



Exploring the Dynamics of Contexts in the Industrial Canteen Concession Industry in Laguna, Philippines

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Abstract

Industrialization led to the increase of micro/small-scale industrial canteens (cafeteria) serving large manufacturing companies in the Province of Laguna, Philippines. To explain the complexities of industrial canteen operations, this qualitative study explored the overall identity ('contextuality') of the people involved. Under the lenses of management, communication, and qualitative research, the study referred to Oliver's Disconfirmation Theory (1980) to view the active interplay of expectations, messages, and power. Critical Phenomenology was adopted as research design and data was collected through the in-depth interview from qualified data sources in Laguna, Philippines. Thematic analysis was guided by Stuart Hall's cultural approach to encoding/decoding message (1980). The study ultimately revealed that (a) sustained customer satisfaction is the reason for the success of canteen concessionaires; (b) environmental forces affect business operations, and (c) negotiation integrates the dynamic interaction between open communication and continuous customer excitement and product innovation. The study proposed a model called the "Three-Factor Negotiation Matrix" as a basis for analysis in business-to-business contexts.

Keywords: *Micro/Small Business Management, Industrial Canteen, Business-to-Business Relationship, Critical Phenomenology, Negotiation*

1. Introduction

The global economic growth led to the increase of industrial companies in the Philippines. Many industrial parks opened in major economic zones in the country. The Province of Laguna, situated in the southern part of Luzon island, is one of the locations for some of the largest industrial parks in the country. Foreign and locally owned companies in the Philippines established their factories in the industrial parks of the province. Factories in Laguna attracted thousands of laborers from surrounding provinces. Thus, industrialization brought in its wake the need to feed the labor force on a daily setup without leaving the compounds of the factory. It is because of this scenario that led to the proliferation of industrial canteens (cafeteria) in industrial parks (More and Mali, 2002).

Industrial canteen owners (or canteen concessionaires as they are commonly called) enter into an exclusive business agreement with the industrial companies. They were exclusively given the rights to sell food and beverages to the laborers in factories under the conditions set by the company. Hence, being involved in such business practice gave the canteen business the title "Canteen Concessionaire" or those who are holders of a concession or grant for trading rights to sell food and beverages in a canteen exclusively within an industrial factory. In the Philippines, canteen concessionaires, are described to have the following key characteristics: (1) a business often classified as a small family business, (2) having a captured market, and (3) a non-competitor in the mainstream foodservice market (More and Mali, 2002; Anlacan, 2011)

Identifying the connection between the two business entities – the canteen concessionaires and their client companies, this study focused on the business-to-business (B2B) relationships in the Industrial Canteen Concession Industry in the Province of Laguna. In this study, B2B relationships refer to a situation where one business makes a commercial transaction with another. It is the client-supplier relationship between two businesses who are involved in exchange transactions. This concept may also be aligned, in the broader sense, with the terms: "Exchange Relationship", "Trade Relationship", and "Business Relationship".

Critical studies argue the existence of power struggle between two interacting organizations (Little and McGivern, 2012). By exploring the power relationship — its complexities and lopsided tendencies—



between the micro/small-scale canteen businesses and their large-scale corporate clients, this qualitative research study served as the platform to investigate the value of effective inter-organization communication.

This qualitative study examined the role of *expectations* and *performance* as an underlying reason behind the power struggle in the Canteen Concession Industry in the Province of Laguna. Oliver's Disconfirmation Theory (or Expectation Confirmation Theory, alternatively, Expectation Disconfirmation Theory) developed by Richard L. Oliver in a series of two research papers in 1977 and 1980 guided the researchers to understand and analyze latent complexities about the research topic. The theory seeks to explain customer satisfaction as a result of their beliefs towards the expectations and perceived performance of the product or service feature. According to Oliver "Satisfaction is the consumer's fulfillment response. It is a judgment that a product/service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfillment, including levels of under- or over-fulfillment".

2. Objectives

The study aims (1) to know the canteen concessionaires and the client companies on bases of their profile and '*contextuality*'; (2) to discover the current practices, experiences, issues, and environmental factors that affect business-to-business (B2B) relationship in the context of the canteen concession industry in the Province of Laguna; and (3) to propose a set of directives for a beneficial industrial canteen concession environment as espoused by the data sources.

In this study, '*contextuality*' pertains to the overall identity of the data sources aligned/relevant to their demographic profile and to their societal and cultural backgrounds.

3. Materials and Methods

Research design

The study used critical phenomenology as a research design to explore the concept, sources, and message of power relations in the Canteen Concession Industry in the Province of Laguna. The researcher defined this study's Critical Phenomenological Approach as '*the rigor of exploring the ideology of the things themselves as obstacles and path for a mutually beneficial environment*'.

Participants

Interview data came from two data source groups. The first group was consisting of nine (9) canteen concessionaires. They were all owners and general managers of their respective industrial canteens. All of the canteen concessionaires operate in not more than one industrial company. Equivalently, the other group was consisting of nine (9) client companies. In this study, the data source groups were respectively labeled as "*Canteen Concessionaire*" and "*Client Company Representative*".

Key informants from this group were all under the Human Resource (HR) Department of their respective industrial companies – five were Managers, three were Specialists/Officer, and one is a Supervisor. Data sources were purposely selected based on relevant criteria to ensure representativeness and quality of responses (Alvesson and Ashcraft, 2012; Symon and Cassell, 2012). They were selected based on following criteria: (1) their tenure or involvement in the canteen concession operation of at least two years; (2) they should hold a key position and has the power to design canteen policy and standards; and (3) they should have direct communication with the other corresponding party involved.

The key informants came from major industrial parks located in the highly industrialized cities in Laguna specifically in Calamba City, Cabuyao City, and Sta.Rosa City, Biñan City, and San. Pedro City. Along these cities stretch the South Luzon Express Way (SLEX) which is interconnected to Metro Manila and surrounding provinces vying similarly for economic advancements, such as the Provinces of Batangas, Cavite, Bulacan, and Pampanga. SLEX also leads directly to major seaports traveling to the south of the Philippine archipelago. Thus, the Province of Laguna, as an industrial hub, has a significant role in the manufacturing sector in the Philippines. Table 1 presents a summary of the research locale of this study.

Data Gathering Tools.

The study used (1) in-depth interviewing and (2) direct observation methods to gather data. In-depth interviewing was the main data gathering tool for this study. In using interview, the researcher referred to Alvesson and Ashcraft (2012) mentioning that interviews "are deemed reliable gateways into what goes on



in organizations: how leadership is conducted, what values and beliefs people hold, how decisions are made, or the story behind a successful innovation of change effort.” (Symon & Cassell, 2012, p. 47) Alvesson and Ashcraft (2012) *added that “interview is one of the core methods of qualitative research. Social sciences have used this technique to study organizations”*.

Table 1. The research locale of this study

Industrial Park	Location in Laguna
Carmelray Industrial Park 1 (CIP 1)	Canlubang, Calamba City
Carmelray Industrial Park 2 (CIP 2)	Calamba City
Calamba Premiere International Park (CPIP)	Calamba City
Light Industry & Science Park I (LISP 1)	Cabuyao City
Laguna Technopark	Sta. Rosa City and Biñan City
MGM Compounds	San Pedro City

The researcher used an interview guide validated by experts in the fields of Food Service Operations, Total Quality Management, and Business Communications. The researcher, as the chief interviewer, ensured that interview questions were asked spontaneously and informally, giving the impression of ease to the interviewee. No pressure was emphasized during the interview process to ensure spontaneity of response. Hence, the Romanticist approach in interviewing wherein interview is treated as “an authentic dialogue that can draw out (inter) subjective knowledge through attempting a relationship” (Alvesson and Ashcraft, 2012, p.242).

On the other hand, direct observation was also utilized in this study to review the plausibility of gathered interview data. According to Maxwell (2013) *“memos (or notes) not only captures the researcher’s analytic thinking about the data but also facilitate such thinking, stimulating analytic insights”* (p.78). The researcher used observation notes to record observed data during the process of gathering information.

About the Interview Guide

The interview guide, in alignment with the research problem and interview approach, was grounded on the components of dialogue as proposed by Poulakos (1974) specifically, “The Self”, “The Other”, and “The Between”. The interview guide was divided into three sections equivalently addressing the three objectives of this research study.

Section 1 emphasized the investigation on the topic of “The Self” and “The Other”. This section focused on the perspective of the interviewee towards himself/herself and towards the other as a canteen concessionaire or as a client company representative respectively. While “The Between” was explored in section 2 focusing on the *content* of the business communication process (or business dialogue). Section 3 focused on investigating how a beneficial business environment may be developed. It is important to take note that this instrument was grounded on other relevant theories as will be mentioned in the succeeding paragraphs.

To give further detail of the sections of the interview guide, section 1 was grounded on the Psychological Theory of the self of Carl Rogers (as cited by Wilkins, 2010); the communications theory of social identity (Tajfel and Turner, 1980); and the management theories of corporate culture. In section 1, questions 1-2 investigated on the “real self” (whom the interviewee think they are in terms of action) while questions 3-6 probed on the “ideal self” (whom the interviewee wants to become or identified) (Carl Rogers, 1961). Relevant to this, the questions were also arranged in terms of time context — past, present, and future conditions. In detail, question 1 focused on the “self” before; questions 2-5 focused on the “self” now; while question 6 focused on the “self” in the future. The latter part of section 1 (questions 7-8)



investigated on "The other" focusing on how the interviewee perceive the other actor in the canteen business dialogue.

Section 2 investigated the issues that the interviewees discussed and the factors that they considered in accordance with the business communication process. Questions 1-8 investigated on the business level communication, while question 9 probed on the possibility of arriving at the personal level of dialogue. This section deeply looked into the manner and content of the business dialogue. Here, the interviewer probed into the issues inside and outside the business organizations involved -- what were the common issues that usually arise during the trading process, how misunderstanding may start, and how conflict may be resolved within their contexts. Analysis of this section was grounded on the cognitive dissonance theory of Festinger (2009), the structuration divergence theory (SD theory), and the model of communication of Schramm (1954) emphasizing the concept of the "fields of experience" of the actors and how they dynamically interact within fields. Another theoretical foundation was through Erich Berne's Transactional Analysis where transactions were treated as units of social communication. An exchange of transactions was considered as sending and receiving of stimulus. Under the lens of business, this section was also grounded under the industrial-organizational perspective (IO), the resource-based perspective (RV), and the strategy process perspective (Hedman and Kalling, 2003).

Section 3 intended to gather data that served as bases in setting the criteria for a beneficial business environment. The section probed for the recommendations on (1) how the canteen services can be improved, (2) the indicators of how the two parties were mutually beneficial, and (3) how they could help each other in achieving each other's goals. Analysis of this research objectives was grounded on the Change Management Theory (Lewin, 1947) and Group Think Theory (Irving, 1982).

Data Analysis.

Interview data was diligently transcribed and underwent rigorous computer-assisted qualitative data analysis (CAQDAS) facilitated in MaxQDA, a qualitative data analysis software.

To understand data, the researcher used Thematic Analysis according to Saldaña (2013) is "the systematic description of shared experiences of key data sources through categorizing and connecting methods as techniques". The researcher described the participant's experience (horizontalization) and analyzed clusters of meanings through the unification of interpretations (themes). The researcher was guided by Stuart Hall's (1980) cultural approach to encoding/decoding message (Meenakshi and Kellner, 2006) and Saldaña's (2013) codes-to-theory model for qualitative inquiry where codes were fundamental components for developing a substantial theory. Saldaña's model presented a process of deriving abstract themes/concepts from reality and focusing on the particular to become the basis to generalizable statements — hence, theory development and organizational problem-solving.

4. Results and Discussion

The study presents the following findings: (1) the profile and the '*contextuality*' of the data sources — canteen concessionaires and client companies; (2) the practices, experiences, issues, and external factors that affect business-to-business (B2B) relationship; and (3) the directives for a beneficial canteen concession environment as espoused by data sources.

The Data Sources and their 'Contextuality'

The profile of the canteen concessionaires was summarized to have an average age of 42 years old. The youngest at 28 years old and the oldest being 57 years old. Majority are female (females are 7 while males are 3). Forty percent are college graduates. All their canteen businesses can be categorized in terms of assets as SMEs with reference to the number of customers that they cater to daily. The majority operates as a sole proprietorship with the exception of canteen 2 with a partnership. Their years of experience as canteen concessionaire spans from 2 years to 19 years with 4-5 years being the most common. Their overall average years of experience as canteen concessionaire is 8 years. Their years of service in the respective current client companies spans from 1 year to 12 years with 2-3 years being the most frequent. Their overall average service in the respective current client companies is 4-5 years. The total number of canteen branch they currently handle average from 2-3 branches. Approximate total number of canteen employees is in an



average of 8-9 employees to serve the approximately 350-400 company employees (dining customers). Most of the nationality of the companies they serve are Japanese.

On the other hand, client company representatives have an average of 9-10 years of experience in handling industrial canteens. The majority of them are female (females are 7 while males are 2). The years of operations in the actual plant where the canteen is situated average from 13 years. All their companies were classified as corporations. They have an approximate total number of company employees ranging from 350-400 employees (majority are production/manufacturing personnel). There is a balance between the gender population (male vs female) of the data sources in the company. In electronic manufacturing companies females are more than males while in mechanical production plants, the majority are males. Operations of the company usually have 2-3 shifts. The majority are Japanese owned.

The overall demographic profile of the data sources implies that both aim to comply with the requirements of their respective fields and at the same time they complement each other. One's deficiency is resolved by the other's expertise. Thus, creating a balanced workplace inside the industrial canteen. Canteen concessionaires are experts in food preparation and hospitality while Client Company representatives are highly equipped with technical management expertise.

The data sources were described based on their demographic profile and their 'contextuality'. In this study, 'contextuality' pertains to the overall identity of the data sources aligned to their demographic profile and to their societal and cultural backgrounds.

To explain the idea on "*contextuality*", the concept pertains to the overall identity of the data source aligned to his/her demographic profile and backgrounds. "Context" means all the details that surround an event (Foster, 2017). "*Contextuality*" in this study is defined as the reference of one's mindset and is the way in which an individual creates meaning which may change throughout time and space. "*Contextuality*" pertains to perspective or approach. This section aims to present a wholistic introduction of the data sources' contexts grounded on the research focus of this study — the canteen concession industry.

Data revealed the consistent emergence of themes/ideas that suggested the *contextuality* of the data sources. It was found the *contextuality* of the data sources can be grouped in the following aspects: (1) Food Preparation and handling, (2) Approach to decision making and risk, (3) Management style, and (4) Size of the business. Table 2 presents a summary of emergent themes/ideas pertaining to the 'contextually' of the data sources.

Table 1. Summary of Aspect of Contextuality and Themes: The '*contextuality*' of the Canteen Concessionaires and the Client Companies

Aspect of Contextuality	A. The Canteen Concessionaire	B. The Client Company
1. Food Preparation and handling	A provider of good and safe food to industrial companies.	Minimum or no knowledge in bulk meal preparation and handling.
2. Approach Decision Making and Risk	A calculated risk taker.	Conformity to key performance standards.
3. Management style	Adheres to conventional (traditional) management techniques and refer on customer feedback to asses performance.	Guided by corporate strategy and quality management in operations and decision making.
4. Size of the business	Micro and small scale business organizations.	Large business organizations.

1. The Contextuality of the Data Sources based on the aspect of Food Preparation and Handling

When the word "*canteen*" was mentioned during the interview sessions, the first thing in mind was 'food'! But when the word "*concessionaire*" was added to the later — "*canteen concessionaire*" — the understanding of the data sources shifted to the idea of '*food preparation and handling in an industrial*



company'. Both data sources from client companies and canteen concessionaires have the same mindset that the canteen concession is primarily about "food preparation and handling".

In the contextual aspect of food preparation and handling, qualitative data suggested that (a) the canteen concessionaire provides good and safe food to industrial companies while (b) the client company representatives have minimal or no knowledge when it comes to meal preparation and handling.

When asked "*who is the canteen concessionaire?*" the primary response of the data sources would be very similar to the response of Sir Dexter (canteen owner), "*...providing foods sa mga employees kasi hindi sila nakakaalis ng kumpanya during their working hours*" (*Providing foods to the employees who have no way of eating out during their working hours*). The core of the existence of the canteen concessionaire is to provide good and safe food to employees of their client companies.

It was frequently mentioned by the data sources that the primary reason why the client company seeks the services of canteen concessionaires is to support their daily manufacturing operations by serving good food at an agreed price to their employees. Canteen concessionaire with all their expertise and commitment is expected to operate daily. It is important that the industrial canteen can always satisfy the taste of the employees. Qualitative data emphasized how client company employees would always give importance to the taste of food in the canteen and their regular availability in the counters. Canteen concessionaires are also expected to serve "safe" food. According to one of the client company data sources, as much as possible, the canteen should not have cases of contamination.

2. The Contextuality of the Data Sources based on the aspect of Approach to Decision Making and Risk

The second theme that emerged during analysis was the idea of the data sources' approaches in decision making. Though there was such a big difference on how the two groups of data sources would interpret and analyze situation requiring their decisions, it was very evident that they always project their intentions to come up with a decision that is significantly beneficial to their business organizations. Canteen concessionaires would always mention their ideas on how to make good use of their available resources (financial, material, and human) while, on the other hand, client companies are always concerned of complying to their company's set of standards and achieving their goals. Such way of thinking implies one's capacity to generate options and choose from the best solutions, thus, the managerial decision-making process.

This aspect of *contextuality* suggested that companies have the intention to maintain a good relationship with canteen concessionaires under the condition of compliance to key performance indicators or canteen audit. Non-compliance to the client company's set of standards may automatically equate to failure or replacement.

In the *contextual* aspect of food preparation and handling, data suggested that (a) the canteen concessionaire is a calculated risk taker while (b) the client company aims to conform to key performance standards. Here we discuss the position of the data sources in managing risk. Lombrado (2017) mentioned that there are certain types of people who enjoy taking risks, while others prefer stability and are averse to any type of risk. A *risk taker* is someone who risks everything in the hope of achievement or accepts the greater potential for loss in decisions and tolerates uncertainty. In contrast, there are others who are *risk averse* who choose options that entail fewer risks and prefer familiarity and certainty. Hence, canteen concessionaires are more of risk takers while client company representatives are more of risk-averse individuals.

A canteen concessionaire's approach to risk is quite complex in nature. One of the common implicit ideas from the interview stories gathered from canteen concessionaires is the position that "the company is 'taking advantage' of the industrial canteen concessionaire". However, despite such a critical mindset, they are still eager to continue to be canteen concessionaires in a company. Admittedly, in a deeper discussion with a data source, they are aware of such irony! They are conscious that a client company may take advantage of their expertise and resources yet they still strive to be canteen concessionaires. Such is evidence of the risk-taking prowess of the canteen concessionaire rooted in their goal of probable generation profit.



Canteen Concessionaires are risk takers, typical characteristics of entrepreneurs. As entrepreneurs, canteen concessionaires have taken risks to get their businesses to where they are now. Yet according to them, taking risks does not mean going into business blindly and then expecting great results. They emphasized that taking risks involves careful planning and hard work. Harriet Genever (2017) in his article *Why Risk-Takers Are Winners (and Why All Entrepreneurs Should Take Risks)*; Kats and Green (2015, p.17); Barringer and Ireland (2012, p.25); and Mariotti and Glackin (2017, p.35) confirm these findings. Significantly, to attest to the risk-taking perseverance of a canteen concessionaire Ma'am Guada, canteen owner, mentioned: *"Daig ng masinop ang masipag, parang sa pagcacanteen lang yan. Kung mabilis kang maiinip at maghahangad agad ng kita hindi ka para sa negosyong ito. Dito kasi malaki nga benta mo pero malaki din ang gastos mo."* [Perseverance is needed in this kind of business. Do not expect to get the profit at once; the canteen may earn big for one day but remember that the expenses are big as well].

Contrary to the canteen concessionaires' context on risk-taking, the client company representatives are more careful when engaging in risky matters. As much as possible, risk should be avoided or minimized. In corporate organizations, risk management refers to all of the methods that a company uses to minimize losses. Canteen concessionaires attested to the stringent decision-making process of the client company, Ma'am Tinay, a canteen owner mentioned *"... Mas maingat sila pagdating sa pagdedesisyon para sa company. Kaya mas madaming proceso at mas madaming involved sa pagdedesisyon."* [They are more cautious when it comes to making decisions for the company. That is the reason why they have complex processes and they involve more than one decision makers].

To minimize risk, the client company ensure conformation to quality standards which compose of the details of the requirements, specifications, the various guidelines and characteristics to meet the planned purpose of a specific product. Hence, the client companies concentrate on the mindset to ensure having a set of standards that should be aligned to the features and specifications expected from the product or service coming from providers. According to client companies, a canteen concessionaire's product offering should be capable to meet the implied need of the dining customers (company employees). Ma'am Jane, a client company representative, strongly mentioned, *"Our company is very strict in scouting our possible canteen concessionaire since we are a food manufacturing company our service providers must comply to our different requirements especially in our GMP (Good Manufacturing Practices). Training and seminar is a must!"*

In addition, for the client company, performance is measured by how canteen concessionaires achieve a set of target objectives specifically during canteen audits. Typically audit concerns revolve around the sanitation guidelines set by a canteen committee. For the client company, they always emphasized that quality should always be measurable. Therefore, their expectations are grounded on specific key performance indicator, which in turn may be too high (or even irrelevant) to the canteen concessionaire. According to Ma'am Jane (client company representative) *"Sa amin kasi since multinational company mabusisi talaga kami, ang number one namin dyan is the yung mga requirements, yung mga requirements namin talagang mabusisi kami."* [In our case, since we are a multinational company, we prioritize the requirements of canteen concessionaire]. This was also attested by a canteen concessionaire. Ma'am Lucy, a canteen owner mentioned, *"Every time na may mga auditors ang company required kaming sumunod sa mga gusto nila dapat lahat ng mga documents maisusubmit mo on time, yung canteen area dapat maintain ang linis nyan pati minsan mga tauhan namin inaudit din."* [Whenever the company conducts a quality audit, we were also expected to submit the required documents and maintain the cleanliness of the area. In some instances, even our canteen employees were also included in the audit].

3. The Contextuality of the Data Sources based on the aspect of Management Style

The third emergent theme that described the data sources focused on the concept of management style. Data suggested that (a) the canteen concessionaire use conventional (traditional) management techniques and primarily rely on customer feedback to assess performance; while (b) the client company is guided by corporate strategy and quality management in operations and decision making.

Canteen concessionaires tend to manage their business in a more conventional style by strongly focusing on the indispensable — which is generating profit by ensuring the availability and quality of food



— while eliminating the secondary activities such as administrative tasks or projects that are not directly related food preparation and production, specifically office works and employee activities. For the canteen concessionaire, the focus is mainly on the essential over the non-essential activities. Where in procurement, preparation, and cooking of food is more important than attending meetings and writing memos. Canteen concessionaire would constantly express in both explicit and implicit ways “*Kailangan pa ba nun? Hindi naman tayo kikita dun!* [Is that necessary? We will not even earn profit from that].

On the other hand, the client company tends to be wholistic in approach — being able to attend to various aspect of organization development. They would always base the rationale of their actions to comply with the policy set by corporate strategy. As Ma’am Shery, an HR Manager, said, “*Kapag audit we have a form for evaluation. That’s base dun sa standards na kailangan. Hindi lang yan depende basta-basta sa mga panlasa ng mga kumakain sa canteen. Tinitingnan din natin kung nag-cocomply ang canteen sa safety standards ng kumpanya. Mahirap na, lalo na kung magkaproblema pa. Bagsak tayo sa audit pag ganon.*” [During audit periods, we have an evaluation form to fill-out which is based on performance standards, not on the food taste alone. We also consider the compliance of the canteen to other quality policy. We do not want to have any problems during the audit.]

In-depth analysis of data showed the difference between the mindsets in terms of management styles of the data sources. Canteen concessionaires are entrepreneurial while client company representatives are corporate/strategic. Such difference in management style exists because of the following reasons: (1) the size for the business, (2) their capacity to make choices and standardized control, and (3) the objectives.

4. The Contextuality of the Data Sources based on the aspect of the Size of the Business

The fourth recurring theme that suggested the aspect of *contextuality* of the data sources is the size of the business. Data suggested the sizes of the data sources’ business organizations. Based on size, in alignment with the Philippines’ Magna Carta for Micro, Small and Medium Enterprises (RA 6977, as amended by RA 8289, and further amended by RA 9501), the canteen concessionaires may be classified as micro/small business. This idea emerged through rigorous analysis of implicit qualitative data. First, assessing the size of the industrial canteen business based on accumulated asset, we compute for its approximate income. Considering that in one canteen outlet, the canteen earns at least 35-40 pesos for every meal (including rice) sold to a customer. In one month (30 days) 3 meals are served daily for 200 company employees. Computing this will result in approximately five million pesos. According to the Philippines’ guidelines, business with an annual accumulated asset of 15 million pesos and below is considered a small

On the other hand, client companies are large business organizations or large enterprises (LE) also engaged large business-to-business transactions. They are manufacturing businesses managed by foreign nationalities — specifically Japanese, Swiss, Chinese, American, and Swiss. Their manpower counts from 250 employees to 600 employees. Manufacturing operations usually run two to three shifts per day depending on the demand for production. These qualities imply that their business networks stretch from local large business suppliers to international and global business partners. Client companies manufacture parts for assembly (i.e. electronic parts, machine components) delivered to other large companies. Hence, client companies are large businesses usually engaged in business-to-business transactions.

The discussion on the size of the industrial canteen concession businesses led the researcher to inquire “why the majority of industrial canteen businesses remained to stay small-scale considering the long tenure in the industry”? Data suggested that it is very rare to hear success stories about canteen owners. All reach a certain plateau/limit where they stop growing. Data sources mentioned that this is because (1) canteen businesses are work-intensive; (2) there is no chance for the canteen concessionaire to establish a system; (3) the concessionaires are not empowered; (4) canteen owners do not consider the business as a long-term career — usually they only expect to earn profit in a short span of time; and (5) the idea that anyone can easily be a concessionaire means that new entrants marginalize available market share in the industrial canteen industry.

The Practices, Experiences, Issues, and External Factors that affect business-to-business (B2B) relationship in the Canteen Concession Industry in the Province of Laguna



Data revealed the common practices, routine experiences, notable issues, and significant external factors that affect the business-to-business relationship in the industrial canteen industry. They share consistency in identifying the concepts needed to address the second objective of this research study. These findings imply the daily complexities faced by industrial canteen concessionaires as they operate their businesses.

The common practices in the industrial canteen concession industry in Laguna includes: (1) having a family or small organizational structure; (2) credit mode payment (in form of canteen meal chips or chits) for dining customers; (3) the use of the cycle menu in the daily preparation of canteen meals; (4) the stagnant and low pricing scheme of canteen food products specifically rice; (5) the efficiency in the use of ingredients for bulk production in terms of procurement of Class B ingredients, recycling of left-overs, and substitution of ingredients especially extenders; and (6) the dilemma in hiring and compensation of canteen employees.

Canteen experiences mainly focus on the idea that the industrial canteen operations are fast-phase, strenuous, and labor-intensive.

Notable issues often cited by the data sources include (1) price and serving size, (2) plumbing and grease traps in company facilities, (3) contamination and liability, (4) packed meals of company employees, (5) difficulty in canteen layout, (6) the requirement of a nutritionist, and (7) canteen personnel problems.

The data sources emphasized the presence of external factors that affect industrial canteen operations. These factors are (1) economic factors that lead to the dynamic changes in the cost of raw materials and (2) the political and legal factors that lead to difficulty in managing the canteen labor force and other overhead expenses.

The Beneficial Industrial Canteen Concession Environment as espoused by the Data Source Groups

A Beneficial Industrial Canteen Concession Environment refers to the result of healthy business-to-business (B2B) relationship between service providers and client companies. This may be relevant to the overall atmosphere within the business environment where each party receives a beneficial situation coming from the other party.

The directives for creating a beneficial canteen concession industry as espoused by the data sources mainly centers on establishing communication between the two business organizations involved. They emphasized that a beneficial canteen environment is concretized by *the right exchange of the right benefits (value)*. The recommendations of both canteen concessionaire and client company are directed towards the idea that the beneficial business environment which is a win-win exchange of benefits can be achieved through (1) regular communication and cooperation, (2) operational efficiency and effectiveness—production of good and safe food at reasonable cost, and (3) to continuously excite canteen dining customers with new products and promotions. This will definitely lead to *customer satisfaction*. Customer satisfaction is a marketing term that measures how products or services supplied by a company meets or surpasses a customer's expectation (Kotler, 2014). Marketers assert that Customer satisfaction is important because it is an indicator of the good performance of businesses. Data revealed that **negotiation** acts as the integrating component that sets the balance between the data sources' directives — communication, canteen performance, and customer expectations. Skillful application of negotiation leads to the creation of a smooth B2B relationship among engaged businesses.

Discussion

The Main Source of Conflict in the Industrial Canteen Concession Industry

The study's review of related literature and studies described the emergence of conflict caused by inconsistency with operational requirements and performance expectations in the industrial canteen concession industry and the role of *negotiation* in conflict resolution (p53). The Critical Theory asserts that *ideology* is the principal obstacle to human liberation (Scott, 2003). Grounded on this philosophy, the researcher rigorously explored the ideologies of the canteen concessionaire and the client companies through their '*contextualities*'.



Data suggested that ideas on “**price**” are the root cause (or the major cause) of conflict in the industrial canteen concession industry. The clash of their ideological beliefs is rooted in their consciousness on the concept of ‘price’.

What are the ideologies of the canteen concessionaire and the client company? The canteen concessionaire believes that *price should increase* because of the external forces. They stand for a price increase to stabilize operational cost and to generate profit. According to this group of data source, the cause behind this is to demand comes from external uncontrollable forces specifically: the economic, political, and legal aspects of the external business environment. On the other hand, client company representatives believe that *price should decrease* because, according to data sources, the company contributes to minimizing the cost and expenses of the canteen since they subsidize for utilities and rent. Another implicit reason for this ideology is that they (client company representatives) have to satisfy their company employees. Having an industrial canteen that offers affordable and delicious food is one of the ‘perks’ of the company to its employees. The industrial canteen is one of means for the company to subsume the grievance of their employees pertaining salary and take-home pays. In addition, the client company’s quality management practice on procurement suggested: “to minimize the company’s costs and maintain good quality”. Figure 1 presents how the price is positioned as the source of ideological conflict between the canteen concessionaire and the client company.

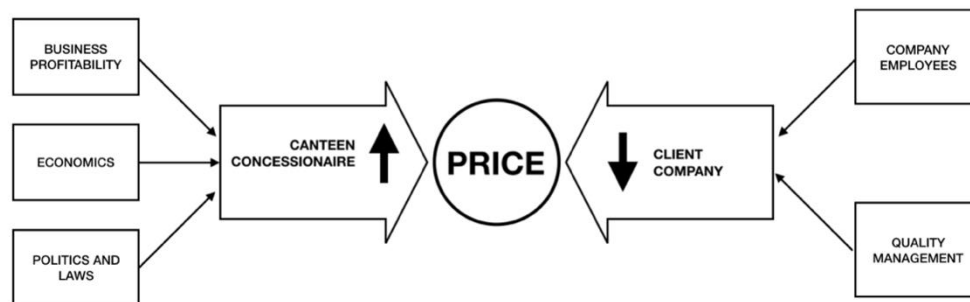


Figure 1Diagram showing how PRICE is positioned as the source of ideological conflict between the canteen concessionaire and the client company

Negotiation and Business-to-Business (B2B) Relationship in the Industrial Canteen Concession Industry

The findings of this study confirm the importance of negotiation in building relationship in business-to-business (B2B) transactions. Canteen concessionaires and client companies consistently imply the term “communication” to suggest this idea.

The response of the canteen concessionaires led to the realization that in order to become a successful canteen concessionaire — meaning you will be of service to the client company for more than five (5) years — canteen owners (and managers) should be able to build a good relationship with the client company. There should always be an element of trust between the owner of the canteen and the decision makers of the latter. The data sources added that trust (1) is built from the initial contact and (2) is strengthened along time.

The initial contact between the two parties involved is filled with formalities such as bidding and food tasting, contract signing bounded by a legal counsel. Eventually, the formality is lessened as rapport is built, yet still within the context of business management. With time, meetings every now and then will be set, in order to discuss any existing canteen concerns, as well as and emails. Phone calls will also be used as usual correspondence.

The canteen concession business has to undergo two forms of negotiation: the formal and the informal. Formal negotiation takes place in the form of operational and legal technicalities, where requirements (demands) and conditions from the client company is set and reviewed by legal counsel (most



often initiated by the contracting company but sometimes reviewed by the legal counsel of both parties) for legal compliance and to ensure that the company will not “lose” the deal. For the client side, it is a circle of technically trained individuals. On the other hand, the canteen concessionaire is usually led by a canteen owner usually a family member, who depends on his own “network” (of friends and relatives) supporting him/her in decision making.

Meanwhile, the informal form of negotiation in the industrial canteen concession industry is a series of agreements between parties in the arousal of conflict — conflict may be in the form of misalignment from the agreed formal contract which is rooted in providing customer satisfaction to clients. In the industrial canteen concession industry, customer satisfaction is grounded on the idea that the canteen concessionaire should serve tasty and healthy meals and conform to quality standards (HCCP in the case of the food service industry) at a very affordable price (or the agreed price). Such a scenario is settled through a series of meetings and discussion between the two. These serve as informal ways for the two to negotiate. Strengthened with time, the canteen concessionaire becomes more credible and his reputation is built.

It is a challenge to constantly ensure that the business relationship is built and sustained. The canteen concessionaire has the responsibility to maintain this relationship. Industrial canteen concession is a service providing business. Service organizations need to build a reputation as it penetrates their market.

Canteen concessionaires are mostly family-owned small and medium business enterprises (SME). The scenario for negotiation would be one owner or family versus one team of technically trained individuals hired by the large company. A team of company employees usually consists of the canteen committee (labor union and non-union members representing all departments in the company) and decision makers (led by the HR and Operations heads). It is a journey of two groups, who interact with each other, to ensure that conditions are satisfied thereby allowing both to come into terms.

This study emphasized that negotiation is important to create and sustain a smooth business-to-business (B2B) relationship at the same time maintaining customer satisfaction. Figure 2 illustrates how external factors influence operational business practices and client expectations and demands. The figure also shows how negotiation serves as a central component in balancing the two factors and in creating mutual B2B Relationship which ultimately leads to achieving a beneficial business environment.

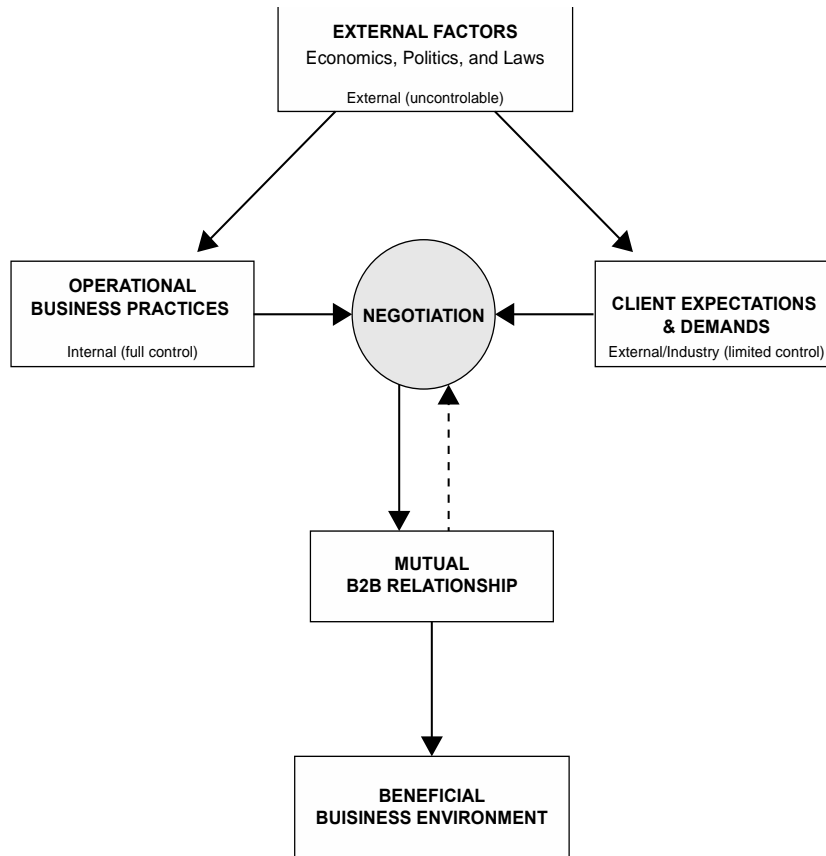


Figure 2 The importance of good negotiation in building good B2B relationship

5. Conclusion

In-depth analysis and understanding of data led this study to conclude the following: (1) sustained customer satisfaction is the reason for the success of the canteen concessionaires; (2) environmental factors (both internal and external forces) affect business operations, and (3) negotiation integrates the dynamic interaction between open communication and continuous excitement and innovation (Figure 3).

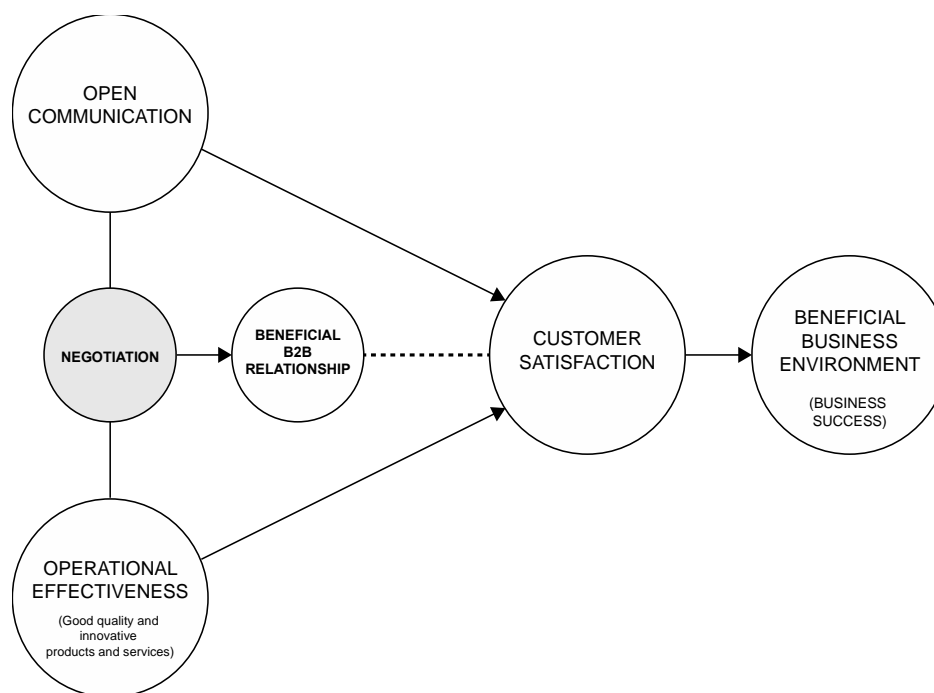


Figure 3 Diagram showing customer satisfaction as the reason for the successful retention of canteen concessionaires integrated by negotiation

With the results and conclusions at hand, this study emphasized the importance of negotiation or business dialogue to create and sustain a smooth business-to-business (B2B) relationship at the same time maintaining customer satisfaction. External factors influence operational business practices and client expectations and demands. Negotiation serves as a central component in balancing the two factors and in creating mutual B2B Relationship which ultimately leads to achieving a beneficial business environment.

In relation to this study's conclusion that negotiation or business dialogue is important in creating and sustaining good B2B relationship, the study developed the "Three-Factor Negotiation Matrix", a theory to further analyze the dynamics and role of negotiation in business-to-business relationships, as a basis in the analysis of business-to-business transactions. As canteen concessionaires and client companies are directed to sustain their own business organizations, they focus on significant factors that influence their existence in the market — (1) pressure from external environment (the industry and macro environments), (2) relationship of clients and suppliers, and (3) the demand and expectations of customers.

On the bases of gathered literature, results and conclusions in this study, the researcher recommends the following to improve the industrial canteen concession industry in Laguna and to further enhance academic understanding about the research topic.

First, a recommendation to improve the industry, it is suggested to develop a set of standard operations guidelines in the management of industrial canteen businesses. Client companies and canteen concessionaires are advised to refer to these recommended operations guidelines. It is also recommended to organize an association of industrial canteen concessionaires (and client companies) in the area. As concurred by canteen concessionaires who participated in this study, the micro/small scale industrial canteen concession industry is stagnant that needs to be empowered. According to the data sources, empowerment should come from themselves and should start as early as possible in order to create standard practices in the industry. Through a well-established association, both the canteen concessionaires and their client companies will benefit in the advantages of operational standardization and of a communication



network. An association will establish a balance between the needs of the canteen concessionaires and the demands of client companies.

Lastly, this study recommends the instigation of further academic studies on this research area to enhance understanding of found theories and conclusions. Hence, conducting further studies with the following objectives: (1) to verify the validity of the theories developed in this study; (2) to focus on the forces that influence the outcomes of negotiation — specifically on the external forces that affects the demands and expectations of clients and on the level or quality of business relationship among business engaged in exchange transactions; (3) to verify on the relevance of the topic findings of this study (negotiation) to other research areas (e.g. non-food industry); and (4) to use non-qualitative research techniques to verify the findings and conclusions of this study.

This study serves as a foundation and an inspiration to those involved in the industrial canteen concession industry. Thus, to successfully grow the industry, it is recommended to focus constantly in negotiation or business dialogue among organizations involved that will create and sustain good business-to-business (B2B) relationship and will ultimately result to a beneficial business environment.

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