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## INDIAN RESTAURANT: MANAGING DIVERSITY IN CHALLENGING TIMES

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### **Abstract**

The case deals with labour shortage due to constant conflicts between different groups. Mr Shetty has been taking care of the management of Ashwas Restaurant for the last 18 years. After the Covid-19 Pandemic, he had to let go of his staff. The restaurant industry suffered from a serious shortage of manpower; this situation led the industry to recruit workers from outside Maharashtra (Migrant Workers) similar to pre covid-19 situation.

As the workers came from different states and didn't have their families here, they would prefer to change their jobs frequently in search of better opportunities. This gave a hard time to the employers as they have to deal with the high attrition rate. Post Covid, there were constant clashes between workers belonging to different groups. As a result, groups would leave the job and go away. This created massive shortage of staff for Mr. Shetty. Instead of concentrating on customers, he would have to spend a lot of timing solving the issues between employees. The shortage of service staff was affecting the service time as well as the quality of service. Mr. Shetty was worried that if this trend continued, he would lose his customers to the competitors.

### **Background**

Ashwas Restaurant was a Restaurant based in Pune, India. Mr. Suresh Shetty took over the management of Ashwas restaurant in the year 2002. The Owner of the Restaurant Mr. BalasahebDholke, handed over the management of Ashwas, as Mr. Shetty had vast experience in running restaurants. His previous experience was of managing Pooja restaurant in Latur, Maharashtra. He left Pooja Restaurant as the terms of the contract had come to an end.

<sup>i</sup>The Indian restaurant industry is worth Rs.75,000 crores and is growing at an annual rate of 7%. The industry is highly fragmented with 1.5 million eating outlets, of which a little more than 3,000 outlets form the organized segment. However, the organized segment is rapidly growing at an annual rate of 16%. Quick service segment is the clear winner in the eating out market with a growth rate of 21%. The restaurant industry is dependent on 3 aspects, Food, Service and Ambience.<sup>ii</sup>Food quality is considered as the most significant attribute influencing restaurant decisions in many studies on consumers' restaurant selection behavior. The essentials that constitute food quality proposed are unique tastes and ingredients, menu variety, Appearance and presentation, healthy food options, and familiar food. When Mr. Shetty took over the management of Ashwas, the restaurant was in dire straits. There was no proper bifurcation between the dining area and cooking area. A lot of times the smoke from the cooking area would circulate in the dining area, making it very difficult for customers. Mr. Shetty first renovated the Restaurant, as it was very important that the customers feel comfortable with the ambience of the Restaurant. Next, he employed expert cooks and ensured that the raw material used for food was of excellent quality. Employees for serving the patrons were chosen from referrals or walk-ins with adequate experience.

Due to Mr. Shetty's expertise in the area of running the business, he was successful from raising the turnover from Rs.5000/day to Rs. 60,000/- today. Though there was a lot of competition in the area with the opening of many new restaurants, Mr. Shetty managed to maintain his average business.

### **Covid-19 Pandemic**

The Pandemic led to complete disruption of plans of Mr. Shetty. The initial lockdown was declared for 21 days. Mr. Shetty decided to allow his staff to stay at the Restaurant premise for the concerned days. Later as the lock down was extended, he decided that he may have to let go of his staff. The staff was also getting impatient and wanted to return to their hometown. A lot of staff that was employed by Mr. Shetty belonged to West Bengal, Jharkhand area. Due to lack of Business, Mr. Shetty advised his staff to leave to their hometown in available government transport, and they can continue to stay until they find a means to go. But he told his staff that he won't be able to pay them further.

Mr. Dholke, the landlord was considerate to reduce the rent of the restaurant by 50% until the restaurant does not open completely. This discussion with Mr. Dholke provided a lot of relief to Mr. Shetty. After seven months, restaurants were allowed to open in the month of October. Mr. Shetty called his cook and assistant cooks to come back to work. Initially Mr. Shetty decided to start only with take away orders, as he was sceptical about the response of people. As the response people started to slowly pickup, he decided to start with the dine-in service also. Mr. Shetty called all the staff that was previously employed with him and around 70% of the staff returned back to work.

### **Cultural Diversity at Restaurant in Pune City**

On 28th November 2020, Mr. Suresh Shetty was reflecting on the future of his business. It was a busy day, customers had slowly started to frequent restaurants. Business was again up to 75% of pre-covid levels. He had finished the day's service and was troubled with the lack of service staff. Recently there was a quarrel between two groups of employees in his restaurant. This resulted in 4 members from a particular group leaving the Restaurant.

The shortage of service staff was affecting the service time as well as the quality of service. Mr. Shetty was worried that if this trend continued, he would lose his customers to the competitors.

## The Diversity Problem

It was found that the restaurant industry suffered from a serious shortage of manpower, this situation led the industry to recruit workers from outside Maharashtra. It was found that initially there were skilled manpower available from Maharashtra but due to lack of interest of the workers from the state, the number of workers from Maharashtra has declined considerably. Previously the workforce in this industry used to come from the states of the south, but due to improvement in the living conditions in these states as well as good job prospective from their own states made workers to refrain from migrating this far in search of jobs. <sup>iii</sup>It was found that the workforce mainly comprises of workers from the states of Uttaranchal, West Bengal, Orissa and Jharkhand. The workers from these states found that there was more opportunity available here. Also, they felt that the salary they received here was more than the salary that is offered in their respective states.

As the workers came from different states and didn't have their families here, they would prefer to change their jobs frequently in search of better opportunities. This gave a hard time to the employers as they have to deal with the high attrition rate. <sup>iv</sup>After Covid-19, this situation has worsened, as most of these migrant workers prefer to stick with people from their respective states.

The workers who came from other states usually prefer to come in groups, belonging to the same state. As a result, they arrived in groups as well as left the jobs in groups. This was a very difficult situation to handle as the workers would leave together, leading to sudden shortage of labour. Example: before COVID-19. in case of festivals belonging to a particular state the workers from that state would leave to their state together thus leading to shortfall of manpower.

When these workers joined in a restaurant, they looked out for people belonging to their own states and thus formed a group. This situation leads to groupism in the work place. Such a situation was not good for the business, as it leads to clashes of interest between the different groups. As these workers belong from different states, it would lead to lack of knowledge of each other's customs and languages. These conditions lead to feeling of distrusts between the groups in the Restaurant. And as a result, continuous arguments and verbal spats take place. <sup>v</sup>It is considered that conflict often starts with individuals becoming fixated on their own beliefs or expectations, which can lead to fear and a toxic atmosphere. Organisations need to build conflict-management systems with managers, which seek their views and do not undermine their authority in practice.

Similarly, the migrant workers also don't have an understanding of the local taste, they fail to understand the customers' requirements. Lack of understanding of language leads to confusion between the workers and the customers.

In this post COVID-19 era, when gaining the trust of customers and maintaining it, is very important. This groupism is creating a lot of problems for Mr. Shetty, instead of concentrating on the betterment of customers spends a lot of time trying to solve the issues of the employees.

- What are the problems that Mr. Shetty is facing to manage Ashwas restaurant post lockdown?
- What are the Training and development measures that Mr. Shetty can use to improve the present condition?

- What are the recommendations that you would give to improve the diversity problem at Ashwas restaurant?

### **Teaching Notes**

## **Indian Restaurant: Managing Diversity in Challenging Times**

### **Objective of the Case**

To understand various interventions that can be used by the organization to help them in managing diversity.

### **Objective of the company**

To grow the organization by attracting and retaining customers and increasing business to Pre COVID-19 levels.

(Note on Objective: The faculty can discuss that in the hospitality industry in general and small restaurant in particular. Also, migration in India can be discussed in general.)

### **Problems**

Decision regarding managing the diverse workforce in the wake of COVID-19 Pandemic and ever-changing future scenario

### **Synopsis**

Mr Shetty has been taking care of the management of Ashwas Restaurant for the last 18 years. After the Covid-19 Pandemic, he had to let go of his staff. After permission was given for the restaurants to start, he recalled all his staff, out of which 75% staff had returned. The restaurant industry suffered from a serious shortage of manpower; this situation led the industry to recruit workers from outside Maharashtra similar to pre covid-19 situation.

As the workers came from different states and didn't have their families here, they would prefer to change their jobs frequently in search of better opportunities. This gave a hard time to the employers as they have to deal with the high attrition rate. After Covid-19, this situation has worsened, as most of these migrant workers prefer to stick with people from their respective states. There were constant clashes between workers belonging to different groups. As a result, groups would leave the job and go away. This created massive shortage of staff for Mr. Shetty. Instead of concentrating on customers, he would have to spend a lot of timing solving the issues between employees. The shortage of service staff was affecting the service time as well as the quality of service. Mr. Shetty was worried that if this trend continued, he would lose his customers to the competitors.

### **Questions / Assignment for students**

- 1) What are the problems that Mr. Shetty is facing to manage Ashwas restaurant post lockdown?
  - Increasing business back to pre COVID-19 levels.
  - Lack of Loyalty from workers due to groupism.
  - Constant clashes between workers belonging to different groups.
  - Clashes resulting in employees leaving in groups, leading to shortage of staff.
  - Shortage of staff, resulting in poor service to customers.
  - Lack of interest from the workers to understand the taste and preference of the customers.

- Lack of skilled service staff, due to uncertainty of the staff.

2) What are the Training and development measures that Mr. Shetty can use to improve the present condition?

The managers need to be trained with various conflict management interventions. This will help them solve various conflicts that occur within the restaurant.

Mentoring mechanism should be developed so that individual competencies and capabilities can be guided properly and enhanced.

The new recruits should be given appropriate on the job training so that they can perform well on the job and also keep them motivated.

Skill based competency mapping should be done, so that employees are motivated to up skill themselves

3) What are the recommendations that you would give to improve the diversity problem at Ashwas restaurant?

Managers/ Owners need to be trained in various conflict management interventions.

Implementing mentoring program (Learning and Development) for career planning, thereby achieving employee retention

While using mentoring as means to train the employees. The owners/ managers should mix the different groups together. Example: the mentor from one group and the mentee from another. This would help the employees learn about the culture and attitude of different groups.

The organization needs to be more flexible in terms of systems and policies, with respect to change.

### **Subject mapping and supporting theory**

Conflict management <sup>vi</sup> is the process of reducing the aspects which are negative and improving the aspects which are positive. Conflict management aims at improving the learning and collective results, including usefulness or performance in an organizational environment. A conflict that is managed well, would help in improving the collective efforts of the organization.

Conflict resolution would involve aspects such as reduction, elimination or termination of conflict in all its forms and types. There are five styles for conflict management, as identified by Thomas and Kilmann, "competing, compromising, collaborating, avoiding, and accommodating." Businesses can get benefit from suitable kinds and stages of conflict, which is the purpose of conflict management, and not the aim of conflict resolution. Conflict management does not indicate that there would be conflict resolution.

Conflict management reduces the negative outcomes of conflict and endorses the positive outcomes of conflict with the sole purpose of improving learning in an organization.

**The areas of Conflict management can be further explained using the Khun and Poole Model<sup>vii</sup>:** This model is an established system of group conflict management. In their system, they split Kozan's confrontational model into two sub-models: distributive and integrative.

**Distributive:** In this sub-model conflict is explained as a distribution of a fixed quantity of positive consequences or resources, where one group will win the conflict and the other group would end losing the same, even if they do win some concessions.

Integrative – Organizations utilizing the integrative model to find a solution, would see conflict as an opportunity to integrate the requirements and issues of both the concerned groups and make the best result conceivable. This model stress more on compromise than the distributive model. Khun and Poole found that, “the integrative model resulted in consistently better task-related outcomes than those using the distributive model.”

## References

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<sup>iii</sup><https://www.aajeevika.org/labour-and-migration.php>

<sup>iv</sup>[https://en.wikipedia.org/wiki/Indian\\_migrant\\_workers\\_during\\_the\\_COVID-19\\_pandemic](https://en.wikipedia.org/wiki/Indian_migrant_workers_during_the_COVID-19_pandemic)

<sup>v</sup>Faragher J (2015) Touch the Gary Barlow poster again and I'll see you in court. *People Management*; March: 25-29

<sup>vi</sup>[https://en.wikipedia.org/wiki/Conflict\\_management](https://en.wikipedia.org/wiki/Conflict_management)

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