

Midocean University

Faculty of Management

Department / Specialization: Project Management

**The Impact of Operational Audit Practices on Quality
Standards
Compliance in Multi-Brand Restaurant Chains in Saudi
Arabia**

تأثير ممارسات التدقيق التشغيلي على الامتثال لمعايير الجودة
في سلاسل المطاعم متعددة العلامات التجارية في المملكة العربية السعودية

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Chapter 1: Introduction

الفصل الأول: الإطار العام للدراسة

1.1 Research Background / المقدمة

The restaurant industry is one of the fastest-growing sectors in the world, and Saudi Arabia is no exception. The country's food service market was valued at USD 27.8 billion in 2023 and is expected to grow at a rate of 11.57% annually through to 2029 (Abdou, Hassan, & Salem, 2023). This growth is connected to a number of factors — a young population, changing eating habits, and strong government investment in the hospitality and entertainment sector as part of Vision 2030. As more restaurant chains expand across the Kingdom, the question of how to maintain consistent quality across many branches becomes increasingly important for operators and managers.

Maintaining quality in a restaurant chain is not simply about serving good food. It involves managing a wide range of operational areas — from kitchen cleanliness and food storage to pest control and staff hygiene. The Saudi Food and Drug Authority (SFDA) sets clear requirements for all food businesses operating in the Kingdom, including the implementation of HACCP-based food safety systems, proper equipment maintenance, and regular pest management (Saudi Food and Drug Authority, n.d.). In the academic literature, Juran and Godfrey (1999) describe quality control as a three-step process: measuring actual performance, comparing it to a standard, and taking action when there is a gap. This is essentially what an operational audit does. Daft and Benson (2016) take a similar view from a management perspective, arguing that control systems need to be built into day-to-day operations — not just applied when something goes wrong. More specifically

in food service settings, Presti et al. (2023) found that using a structured audit checklist across different areas of a catering operation is an effective way to identify problems, apply corrective action, and improve compliance over time. Lee et al. (2021) also showed that poor implementation of food safety management systems has direct consequences for public health, reinforcing how critical it is to have a reliable monitoring tool in place.

Despite this, there is surprisingly little research on how operational audit systems work in practice within multi-brand restaurant chains in Saudi Arabia. Most existing studies either focus on a single type of establishment or look at food safety in isolation. None of them address the situation common in the Saudi restaurant sector, where one company manages several different brands under one operations team — each branch needing to be audited regularly across multiple quality dimensions at the same time. As Juran and Godfrey (1999) point out, you cannot manage what you cannot measure consistently, and this is precisely the challenge that motivates the current study.

This study looks at the impact of operational audit practices on quality standards compliance in a multi-brand restaurant chain operating in Saudi Arabia. The audit system being studied covers eight operational dimensions and uses a structured digital checklist to generate measurable scores across branches. The aim is to understand how this kind of systematic audit tool contributes to quality outcomes, and what lessons can be drawn for restaurant operators and operations managers in the region.

This project is divided into two main chapters. The first chapter outlines the general framework of the study — covering the research background, the problem and its significance, research questions and objectives, hypotheses, the proposed research model, methodology, scope, and the suggested structure for the final project. The second chapter presents a review of existing literature on the key study variables.

1.2 Research Problem / مشكلة الدراسة

Running quality checks across dozens of restaurant branches is genuinely difficult. Each branch operates under slightly different conditions — different staff, different customer volumes, different physical layouts — and yet all of them are expected to meet the same standards. Without a structured audit system, it is very hard to know which branches are consistently compliant and which ones need attention. Even where regulatory requirements exist — such as those set by the SFDA (Saudi Food and Drug Authority, n.d.) — compliance is not automatic. It requires regular monitoring, clear scoring, and follow-up action.

The core question this study is trying to answer is whether a structured, multi-dimensional operational audit system can actually make a measurable difference to quality compliance levels across the branches of a multi-brand restaurant chain in Saudi Arabia.

1.2.1 Theoretical Gaps / الفجوات على المستوى النظري

On the theoretical side, the quality management literature provides solid foundations — Juran and Godfrey's (1999) quality control process and Daft and Benson's (2016) framework for organizational control are both directly relevant here. However, these frameworks have rarely been applied specifically to multi-brand restaurant chains where a single audit system must cover several distinct brands operating under one management structure. Lee et al. (2021) identified that food safety management systems do not always perform as expected across different organizational contexts, which suggests that generic frameworks may not be enough. There is a need for a model that treats multi-dimensional operational auditing as a single, unified construct studied in relation to quality compliance outcomes.

1.2.2 Practical Gaps / الفجوات على المستوى التطبيقي

On the practical side, many restaurant businesses in Saudi Arabia still rely on informal or irregular inspection routines that do not produce consistent, comparable data across locations. Abdou et al. (2023) noted that the Saudi food service sector includes a broad range of business types with varying levels of operational discipline. Presti et al. (2023) found a similar issue in institutional catering — no standard framework exists for regular mandatory inspections. Without a tool that scores each branch consistently and tracks changes over time, managers are essentially making quality decisions without reliable data. This study directly addresses that problem by examining a real operational audit system already in use across a Saudi restaurant chain.

All of this points to one central research question: To what extent do operational audit practices impact quality standards compliance in multi-brand restaurant chains in Saudi Arabia?

1.3 Research Significance / أهمية الدراسة

1.3.1 At the Theoretical Level / على المستوى النظري

From a theoretical standpoint, this study fills a gap in the existing literature by applying established quality control and organizational management frameworks to a context that has received very little academic attention — multi-brand restaurant chains in Saudi Arabia. It builds on the work of Juran and Godfrey (1999) and Daft and Benson (2016) by testing their ideas in a real operational environment, and adds to the Saudi-specific food service research of Abdou et al. (2023) by introducing an operational audit dimension that previous studies have not examined. It also responds to the concerns raised by Lee et al. (2021) about the uneven performance of food safety management systems by proposing a context-appropriate audit model that brings multiple quality dimensions together into one measurable construct.

1.3.2 *At the Practical Level / على المستوى التطبيقي*

In practice, the findings of this study should be useful to anyone responsible for managing quality across multiple restaurant locations. By showing which audit dimensions have the most impact on overall compliance, the study can help operations teams prioritize their efforts and use their time more efficiently. It also makes a case for the value of digital, standardized audit tools as everyday management instruments — not just inspection checklists that get filed and forgotten. Given that the Saudi food service sector is set to keep growing (Abdou et al., 2023) and that SFDA regulations require all food businesses to maintain high hygiene and safety standards (Saudi Food and Drug Authority, n.d.), there is a real and practical need for this kind of evidence-based operational guidance.

1.4 Research Questions / أسئلة الدراسة

The study is guided by one main research question and three sub-questions:

Main Question: To what extent do operational audit practices impact quality standards compliance in multi-brand restaurant chains in Saudi Arabia?

- RQ1: What is the current level of quality standards compliance across the eight operational audit dimensions in the studied restaurant chain?
- RQ2: To what extent does each audit dimension contribute individually to overall quality compliance scores across branches?
- RQ3: Is there a relationship between the frequency of audit visits and the level of quality standards compliance across branches?
-

1.5 Research Objectives / أهداف الدراسة

The study aims to achieve the following:

1. To examine the overall impact of structured operational audit practices on quality standards compliance in a multi-brand restaurant chain in Saudi Arabia.
2. To measure current compliance levels across eight audit dimensions — entrance standards, dining area cleanliness, kitchen cleanliness, equipment condition, food safety, storage, pest control, and operations/SOP compliance.
3. To identify which audit dimensions have the strongest individual effect on overall quality compliance scores.
4. To explore the relationship between audit visit frequency and branch compliance levels.
5. To provide practical recommendations for improving operational audit frameworks in multi-brand restaurant chains in the Kingdom.

1.6 Research Hypotheses / فرضيات الدراسة

Based on the research questions, objectives, and the theoretical framework, the following hypotheses will be tested empirically in Final Project 2:

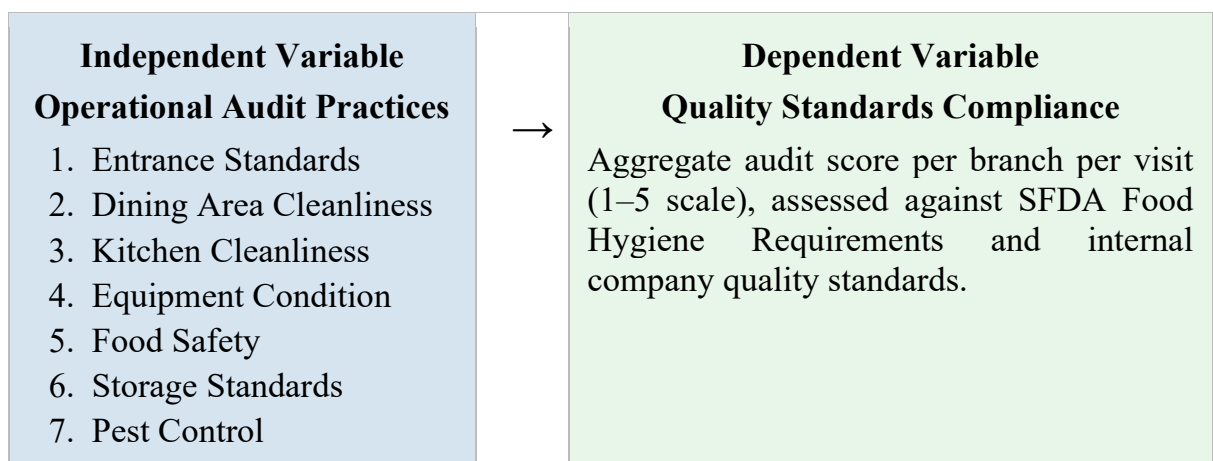
- H1: Operational audit practices have a statistically significant positive impact on quality standards compliance in multi-brand restaurant chains in Saudi Arabia.
- H2: The food safety and pest control audit dimensions have a stronger positive impact on overall quality compliance than other audit dimensions.

H3: Higher frequency of operational audit visits is positively associated with higher quality standards compliance across restaurant branches.

1.7 Research Model / نموذج الدراسة

The research model proposes a direct relationship between two main variables. The independent variable is Operational Audit Practices, measured across eight dimensions derived from the structured audit checklist used by the company. The dependent variable is Quality Standards Compliance, measured as the overall audit score per branch per visit. Each of the eight audit dimensions feeds into the compliance outcome, and the model tests both the combined and individual effects of these dimensions.

This model is grounded in Juran and Godfrey's (1999) quality control process — which identifies measurement, comparison, and corrective action as the core steps of any quality system — and in Daft and Benson's (2016) organizational control framework, which positions systematic monitoring as the mechanism through which standards are maintained. The SFDA Food Hygiene Requirements (Saudi Food and Drug Authority, n.d.) serve as the external regulatory benchmark against which compliance is assessed.



8. Operations / SOP Compliance		
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Figure 1: Proposed Research Model

1.8 Research Methodology / منهجية الدراسة

This study uses a quantitative, descriptive-analytical approach. According to Sekaran (n.d.), quantitative research is appropriate when the goal is to measure relationships between variables using numerical data, and when the researcher wants findings that can be compared and generalized. That fits well with what this study is trying to do — compare audit scores across branches, identify patterns, and draw conclusions about what drives compliance.

The primary data comes from the operational audit checklist already deployed across the restaurant chain's branches. The checklist is completed digitally via Google Forms after each branch visit, and records scores on a 1–5 scale across eight operational areas: entrance standards, dining area cleanliness, kitchen cleanliness, equipment condition, food safety, storage, pest control, and operations/SOP compliance. Each submission also captures the branch name, city, date, inspector name, and type of visit — whether it was a routine evaluation, a follow-up, a deep clean, or a pest control visit. Before and after photos are taken for each area, which provides useful visual confirmation of the scores.

The study population is all restaurant branches of the chain operating in Saudi Arabia. The sample will include all branches for which complete audit records are available during the data collection period. Descriptive statistics will be used to summarise compliance levels per branch and per dimension. Correlation and regression analysis will then be applied to test the three hypotheses — looking at the overall effect of auditing on compliance, the relative impact of individual dimensions, and the role of visit frequency. All analysis will be carried out using

statistical software, and the results will be interpreted against the SFDA regulatory framework (Saudi Food and Drug Authority, n.d.) and the quality control standards described by Juran and Godfrey (1999).

1.9 Scope of The Study / الدراسة الميدانية

The study will be conducted within a leading multi-brand restaurant chain operating across Saudi Arabia. The company manages more than 40 branches spread across several restaurant brands, with the majority located in Jeddah and a smaller number in Riyadh and other cities. The operations team currently conducts 2–3 branch visits per day, which means each branch typically receives at least two audit visits per month under normal conditions. Where a branch has a significant compliance issue — such as pest activity or a kitchen that needs deep cleaning — additional visits are arranged outside of the regular schedule.

The audit data used in this study was collected through the company's digital inspection form, which captures scored responses across all eight dimensions per visit. An initial dataset of 20 audit responses from Jeddah branches is already available, covering May 2026. An internal inspection report from the Operations Department (April–May 2026) also documents observed trends across the same quality areas, including cleanliness, pest control, food safety, and storage — providing useful context for understanding how the audit system is working in practice.

The primary focus of the study is Jeddah, with Riyadh data available for comparison. The study is limited to the company's internal audit records and does not include external regulatory inspection data or customer feedback.

1.10 The Suggested Project Structure / مخطط المشروع المقترح

The final graduation project (Final Project 2) is proposed to follow this structure:

1. Cover Page
2. Table of Contents
3. List of Figures
4. List of Tables
5. Chapter 1: General Framework — Introduction, Research Problem, Significance, Questions, Objectives, Hypotheses, Research Model, Methodology, Scope, and Suggested Project Structure
6. Chapter 2: Literature Review — Prior research on Operational Audit Practices (independent variable), Quality Standards Compliance (dependent variable), and the relationship between them
7. Chapter 3: Research Methodology — Full description of research design, instruments, sampling, data collection, and analysis methods
8. Chapter 4: Data Analysis and Findings — Statistical analysis of audit data, hypothesis testing, and key results
9. Chapter 5: Discussion, Conclusions, and Recommendations — Interpretation of findings, implications, and recommendations for practitioners and future research
10. References
11. Appendices — Audit checklist instrument, sample inspection reports, raw data tables

Chapter 2: Literature Review

الفصل الثاني: الدراسات السابقة

This chapter will be completed in Assignment #3 (due Week 11). It will cover the following sections: 2.1 Introduction, 2.2 The Independent Variable (Operational Audit Practices), 2.3 The Dependent Variable (Quality Standards Compliance), 2.4 The Relationship Between the Independent and Dependent Variables, and 2.5 Conclusion.

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