

Possible Cost cutting in Nepalese restaurants in Finland to survive economic depression: case study on Restaurant Everest Spice

Ashish Thapa



Author(s) Ashish Thapa	
Degree programme Bachelor's Degree Programme in Hotel, Restaurant, and Tourism Management	
Report/thesis title Possible cost cutting in Nepalese Restaurants in Finland to survive economic depression: A case study on Restaurant Everest Spice	Number of pages and appendix pages 45+6
<p>Globalization has multidimensional effects in various aspects of our social life and Food culture being an important asset of our social life; we are being able to feel the presence of globalization in this field as well. Finland has also seen the drastic change in its food culture in recent years after people from various cultural background started moving and residing here. Today, there are many restaurants throughout Finland depicting their original cultural identities representing from different corners of globe. Nepalese restaurants are also making a significant presence among the group of such multicultural restaurants established around Finland.</p> <p>This thesis mainly focuses on the possible cost cutting measures that can be taken in Nepalese restaurants operating inside Finland based on a case study made on one of the Nepalese restaurants named Everest spice which is providing service in Kerava region. The study is solely made in this particular restaurant only but as food served, services provided and structure of many Nepalese restaurants in Finland are similar to each other's, the case can be partially related with other restaurants as well.</p> <p>Restaurant business is a very vulnerable business when we think about economic recession, it is most likely that people somehow try to save money by controlling their visits to restaurants during the time of economic depression. So, it is always better to be prepared for such situations rather than waiting for it and take actions then. The thesis has tried to point out such measures which can be immediately or later implemented to overcome unnecessary costs that are knowingly or unknowingly being paid within Nepalese restaurants in Finland. The thesis also has focused to emphasize on finding solutions or less costly replacement measures for such unwanted costs of the restaurants. The thesis has used the reference of transaction of Restaurant Everest spice as its study material but also has considered this to relate with other Nepalese restaurants functioning inside Finland.</p> <p>Cost cutting here doesn't necessarily mean compromising with quality. Service business has to maintain its quality in order to grow its business and it is not reliable to focus on cost cutting by destroying quality alongside. This thesis also has taken this idea into consideration and tried its best to explore such measures which doesn't compromise or less compromises with the quality of restaurant. It also has studied on creating and maintaining good brand image of the restaurant with minimum amount of investment.</p>	
Keywords Everest spice, Cost cutting measures, Profitability, economic depression, foreign restaurants, customer satisfaction, branding, recession, start-up	

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1 Introduction

As a student of business management in Restaurant and Hotel sector, the author has thought of choosing a topic for the thesis which would address the use of business management skills in Restaurant field. Establishing and running an ethnic restaurant business in foreign land has many limitations and it has to face various problems while they penetrate the market. Be it the competition with the established businesses or lack of branding or lack of idea of local culture and laws. Even there is the challenge to attract customers who are used to use the products and services that have been already established in the market for long time. It can be even more challenging if we have to start an ethnic restaurant in the area where people are mostly unaware about the cuisine that owner wants to serve. The author has chosen a topic with the reference of a new Nepalese start up restaurant based in Kerava named as Everest spices and tried to analyse the problems it has been facing as a foreign start up in that region. This thesis will also be focusing on its cost management and the ways to boost its profitability. The other key purpose of making this study is to point out possible measures that can be taken by the restaurant to survive economic depression by the means of cost cutting.

Basically, through this thesis, the author would like to study and point out various areas of budgeting in typical Nepalese restaurants where cost-cutting measures can be implemented. During the time of economic depression, mostly service sectors like restaurants are being affected and ethnic restaurants are the ones who get more affected. And even in the best of times, an independent restaurant faces tougher challenges than chains, which can lean on name recognition and national advertising. About 90 per cent of independent restaurants fail in the first year, according to the School of Hospitality and Tourism Management at San Diego State. (Rowe 2009.) This explains how vulnerable the situation of restaurant business is even in the normal situation so that we can imagine the scenario of global depression and its effect in restaurant business. The thesis is also focused on finding appropriate cost cutting measures which would help Nepalese restaurants in Finland to survive economic recession by lowering their expenditures. The author would like to study the figures of sales and expenditures that Everest Spices is making and like to calculate the profitability or the losses that have been made in past since its establishment. The author will focus on the calculation how much savings could be made from the cost cuttings in the necessary areas of expenditure and will make a calculation in total how much contribution it gives in savings. Cost cutting itself sometimes can create worst situations if customers get dissatisfied with the services and products that get affected by the cost cutting process. The possible effects of cost cutting measures will be analysed and remedies for the problem will also be discussed. Data collection will be done

about the expenditures and sales and those original figures will be used to calculate costs, expenditures, possible savings, losses, and profitability.

The author got interested to this topic after hearing about a new start up Nepalese restaurant facing a tough competition from existing two other Nepalese restaurants and many other local and ethnic restaurants in Kerava. The owner being a friend, the author thought he would have access to the data and figures that he would need during the calculations. This is important for the author to make calculations based on the original data so that whatever outcome created would meet reliability. The author also thought that this thesis would help the owner of restaurant Everest spice and many other Nepalese restaurant owners to analyse their business and apply the suggestions to boost the business and save the money from unnecessary expenditures through cost cutting process.

The author also had various challenges and limitations while working on this topic. The major of all was the challenge to mix up a global phenomenon of economic depression and analyse a scenario of a local restaurant business based on it. There were also the difficulties in acquiring the information and statistics related to the topic as many of them were only in Finnish language. The limitations are further explained in the final chapter of thesis under the topic limitations and validity.

In author's view this is the most relevant topic to conduct a research and is writing the thesis for a real Nepalese restaurant so that the thesis will be precisely based on reality ground and the author thinks this will not only help Everest Spices but will be also helpful to others who are running similar business or are planning to do so.

1.1. Thesis Objectives:

The author has primarily aimed to find out some unnecessary costs that are being paid inside a restaurant based on a reference of a Nepalese restaurant located in Finland which could be further eliminated or minimized to prepare itself for the situation of economic recession. Through this thesis, the author also aims to point out some cost saving measures which would help owners during the time of economic depression to minimize their expenditure and save themselves from losses. The author will be making a study of the expenditures and sales of the restaurant Everest Spices and check the status of profitability through profitability calculation. This thesis will further analyze particularly on expenditures and its importance based on a study of accounts and feedbacks from commissioning parties.

This thesis will be making a detailed study of expenditures and calculate separately how much the restaurant is spending and make an analysis whether the expenditure is justified or it is unnecessarily made. The thesis also has its objective to observe the costs and suggest the areas where costs can be minimized, calculate possible amount of money that can be cut from those costs and possible pros and cons of the cost cutting process.

The thesis itself has set some goals for it and revolved around certain questions which satisfy its quest to meet its target. A goal is a specific and measurable accomplishment to be achieved within specific time and under specific cost constraints. (Rouillard 2003, 3.)

The author seeks to meet the answers for following essential questions during his re-search on the commissioning party to meet his thesis goals:

- What are the major expenditures that a Nepalese restaurant generally has in Finland?
- How fruitful and profitable such expenditures are and are there any ways to minimize or eliminate them or replace them with any cost-efficient ideas?
- How likely is global depression effect business of commissioning party and to what possible extent it can do the damage?
- To what extent cost cutting secures or prevents commissioning party during the real situation of economic depression?

1.2. Thesis Structure

The author has planned this thesis in a traditional thesis writing structure with some of the improvisations in it. The thesis mainly has six chapters followed by many subchapters within them. The thesis starts with an introduction note where thesis objectives and thesis structure follow as sub chapters. In the second chapter, it has mainly focused on theoretical frame work where restaurant business and economic depression are tried to define using various references and ideas of author himself. The main topics discussed inside theoretical framework are: Restaurant business in Finland, Economic depression in general, and its effects in Finland and restaurant business in Finland. In the same way, theoretical part also has another important subchapter related top restaurant cost types and inter relationship between cost cut and economic depression.

Furthermore, the thesis continues with another chapter named commissioning party where the author has tried to give some basic information about restaurant business in Finland and Nepalese food culture. This part also has explained the commissioning party of research which is Restaurant Everest Spice and its unique selling points (U.S.P). The

thesis further continues with research implementation chapter which consists of research methods and objectives, process implemented for research, target groups and analysis methods used. In next chapter, research results are presented and explained additionally.

Final chapter of the thesis mainly deals with the conclusion part where limitation and validity of the thesis and research in general is presented. This part also consists of self-analysis and evaluation of the entire thesis process. In the similar note, conclusion of the thesis is also presented at the end. The list of appendices and references are attached at the end of the thesis.

2 Theoretical framework

In this chapter, the theories involved with the topic chosen for research are explained and defined. The major aspects of the research are: restaurant business in general, costs of a restaurant and effects of economic depression which are further explained in this chapter by breaking them into different sub chapters.

2.1 Restaurant business

According to (Merriam-Webster) the term restaurant was derived from French term 'restaurer' and Latin term 'restaurare' and was first known in 1819. A restaurant in simple terms can be understood as a place where one can get to eat meals that are prepared within the same premises. There are many restaurants which serve beverages also in addition to food items but this is not a compulsory act to do so. A restaurant specially in western countries have practice of selling alcoholic beverages alongside food but the Asian concept of restaurant relies mostly with food sales only. A restaurant business can be understood as the type of business where food and food related services are offered to customers in exchange of money.

In modern days, the scope of restaurant business has been significantly growing around the world as eating outdoor culture is growing even in developing nations. People are getting less time to cook for themselves as they are focusing more on their work. Eating in restaurants save their valuable time which they had to spend while cooking. Also, dining outside has been growing as a medium of spending time with family and loved ones where they can get rid of their busy schedule and rejoice their mind. Also, many corporate houses are using restaurants as a place to discuss business deals and meetings so that they can use the time they eat also as a business hours.

There are various types of restaurant that are in practice now a day. New concepts are used in restaurant business every other day so that new types of restaurants are emerging by the course of time. In a traditional point of view, the restaurant can be a fine dining restaurant with full service and choice of menu, a buffet restaurant with varieties of menu to choose upon, a casual lunch restaurant with limited option of menu, and fast food restaurant and cafe serving based on products rather than service. In today's time, different other concepts are spreading as a trend in this business such as bistros, theme restaurants, destination restaurants, ethnic restaurants etc. Also, the concept of kitchen free

restaurant is emerging where people can order from any restaurants nearby and the food is delivered to the dining hall by the companies like Wolt and Foodora.

The major portion of business in a restaurant relies on the sale of food items but in a proper dining restaurant, the sale of alcoholic beverage has an important role as well. It is more profitable to sell drinks than food because of the margin of profit being high in drinks. Also, drinks can be sold more in quantity whereas food items are sold in fixed volume to a customer which means a customer can have number of drinks while he seats in a restaurant to have a plate of food. In present context, restaurant business also has another important aspect of event management and catering. Many restaurants are providing venue and food supplies for different events and this has been one of the good contributors in restaurant sales.

There is a public assumption that restaurant business is the most profit generating business as they see people paying a very good price for the same food which could be prepared at home with relatively lower prices. Here, what these people forget is the food prepared in a restaurant must set a margin so that they can cover several unseen expenses of food production process in a restaurant other than their ingredient cost. So, while we think about business of a restaurant, there can be several factors that affect the profitability of a restaurant. Location, tax rates, customer purchasing power, rent of premises etc. are the factors that affect the profitability of a restaurant in general. Restaurant business is taken as one of the riskiest business around the world. A recent Cornell University study on restaurant success rates showed the number of restaurants failing in the first year is closer to 60 percent, and while this may still seem a high, statistics need to be examined in context to be fully understood. (onlinecsp 2008.) There is also common belief that 1 out of 10 restaurants only succeed in real term though the belief is not officially supported by the real statistical proofs. Yet, the restaurant business is a vulnerable business which can get effected with many factors which has direct or indirect links with it.

The Finnish restaurant business is not so different than the common structure of the prevalent restaurant business around the world. The Finnish restaurants have seen drastic change in their physical structure and presentations but their classic foods and recipes are still unchanged and the taste they are delivering remains same for their customers. Restaurant business in Finland is strictly guided by the related authorities which makes it deliver the products in a very hygienic atmosphere. Taxation and the strict guidelines set up for restaurant business in Finland makes it somehow expensive business compared to the restaurant business around the world. Restaurant business in Finland must meet certain criteria set up by food authorities to run the business and these bring extra expenditures

for the owners to maintain such standards. High hygiene standards and taxations make restaurants in Finland different from other restaurants in southern Europe otherwise the restaurant culture of Finland is like other European nations if brought under comparison.

In Finland, ethnic restaurants are growing their numbers in recent time after the country has opened door for many foreigners from different countries. Nepalese population has also seen a significant growth since past decade after many young students started coming to this land in the search of opportunities. The same group of people are given credit for introducing the typical ethnic Nepalese cuisine in Finland. The Nepalese restaurant business is expanding around the Finland and even small towns far from the capital are now experiencing Nepalese cuisine as entrepreneurs are starting Nepalese restaurants inside core areas of Finland as well. While comparing Nepalese restaurants with the Finnish or other European restaurants in Finland, cost structure is the identical aspect that differs it from the rest. The cost of labor in Nepalese restaurants is less than Finnish restaurants as the kitchen can be easily handled by few cooks because of the readymade structure of food ingredients and its speedy nature of being cooked. The ingredients used by the Nepalese restaurants in Finland is also cheaper compared to the ingredients used by the Finnish restaurants. The advantage that Finnish restaurant has over the Nepalese restaurants is the larger volume of customers they have which makes their sales volume bigger than that of Nepalese restaurants even though profit margin of food is higher in Nepalese restaurants than that of Finnish restaurants.

2.2 Economic depression

There is a common perception in people that economic recession and economic depression are similar topics. There is a sharp distinction between these two terms used in economy. A recession is defined as a significant decline in activity across the economy, lasting longer than a few months. It is visible in industrial production, employment, real income and wholesale-retail trade. A common definition for this is contraction in the GDP for six months (two consecutive quarters). (Investopedia a.) A recession in an understandable note is the phenomenon where the economy is hit hard by the crisis and the situation remains as it is for few months' time. On the other hand, economic depression can be simply defined as a prolonged situation of economic recession where economy is damaged significantly for number of years in a row. A depression is a severe and prolonged downturn in economic activity. In economics, a depression is commonly defined as an extreme recession that lasts for several years. A depression is characterized by economic factors such as substantial increases in unemployment, a drop in available credit, diminishing output, and general lack of confidence. (Investopedia b.)

The global depressions were experienced during 1930's and 1990's in modern times. There is a different mindset up about the recession of 2008-9 among economists regarding its definition. We define a depression episode as a period of cumulative decline in per capita output of 20% or more lasting at least four years. (Breur 2013, 227.) Some call this as a 'great recession' whereas some call this as a 'great depression'. According to its nature of prolongation, it shows the characteristics of a global depression because the act of recession continued for years and stills some nations is under its effect. The word depression is popping up more often than at any time in the past 60 years, but what exactly does it mean? The popular rule of thumb for a recession is two consecutive quarters of falling GDP. A search on the internet suggests two principal criteria for distinguishing a depression from a recession: a decline in real GDP that exceeds 10%, or one that lasts more than three years. (The Economist 2009, 57.)

The wave of global economic depression is felt generally when the developed nations start to show significant negative growth in GDP and economy starts marching downwards. The phenomenon is spread throughout the globe and the same types of economic crisis are felt worldwide. The unemployment rate starts to grow worldwide and people's purchasing power is weakened. If we take an example of recent depression which started as a recession wave had its root in U.S.A but it soon spread around the world and almost every developed country was hit hard by the strike. The global recession of 2009, which followed a financial market crisis caused by the failure of the investment banking firm Lehman Brothers the year before, was the deepest of the four recessions and the most synchronized across countries. (kose 2012, 10.) So, depression starts as a recession and gets prolonged and turns into a global depression.

The economic depression every time doesn't necessarily have the same reason to start. It can vary each time based on the economic structure and nature of global trade relations. In 1930's the stock market crash was taken as a reason for breakout of financial crisis which later took the shape of the great depression. In 1990, oil crisis occurred in Arabic peninsula was taken as the major reason to slash customer and business confidence and as a result global depression was spread out. Similarly, in 2008-9, American banking system and real estate business crashed and it was considered as the starting point of another great depression. So, there can be multiple reasons for a depression to start and spread around. After the crisis, key words such as dysfunctional incentive schemes, deregulation, and failures of rating agencies, financial excesses, greed, easy money, and financial imbalances have appeared repeatedly in reports and analyses of the current economic crisis. (World scientific 2010, 2.) It explains that whatever the reasons pointed

out for the crisis, the internal causes of such reasons are related with deregulation, over ambitiousness, greed and poor sense of economic vision.

2.2.1. Restaurant business during Economic depression

In a note of common sense one can predict that the situation of economic depression has mostly adverse effect in any business sectors barring some enterprises as exceptions. As a human being, food is the basic need that one has to consume almost every day in order to live a healthy life so it seems that a restaurant business who sells food shouldn't be much effected by the global phenomena of economic crisis. This myth could be reality if restaurants were only the place where people had an option to eat. Instead, restaurants are the matter of luxury as people have choice to eat same food at home by preparing it in less cost. So, during the time of depression, people try to save money by using their own efforts at home to prepare food rather than going to restaurants for it spending more money.

Restaurant sectors being a part of hospitality business is hard hit by the situation of depression as the business is solely dependent upon customer's purchasing power which is lowered in such situations. In general understanding, people become more conscious about spending money during the time of economic depression and they tend to save money by cost cutting measures. It is more likely that people start choosing less costly food as they have to eat it every day and large chunk of savings can be made out of it. One of the key advantages during a downturn for any lower-priced operator is the trading-down effect – many consumers remain unable/unwilling to cook many meals at home, yet increasingly look for ways to cut back on spending, often by eating at lower-priced fast food and takeaway locations. (Daphne 27 May 2009.) It is also experienced that during the time of economic crisis, people cook their food themselves as unemployment rises and they have enough free time to cook as well. People prefer eating readymade cheaper food from departmental stores to going to restaurants. Also, alcohol consumption at restaurant gets lower as they buy it from store in almost half the price and drink it at home.

Pricing becomes the major issue that determines the business during the time of global depression as people tend to focus on less spending in eating. It explains that fast food restaurants who normally has less pricing than the fine dining and lunch restaurants find it easier to cope the situation in comparison to other normal restaurants. In fact, some fast food chains had a dream run during the time of recession because they had a significant growth in their business during this time. At a time when recession-weary Americans are

cutting back, McDonalds is holding onto its consumers and showing growth—the fast food chain is trading at \$55.77—up from the \$13.45 it was at just six years ago. Their global same-stores sales were up 7.1% in January, and their stock is up 1% in the last year, while paying a \$0.50 dividend. (Forbes 2009) The customers become more product minded than service minded during this time so that they focus mainly on volume and price. Customers were also neglecting the issue of nutrition, comfort, hygiene and luxury. It was the reason that very luxurious and expensive fine dining restaurants suffer a lot during this time as they are the ones who are losing the major chunk of customers.

The similar trend in restaurant business was experienced in Finland as well during the time of economic depression. During the phase of 2009 depression, the situation for the restaurant business was even more critical than ever. It was said that even the fast food restaurants selling the cheaper food were hard hit by the latest economic depression. An old maxim claims that the one thing that will keep selling through a downturn is cheap fast food. Now, though, it seems the world has changed, as the Finnish fast-food industry is suffering an all-time historic slump.(Yle news, 2013). Somehow, while thinking about the survival, fast food restaurants were the ones who were better surviving in comparison to the fine dining and expensive restaurants. Even the ethnic restaurants were the good survivors during the worst economic phase because of their cost cutting ability and high profit margin products. There were very few Nepalese restaurants who had to shut down because of the recession in past few years. Surprisingly, many new Nepalese restaurants were started in this time frame which was told to be the hard time for survival of a restaurant in Finland. So basically, similar customer fear was experienced and newspapers and bulletins were spreading the threat of a big economic crunch in Finland which led customers inside Finland towards saving mode. The fine dining and high end lunch restaurants suffered a lot because of extreme change in customer behavior whereas the effect was not so threatening for fast food restaurants, cafeterias and less expensive restaurants although the shrink was experienced slightly in their business as well.

2.2.2. Cost cutting as Survival tool during economic depression

Cost cutting generally refers to an act of minimizing the expenditures. In economic study, cost cutting has an important role in bringing some positive changes in income by increasing the amount of savings made. (Business Dictionary) defines cost cutting as an initiative

that focus on reducing expenses through methods such as lowering salary costs, conserving necessary resources, or consolidating office spaces to decrease facilities expenses to improve the financial health of an organization. Cost cutting measures are often employed to keep a business operating through difficult economic periods. So, what exactly these difficult economic periods mean? Difficult economic period can be the time frame where a business has less sales and less profit generation and it can occur because of either internal management failure or an external economic down turn which generally indicates the sign of recession or economic depression.

The financial crisis in 2008 caused business priorities to shift from growth and leveraging up profits to issues of survival until the good times return. There was an understandable emphasis on costs; cost management was therefore seen as one of the best ways to maintain profits in the face of softening sales and shrinking margins. (Oyewo 2013, 71.) In the situation of global depression, one would more likely prefer managing their own costs rather to spend more to get more customers. The general theory suggest that consumer's buying power gets weakened during the time of financial crisis so companies prefer to concentrate more in cost cuts rather than investing more to get costumers get attracted. They might assume that it is more feasible idea to reduce costs internally rather than choosing risky way of boosting consumer's buying power. Consumer buying power refers to the capacity of an individual customer or a specific market to buy certain quantities of goods and services. In general, high consumer buying power means customers have high incomes and purchasing power relative to the supply and prices of goods available. Low consumer buying power means consumers generally don't have enough money to purchase goods at current market prices. (kokemuller 2007.) So, the business enterprises are less interested to pay extra in bringing more customers during global depression because they presume that people have less spending power and it's just waste of their time and money to boost the business. So, they chose another option of chopping down the costs within the company which according to them is the easier and time suitable act to be standing still in the business. Mostly, the practice shows that companies chose this measure to secure their business and stop from further loss which means that cost cutting is mainly done to survive the crisis rather than to boost the profit. This common practice explains cost cutting theory as a survival tool rather than profit boosting tool. During the time of global depression, the measures of cost cuts is widely seen in practice where companies try to reduce their costs mainly in operational sectors and employees have to face its effects. The companies seem to be aware that cost cutting can sometime result in low quality products and services as well which can further damage their company brand and image as well as destroy company loyalty as well. So, one must analyze its adverse effect in business and customer relationship before taking measures of cost cutting in business.

There is not always a brighter side of cost cutting and it doesn't necessarily always help a company to cope the economic depression. 79 percent of all companies have cut costs in response to the global economic crisis but only 53 percent of executives think that doing so has helped their companies weather it. (Mckinsey 2009.) Here major portion of companies who tried cost cutting as a survival tool succeeded but there were some companies who couldn't succeed to make positive changes through cost cutting measures. To some companies where expenditures are really above the limit, this measure makes a good saving out of it where as in some companies, expenditures already are well managed so that cost cutting in a real sense doesn't contribute a lot. In some cases, cost cutting measures can be game changer whereas in some cases this only make some differences which can be negligible also. Also, sometimes cost cutting can have adverse effect on business as this measure can have negative impact on the service and products of the company and brand image of the company as well. Cost cutting in recent practice was taken as layoffs and employee cuts as major chunk of investment goes on payrolls. Cost cuts in labor or more specifically layoff as a major tool of cost cuts would be fruitful in immediate action but its adverse effects are shown in national level by increasing unemployment rate which again effect the same company because customer's purchasing power goes down alongside the growing unemployment.

Hence, cost cuts if planned scientifically and logically by keeping its possible reaction in the business can be one of the best survival tools during the time of economic depression. If only cost cutting is prioritized and the adverse effects that comes along side is neglected, the measure of cost cutting might not help the business firm to cope the recession and they might even end up getting more deeply in a financial crisis by losing their customer's faith and loyalty. A healthy cost cut meaning there as slashing the costs that are unnecessary for the company and wouldn't have any adverse effect in the business can be one of the best survival tool during the time of global depression.

2.2.3. Finland during economic depression

Since the concept of economic depression in a modern world has been explored few decades back, Finland has experienced mainly two biggest depressions till date. The first storm of such economic depression was felt in this nation in 1990. The severity of its impact was heart wrenching. Finland's depression of 1991-1993 had a deep effect on the economy of Finland throughout the 1990s, especially in terms of employment but also in culture, politics, and the general socio-political atmosphere. (Sappinen 1996.)

Financial analyst around the world had used the term “the great economic depression” to explain this. It engulfed many jobs in Finland and sharply raised unemployment rate which had direct effect on its economy resulting shrinking of its Gross Domestic Product (GDP). Final nail in the coffin was hit when bilateral trade with Soviet Union was cut off. However, Finland demonstrated and set an example by reducing its government expenditure which led to subsidize various welfare agenda and was basically a toddler compared to other Nordic welfare states. Finland found it easier to recover comparing to other European nations after the GDP started retaining its pace. Government investments in electronic and other industries proved very fruitful when Nokia made its brand value to the unprecedented level. When Finland recovered from the depression of the early 1990s, the recovery was led by a strong contribution from exports. The export volume of goods and services grew in the 6 years’ time from the trough by some 60 %. (Suni 2016, 21.)

Another most important economic depression survived by Finland was the depression of 2008-2013. It all started from the United States again when the companies related to banking and housing started claiming bankruptcy there. Later in the year 2008 when big corporate figures like Lehman Brother’s investment bank (U.S.A) filed its bankruptcy, Finland witnessed yet another economic crunch. This led to the Eurozone debt crisis commencing from early 2009. The collapse of Lehman Brothers in mid-September 2008 marks the moment at which the crisis worsened decisively from a primarily US to a truly global event. (The Great Recession 2014, 7.) Being a Eurozone ally, Finland had to commit a massive bailout package for debt stricken Eurozone countries like Greece, Portugal, and Spain. The Finnish economy’s heavy dependence on exports meant that G.D.P started falling from 2008-2009. According to Statistics Finland’s preliminary data, the volume of Finland’s gross domestic product diminished by 1.3 per cent in the last quarter of 2008 from the previous quarter. The growth slowed down already in early 2008 and in the third quarter output diminished by 0.3 per cent from the previous quarter. If recession is defined as a decline in output lasting for at least six successive months, Finland’s economy can be considered as being in recession. (Official statistics Finland a 2009.) The downfall of Nokia and less demand of paper goods were considered as the main reasons which made Finnish economy surrender in front of the storm of global depression. Although the new economic depression was not as devastating as the recession during 1990s, still some analysts believe that the depression in 2009 was a very difficult to tackle in comparison to that of 90s. Also, it seemed that Finland had to contribute to other European Union nations to stop their economy from failing which contributed to worsen its ability to tackle the situation of depression. Also, if Finnish economy during economic depression compared to its neighboring nations: Sweden and Norway, the latter ones performed better than Finland. This has raised a question whether the use of common currency Euro supported

weak performance of Finland during global economic depression while comparing to its neighboring nations.

However, Finland fought hard against depression and is coming back to its track of safe economy. Unemployment decreased in 2016. In 2016, the average number of unemployed was 237,000, which were 15,000 fewer than in the year before. The number of unemployed men was 126,000 and that of women 111,000. The number of unemployed men fell by 11,000 persons, and that of unemployed women by 4,000 persons. (Official statistics Finland b 2017.) This can be understood as the indication of recovering back from the effects of global depression. Finland has since lost its AAA credit rating (AAA being the best), in 2013 it maintained high profile. It was one of the only three EU countries with AAA rating along with Germany and Luxembourg. (Business Insider 2013.) This incident has also proved that Finland is getting back to its normal situation after getting struck from the great economic depression yet again.

2.3. Prevalent Costs in restaurants

In this chapter, we will be discussing about the basic costs that a restaurant has to bear in general. There can be some additional costs of different restaurants based on their menu, services and marketing policy but the costs that we are discussing in this chapter is mainly established theoretical costs that almost every restaurant business has to bear to some extent. The costs are furthermore divided into three sub chapters here named as: Fixed costs, variable costs and startup costs. In general, startup costs can be a part of fixed costs as well because of its one-time investment nature but here it is described separately to have a detailed idea of startup cost of a restaurant.

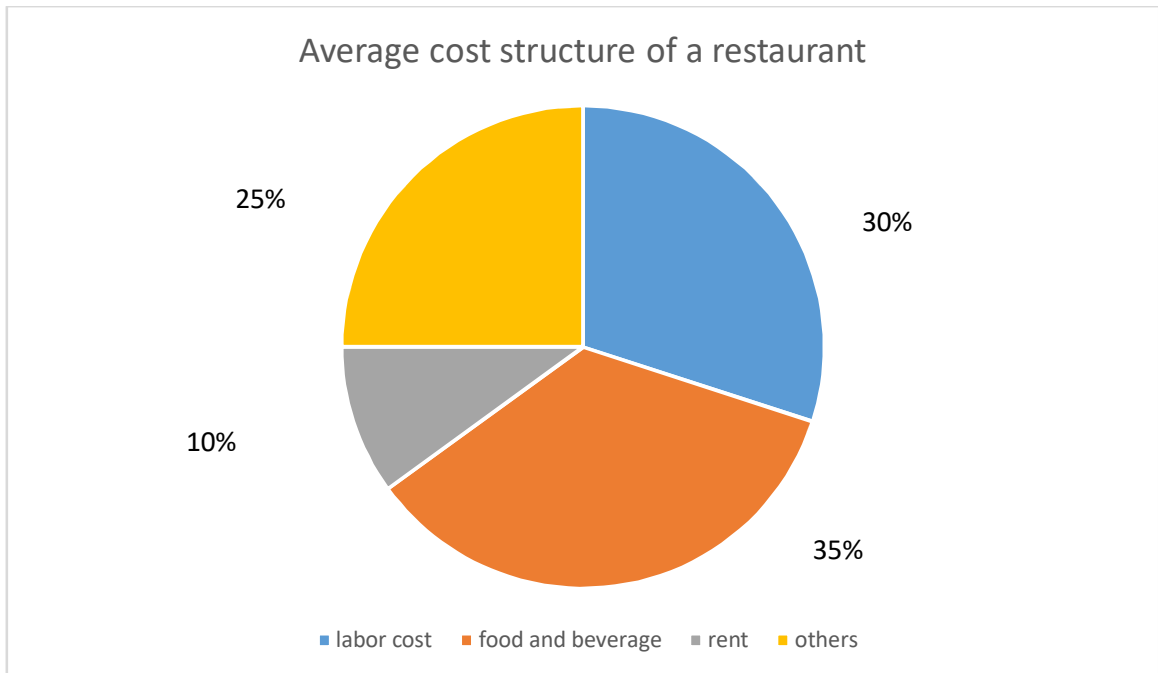


Figure 1. Average cost structure of a restaurant

The major chunk of expenditure inside a restaurant is made mainly on labor, food and beverage ingredients and rent. Almost every restaurant functioning around the globe can't deny this basic nature of restaurant expenditure. The proportion of the major costs in a restaurant can vary from one another depending upon various factors like: location, taxation on premises and ingredients, labor laws, etc. The proportion can even vary among the restaurants functioning in the same country and location based on their product and use of manpower but what remains same is that the major costs of restaurants are related to labor, ingredients and premises. In Finland, labor cost can be around 30-40% of total expenditure as labor cost is a notch higher here. The ingredient cost can range 25-35% based on the type of restaurant and product they serve. In the same way, the premises cost can be up to 10-15%. The given estimation is based on the average assumption and this is quite common that they can vary from one restaurant to other. Especially while taking an instance of a Nepalese restaurant, the labor cost and ingredient cost can go drastically down. The ingredients used in Nepalese cuisine are less expensive and Nepalese restaurants need less manpower for the food production process which minimizes the costs related to them.

The most commonly practiced and prevalent restaurant costs around the world can be further classified into fixed costs and variable costs in general. The costs are further categorized and explained as follows:

2.3.1. Fixed costs

Fixed cost by name gives us a hint that it is something that doesn't change or remains fixed. So, a fixed cost is the expenditure that is fixed and doesn't change according to earnings, other expenditures or the transactions. Fixed costs are costs that happen, by and large, whatever the level of activity. For example, the cost of buying a car is the same whether it is driven 100 miles a year or 20,000 miles. The same is also true of the road tax, the insurance and any extras, such as a radio. (Barrow a 2008, 85.) There are several fixed costs inside a restaurant and major among them are discussed as follows:

- Fixed salaries

In many restaurants, the employees are hired based on fixed salaries meaning by the salaries doesn't change based on the profit made by the restaurant. Mostly, the permanent workers in restaurant are paid fixed salaries and additional payments are done based on their overtime work there. These fixed salaries are one of the biggest fixed costs of a restaurant. While talking about salaries, one must not also forget about the pension fund contributions that an employer must pay on behalf of employees serving for them. In general, a restaurant expends 30-40% of its total expenditures as labor cost. (Figure 1)

- Occupancy cost:

Occupancy cost relates with the rental costs that are paid in a fixed basis whether the restaurant does a good business or not. The monthly or annual payment must be made in a regular basis as agreed upon the contract. This is one of the most important fixed costs and major chunk of earnings must be invested in this. Occupancy cost might vary from one restaurant to other based on the attractiveness of area and its core business value. In average a restaurant spend 10-15% of its total expenditure as a rent of premise. Some restaurants pay a lot more than this as a rental expenditure whose business strategy is highly based on location.

- Equipment cost:

Equipment costs in restaurant here means the machines or tools that are purchased by the restaurant at a time which is then depreciated every point of time whether it is used or kept without using. So, this is also one of the fixed costs of a restaurant business. Major equipment like the big machineries, refrigerators, stores and furniture are already set up during the startup time so that equipment can be a part of fixed cost and be somehow the part of startup costs.

- Insurance:

The restaurant has to be insured every day throughout the year. It is not that you close the restaurant for a day and don't pay for the insurance for that day. Since you must pay the fixed price for the insurance, it comes under the fixed costs as well. The insurance here can also be referred as the insurance of the employees which is also a necessary legal act in Finland.

- Electricity, water and communication:

Now days we pay bills of water and electricity based on its usage but still this can be partially taken as fixed costs in a restaurant because you have to make an agreement with these service providers and also have to pay at least minimum cost for their services whether or not you use them.

- Interest:

If the restaurant is having any bank loans, its interest paid is also a part of fixed costs of a restaurant. Those interests don't change its value based on the business of the restaurants. They remain same throughout the time it is paid according to the loan agreement made.

- Marketing

In today's era, any business is hard to survive without any marketing schemes. So that marketing has become very important for the restaurants as well. The cost of marketing can also be taken as a fixed cost because you have to pay for it even if it is not helping to improve your business.

- Administration costs

Administration costs inside a restaurant means the cost for finance management, stationaries, auditing, etc. These costs also remain same and doesn't alter based on the business of the restaurant. The auditing holds the major chunk of the administration cost and whether you do a good business or not auditing is compulsory and one must pay for this service regularly.

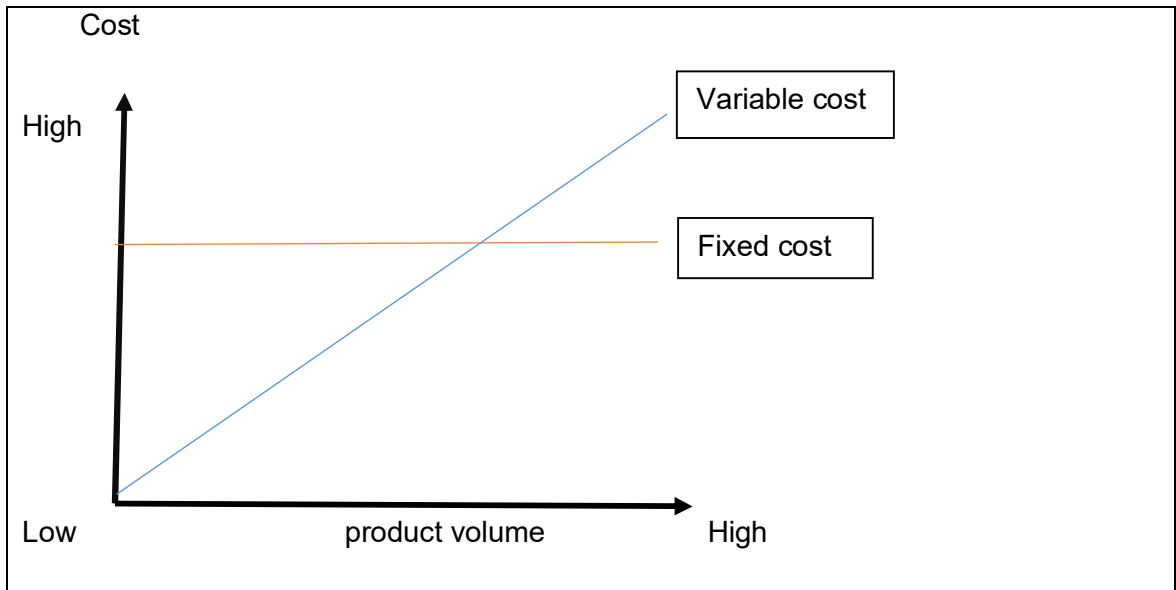


Figure 2. Figurative illustration of fixed and variable cost by their nature.

2.3.2. Variable costs

Variable costs in business are the costs that can change based on various circumstances like load of demand, resources used and sales etc. Mostly variable costs are directly proportional to the income or the sales. For example: taxes, hourly paid salaries, raw materials and fuel costs are increased when more demand is fulfilled and sales of the restaurant is increased and they decrease when demand side is low and sales decreases alongside. The important characteristic of a variable cost is that it rises or falls in direct proportion to any growth or decline in output volumes. (Barrow b 2008, 85.)

- Raw materials

More the demand is, more will be the use of raw materials in a restaurant and lesser the demand, and less will be the raw materials used. So, it explains that the raw material costs in a restaurant are variable cost which is highly dependent on the total demand generated. Raw materials are the main cost of a restaurant and it goes up if the sales starts increasing its volume. In general, raw materials sum up to 25-35% of total expendi-

tures but it can vary from place to place based on the products that restaurant is serving and amount and price of the ingredients.

- Variable salaries

Variable salaries here mean the salaries paid to the workers on the basis of the hours they work only which means that the worker doesn't need to be paid extra if there is less work at the premise. If an extra worker is needed during busy time, the worker shall be called for certain time and then after the busy hour ends, the worker leaves the place. This cost of salary depends upon the demand again. If the demand is more and business is expanded, the cost of this salary increases or else it is decreased. So that variable salaries are the part of variable costs.

- Fuel

Fuels in restaurant mainly refer to the gasoline used while cooking. This is also a variable cost because more we have to cook, more the fuel is consumed and more will be the cost for it. Whereas, if the demand is less and less food is cooked, the cost for fuel also decreases. Hence, fuel can also be categorized as variable costs.

- Taxes

Taxes of the restaurants or mainly its income vary every time the variation in business. It means that taxes percentages differ based on the amount of income which is generally high when more profit is gained and less when business is not so satisfactory. Whereas the tax percentage on the raw materials remain same every time but the amount of the raw materials used determine the total tax amount so that total tax amount on raw materials also varies based on the amount of its usage.

2.3.3. Startup costs

Startup costs are the one-time investments that are done while starting any business. The nature of startup costs somehow matches with the fixed costs as they are paid once at the beginning but if stock of inventories is to be taken in consideration, it can also have some aspects of variable costs within it.

- Operational cost

Operational cost here means the cost for buying raw materials and inventories at first and paying to employees and other day to day costs till the business starts to pay off. One can't really predict the business for some months of startup so that there should be some extra capital with them so that they can carry on day to day activities without being dependent upon the sales and return of profit.

- Rent deposit

It is quite common in Finland to ask for the deposit price for a leasing company if we are seeking to lease their premises. Generally, the leasing party is obliged to pay two months advance rent payment as deposit price which can differ based on company's leasing policies. These kinds of deposits can be taken as startup costs because we have to pay this any way to the leaser but the point is that it is normally refundable so that it can also remain as a part of savings for the company.

- Registration and license fees

According to the company act of Finland, the new startups are liable to pay the startup charge through the means of registration fees and license fees. Here, registration fee is paid once whereas for a restaurant there can be various license fees like alcohol serving license, food and hygiene etc.

- Machines and set up equipment

There can be the either way of paying for the machineries installation and restaurant set-up at once or through bank loans using monthly installments. Anyway, that is approached that comes under a major cost during the startup of a restaurant. The cost varies based on the size of the restaurant, type of food served and price of the materials used. If the price is paid through bank loan, then the monthly interest comes under fixed cost.

- Employment insurance and pension fund contributions and taxes

The cost of employment insurance and pension contribution comes under the fixed cost as well but this is paid in the initial phase of startup as well so that one has to think about its payment for few months at least till the business starts to pay.

- Refurbishing the premises:

Refurbishing the premises has been a very popular culture in business now a day. In many cases, the idea of refurbishing has been proved less costly in terms of money and time if compared with the idea of completely new construction of premises. For example: if a pizzeria wants to start a good lunch restaurant, the premise can be renovated if possible and can be turned into a lunch restaurant with a small effort instead of looking for a new premise and setting up everything new. So, refurbishing the premises has been a new trend which is attracting startups who want to save their time, energy and money.

2.4. Breakeven point

A breakeven point can be understood as the sales point where exactly the revenue generated from sales is equal to the total cost of the products sold and thus generated revenue is neither a loss nor a profit for the organization. According to (BBC), At low levels of sales, a business is not selling enough units for revenue to cover costs. A loss is made. As more items are sold, the total revenue increases and covers more of the costs. The breakeven point is reached when the total revenue exactly matches the total costs and the business is not making a profit or a loss. If the firm can sell at production levels above this point, it will be making a profit.

Generally, breakeven point is calculated by any firm so that they could know their minimum sales target. The minimum sales target helps them to prevent themselves from going in losses and survive their hard times. It's better for a company to know what is their lowest sales target so that they can complete it to survive the hard times. It also helps companies to estimate their profitability by knowing the point of sales after which the company starts to generate profit. The calculation of breakeven point is even more important during the time of economic depression because in this point of time a firm needs to know their minimum sales point and plan accordingly so that they can at least manage not to get their sales below it.

3 Commissioning Party

The commissioning party involved with this thesis is the Restaurant Everest Spice located in Kerava region of Finland. Based on the research made on the case of this restaurant, the effects and remedies of economic depression for over all ethnic restaurants functioning inside Finland is tried to be explained and analyzed. This chapter mainly explains the Nepalese cuisine and food culture shortly and then provides information about the commissioning party and its uniqueness from other restaurants in Finland.

3.1. Nepalese cuisine and food culture

Nepalese cuisine is a part of south Asian continental cuisine and is highly influenced from the great Indian cuisine. There is a vast similarity among the Indian cuisine and Nepalese cuisine. These two cuisines almost use the similar type of raw materials and spices but differentiate in the way and methods they are prepared. Nepalese cuisine basically has starters, main courses, deserts and snacks just like other cuisines do but starters are skipped by most of the restaurants in Nepal as people in Nepal are not much interested in the starters. The main course consists of boiled rice, curry, pickle and lentil soups in general. Meat items are not so compulsory in day to day meal in Nepal but dairy products are consumed in high amounts.

Nepal is made up of more than 35 ethnic groups and they have their own ethnic cuisines but the national cuisine is followed by almost every families and ethnic groups but during their ethnic gatherings and festivals, they prepare their own ethnic meals and celebrate with their tribes. These ethnic cuisines have their own identity and they differ from each other's so that Nepalese cuisine if talked in a vast sense covers all these ethnic cuisines within it. The main food items that are prepared in these broader cuisines are: beans, meat items, traditional breads, porridges, soups and many more.

Nepalese food culture has mainly three main eating meals: breakfast, lunch and dinner. Nowadays people skip their breakfast in urban and busy areas and take brunch instead. Small meals are also taken in between and eating fresh fruits and vegetables is quite common there. Lunch and dinner have similar type of meals consisting rice as a main dish. Drinking tea is another important part of Nepalese food culture where an individual can drink 2-3 cups of tea in average in a day.

Nepalese restaurants in Finland are selling meals that are combo of Nepalese and Indian cuisines. Here the meal consists of 'naan' and 'raaita' which comes from Indian food cul-

ture where as rice and curries come from Nepalese culture. The food is cooked in a mild taste which is appropriate for local customers otherwise the people in Nepal and India are more likely to eat spicy and hot food.

3.2. Restaurant Everest Spice

Restaurant Everest Spice, previously planned as Restaurant Asian Ocean is an ethnic Nepalese restaurant situated at Aleksis Kiventie Street in Kerava region. Literally, this restaurant is situated at the heart of Kerava city because it is next to a shopping mall and kerava city center which are the busiest center of Kerava region. The restaurant was planned as a fusion food restaurant of Asian style but the owners decided to start with the concept of ethnic Nepalese cuisine which has been quite popular in Finland in recent days. The restaurant is a franchise company of another restaurant in United Kingdom with the same name. The restaurant has adopted most of its menu and style of service.

Etymological meaning on restaurant is cooking herbs from highest peak Mount Everest. Its name depicts its originality as a Nepalese ethnic originality and identity. Mount Everest is generally taken as an identity of Nepal among the globe and use of its name in restaurant has a meaningful presence. Spices on the other hand are the prime reflection of south Asian cuisine around world. Many people are fascinated with south Asian cuisine because of the strong aroma and taste of the unique spices they use in their food. So, together, the restaurant has portrayed itself as the original taste and aroma from Nepal which has helped to create its brand and image as an authentic Nepalese cuisine.

The restaurant Everest Spice can be taken as a startup ethnic restaurant in Finland even though its sister company has been serving its products abroad for more than five years. The proprietor himself has been involved in its sister restaurant in United Kingdom as business partner and then arrived here in Finland with its franchise. So, even though the restaurant has been functioning here since mid of 2016, the proprietor has an adequate experience about the menu and services offered through this restaurant. This 24-seated restaurant has been proved as a good small-scale startup in Finland and has been handled as family business where proprietor Mr. Suresh Pandey and his spouse invest their energy and time to grow its business.

Kerava itself being a not so big residential hub and having a tough competition from other big ethnic restaurants around, this restaurant has still been moving smoothly in its track and it has shown a good sign of growth in terms of business and space. The owner has his plans of growing this business in near future and thinks that this restaurant in present

context has worked as a perfect platform for gaining experience and making a cordial relation with the local community. The restaurant has proved itself as a good decision made by the owners to start it in a small scale and sharp the business every day by observing the potential of the business.

The restaurant is open six days a week and lunch is served 11:00-15:00 on weekdays from Tuesday to Friday. On weekends, lunch is not served so the restaurant starts from noon only. Unlike the normal opening hour traditions of restaurants in Finland, this restaurant is closed on Mondays. The proprietor claims that business is quite slow on Mondays and this is the best day to close the restaurant and have a free time so that they can clean the machines that runs throughout the week in a proper manner. They also claim to be open on public holidays as well which is also very uncommon practice in Finland.

The menu restaurant follows is quite much like other ethnic Nepalese restaurants but the style of preparation is quite different here. The restaurant has a chef who is in this field for more than 15 years and has previously worked in many parts of world so that he is able to twist the recipe and way of preparation on demand of customers. The restaurant also changes its menu every six months based on the suggestions and demand of loyal customers. The customers seem to be quite happy with the food so that the restaurant has a very good word of mouth spread through online restaurant analysis portals and sites.

3.3. Unique Selling Point (U.S.P)

Unique selling point or also called Unique selling proposition is the term used for the unique characteristics of a firm or individual which makes them different from any other similar firm or individual that are existed already in the business. First developed in the 1940s as a means of understanding successful marketing campaigns, today a USP can help a company decide if a potential new business, product or service is different from what is already available. If not, the USP helps determine whether there is any reason for a buyer to purchase the new product or to shop at the new business instead of continuing to use established competitors. (Arlin 2014.) Unique selling point is an important marketing tool in the present context specially for the restaurant business where the competition among the similar themed restaurant is high. One has to prove that something special has been offered to the customer to attract them and stop them from visiting their competitors.

Restaurant Everest spice has been trying its best to modify itself every day since its establishment to make it unique among the competitors and spread its loyalty among its

customers. In present time where competition is tough and specially there are many ethnic restaurants blooming around, there has to be some unique identity for a restaurant so that it can differentiate themselves from the rest. Now there are four other Nepalese restaurants functioning around Kerava region with similar theme and almost similar food menus. In such circumstances, unique selling Point (U.S.P) for a restaurant like Everest Spice is very much necessary.

Restaurant Everest Spice claims to be the first international Franchise Nepalese restaurant in Finland. According to its Proprietor, the restaurant is the franchise of the restaurant in United Kingdom with the same name. He furthermore adds that the restaurant here has adopted more than 60% of recipes from the sister company in United Kingdom and this is quite new trend among the Nepalese restaurants in Finland to get a franchise from abroad.

The author also found that the restaurant has agreed upon some corporate responsibilities as well which is not so common practice among the ethnic restaurants here in Finland. The proprietor claims that he has agreed to donate 2% of his annual profit to the international Humanitarian agency "Save the Children". The restaurant also has been participating in Local social works in collaboration with the city council of Kerava and local social clubs. This responsible act of the restaurant in social cause has made its reputation and brand image popular among local people. In addition to this, the restaurant supports a local musical band named "Shadows of Symphony" which is also an act of its involvement and collaboration with local people and organizations.

Apart from its social involvements, the restaurant also has tried to act upon customer feedbacks on its products. For that purpose, the restaurant changes its menu partially on the request of its regular customers based on their suggestion. This act of involving customers in menu designing has helped restaurant maintain its loyal customers and also has helped to engage its customers with restaurant affairs which helps to increase sense of belongingness among the customers.

4 Research Implementation

In this chapter, the basic components of the research that will be carried out is explained briefly. The research methods that will be implemented and the objectives that are set for the research will be explained. The entire research process will be also discussed in this chapter and the target groups and the parties involved during this research will be also presented. The type of analysis method that will be implemented during the research period will be discussed briefly as well.

4.1. Research methods and Objectives

The thesis has implemented the format of quantitative research method where the data provided by the commissioning party is gathered, analysed, summarized and then conclusion is drawn out. Partially, qualitative measures are also taken as an approach where common practices of cost cutting theories are taken in consideration to apply cost cut measures for commissioning party and observation of the workplace and interaction with the commissioning party has played a significant role during the research. Here, the simplest way to distinguish between qualitative and quantitative may be to say that qualitative methods involve the researcher describing kinds of characteristics of people and events without comparing events in terms of measurements or amounts. Quantitative methods, on other hand, focus attention on measurements and amounts (more and less, larger and smaller, often and seldom, similar and different) of the characteristics displayed by the people and events that researcher studies. (Thomas 1921, 1.) The nature of research here is more based on calculations but still some parts of research deals with quality of the firm and theories revolving around it. So, in this thesis, author has tried to practice mixed research methods to some extent. A form is developed where data of the financial transactions of the restaurant is gathered so that the data collection process will be easy and thus collected raw data can be calculated and analysed properly. The data collection form mainly consists of the financial transactions of the restaurant (i.e. various costs, expenditures, sales, waste, etc.). The major purpose of the data collection form is to create safe data storage and ease up the process of data analysis.

In this research process, last consecutive four-month data are collected and analysed. The main objective of the research is to find out average expenditure of the restaurant in different departments firstly. Furthermore, profit or loss calculations are also carried out in an average note of four months. The possible cost cutting plans and the possible amount of savings made from it are calculated and difference in profitability is carried out again.

The research also aims to analyse how effective cost cuts can be during the time of economic depressions for the restaurant. The research will also be slightly analysing whether the proposed cost cuts are going to change customer behaviours or not.

This is the first research going to be made on the commissioning party so that there are no any comparisons to any previous studies or hypothesis made on this topic.

4.2. Research process

The author visited the commissioning party several times and personally filled up the data collection forms through the means of interview. The proprietor of the firm was personally involved in answering the figures necessary for the data collection form so that the validity and reliability of research was heightened. After the necessary data collection done, the next job in this process was to analyse the data. The data was then tabled and arranged in different comparing figures so that the results could be visible objectively.

Furthermore, the author also calculated the profitability of the business based on the data provided. The costs of the firms were divided into different parts and converted into tables and data charts. The author then studied the possible cost cutting ideas based on the investments of the firm in different sectors and the amount of reduction is calculated. Finally, total amount of savings from cost cutting is calculated and then its pros and cons on the business is analysed. Also, the possible amount of saving's worthiness to tackle the situation of economic depression is discussed.

4.3. Target group

The research is based on the data provided by the restaurant Everest spices so that the main target group of the research is the commissioning firm itself. The further research about customer's reaction towards the proposed cost cuts is not carried out so that customers are not taken as the major target group of the research. But the research has tried to analyse practicality of the proposed cost cuts based on the viewpoint of customers so that somehow costumers are also linked with the research indirectly.

Though commissioning party itself being a primary target group, the research is meant to represent all the ethnic restaurants in Finland in a vast sense. The other restaurant can also relate them with this research if the business modality and structure is similar to the

commissioning party. Being said that, the research has a larger target group if taken in the greater perspective.

4.4. The analysis method

In this research process, the excel form was prepared to collect the data from the commissioning party which was then stored in excel sheets. The data were then converted into visual mediums such as charts and tables. Profitability was calculated for the average of four months' period of January, February, March and April of 2017 and data separation was done based on different types of costs and expenditures.

The data was studied and analysed by the author and then possible cost cuts were executed in the excel files and the changes in the profitability figure was calculated. The extent of economic depression was then calculated after the cost cuts till the profitability turns negative to understand how efficient cost cutting can be during the time of recession and to what extent of recession, the planned cost cuts helps to be in positive profitability.

5 Research results

5.1. Present expenditure and income of company

It is necessary for a researcher to know how much the commissioning party has been spending and on what topics. Based on the data sheet designed for data collection, the total costs were tabled alongside the amount of sales. The collected data is analysed using the tools in excel in a figurative way which is displayed and explained in this sub chapter.

- Expenditure of the company:

The data analysis suggests that the company is spending slightly around 6000 euros per month in average. There is not so much difference in the total expenditure they make.

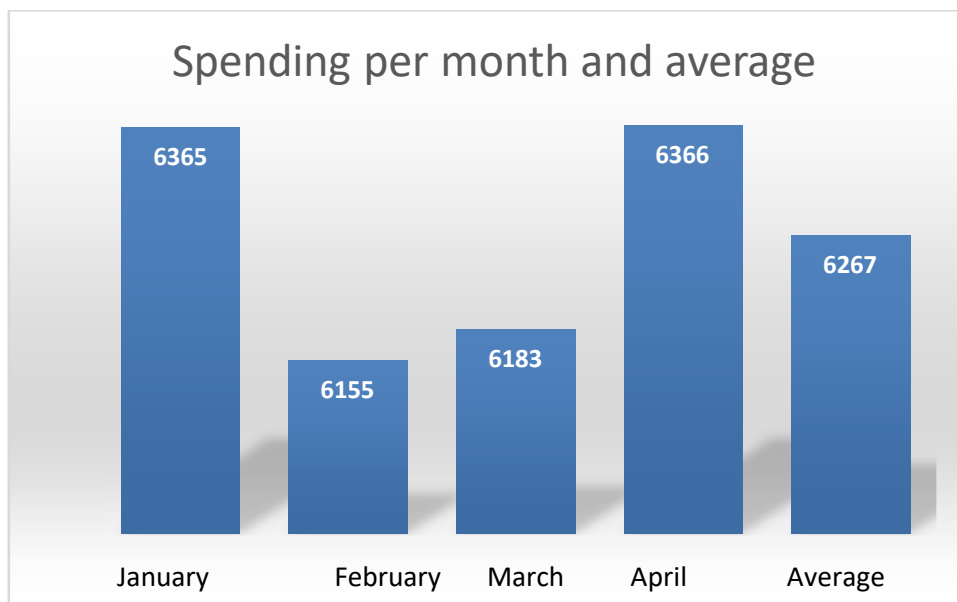


Figure 3: Expenditure of commissioning party per month and average

The figure here suggests that the maximum difference has been discovered in between 1(January) and 2(February) and difference is only around 200 euros. In general, the restaurant spends around 6267 euros per month in average.

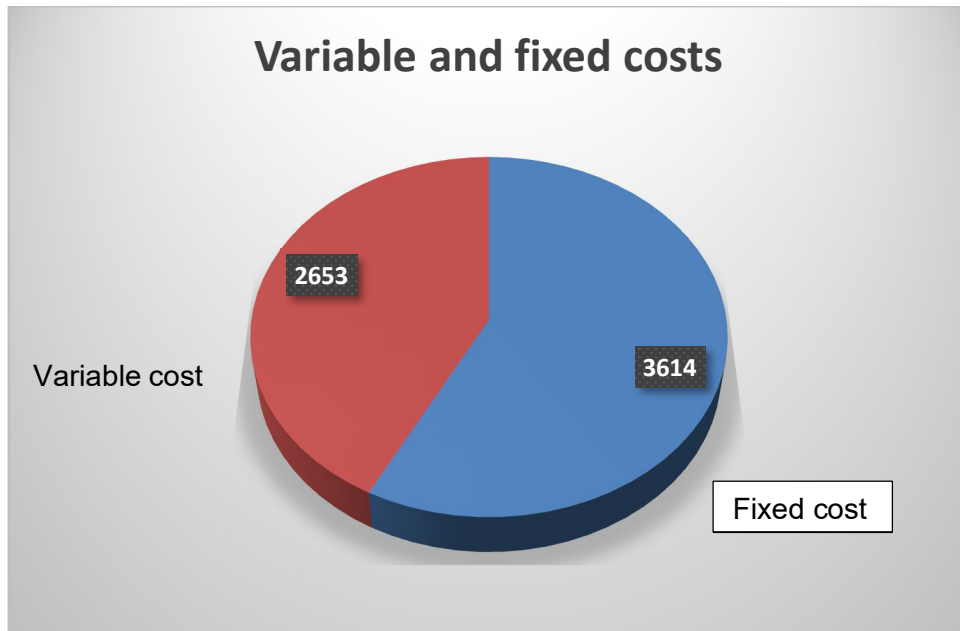


Figure 4: composition of variable and fixed costs

The restaurant is spending around 3600 euros per month as a fixed cost and around 2600 euros as variable cost. The major chunk of fixed cost is the salary paid to an employee per month in a fixed basis which is 1850 euros whereas rent is another big sum that makes its fixed cost larger than variable cost which is 1500 euros. In variable cost, major portion is occupied by the dry food items used as ingredients whose average sums up as 714 euros per month. Similarly, the cost of beverages also is calculated above 500 euros. Here the variable costs are in small number which suggests that the sales number is also not going to be very high because larger portion of variable cost is covered by cost of ingredients and if this cost is less, it means that consumption is also less.

- Income of the company:

The company being a restaurant business, its main income is the revenue from its food and beverages excluding VAT. The company's income data for consecutive four months shows that sales in this restaurant doesn't seem to be highly fluctuating. The highest difference in sales between highest earning month April (4) and lowest earning month March (3) is around 2500 euros only. The similar case was there for the cost as well. The expenditure and income of this restaurant suggest this as a small-scale restaurant which is more dependent upon the similar segment of customers and out of which many should be the loyal customers from neighbourhood.

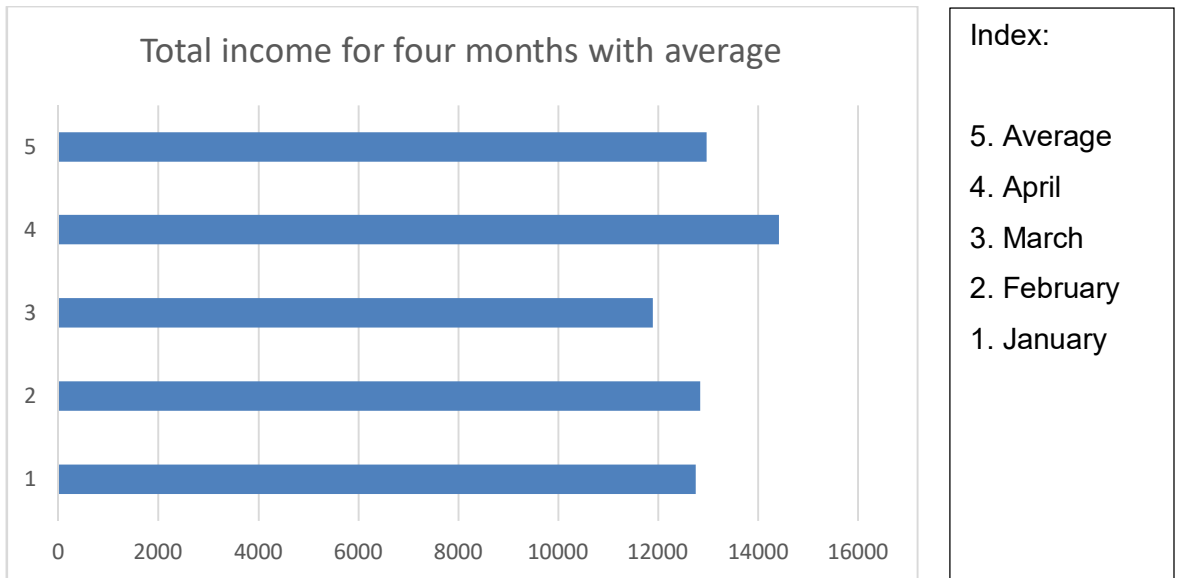


Figure 5: Total income of restaurant for consecutive four months with average

The major portion of income in the restaurant comes from the food sales which is 10917 euros in average whereas beverages sales cover a very less part in restaurant's total income in comparison to the food sales. In following pie chart, the combined contribution of alcoholic drinks (3) and non-alcoholic drinks sales together becomes only 16% whereas the food sales alone have the mammoth contribution of 84%. The figure depicts the fact that this restaurant is solely dependent upon the sales of food items and beverage items are only supplementing its sales. It is quite common for a restaurant to have its food as a main product but beverage sales also has a significant contribution in its total sales and profitability is higher in beverages as discussed in the theoretical chapter earlier.

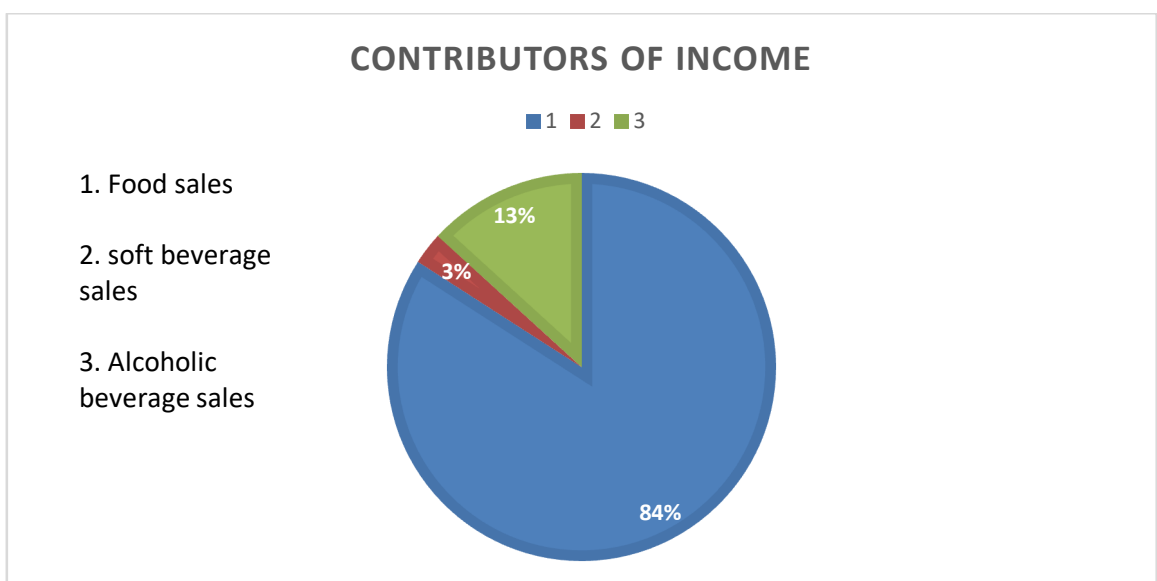


Figure 6: Contribution of food and beverages sales to total income

- Profitability of the company

Profitability can be simply understood as the ability to gain the profit. Profitability explains whether a business can gain the profit or not and it can be simply calculated by reducing all the costs from the product value. During the research, the profitability calculation for the commissioning party is carried out before the application of the cost cut measures and after the implications as well. The purpose for the dual calculations is to analyse the changes in profitability figures and ratio after the cost cutting measures are implemented. The analysis is made furthermore in third sub chapter of chapter 5. In this sub topic, author will be explaining the present profitability situation of the company before the measures of cost cutting is implemented.

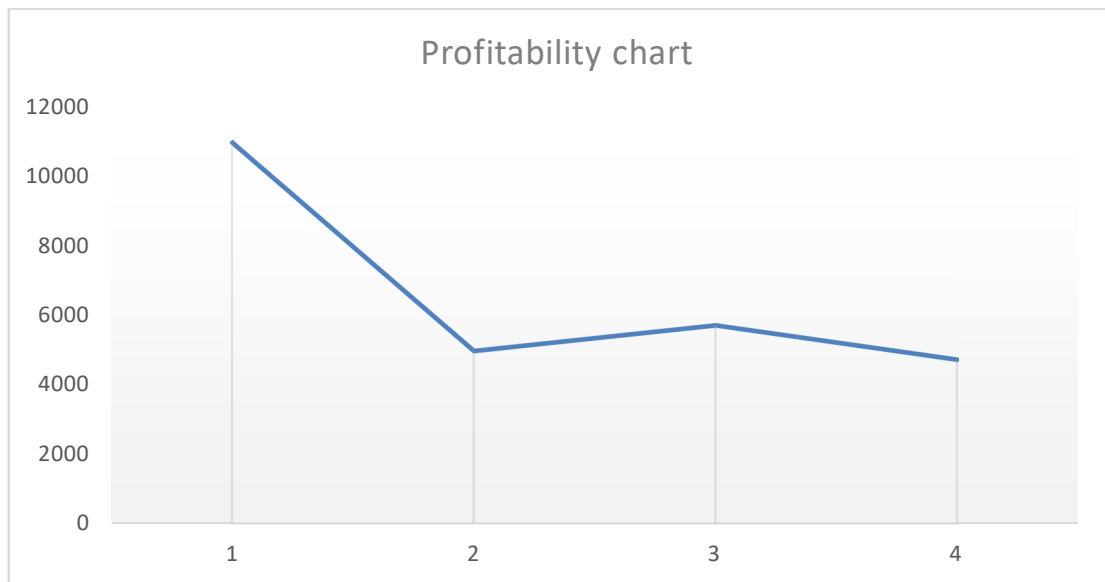


Figure 7: Profitability analysis

In above figure, 1 represents average sales, 2 represents net profit before income tax, 3 represents total costs and 4 represents breakeven point for the company. Based on the research calculations, the company has 80% of gross profit which is gained by reducing cost of goods from the sales. The net profit margin is 45% for the company which sums up average net profit of 4973 euros per month before income taxes. Profit margin varies from company to company based on various factors. A good profit margin restaurant can hope is above 25% but it can vary from one to another. 45% profit margin here is possible because of the low cost of food and the owner working full shifts in restaurant and not paying salary to himself. If salary was paid for his work in restaurant, the profit margin could go significantly down. Also, the cost of food in Nepalese restaurant is considered low compared to other restaurants, which makes this business profitable than other restaurant's

businesses. Similarly, the breakeven sales of around 4700 euros is calculated which means that the restaurant can do 4700 euros' business and pay all its fixed costs but still don't lost its money. This is quite good breakeven point for a small restaurant like this and this will make this competitive during the time of economic break down.

5.2. Application of possible cost cuts

As discussed in the theoretical part of the thesis, cost cut is not always fruitful for the business but cost cuts with logical and scientific basis can help a business to reshape its business in the time of crisis. The possible cost cut ideas are created here based on the data available and self-observation of the business premise of the commissioning party. The proposed cost cut measures are backed with logical ideas and its positive and negative effects on the business is analysed in this sub chapter.

Table 1. Possible cost cuts and savings figure

	Expenditure before	Cost cut planned	Percentage of saving
Payroll	1840	400	22%
Electricity	168.75	46.02	27%
Food waste (Rice)	60.17	21.73	36%
Marketing cost	150	100	67%
Cleaning	100	100	100%
Total	2318.92	667.75	28.79%

- Cost cut in payroll:

The commissioning party is paying monthly payment of 1840 euros to its staff who works for him 6 days a week for 7.5 hours a day which makes his average hourly salary as 10.2 euros. During the research, what I found was the restaurant was very busy during the lunch time which is afternoon till 3:00 pm. The restaurant had almost no customers till 6:00 pm then. The hours after then were not so busy but there were few customers visiting the place but customer flow is not too high. Basically, it means that the restaurant has its major business done during the lunch hours already. The chef working in the restaurant prepares lunch in the morning and then after the lunch hours are over, he basically doesn't have anything to do. To make it sure, I even asked the

owner about this who stays in restaurant from early morning till it is closed. He confirmed that the customer flow pattern is almost same every day.

So, the cost cutting can be done in employee expenditure to start with. The restaurant is small and one person is enough to handle the service and kitchen in a very less busy hour. The chef who is being paid 10.22 euros per hour can be paid 12 euros per hour and his working hour can be reduced to 5 hours per day. The chef can prepare the kitchen and items for the day and work the busy shift of day time within these 5 hours which will make him work as much as he used to work in 7.5 hours. Quite evenings can be handled by the owner himself as he always used to be there before as well. Implication of this cost cutting measure will save 400 euros from fixed cost of the commissioning party. (table.1).

This cost cut can be a win-win situation for both commissioning party and the chef working for it. During the time of Global depression, people tend to lose their jobs and mostly companies look for part timers. The chef who is paid around 10 euros will be getting 12 euros and he will have a free evening as he doesn't have to spend full time here so that he will get chance to work as a part timer in another restaurant if he wishes to do so. This will help him make more money than he used to earn being a full timer here. In this way, employee satisfaction is maintained and his ability and performance inside the restaurant is used in a full extent. Also, the owner can hire interns who are available almost throughout the year who can handle customer service while owner can handle kitchen during the quiet dinner time. This helps the restaurant to maintain its service quality and no significant adverse effect is experienced after this cost cut measure is implemented.

- Cost cut in electricity consumption:

One of the unseen costs of restaurant is an expenditure on its electricity bill. Normally, the electricity bill is not so expensive if only the normal lights and refrigeration's are used in a restaurant but almost 80% of the bill is generated by the air conditioning system which is used in kitchen to blow away smoke. They are the ones which run almost whole day in a busy restaurant and raise the electricity bill higher every time. Inside the premise of the commissioning party, there are two such big electronic air filters are used. One of them is used in the kitchen and another one is used in dining hall. The average electricity bill per month generated because of these 2 air filters is 168.75 (Table.1).

During the quiet time after lunch, the kitchen ovens are not in use and there are hardly any customers visiting for almost 3 hours. These two air filters keep on running even during these quiet hours which in my view is waste of energy or electricity. It can be a wiser move to switch off these big air filters during this time as the normal air ventilations are installed already inside every building and this can function during the time when those big air filters are switched off. This measure was practiced for few days and there were no any significant negative effects caused because of this measure. Based on the calculations, if those two air filters can be switched off during quiet time, 78 hours a month can be saved which results to save 46 euros per month from electricity expenditure which is 27% of the total cost of electricity used per month. (Table.1)

- Cost cut in food portion served:

Food waste has been one of the major problems that is being faced globally by the restaurants. The reason behind it might not be only the portion size but it can vary in every individual case. The commissioning party has also faced the problem of left over plates since its establishment and the owner started keeping data of the major waste food for last few months and the result was convincing. Rice was the food that remained as the major left over and the same phenomena repeated every day. So, when the same food is measured as the highest volume of waste, then it suggests that there is some problem in its taste or the volume in the portion. It was found that in an average note 16% of the total rice served was found being wasted per month. (Table.1)

So, the cost cutting measure can be implemented here as well by reducing the volume of rice in the portion and allowing people to add some more rice portion as a complementary if they like to have more. This act helps to reduce and almost obliterate the amount of rice that goes to waste and saves the cost of rice that goes to waste. According to the calculation made, this measure can save 21.73 euros per month which is 36% of total cost of rice used. (Table.1)

This measure can be a suicidal attempt in the business if customers are not explained the reasons behind this. There are many awareness campaigns running around the world against food waste and the restaurant can explain to its customer that the measure is taken to support global cause of controlling food waste and anyway customers can eat complementary portion of rice if they feel like eating it. This is quite log-

ical that whoever has been eating the whole portion rice earlier can have it now as well and who ever used to throw it can have reduced portion and contribute less to the waste. This can create a good brand image of the restaurant among the customers and this approach can be a successful attempt.

- Cost cut in marketing:

The whole concept of marketing has been changing in recent time after the world has entered the era of digitalization. There used to be the time when the businesses need to use public broadcasting and publication methods as the only way to conduct their marketing campaigns. Those are still in practice but they are more likely used by the big companies who needed to cover the larger segment of customers. The commissioning party was found using traditional method of leaflet printing and distributing as one of the major marketing methods. The party is also using local newspapers as their advertising medium several times. They have separated the budget of 150 euros per month for advertising purpose and they have been using the total budget almost every month on various mediums.

The present era is considered as the era of 'Zero marketing investment' meaning by there are several platforms and mediums which provide opportunities to advertise ourselves. The effect of digital media and social network has been proven better than the effect of traditional media in present context. So, if the use of free social media can be done effectively, there is hardly any need of advertising in traditional media spending 150 euros per month which is a big sum of money for a small enterprise with a small turnover. Inter-enterprise marketing is also a good way to practice free marketing where owner can agree with other business enterprises and come under a common platform where one business enterprise promotes other for free in a chain among their customer groups. The modern advertising is a lot cheaper than the traditional one. For example: page boosting in Facebook and Twitter can be done within the budget of 50 euros per month and the reach among the customers is a lot higher than the traditional media. In this way, use of free advertisement and cheaper modern social network advertisement, the commissioning party can save up to 67% from the marketing budget. (Table.1)

- Cost cut in cleaning:

In general practice, small restaurants are cleaning their premises by themselves as the area is not so big and the basic cleaning has to be done every day. The commissioning party is spending 100 euros per month for special cleaning performed for three hours by a cleaning service provider. The question here is whether the special cleaning is necessary once a month or not. The basic cleaning is performed every day two times in hall and once in a kitchen. I personally don't find any logic in 3 hours cleaning done by the cleaners once a month. Rather, the worker and the owner can perform a better cleaning if they plan it in a better structured way. For example: During each day's basic cleaning, 10-15 minutes extra is given for specific cleaning and every day specific cleaning is done in different areas, per month more than 4 hours is spent in it and every part of the restaurant is specially cleaned and maintained as well. In this way, 100 euros paid on monthly basis for cleaning purpose can be eradicated from the total cost.

- Total cost cut:

After being based in the research, calculation and observations the total sum of 667.75 euros is obtained as the possible savings that can be achieved from the cost cutting measures. The figure obtained is based on real calculations made following the presumption of the possible cost cutting inside the premise of the commissioning party. The amount of 667.75 euros is the total proposed cost cut from five different cost topics whose total is 2318.92 euros. The figure explains that the total planned cost cut is 28.79 % of the total cost before cost cut.

In the similar note, the proposed cost cut amount 667.75 is 10% of the total cost of the commissioning party per month which is 6442 euros in average. The total cost cut in variable expenditure is 221.73 euros which is 8% of total variable cost of 2653.35 euros in average. Similarly, the total cost cut in fixed expenditure is 446.02 euros which is 12% of total fixed cost which sums up as 3788.75.

5.3. Analysis of commissioning party's ability to cope depression after cost cut

The nature of economic depression is unpredictable. The harshness of depression over the economy of nation varies from one another. The depression can't be exactly meas-

ured and its effect over any sector can't be precisely explained. Only the trait of depression that defines the height of its effect on business is that customer's purchasing power is weakened by the global depression. So, based in the same character trait of global depression, one can project its effect on their business.

Restaurant business is directly based on consumers as they sell their products to customers on day to day basis. The survival of a restaurant business solely depends upon customer's buying ability and this can be the reason that restaurant business is one of the hardest hit business by the economic depression. When buying power of customers is weakened for couple of years or more due to economic depression, the business fails already within first few months. The phenomenon of depression is global so that an entrepreneur of a small sized business can't do anything to change it but some initiatives can be taken to maintain the flow of local customers so that the business at least doesn't have to bear losses during these years. The commissioning party has started their business last year and they are still in the start-up phase. The customer behaviour for the restaurant can hardly be analysed in this early phase but the owner has explained that the customers are increasing per month and they have local customers as well who visit the place quite often as loyal customers. The loyal customers are easy to maintain during the time of global depression as well by the means of discounts and customer relationship management. The restaurant now needs more customers apart from loyal ones as an additional advantage. Also, mostly the customers visiting this place are lunch customers which means that they are paying lunch prices which are far lower than dinner prices and is affordable even during the time of economic crunch. It will be easier for the restaurant to maintain a lunch customers than to maintain dinner customers during the hard-economic time. This customer analysis of the restaurant suggests that even during the time of economic depression, the commissioning party won't lose much part of its existing customers which means that the struggle for the survival won't be very difficult for this restaurant and the cost cutting measures might help it smoothly to face the harsh situation.

So, what can be the means that helps a business to maintain the flow of customers even during the time when consumer's buying power decline? It can be the 'Price' which can attract customers during the time of recession. As discussed in earlier chapters, people become more price conscious during the time of recession so that they look for cheaper consumption and that is the reason fast food business gain high profitability during the time of economic breakdown. So, to lower the price, there should be some savings made from internal cost cutting so that the savings made can make up the price for discounted sales. In this sub chapter, author has tried to analyse the cost savings and differences made by cost savings in profitability. The analysis can explain to what extent the differ-

ences made by cost cutting help the commissioning party to cope the situation of economic depression.

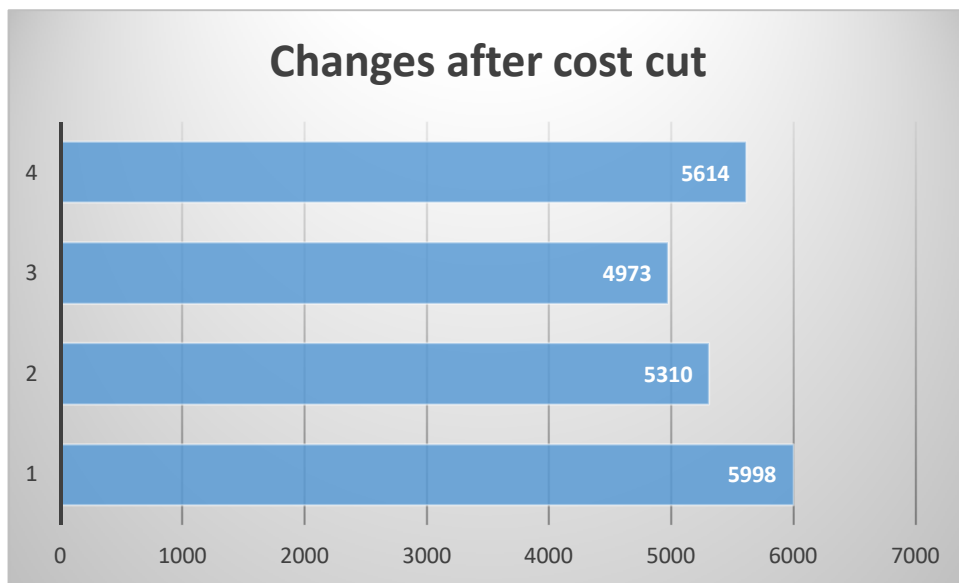


Figure 8: Differences in cost and net profit after cost cut

In the above figure, graph 1 is total cost of restaurant before cost cuts, graph 2 is the total cost after tax cuts, graph 3 is the net profit before tax cuts and graph 4 is the net profit after tax cuts. The changes in total cost after the cost cuts about 11.5% which accelerates the profitability rate by 12.8%. The amount that can be saved per month from the proposed cost cuts is 688 euros which sums up to 8256 euros in year. Similarly, the difference in breakeven point is 796 euros which is a real advantage during the time of recession. Before the cost cuts, the breakeven point for the business was calculated 4725 euros which reduced to 3929 euros after the cost cuts. This explains that to sustain in the business, the restaurant must do 3929 euros only and this is because of the cost cuts which reduced break even points by 16.9%.

The business of commissioning party is likely to sustain the period of economic recession if the cost cuts is implicated and the amount saved from cost cuts can be used as discounts to lower the selling price so that the customer flow remains same or in the worst-case scenario the business runs in a breakeven point. There are several success cases of the low-priced restaurants during the time of economic depression so that it is more likely that restaurant can have a good customer flow if the savings from cost cuts can be used to resize the menu price and attract the customers based on pricing. This helps to increase or at least maintain the volume of sales which can be the best way to cope the situation of economic depression.

In next practice, the restaurant can apply the price cuts and save the proposed amount from expenditures. The price is not changed and business is dealt normally. In this practice, there is a high chance that the number of customers visiting the restaurant declines. The major strength of this practice is the lowered breakeven point so that even though the business shrinks because of the declination of sales volume, the company has less risk of facing losses. The company doesn't have high chances of being profitable but the chances for getting below breakeven point is also less. So, this approach can also be helpful during the time of economic depression.

As discussed already, the situation of economic depression is never predictable or measurable. It can be very harsh that even the proposed cost cuts couldn't be enough to cope the situation but still it is always better idea to be well prepared for the situation to what extent it is possible. The cost cut measures at least will give a greater hope of tackling the situation rather than waiting for it to destroy yourself. The cost cut itself is not a full proof protection shield against global depression but this can help the commissioning party to the best extent possible. The proposed cost cuts and the approaches of its implications can help the restaurant to survive the situation and at least be in the market so that they can plan for its growth and revival after the harsh situation gets back to normal. So, in other words, this can be a temporary measure of survival only. Once business survives this situation, there will be lot of opportunities after overcoming the situation.

5.4 Suggestions

As discussed in previous chapters, cost cut measures can have bi-polar effects in the business of a restaurant. So, one must be prepared to face the consequences either its negative or positive contributor to the business of a firm. It is always better to understand the possible negative outcomes of any measures that we plan to apply on an existing scenario. The same is the case of this cost cutting measures. The owner is the one who knows far better about the place than anyone else. So, it's better to analyse whether the proposed cost cutting measures can have any serious side effects in the business because the measures are planned based on the global implications of price cuts but every business firm have different styles, formations and aspects of business which can differ from one another. This can also alter the effectiveness of the proposed measures on different businesses. Hence, the owner should be able to choose whether the proposed cost cuts measures are profitable or it can damage the business furthermore and based on the same analysis, the cost cut measures can be implemented.

Apart from the proposed cost cuts measures, owner can also think about implementing normal day to day saving measures. Here day to day saving measures are: efficient use of energy, re-assessments of menu based on the types of food waste, use of interns and management of productive manpower etc. The five cost cut measures that are proposed and tested based on calculations are the major aspects observed by the author and there can be many more small savings that can be made on daily basis if observed properly by the owner as he is engaged in day to day performance of the restaurant.

The implication of the proposed cost cuts has been scheduled for the worst-case business scenario which is generally occurred during the time of global recession. So, the cost cuts are harsh in nature. This can cause some disturbances in the operation part of business but this is the nature of cost cut in general. Thus, the cost cuts here are primarily proposed for the time of depression when the owner can use this as the last attempt for survival. So, at such point one has to neglect some of its negative effects as this is the only way to maintain the probability to sustain in the market.

The two approaches of the implications of the cost cuts have been discussed in the third sub chapter of this fifth chapter. The owner can choose in which way he wants to apply the proposed measures of cost cuts based on the level of depression and situation of restaurant business then. In both approaches, the main concern is coping the situation of depression but their outcome can vary. In the first approach, the saving made by cost cuts is used to reduce the selling price of products to attract customers during the situation of crisis. This approach can be a gambling situation as it can increase sales volume drastically like the trend suggests and generate more profit than in the normal situation or customers might not get interested in discounts and the effort becomes a failure attempt. In other approach, the price is kept same and savings are directly used. This is comparatively less gambling because then the business doesn't rely on customer flow to survive the situation of crisis. Any approach applied is for crisis tackling purpose and the owner can analyse the situation and choose the best suiting approach for the business.

6 Conclusion and Evaluation

In this final chapter of thesis, author has presented his personal evaluation about the thesis process and his experiences during thesis writing. This chapter also explains the limitations of this thesis and its authenticity. The chapter closes with a conclusion note which also summarizes the thesis in general.

6.1. Limitation and Validity

The research topic for this thesis had a broader scope, global appeal and implications whereas the commissioning party which was taken as a reference for the study was a very small unit. Hence combining such a vast idea with one small study unit was a challenging as well as an unusual experiment which could have its pro's as well as cons.

This thesis could go beyond the pages if its research area could be extended. The author chose to narrow down such possibility because the broader analysis and research made on this topic could make the flow of this thesis towards unlimited path which would need a lot of materials, resources and time. The author somehow succeeded to mix up this vast topic with a very small research area but this process of mixing up led towards numbers of limitations raised during the entire process of thesis writing.

The author mainly had to revolve around the commissioning party's economy which was literally tiny compared to global economy which was mainly affected during the situation of recession. So, there could be many aspects that would be further explored and analyzed if the effects of recession could be analyzed in a broader frame. The thesis has presented the collaboration of a greater topic 'recession' with a smaller area of an ethnic restaurant present in Finland. The author believes the results gained through this research might be somehow used by all the ethnic restaurants in general but they should adopt these suggestions organically based on their situations and investments in market because every restaurant varies here based on costs and income.

The thesis also could have included a survey among the customers about the implications of the suggested cost cuts and made a research to find out customers' acceptance on the changes that are being suggested. The author also escaped this part of research because of the limitation of time and to make this thesis completed within a frame without making it look over written and bunch of over written documents. Here, validity of this research would certainly be much higher if its practical implications on customers and their level of acceptance would be brought up and analyzed together but still the credibility of the re-

search is higher because of the real figures of a real commissioning party has been analyzed during the research. The sources and references used during the research are reliable and are listed in the references part of the thesis as well. The research has been limited within certain aspects and a small research area only in order to focus on them and not to mix up various aspects and get lost into its vast contents.

6.2. Self-evaluation and evaluation of thesis process

As an author of the thesis I got to get involved with the whole thesis writing process and this was a noble experience for me. Previously, the author had prepared several reports and blogs but preparing a thesis is completely a different act as one must stick with several guidelines and study of several materials related to the context is also necessary. The author found the process interesting and challenging. Many resources and materials were read while preparing this thesis which was beneficial and helped a lot to raise the level of knowledge. Throughout the study period in University, the author got chance to deal with many course books but during this entire process of thesis writing, author got chance to develop many ideas by sharpening the theoretical study through the several resource materials used.

The process was challenging in a sense that the access to the necessary data and resources were not so easy. As this thesis demands to have more study of resources related to statistics and data to enhance the idea, the search was even more difficult. It was really a painful task to collect official figures and statistics related to theories and that is the reason author has used less components of official figures in theoretical part. Also, it was necessary to differentiate between authentic results and fake ones. The author faced this issue several times while surfing through the available resources and many times he has decided not to use the available resource because it lacked authenticity. It is always better not to use any resources if we are not sure about its credibility and the idea was well implemented by the author. The author has tried to make the thesis as simple as possible by not using jargons in expressions and writing. The author believes that thesis should be prepared in a readable manner so that one can easily understand what author wants to present.

During the self-analysis of the author regarding the thesis writing process, there were several positive achievements that were personally experienced. The author has tried to prepare the thesis in a very strict time frame and for that reason several days, author spend almost every hour a day writing this. Personally, author has understood the value of

hard work and dedication and the reason for such exploration is thesis itself. The author understood how important the well management of time is for writing a good thesis and how poor time management affected thesis writing in this case. Author not being a native English speaker also found difficulty in vocabulary and presentation style of thesis so he also thinks practicing academic writing and reading always help during the process of thesis writing.

The thesis process all started by choosing the thesis topic and developing a thesis implementation plan on it. The author then chose thesis supervisor and discussed thesis contents with him. The commissioning party was informed about the research that was going to be made on their premises. Based on the supervision of the supervisor, author developed the theoretical framework for the topic and planned research methods also. Furthermore, the research method was implemented into action by data collection with the commissioning party. Thus, collected data were compiled, classified, and further calculations were carried out so that the present accounting of the firm was figured out in basics. Taking this to new level, the possible cost cut measures were implemented and its effect on the present accounting figures was analyzed. The final approach was made by analyzing the possible savings made and its effectiveness during the time of global depression.

6.3. Conclusion

The situation of economic depression is unpredictable and small businesses specially are unaware about this phenomenon because the phenomenon has a global scope and small businesses are focusing more in local economy. The only way they forecast the phenomenon is when news spread and effects start to be seen in ground base which is the point of time when it is almost impossible to make any preparations to cope this situation. This can also be a major reason that small businesses suffer a lot during the time of any great economic crisis. Especially when the situation continues for years and turns into economic depression, it is even harder for them to survive for such a long time. So, the author has emphasized on the pre-planning for the situation of global recession for a small-scale business focusing on the aspect of cost cuts as this can be done internally by the firm.

The research was mainly based on the expenditure part of the business and its main objective was to find out unnecessary spending done by the company and possible cost cuts in it. The thesis mainly focused on the probability of survival of the business during the period of economic depression by the means of such cost cuts. The fact is that profitability can be gained by increasing sales and it can be the best way to survive in the business

but during the situation of economic depression, there is a very less chance in growth of sales and sometimes it can be the even in a decreasing figure. Hence, the concept of cost cut was planned for commissioning party so that they can pre-plan for the harsh situation of economic depression and implement the cost cuts as the last measures to survive the situation.

The research showed that implementing the major cost cut measures proposed by the research could save around 10% of the total prevailing cost of the restaurant in general and this saves around 8000 euros annually. The amount of savings gained by the cost cuts is really a good sum for small scaled restaurants like of commissioning party its impact in its profitability level is appreciable. The analysis suggests that the planned cost cuts will not be complete enough to survive the harsh depression but it can play one of the major roles to cope it. The savings from the cost cuts can be invested into discount offerings and price lowering which are very helpful to maintain the flow of customers in business and increase the volume of sales.

Thus, the measures of cost cuts can be painful and helpful both in nature. It depends on the way and timing of its implementation if it is going to succeed or fail. A successful implementation of cost cuts can help a business to cope the situation of economic depression whereas the situation can be even more messed up if the cost cuts are blindly implemented without analyzing the situation and its effectiveness on the business. The research is based on a typical small scaled Nepalese restaurant and it best suits on it. So, one should be analytical about these measures if they are planning to implement this in their personal business.

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Appendices:

1. Data collection sheet for cost and income of Restaurant Everest Spices

Data Collection sheet for financial transactions of Restaurant Everest Spice							
S.N.	Expenditures Titles(with tax)	January	February	March	April	Average	Average without tax
	1 Dry food (raw materials)						
	2 Grocery items						
	3 Gassoline						
	4 Meat items						
	5 Soft drinks						
	6 Alchohol drinks						
	7 cleaning						
	8 Internet and phone						
	9 Marketing						
	10 Rent and waste management						
	11 Administrative costs						
	12 Insurance						
	13 Employee cost						
	Total						
S.N	Income Titles	January	February	March	April		
	1 Food						
	2 Soft drinks						
	3 Alchohol Drinks						
	Total						Total tax Paid

2. Income statement of commissioning party for four months and average

S.N.	Expenditures Titles(with out tax)	January	February	March	April	Average
1	Dry food (raw materials)	734.6	610.17	576.458	638.55	639.9445
2	Grocery items	507.4	485.9	464.83	523.31	495.36
3	Gassoline	301	288.1	275.2	309.6	293.475
4	Meat items	387	361.2	374.1	365.5	371.95
5	Soft drinks	103.2	82.13	73.1	98.9	89.3325
6	Alcohol drinks	357.2	330.6	389.12	399	368.98
7	cleaning	76	76	76	76	76
8	Internet and phone	22.8	22.8	22.8	22.8	22.8
9	Marketing	150	150	150	150	150
10	Rent and waste management	1350	1350	1350	1350	1350
11	electricity	136.8	133	114	129.2	128.25
12	Employment insurance	39.52	39.52	39.52	39.52	52
13	Premise insurance	38	38	38	38	50
14	Auditing	72.96	72.96	72.96	72.96	96
15	Employee cost	1840	1840	1840	1840	1840
Total		6116.48	5880.38	5856.088	6053.34	6024.092
S.N	Income Titles	January	February	March	April	
1	Food(excl taxes)	9202	9374	8488.2	10492	9389.05
2	Soft drinks(excl taxes)	326.8	279.5	266.6	322.5	298.85
3	Alcohol Drinks(excl taxes)	1273	1231.2	1303.4	1402.2	1302.45
Total		10801.8	10884.7	10058.2	12216.7	10990.35
	beggining inventory(december)	640	560	730	720	565
	cost of good sold	2470.4	1988.1	2162.808	2489.86	2277.792
	Gross income:					8712.558
	Gross income margin:					79%
	operational cost:					1925.05
	Employe cost:					1840
	net profit					4947.508 (before taxes)
	net profit margin					45%
	total fixed cost					3765.05
	total variable cost					2259.042
	net profit after tax					3463.256

3. Commissioning party agreement



Thesis commissioning agreement (1/2)

The purpose of the thesis is to indicate the student's ability to apply his or her knowledge and skills in a practical task relating to the student's professional studies. (Decree on Polytechnic Studies, 1129/2014). The scope of the thesis is 15 ECTS points (400 hours). This agreement also states the research and development objectives of the thesis.

COMMISSIONING PARTY

Commissioning party (company or other organisation)	Restaurant Everest Spice		
Job supervisor or contact person	Name	Suresh Pandey	Title
			Owner/ Manager
Address	Aleksis Kiven tie 14, 04200 Kerava		
E-mail	info@everestspice.fi	Telephone	0405543122
My contact information can be saved in HAAGA-HELIA's customer register. (Only for HAAGA-HELIA's internal use)			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The commissioning party allows the publication of the thesis in Theseus, an electronic Internet-based library.			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

STUDENT INFORMATION

First and last name	ASHISH THAPA	Student number (only in thesis supervisor's copy)	a1103312
Degree programme	Bachelor's Degree in Hotel, restaurant and tourism management		
Campus	Haaga		
Home address	Maauuninkuja 4E 43, 01450, Vantaa		
E-mail	catchaud@y-mail.com	Telephone	0442229223
If the thesis is completed as team work (two or more persons), the names of other participants:			

THESIS OBJECTIVE AND ADVISING

Thesis topic	Possible cost cutting in Nepalese restaurants in Finland to survive economic depression: A case study on Restaurant Everest Spice.
Research and development objectives (in an appendix if necessary)	- To explore present profitability of commissioning party - To calculate savings made from possible cost cuts - To apply them and see the changes in profitability. - To analyze if the change is enough to cope an economic depression.
HAAGA-HELIA's thesis advisor(s)	Pekka Heikkilä
Thesis completion objective:	30 / 05 2017

The commissioning party's representative(s) agrees to support the thesis process.
In addition, (check boxes as applicable):

- the commissioning party shall financially compensate HAAGA-HELIA or the student (separate agreement).
- the commissioning party shall reimburse the student for costs arising from the commissioned thesis, e.g. material acquisition, travel expenses, raw material expenses (a separate clarification/agreement if necessary).

CONDITIONS OF AGREEMENT

Thesis supervision and responsibilities

The student is responsible for the thesis, i.e. its completion, contents, and results. HAAGA-HELIA's responsibility is limited to thesis advising.

The commissioning party undertakes the commitment to provide the student with all of the needed information and resources agreed upon, and also to supervise the process from the perspective of the commissioning organisation. As part of thesis assessment, the commissioning party has the right to assess the usefulness of the results to its activities.

Rights to thesis results and other thesis materials, equipment and applications

The copyright to the thesis results belongs to the thesis author(s). If the author is employed by the commissioning party, copyright issues will be determined on the basis of the terms of employment in force.

The commissioning party has the right to use the anticipated thesis results. Should the thesis results exceed the standard, the commissioning party shall separately agree with the author on their commercial use.

The student has the obligation to provide the commissioning party with a report on the thesis results.

Publication of results and confidentiality

The entire thesis, including its assessment, is a public document. The thesis will be published in HAAGA-HELIA's internal database. Should the thesis contain business secrets or other information deemed confidential in the legislation concerning the privacy of information, the thesis report must be compiled in a manner that preserves the required confidentiality. If required, confidential information will be placed separately in the background material.

The parties to the thesis process (student, commissioning party, thesis advisor) shall keep confidential all of the confidential information and documents made available during the thesis process and in meetings and negotiations before and after thesis completion, and shall not make use of confidential information supplied by the other parties without due permission.

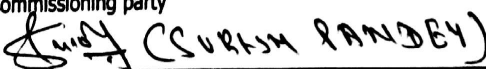

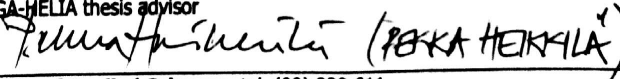
Thesis costs and compensation

The commissioning party and the student shall separately agree on compensation for costs arising from the commissioned thesis, e.g. material acquisition expenses, raw material expenses, travel expenses, and work compensation. HAAGA-HELIA shall provide sufficient staff resources for thesis advising.

Termination of the agreement

This agreement can be terminated if there is a strong reason to do so (e.g. the student terminates his/her employment relationship with the commissioning party).

WE HAVE JOINTLY AGREED ON THESIS COMPLETION AND ADVISING AS DESCRIBED ABOVE

Date	Signatures
24/09 2017	Commissioning party  (SURESH RANDEBY)
16/03 2017	Student  (ASHISH THAPA)
16/3 2017	HAAGA-HELIA thesis advisor  (PEKKA HEIKKILÄ)

HAAGA-HELIA University of Applied Sciences, tel. (09) 229 611,