., 2014).

Previous scholars have found a correlation between firm size and survival (Parsa, Gregory et al., 2011). Large enterprises are more likely to stay in business than small companies (Parsa, Gregory et al., 2011). Small businesses have limited resources that would allow them to adapt to changing conditions (Parsa, Gregory et al., 2011). Parsa, Self et al. (2011) realized that small restaurants had higher failure rates than large restaurants. Parsa et al. (2014) found that affiliation to a restaurant chain increased restaurant survival. Several studies indicated that restaurant location has a significant impact on its success or failure (Parsa, Gregory et al., 2011). The location is a complex construct that encompasses geographic, demographic, and psychographic variables (Parsa, Gregory et al., 2011). Changes in geographic, demographic, or psychographic variables of the restaurant location could have a significant impact on the attractiveness of a location (Parsa, Gregory et al., 2011). A clear concept is essential to restaurants' success (Parsa et al., 2005). A poor concept that is not differentiated is one of the primary reasons for restaurant failures (Parsa, Gregory et al., 2011). Moreover, concept imitations are bound to fail (Parsa, Gregory et al., 2011). Success or failure of a restaurant depends partly on its physical layout and architectural design (Parsa, Gregory et al., 2011). Restaurant's facilities provide a good reason for customers to visit the restaurant (Mamalis, 2009). Facilities play a major role in attracting customers for special occasions (Mamalis, 2009). Yim et al. (2014) found that the restaurant concept, ambiance, location, and facilities have significant effects on restaurants' average meal prices.

The employees' level of knowledge, experience, and qualifications, developed through formal education, business experience, practical learning, and non formal education, contribute to the formation of the firm's human capital (Lee et al., 2016). The human capital theory posits that investing in developing humans increases the productivity of the workforce (Lee et al., 2016). Developing the firm's human capital through training leads to improved performance, and economic payoffs (Lee et al., 2016).

Restaurant owners rely on suppliers for the procurement of beverages, food, culinary materials, laundering linen, to ensure the efficient delivery of daily hospitality services (Shi & Liao, 2013). Managing the interorganizational relationship between the restaurant and its suppliers is critical for the delivering high-quality products and services (Shi & Liao, 2013).

3.4.6. Management Factors

One of the primary reasons of restaurant failure is the lack of entrepreneurship skills (Parsa, Gregory et al., 2011). One of the motivating factors of entrepreneurs starting a restaurant business is chasing the dream of owning their own business (Parsa, Gregory et al., 2011). In most cases, an entrepreneur's passion exceeds his or her competence (Parsa, Gregory et al., 2011). Previous scholars who researched tourism and hospitality SMEs found that the owner's self-efficacy to be a significant predictor of enterprise performance (Hallak, Assaker, & Lee, 2015). The owner's entrepreneurial self-efficacy refers to an individual's beliefs in his or her ability to successfully achieve the tasks of entrepreneurship (Lee et al., 2016). Self-efficacy influences an individual's motivation, exertions of effort, perseverance in the face of difficulty, emotional stability, and stress levels (Lee et al., 2016).

New companies often fail because entrepreneurs do not have financial, managerial, marketing or administrative capabilities needed to run the business (Elmansori, 2014). The restaurant owner's management capabilities are critical in preventing restaurant failure (Parsa et al., 2005). Managerial inadequacy, incompetence, inefficiency, and inexperience have been consistent themes in explaining small business failures (Parsa et al., 2005). Many restaurant owners lack the necessary prior business experience to manage their restaurants.

3.4.7. Organizational Life Cycle Factors

Like all organizations, restaurants go through a series of stages during their life cycle (Parsa et al., 2005). At any point along its life-cycle stages, a restaurant can face setbacks catastrophic enough to lead to failure. Throughout the life cycle, the first stages are the most vulnerable, which is why a high percentage of restaurants fail at an early stage (Parsa et al., 2005).

New restaurants suffer from liability of newness. Liability of newness principle refers to the fact that young organizations leaders had a little time to build up capabilities and operational routines (Heine & Rindfleisch, 2013). They undergo experimentation with organizational structure and business strategies, which leads to higher rates of failures (Heine & Rindfleisch, 2013). Young firms often lack legitimacy and resources due to their limited record of accomplishment, knowledge, and expertise about the market, which puts them at a competitive disadvantage relative to established firms (Amankwah-Amoah, 2016).

3.4.8. Family Life Cycle Factors

Entrepreneurs face a daunting task when striving to balance between their competing businesses and family demands, notably when balancing interpersonal, financial, and operational obligations (Teoh, Chong, Chong, & Ismail, 2016). Work-family conflict can create pressure on entrepreneurs, which can affect their decisions on whether to continue with their businesses (Teoh et al., 2016). Most restaurant owners work 60 hours a week compromising their quality of life and sacrificing their family lives (Parsa, Gregory et al., 2011). Parsa et al. (2005) discovered that the owners' quality of life is one of the primary factors in the closings of restaurants. Changes in the owner's personal life or the stage of the owner's personal life cycle can influence the restaurants' success or failure (Parsa et al., 2005). Parsa et al. argued that effective management of the entrepreneur's family life cycle and quality-of-life issues are critical to the survival and growth of a restaurant.

3.4.9. Emotional Factors

Camillo et al. (2008) argued that emotional factors are fundamental to restaurants' success. Camillo et al. suggested that destructive emotions such as overconfidence, worries, and restlessness are precursors of failure, whereas creative emotions such as curiosity, love, and fondness are important determinants of success. Moreover, running a business does involve not only financial reward and cost but also social and psychological or emotional rewards and costs (Revilla, Pérez-Luño, & Nieto, 2016). Emotive scholars argue that an owner is likely to quit their business if the combined financial, social and emotional reward is below his or her expectation (Khelil, 2016). The owners' decision to close or persist with their restaurants depends on their perceived goal-achievement gap and expectation–reality gap (Khelil, 2016). Financially motivated owners are more likely to quit their underperforming restaurants (Khelil, 2016). Also, owners with higher initial expectations are more likely to close their underperforming restaurants (Khelil, 2016).

4. Methodology

This qualitative, multiple case study was to explore what strategies small independent full-service restaurant owners in the Al Rehab District, Cairo, Egypt implemented to sustain operations for more than 5 years. Participants for this single-case study were purposively selected from individuals (over the age of 18) who participant must have been the sole owner of independently managed full-service restaurant located in the Al Rehab District, Cairo, Egypt. The participants for this study must not have employed 50 or more full-time employees at any point in time, and the participant must have succeeded in sustaining his or her restaurant operations for more than 5 years. The method used to collect data was face-to-face interviews using open ended questions. Open ended questions were used to allow the researcher to gain a deeper understanding about the participant's experiences. Face-to-face interviews elicit in-depth responses from participants using their verbal and nonverbal communication (Qu & Dumay, 2011). Turner (2010) suggested conducting face-to-face interviews in a relaxed and informal environment, which enables the researcher to build rapport with the participant. A successful interview requires preplanning, listening ability, and extensive note taking while allowing the in-depth exposure to participants' experiences (Qu & Dumay, 2011). Secondary data was used by extracting customers' comments from online websites and social media platforms. Case study researchers need to organize a large amount of data from multiple sources (Yin, 2014). Data organization is fundamental to ensure (a) proper order of materials, (b) efficient retrieval of data, and (c) participants' confidentiality (Kemparaj & Chavan, 2013). A case study researcher needs to create a database that includes organized and categorized compilation of all the case study data (Yin, 2014). Yin noted that the creation of a case study database enhances the reliability of the research. The use of methodological triangulation was applied to triangulate data, which was collected from interviews, with customers' reviews and findings from previous studies. Methodological triangulation helped to mitigate the participants' self-serving attribution bias in this study.

Performing data analysis on qualitative data involves per Yin (2014): (a) compiling, (b) disassembling, (c) reassembling and arraying, (d) interpreting, and (e) concluding. dismantling, segmenting and reassembling data to form meaningful findings in order to draw inferences is what data analysis is all about. Castleberry (2014) suggested that NVivo can assist the researcher in mitigating bias during the data analysis stage. In this study, NVivo 11 qualitative analysis software was used to organize data, identify common keywords and patterns, and develop themes.

5. Findings and Conclusions

Five major themes emerged from data analysis: (a) developing a proper restaurant infrastructure, (b) effective marketing, (c) quality and cost control, (d) human resources management and leadership, and (e) positive entrepreneurial emotive strategies are vital to the survival of small independent full-service restaurants.

5.1. Theme 1: Restaurant Infrastructure Strategies

The first theme that emerged from this study was restaurant infrastructure strategies. The owners highlighted the importance of the restaurant infrastructure in the success of small independent restaurants. This theme aligned with findings from previous studies. Parsa, Gregory et al. (2011) noted that the success of a restaurant depends partly on its physical layout and architectural design. Mamalis (2009) argued that the restaurant's facility plays a major role in attracting customers. Yim et al. (2014) found that the restaurant concept, ambiance, location, and facilities have significant effects on restaurants success.

5.2. Theme 2: Marketing Strategies

The second theme was marketing strategies. The owners indicated that effective marketing strategies are essential for creating awareness and attracting guests. This theme aligned with the literature. Parsa et al. (2005) noted that most successful restaurant owners attributed their success to their marketing activities. Parsa, Gregory et al. (2011) argued that restaurant owners need to implement branding strategies to develop emotional attachment between the customer and the restaurant brand. Mamalis (2009) noted that marketers use sales promotion frequently to influence consumers' buying behavior and generate customer loyalty.

5.3. Theme 3: Operations Strategies

The third theme was operations strategies. The owners signified the importance operations efficiency for the survival of small independent restaurants. They stressed the importance of food and service quality control and cost control. This theme aligned with the literature. Bujisic et al. (2014) noted that food quality and taste were key predictors of customer loyalty. Mamalis (2009) argued that in an increasingly competitive environment, restaurant owners must provide a high-quality of service that exceeds customers' expectations. Additionally, Parsa, Gregory et al. (2011) noted that controlling expenditure is essential for restaurants' success.

5.4. Theme 4: Management Strategies

The fourth emergent theme was management strategies. The owners indicated that the restaurant's manager must possess leadership skills and field experience. This theme also was in line with findings from previous studies. Parsa et al. (2005) argued that the management skills of the restaurant owner are critical in preventing restaurant failure. Parsa et al. noted that managerial inadequacy, incompetence, inefficiency, and inexperience had been consistent themes in explaining small independent restaurants failures.

5.5. Theme 5: Emotive Strategies

Finally, the fifth theme that emerged from the data was emotive strategies. The owners noted emphasized the importance of positive emotions such as passion in order for the restaurant managers to be able to cope with stress and sacrifices associated with running a restaurant. This theme also aligned with the literature. Hallak et al. (2015) found that the owner's self-efficacy to be a significant predictor of small businesses performance. Self-efficacy influences the owner's motivation, exertions of effort, perseverance in the face of difficulty, emotional stability, and stress levels (Lee et al., 2016). Parsa et al. (2005) argued that effective management of the owner's family life cycle and quality-of-life issues are critical to the survival of a restaurant.

6. Recommendations and Conclusions

One of the limitations of this study was that all the owners who participated in this study were males. It is important to conduct further qualitative studies to explore the survival of small independent restaurants in Egypt from the perspectives of both genders. It is important to conduct similar studies to explore the survival of small independent restaurants across different geographic regions in Egypt.The first recommended action for small business owners is to take a holistic view of the entrepreneurial activity by considering it has two dimensions, an economic dimension and a psychological dimension. As much as it is important for the small business owner to assess the economic cost and benefit of establishing a business venture, it is vital that he or she evaluates the psychological cost and benefit associated with running the business before embarking into starting up a business venture. Running a small business involves making sacrifices. Not every entrepreneur can cope with these sacrifices.

The second recommended action for small independent restaurant owners is to take a holistic approach to developing a restaurant business plan by addressing the (a) macro environment, (b) competitive landscape, (c) operational, (d) management, and (e) emotive factors that influence restaurants viability in their plan. Overlooking one of these factors can have a severe impact on the survival of the restaurant business.

It is also recommended that small independent restaurant owners (a) develop a suitable restaurant infrastructure that can sustain their business; (b) implement effective marketing strategies to create awareness and generate guest traffic flow; (c) implement effective quality and cost control strategies; (d) implement effective human resources management and leadership strategies that can improve laborers' motivations, engagement, and citizenship; and (e) adopt effective emotive strategies that can help them cope with stress.

The supply of graduates from hospitality and culinary institutes in Egypt cannot meet the demand from hotels, chain restaurants, and independent restaurants. I recommend that policy makers in the Egyptian Ministry of Technical Education and Training develop more hospitality and culinary institutes in order to increase the supply of skilled guest service laborers and reduce unemployment. Finally, obtaining a restaurant license in Egypt is a complex process. I recommend that Egyptian policy makers simplify the procedures for getting a restaurant license.

7. References

i. Ali, J., & Nath, T. (2013). Factors affecting consumers' eating-out choices in India: Implications for the restaurant industry. Journal of Foodservice Business Research, 16, 197-209. doi:10.1080/15378020.2013.782243
ii. Amankwah-Amoah, J. (2016). An integrative process model of organisational failure. Journal of Business Research, 69, 3388-3397. doi:10.1016/j.jbusres.2016.02.005
iii. Brand, J. E., (2015). The far-reaching impact of job loss and unemployment. Annual Review of Sociology, 41, 359-375. doi:10.1146/annurev-soc-071913-043237
iv. Bujisic, M., Bogicevic, V., & Parsa, H. G. (2016). The effect of weather factors on restaurant sales. Journal of Foodservice Business Research, 20, 350-370. doi:10.1080/15378020.2016.1209723
v. Bujisic, M., Hutchinson, J., & Parsa, H. G. (2014). The effects of restaurant quality attributes on customer behavioral intentions. International Journal of Contemporary Hospitality Management, 26, 1270-1291. doi:10.1108/IJCHM-04-2013-0162
vi. Camillo, A. A., Connolly, D. J., & Kim, W. G. (2008). Success and failure in Northern California: Critical success factors for independent restaurants. Cornell Hospitality Quarterly, 49, 364-380. doi:10.1177/1938965508317712
vii. Castleberry, A. (2014). NVivo 10 [Software program]. Version 10. QSR International; 2012. American Journal of Pharmaceutical Education, 78, 25-26. doi:10.5688/ajpe78125
viii. Crandall, R., Vozikis, G. S., & Sparks, D. L. (1996). Differentiating restaurant startups: A conceptual framework. Academy of Entrepreneurship Journal, 1(2), 33-42. Retrieved from http://www.alliedacademies.org/academy-of-entrepreneurship-journal/
ix. Elmansori, E. (2014). Business incubators in the Arab World: Comparative study of Jordan and UAE business incubators. World Journal of Science, Technology and Sustainable Development, 11, 282-293. doi:10.1108/WJSTSD-06-2014-0011
x. El-Said, H., Al-Said, M., & Zaki, C. (2015). Trade and access to finance of SMEs: Is there a nexus? Applied Economics, 47, 4184-4199. doi:10.1080/00036846.2015.1026583
xi. Ford, M. R., & Andersson, F. O. (2016). Determinants of organizational failure in the Milwaukee school voucher program. Policy Studies Journal. doi:10.1111/psj.12164
xii. Hallak, R., Assaker, G., & Lee, C. (2015). Tourism entrepreneurship performance: The effects of place identity, self-efficacy, and gender. Journal of Travel Research, 54, 36-51. doi:10.1177/0047287513513170
xiii. Heine, K., & Rindfleisch, H. (2013). Organizational decline: A synthesis of insights from organizational ecology, path dependence and the resource-based view. Journal of Organizational Change Management, 26, 8-28. doi:10.1108/09534811311307888
xiv. Helmig, B., Ingerfurth, S., & Pinz, A. (2014). Success and failure of nonprofit organizations: Theoretical foundations, empirical evidence, and future research. Voluntas: International Journal of Voluntary and Nonprofit Organizations, 25, 1509-1538. doi:10.1007/s11266-013-9402-5
xv. Jenkins, A. S., Wiklund, J., & Brundin, E. (2014). Individual responses to firm failure: Appraisals, grief, and the influence of prior failure experience. Journal of Business Venturing, 29, 17-33. doi:10.1016/j.jbusvent.2012.10.006
xvi. Jenkins, A., & McKelvie, A. (2016). What is entrepreneurial failure? Implications for future research. International Small Business Journal, 34(2), 176-188. doi:10.1177/0266242615574011
xvii. Kemparaj, U. & Chavan, S. (2013). Qualitative research: A brief description. Indian Journal of Medical Sciences, 67(3), 89-98. doi:10.4103/0019-5359.121127
xviii. Khelil, N. (2016). The many faces of entrepreneurial failure: Insights from an empirical taxonomy. Journal of Business Venturing, 31, 72-94. doi:10.1016/j.jbusvent.2015.08.001
xix. Kim, H., & Gu, Z. (2003). Risk-adjusted performance: A sector analysis of restaurant firms. Journal of Hospitality & Tourism Research, 27, 200-216. doi:10.1177/1096348003027002004
xx. Kotler, P., & Keller, K. L. (2015). Marketing management (15th ed.). Essex, England: Person Education Limited.
xxi. Laurențiu, R. M. (2016). Importance of SMEs in European countries economy. Annals of the „Constantin Brâncuşi" University of Târgu Jiu, Economy Series, 2016(3), 174-155. Retrieved from http://www.utgjiu.ro/revista/
xxii. Lee, C., Hallak, R., & Sardeshmukh, S. R. (2016). Drivers of success in independent restaurants: A study of the Australian restaurant sector. Journal of Hospitality and Tourism Management, 29, 99-111. doi:10.1016/j.jhtm.2016.06.003
xxiii. Mamalis, S. (2009). Critical success factors of the food service industry. Journal of International Food & Agribusiness Marketing, 21, 191-206. doi:10.1080/08974430802589709
xxiv. Mellahi, K., & Wilkinson, A. (2004). Organizational failure: A critique of recent research and a proposed integrative framework. International Journal of Management Reviews, 5-6, 21-41. doi:10.1111/j.1460-8545.2004.00095.x
xxv. Mun, S. G., & Jang, S. S. (2015). Working capital, cash holding, and profitability of restaurant firms. International Journal of Hospitality Management, 48, 1-11. doi:10.1016/j.ijhm.2015.04.003
xxvi. Neagu, C. (2016). The importance and role of small and medium-sized businesses. Theoretical &Applied Economics, 22, 331-338. Retrieved from http://www.ectap.ro/
xxvii. Parsa, H. G., Gregory, A., & Terry, M. (2011). Why do restaurants fail? Part III: An analysis of macro and micro factors. Dick Pope Sr. Institute Publications (Paper 15). Retrieved from http://stars.library.ucf.edu/dickpope-pubs/

xxviii. Parsa, H. G., Self, J. T., Gregory, A., & Dutta, K. (2012). Consumer behaviour in restaurants: Assessing the importance of restaurant attributes in consumer patronage and willingness to pay. Journal of Services Research, 12(2), 29-56. Retrieved from http://www.jsr-iimt.in/main.asp

xxix. Parsa, H. G., Self, J. T., Njite, D., & King, T. (2005). Why restaurants fail. Cornell Hotel & Restaurant Administration Quarterly, 46, 304-322. doi:10.1177/0010880405275598

xxx. Parsa, H. G., Self, J. T., Sydnor-Busso, S., & Yoon, H. J. (2011). Why restaurants fail? Part II-The impact of affiliation, location, and size on restaurant failures: Results from a survival analysis. Journal of Foodservice Business Research, 14, 360-379. doi:10.1080/15378020.2011.625824

xxxi. Parsa, H. G., van der Rest, J.-P. I., Smith, S. R., Parsa, R. A., & Bujisic, M. (2014). Why restaurants fail? Part IV: The relationship between restaurant failures and demographic factors. Cornell Hospitality Quarterly, 56, 80-90. doi:10.1177/1938965514551959

xxxii. Purves, N., Niblock, S., & Sloan, K. (2016). Are organizations destined to fail? Management Research Review, 39(1), 62-81. doi:10.1108/MRR-07-2014-0153

xxxiii. Qu, S. Q., & Dumay, J. (2011). The qualitative research interview. Qualitative Research in Accounting and Management, 8, 238-264. doi:10.1108/11766091111162070

xxxiv. Revilla, A. J., Pérez-Luño, A., & Nieto, M. J. (2016). Does family involvement in management reduce the risk of business failure? The moderating role of entrepreneurial orientation. Family Business Review, 29, 365-379. doi:10.1177/0894486516671075

xxxv. Samnani, A. (2014). Macro-environmental factors effecting fast food industry. Food Science and Quality Management, 31, 37-40. Retrieved from http://iiste.org/Journals/index.php/FSQM

xxxvi. Shi, X., & Liao, Z. (2013). Managing supply chain relationships in the hospitality services: An empirical study of hotels and restaurants. International Journal of Hospitality Management, 35, 112-121. doi:10.1016/j.ijhm.2013.06.001

xxxvii. Teoh, W. M. Y., Chong, C. W., Chong, S. C., & Ismail, H. (2016). Managing work-family conflict among entrepreneurs: An empirical study. International Journal of Business and Management, 11(9), 179-191. doi:10.5539/ijbm.v11n9p179

xxxviii. Trahms, C. A., Ndofor, H. A., & Sirmon, D. G. (2013). Organizational decline and turnaround a review and agenda for future research. Journal of Management, 39, 1277-1307. doi:10.1177/0149206312471390

xxxix. Turner, D. W. (2010). Qualitative interview design: A practical guide for novice investigators. The Qualitative Report, 15, 754-760. Retrieved from http://nsuworks.nova.edu/tqr/

xl. Ucbasaran, D., Shepherd, D. A., Lockett, A., & Lyon, S. J. (2013). Life after business failure: The process and consequences of business failure for entrepreneurs. Journal of Management, 39, 163-202. doi:10.1177/0149206312457823

xli. Walker, J. R. (2013). The restaurant: From concept to operation (7th ed.). Hoboken, NJ: Wiley.

xlii. Walsh, G. S., & Cunningham, J. A. (2016). Business failure and entrepreneurship: Emergence, evolution and future research. Foundations and Trends in Entrepreneurship, 12, 163-285. doi:10.1561/0300000063

xliii. Williams, D. A. (2014). Resources and business failure in SMEs: Does size matter? Journal of Business & Management, 20(2), 89-102. Retrieved from https://www.chapman.edu/business/faculty-research/journals-and-essays/jbm-online.aspx

xliv. Yim, E. S., Lee, S., & Kim, W. G. (2014). Determinants of a restaurant average meal price: An application of the hedonic pricing model. International Journal of Hospitality Management, 39, 11-20. doi:10.1016/j.ijhm.2014.01.010

xlv. Yin, R. K. (2014). Case study research: Design and methods (5th ed.). Thousand Oaks, CA: Sage.