

Empowering Employees

**“Leadership
is
Not
Welding Authority.
It`s
Empowering People”**

-Becky Brodin

CASE CHAPTER 10

Empowerment or Over Empowerment: A Case of KL Food Stop, Kuala Lumpur

Balzhan Zhussupova
Bang College of Business,
KIMEP University, Almaty, Kazakhstan.
b.zhussupova@kimep.kz

Synopsis

On June 19th, 2019, Mr. Ali ibn-e-Eisa, owner of the KL Food Stop, a restaurant chain in Kuala Lumpur, Malaysia, while returning from his kitchen visit, received a legal notice from a grieved customer who was injured in a quarrel with the customer attendant of KL Food Stop. The issue became so popular when it was brought in court and on social media. Mr. Ali was under the charges of both negligent hiring and training, and over empowerment. On July 9th, 2019, Mr. Ali lost the court case and was penalized 100,000 MYR.

On October 10th, Mr. Ali called for a meeting with his staff and discussed future planning. They jointly came up with two options. The first one is to add a new line in the hierarchy of Relationship and Complaint Officers that will look after customer complaints and boost customer relations. The second one is to layoff existing low cost and inexperienced employees and hire new ones with better experience or training than the existing attendants so that they may learn the skills. Considering the empowerment and CSR values and norms of KL Food Stop, Mr. Ali was contemplating on what to do, for every option had certain positive and negative consequences.

Background of the Business

Kuala Lumpur is the capital of Malaysia and the largest city of the country. It has a population of about 1.8 million. The city has a tropical weather with occasional rainfalls and has a visitor inflow almost around the year. It is by far the least affected by the monsoon winds. The iconic landmark of the Twin Towers is the best depiction of Kuala Lumpur. The Malaysian tourism industry has been marked as a growing industry in the Association of Southeast Asian Nations (ASEAN) region (Amin et al., 2013).

KL Food Stop, a restaurant chain, was the famous local food chain, in Kuala Lumpur, Malaysia. It was an entrepreneurial initiative of Mr. Ali ibn-e-Eisa. It consisted of four branches in the city serving different customer groups. All four branches consisted of 80 employees. The hierarchy of every branch consisted of a restaurant manager, customer attendants, chefs and cleaning staff (See exhibit 01). The items that KL Food Stop served, varied across branches serving mainly mixed vegetable set, Paneer Butter Masala Set, Buttered Chicken , Lamb Masala Set, Murtabak Lamb, and Chicken Cheese Set, Goreng Pattaya Chicken and beef Set and many more items.

History

Mr. Ali, 36, born in 1985 to a middle-class family. He led a hassle-free early life. He completed his education, got a job offer in the year 2007 as Operations Assistant in a food manufacturing organisation and married happily. Working on one processing unit on a routine basis and then switching to another, he had learned almost all the processing units of the organization. During his job he learned the operations and how important is the continuous improvement. Working in the organisation for 7 years, he successfully married and had two kids. His life was going smoothly, until he lost his job in a massive layoff in June 2014. The company was undergoing financial crises and therefore, had to lay-off the majority of senior and junior level employees.

First Move in the Restaurant Business

Worried about his family's future, he began to work as a customer attendant in a restaurant on a monthly wage of 800 MYR. This was his first experience in a restaurant. While working in one organisation and switching to another he learned the dynamics of the restaurant business. Impressed by his serving style and friendly behavior, many of his customers became his friends. Because of his welcoming attitude and good interpersonal skills, one of them encouraged him to opt for a degree in restaurant management. Already short of money and now an additional costly task on his to-do list, he was troubled again. He quoted;

[....] The days were very miserable, I had not enough money. I had limited earnings if I had to spend on food and clothing of my children, I had to forgo their education. So, to save money I even took the leftover food for my family in the night and to earn more, I had to work overtime on a daily basis to get extra money[.....]

The friend who made the suggestion lent him an interest-free loan to get a degree and he got admission to get a restaurant management diploma. It was quite challenging for him to simultaneously look after his family, business and focus on studies. It was difficult for him to manage all three tasks together. When he focused on his studies, he couldn't serve his customers properly and when he spent extra time in the restaurant, he had to bear quarrels in his family.

[....] The customer dealing was interesting and challenging. At times it rewarded us in the form of tips and good relationships with the customers and other times it fostered difficulties and frustration in the form of food spillovers and customer aggressions [....]

In order to best serve his customers, he got to know them at a personal level. He knew what his customers liked what was their social status what are their dining preferences and eating habits. He quoted;

[.....] My customers are always my top priority. I used to own the restaurant as if it was mine hence I could deliver my services up to the mark [....]

After one and a half year of struggle for his education, he witnessed an era of success. He was promoted as the relationship officer in the restaurant and life became easier than it was before. He earned 2,000 MYR per month in addition to overtime duties. He continued in that position for three years and was promoted to a Relationship Manager. A successful life an attendant could ever imagine; lucrative compensation, valuable networks, vast learning experience, and happy life. Being so close to the top management, he knew so much about the business particularly the large matters of finances and human resource management. Through this, he knew the customer dealing, and he learned about employee management. However, he was not satisfied. With this much growth, he was still ambitious. As a result, he decided to start his own business.

Setting up of KL Food Stop

He counted his savings as 80,000 MYR whereas, setting up a full-fledged restaurant required 0.2 million MYR. Due to the shortage of funds, he began with a small scale restaurant with his savings from 2015. He rented a small portion in the middle of Bandar Tun Razak district of Kuala Lumpur. He bought furniture and maintained it as a small scale restaurant serving only few items. In the beginning, he hired only two cooks and three customer attendants and a cleaning boy. For the rest of the tasks, he managed them by himself. That included cash handling, restaurant monitoring, and complaint resolving. In the beginning, his routine was waking up early in the morning; purchasing fresh raw material from the market on a daily basis and delivering it to the staff at the restaurant. One could always witness Mr. Ali with cheerful face monitoring things, handling customer complaints, welcoming visitors and roaming around the restaurant inquiring his employees whether they had food and if they are feeling happy with what they are doing with an intention to enhance their motivation and enthusiasm.

“Customer attendants are the only persons who are in contact with our customers, we should care about that for they not only serve our customer presently but also appeal them for future dining intention”, said Mr. Ali.

Driving Sales through Liaison

His daily customers included the office employees who usually visited his restaurant at the lunch time, that was the peak time of his sales. Limited families visited him in the evening. The number of customer inflow significantly improved and people began to like his services. He could witness their positive comments on the feedback cards and he implemented their recommendations. For the sustainability of growth, Mr. Ali began to liaise with the key customers. He went to offices distributing leaflets offering discounted lunch charges to the office members. They all began to come to the restaurant. For the sustained relationships, he often invited his vendors to dine at his restaurant. He also managed valuable links with his vendor who always kept him on his priority list and provided him with quality material.

“The sales and services business solely relies on relationships and networks. Managing healthy relationships with our stakeholders is our top priority. Be it our employees, customer or vendors”, asserted Mr. Ali.

He adopted this approach as his modus operandi in the restaurant. In his hiring process as well he used the same approach. He hired people based on their capabilities to stay positive, stay connected and having a caring attitude. And same were always the performance parameters. Unlike other restaurants, he hired less educated low profile persons. For, it reaped him three-tiered benefits. As he quoted;

[...]They demanded fewer salaries, they stayed longer, and they show more ambition at learning as compared to the others with sound experience[.....]

With so much of work, he needed someone with whom he can trust the most and share his tasks. So he brought his eldest son, Aslam, into the business who was about to be eighteen and had sound analytical and computational skills. Ali appointed him initially as an intern so that he

may learn the dynamics of the restaurant business, have good command of the restaurant procedure and familiarise himself with all the operations. After one year, he managed the finances of the restaurant.

Evolution! Key to Retained Success

With focused routines, Mr. Ali kept on growing his business along with growing the number of his staff. Initially, he added more items into the menu and different variants of existing items. Later, he worked on the ambiance. He kept on changing the ambiance of his restaurant so that customers and employees do not feel bored with the same ambiance. He added biannual maintenance schedules. He developed mechanisms and systems for every activity and asked the employees to follow the same, starting from how to deal with customers and manage vendors to ensuring quality assurance.

Empowerment and Employee Grievance Handling

Mr. Ali believed in empowering employees, and he developed a mechanism for this too. He encouraged employees to share their grievances with him and he helped them remove them by providing a win-win solution. After every peak sale, he invited the families of his staff to to celebrate by having a dinner and a party. He called it Internal Socialization Process. He developed an open door policy. This encouraged his employees to reach out to him at anytime to discuss their grievances. He always heard them and tried to resolve their problems. As one of his associates stated;

“I still remember when I was troubled for my wife’s delivery, and approached Mr. Ali, he heard me gently and provided me the financial support.”

Another employee quoted;

I was not a good employee; my frequent problem was customer dealing. I had severely lacked the interpersonal skills one could easily see me arguing with the customers and they scold me. Mr. Ali assigned me with himself and directed me to follow what he does when serving the customers. He himself

received the order placed it to the kitchen and himself served it to the customers.

Growth of the Business

Already meeting the demands of enterprise customers, he went on to target more. He opened a new branch in another market that is in a food street of Bukit Bintang entitled as Shopping and Entertainment District. Although costly, this market had a huge number of customers who preferred dining outside. The food street shops were costly and had peak sales in the evening hours. So he opened a restaurant in the food street. In the year 2017, he opened a restaurant near the public transport route to mainly serve travelers. This business was a success. Later on, after one year he further extended his business by opening a branch in a Bukit Bintang, where people, while shopping could walk in and have some refreshment with regular meals, refreshing drinks, juices and ice-cream.

HRM Practices at KL Food Stop

Recruitment & Selection

The absorption of KL Food Stop's core values (Positivity, Connectivity, and Care) was visible in its HRM practices and it had implemented these values even in their HR practices. While hiring, they had adopted these parameters for the employees' selection. Hiring low-cost excellent staff member was their first choice. It gave the business a competitive edge over others.

Orientation and Socialization

After selection, employees went through a one-week orientation and socialisation programme. This programme intended to educate the employees about restaurant policies and procedures, and dos and donts. Accordingly, through this programme, the company aimed to bridge the gap between old and new employees. *The newcomers would spend full fledged two days in every department and learned the important things, As Mr. Ali quoted;*

The orientation and socialization program aimed to help the new and old employees to easily mingle with each other and avoid unnecessary gaps that normal socialization takes. This not only saves time but also enhances employees' effectivity and results.

Training and Development

Following the company's strategy, Mr. Ali had implemented on-the-job trainings. External trainings were a costly process hence they preferred internal and informal trainings. Letting new or junior employees work with seasoned employees and learning from them had become a standard procedure in the restaurant. Employee to employee encouragement and engagement had become vital with so much of a family atmosphere.

Performance Evolution

The performance evaluation process consisted of certain parameters these included observations by Mr. Ali, customer feedback and number of referenced customers. The observation took place via cameras in the restaurant or Mr. Ali personally visited them and evaluated their performance. The observation checklist consisted of attire, positive attitude towards other staff and the customers measured through smiling face and welcoming attitude, timely service that included serving food to existing customers and getting tables ready for the new customers. Customer feedback form included one item related to attendants' services. And lastly, the more the number of referenced customers, the more would be the weightage. To encourage collaboration between employees, at the end of every year, employees also evaluated each others' performances.

Conflict Resolution & Employee Reprimands

Among the employees, Mr. Ali was known for his conflict resolution and reprimand practices. Appraising the hardworking personnel and

giving reasonable reprimand to the employees for their actions was the practice of Mr. Ali. As quoted by one of the customer attendants;

When it comes to conflict resolution, Mr. Ali always dealt with it properly. Rather than focusing on the issues created by every employee, Mr. Ali always focused on the resolution. He always directed everyone's focus on a shared vision.

Employee reprimands were common in the place. They were given often for poor service quality that included rude behavior with other staff. One of Mr. Ali's subordinate quoted.

I cannot recall there was any moment Mr. Ali got angry at us due to any unreasonable issue. He scolds us but simultaneously guides us. One can easily observe his behavior change at 180 degrees when it comes to helping others and grievance handling.

Learning and Development

Learning and development was the essence of Mr. Ali's approach. He often visited another restaurant and observed what they served and how they served it. He observed what they were strong at that appealed to customers and what areas he can incorporate in his business to encourage others. Besides this he went on to learn several other things as well which included customer feedback, every week he spared 2 to 3 hours to understand customer views from customer feedback. He also encouraged his subordinates for this as well.

The present Dilemma

The business was going well. Throughout its tenure, it faced ups and downs. Some months were extremely high profitable while others were merely reasonable. As time passed, Mr. Ali began to focus on other matters including his children's matters therefore he handed over the business to Aslam who now was looking after his business. A number of competitors arrived in the market, customers' preferences were changing, and the turnover in the industry was alarming. The business

was already facing declining profits. And the worst of these was waiting ahead.

On, of June 17th, 2019, one of the customers in the street branch got angry at a newly hired customer attendant and began to use inappropriate words. The customer attendant failed to control himself and replied with the same tone and voice. In reaction to the attendant's tone, the customer became angry and as a reaction the attendant punched the customer who he began to bleed instantly. The customer was a lawyer in a famous law firm and a regular customer. It was the same day that he had lost his case due to which he was angry and the new attendant was unaware of this.

The customer felt that he was humiliated and posted this on his facebook timeline. the status read as;

Worst experience of my life. Restaurants should educate their staff on how to deal with their customers. If they cannot respect us at least they shouldn't hurt. #KLFOODSTOP #bleedingCustomer #WORSTEMPLOYEECODE&CONDUCT #RidiculousService.

The issue got worst, when on June 19th, 2019, while returning from a kitchen visit of one of his restaurants, Mr. Ali received a courier entitled legal notice. The customer had filed a lawsuit against the KL Food Stop and its CEO, Mr. Ali. That lawsuit contained charges of negligent hiring, negligent training and the over empowerment of employees. On 9th July 2019, Mr. Ali lost the case in court and was penalized of. 500,000 MYR to compensate the engrieved customer.

On July 10th, Mr. Ali called for a meeting with his managers. All the restaurant managers arrived. *Sometimes it does not rain but it pours.* He told his staff that their sales have declined, mainly because of costs associated with employees (he gazed at one Manager). Customer complaints are increasing (He gazed at the second Manager). And now this blunder. He pointed towards his son. *Can somebody explain what are we doing?*

There is no mistake of our employee. It was the customer who misbehaved and began the quarrel. Replied one of the managers. The problem with our

attendants is that they are not much educated, we also pay them minimal as compared to other restaurants and this one was new, he further added.

I will agree to his point. Replied another manager. Our front line staff, customer attendants particularly, are hardly educated. They need training while the trained resource demands higher salaries. We need to educate and train them and equip them with necessary customer dealing skills and problem-solving skills. However, at this level, our restaurant is facing higher turnover as compared to the industry average, he added.

Besides, training employees at this level will breed another challenge once we train them they will switch to another restaurant that will offer them good salaries. Hence, this will benefit our competitors, another manager interrupted. Also, training employees will add to the costs again problem which we are already facing. Replied Aslam. Somehow we need skilled staff who can provide quality service.

Considering the limited HR budget and the declined profits. The team jointly came up with three options. the first one is to train the existing customer attendants. The second one is to hire new relationship and complaint officers who would look after the customer grievance rather than customer attendants themselves and avoid customer complaints. The third one is to hire entirely new customer attendants who are much experienced and educated. The management needed to pay careful attention to every option as they may have positive and/or negative consequences.

Discussion Questions

Q1. Case Opening Discussion

Q2. How do you see Mr. Ali as an entrepreneur?

Q3. How do you see Mr. Ali as a leader in the light of CSR dimensions?

Q4. Discuss the structural and psychological empowerment.

Q5. In your opinion who do you think is responsible for customers' behavior?

Q6. Discuss the consequences of every option.

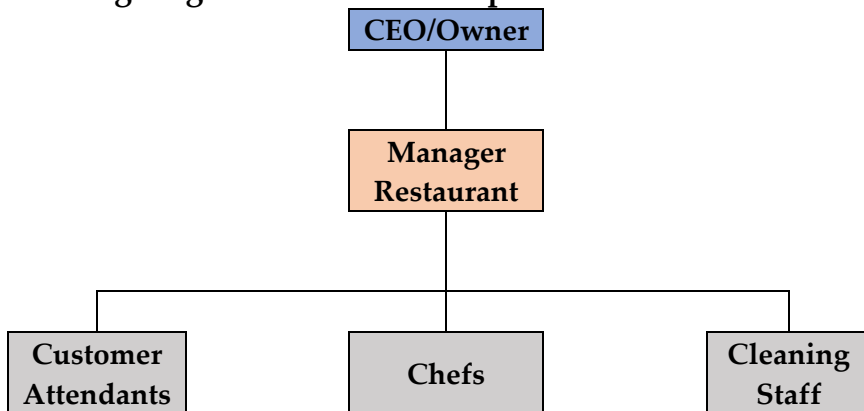
Q7. Which is the most appropriate option for Mr. Ali considering the empowerment and CSR values and norms?

Suggested Readings

Daft, R. L., & Lane, P. G. (2011). *The leadership experience*. South-Western Cengage Learning.

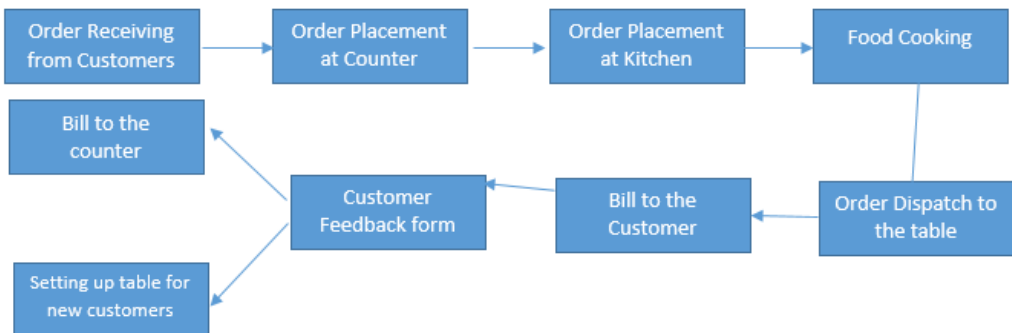
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Exhibit 1: Organogram of KL Food Stop



Source: KL Food Stop Official Document

Exhibit 2: Service Flow of KL Food Stop



Source: KL Food Stop

References

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