

PERCEPTION OF FRANCHISING IN IRELAND

**Dissertation submitted in part fulfillment of the requirements for the degree of
MBS at Liverpool John Moores University in contraction with Dublin Business
School**

**Ingrida Makaraite
Student No. 1224585**

TABLE OF CONTENTS

LIST OF TABLES AND FIGURES	4
LIST OF TABLES	4
LIST OF FIGURES	4
DECLARATION.....	6
ACKNOWLEDGEMENT	7
ABSTRACT.....	8
CHAPTER 1: INTRODUCTION	9
1.1. BACKGROUND OF THE PROBLEM	9
1.2. RESEARCH OBJECTIVES	9
1.3. INTERESTS AND AIMS OF THE TOPIC	10
1.4. SUITABILITY OF THE RESEARCHER	10
1.5. CONTRIBUTION OF THE STUDY	10
1.6. RECIPIENTS OF THE RESEARCH.....	11
1.7. ORGANISATION OF THE DISSERTATION	11
CHAPTER 2: LITERATURE REVIEW	12
2.1. OVERVIEW OF FRANCHISING	12
2.2. HISTORY OF FRANCHISING	13
2.3. CONCEPT OF FRANCHISING	14
2.4. THEORIES OF FRANCHISING.....	16
2.5. TYPES OF FRANCHISING	18
2.6. ADVANTAGES AND DISADVANTAGES OF FRANCHISING	19
2.7. RELATIONSHIP MANAGEMENT OF FRANCHISING	22
2.7.1. <i>Franchisor's control over its franchisees</i>	24
2.7.2. <i>Satisfaction with the franchise business</i>	25
2.7.3. <i>Agreement of franchising</i>	26
2.7.4. <i>The operations manual</i>	28
2.7.5. <i>Initial and continuing fees</i>	29
2.7.6. <i>Training</i>	31
2.7.7. <i>Territory</i>	34
2.7.8. <i>Terminations</i>	35
2.8. SUCCESS OF FRANCHISING	36
2.9. FRANCHISING IN IRELAND	38
CHAPTER 3: RESEARCH METHODOLOGY	42
3.1. INTRODUCTION	42
3.2. RESEARCH OBJECTIVES	42
3.3. RESEARCH APPROACH	44
3.4. RESEARCH STRATEGY AND DESIGN.....	47
3.5. CENSUS.....	48
3.6. DATA COLLECTION, EDITING AND CODING	49

3.6.1. <i>Questionnaires</i>	51
3.6.2. <i>Interviews</i>	52
3.7. ETHICAL CONSIDERATIONS.....	53
3.8. RESEARCH RELIABILITY, VALIDITY AND LIMITATIONS	55
CHAPTER 4: FINDINGS	57
4.1. FINDING FROM QUANTITATIVE ANALYSIS	57
4.2. FINDINGS FROM QUALITATIVE ANALYSIS	74
CHAPTER 5: ANALYSIS.....	76
CHAPTER 6: CONCLUSIONS.....	81
CHAPTER 7: RECOMMENDATIONS	83
CHAPTER 8: SELF REFLECTION.....	85
8.1. INTRODUCTION	85
8.2. LEARNING STYLES AND STRATEGIES	86
8.3. RESEARCHER’S LEARNING STYLE	88
8.4. BENEFITS OF THE MBS COURSE.....	89
8.5. DISSERTATION	89
8.6. BENEFITS OF MBS TO THE PERSONAL LIFE	90
GLOSSARY OF TERMS	91
BIBLIOGRAPHY	92
APPENDIXES	99
APPENDIX 1: QUESTIONNAIRE	100
APPENDIX 2: SUMMARY OF QUESTIONNAIRE RESULTS.....	106
APPENDIX 3: INTERVIEW QUESTIONS	117
APPENDIX 4: RESULTS OF INTERVIEWS.....	118
APPENDIX 5: PROJECT PLAN	122

List of tables and figures

List of tables

Table 2.1. Employment in the franchise sector	39
Table 2.2. Turnover of Franchise Systems in Ireland	40
Table 2.3. Cost of franchising	40

List of figures

Figure 2.1. Duration of the training	33
Figure 2.2. Location of the training	44
Figure 4.1. Gender	58
Figure 4.2. Age category	58
Figure 4.3. Education and training level	59
Figure 4.4. Alternative business	60
Figure 4.5. Personality description	60
Figure 4.6. Business sectors	61
Figure 4.7. Business structure	62
Figure 4.8. Franchise ownership time	62
Figure 4.9. Franchise business growth	63
Figure 4.10. Percentage of business growth	64
Figure 4.11. Current franchise business size	64
Figure 4.12. Satisfaction in business	65
Figure 4.13. Reasons for success	66
Figure 4.14. Unique features	67
Figure 4.15. Qualities in the franchise business	68
Figure 4.16. Business attractiveness to the franchisee	69
Figure 4.17. Business unattractiveness to the franchisee	70
Figure 4.18. Investment amount	71

Figure 4.19. Number of employees need by franchisee71

Figure 4.20. Frequency of communication72

Figure 4.21. Quality of the relationship73

Figure 4.22. Commitment to the relationship73

Figure 4.23. Goals 74

Figure 8.1 Kolb’s learning cycle87

Declaration

I hereby certify that this material, which I now submitted for assessment on the programme of study leading to the award of Masters of Business Studies, is entirely my own work and has not been submitted in whole or in part for assessment for any academic purpose other than in fulfillment of that stated above.

Signed

Date

Acknowledgement

I would like to thank the following people as their assistance was an invaluable asset in the completion of this dissertation.

Firstly, I would like to thank all the respondent franchisors who completed the questionnaires and participated at interviews by giving the author valuable insights from the franchisor perspective.

I would like to thank my supervisor Dr. Catherine Rossiter for her guidance and assistance throughout the dissertation writing process.

Also I would like to thank Mr. John Green, the former chairman of the Irish Franchise Association and master franchisee of Chem-Dry Ireland and Mr. Barry Bradshaw of the Franchise Options magazine for their time, advice and valuable assistance in distributing my survey to the franchisors.

Finally, I would like to thank my family and friends for their support throughout my two years of college.

Abstract

Business format franchising is a method of business development which is widely used in order to enable businesses to expand rapidly. In recent years, franchising has grown in the world and has become a popular way of conducting business in various business sectors. The growth of franchising is understandable because both parties the franchisor and the franchisee can offer each other the complimentary resources. Franchising has also developed in Ireland over the past few years. It contributed to Ireland's economic growth by generating profits and opportunities.

The research is focused on franchising in Ireland. It outlines the challenges, perceived advantages and attractiveness of the franchise business. The purpose of this research is to discover the barriers that have to be overcome within the franchise business model for the franchisor in order to be successful in Ireland.

The results show that franchising is acknowledged business model in Ireland and that it has further opportunities to be developed for the nearest future. The key findings of this dissertation are the positive business relationship management and maintenance of the franchise business support. The analysis shows that franchisors believe that positive and mutual working relationship and business support make their franchise business model attractive to the franchisees. The attractiveness of the franchise business model is a solution to the business growth and success.

CHAPTER 1: INTRODUCTION

1.1. Background of the problem

Franchising is one of the most popular business forms in the world. Most people do not realise that they contribute to the franchise business success by every day patronising business outlets by buying products or services.

In Ireland this type of business was prospering over the few decades as Irish consumers were more brand aware and quality conscious.

To understand franchise business in Ireland the dissertation is chosen in this area with the research problem of 'Perception of franchising in Ireland'. The dissertation outlines the problem through the perception of the franchisor.

1.2. Research objectives

The main purpose of this dissertation is to find out the crucial factors which lead Irish franchise businesses to success. In order to find out all this, the research question should be answered: 'What barriers do franchisors have to overcome to be successful in franchising? '.

Following the identification of the research problem, the next step is to generate the research objectives. The researcher highlighted the following objectives:

1. To discover why franchisors get involved in franchising.
2. To discover perceived barriers that the franchisor has to overcome in franchising.
3. To identify the challenges the franchisor faces in franchising in Ireland.
4. To identify the perceived advantages for the franchisor in franchising.
5. To identify the critical success factors for the franchisor in franchising.

1.3. Interests and aims of the topic

The aim of this dissertation is to find out what barriers have to be overcome for the franchisor in order to be successful in the franchise business in Ireland. This dissertation will help to discover the challenges and advantages for the franchisors within the franchise business and will also help to understand why they get involved in this business. Based on the research question the research hypotheses will be tested.

H1. A positive and mutual working relationship among a franchise network leads to success.

H2. Lack of business support in the franchise business network is the main barrier that makes the franchise business model unattractive.

1.4. Suitability of the researcher

The researcher chose this topic because she was already familiar with this business model through the course which she undertook at undergraduate level. During this course she was studying the business modules, international business and finance. She had also worked on the project of franchising within the Baltic countries. Since then she developed a particular interest in this business model as she saw this model very attractive. She saw franchising as an attractive business as it had already developed business concepts, know-how and support from the franchisor.

1.5. Contribution of the study

The research would be definitely contributed to knowledge for academic and business purposes. It would help people to understand advantages and disadvantages of franchising and to see the franchising situation in Ireland from a franchisor's perspective. Franchising is a very popular business model. There are many franchised businesses operating worldwide. Also currently there are no dissertations on franchise

available at the DBS Library. The researcher hopes that this dissertation will be the background for the students to get familiar with it and increase their interest in franchising.

1.6. Recipients of the research

The primary recipients of my research are the following: Dublin Business School, DBS Library and Liverpool John Moores University. The researcher's advisor will also be a primary recipient. The additional recipients will be Mr. John Green the former chairman of the Irish Franchise Association and master franchisee of Chem-Dry Ireland, Mr. Barry Bradshaw of the Franchise Options magazine and all franchisors that will show their interest in familiarising with this dissertation.

1.7. Organisation of the dissertation

Chapter one is a brief outline of the research background, objectives and purpose of this study. Chapter two contains the literature review which helps to understand the franchise business model, its advantages and challenges. It also has a section of franchising in Ireland and reasons of success within the franchise business. Chapter three contains research methodology. This chapter outlines research strategy, design, methods and techniques. Chapter four is findings of quantitative and qualitative research and chapter five is analysis of both quantitative and qualitative researches. Chapter six contains the conclusions where hypotheses are tested and chapter seven outlines the recommendations based on the analysis and conclusions drawn from the research findings. Chapter eight contains self reflection of the researcher throughout her masters' studies. After chapter eight follows a short glossary list of terms used within this dissertation. The bibliography follows after the glossary of terms. Finally, the appendices follow with questionnaire, summary of questionnaire results, interview questions, results of interviews and project plan.

CHAPTER 2: LITERATURE REVIEW

2.1. Overview of franchising

All organisations have to take a strategic decision on how to grow, survive in the long run and to pick the right entry strategy entering a new market. This decision depends on many factors. Some of the most important factors are cost, risk and degree of control. Entering a new mode strategy, the management of the organisation has to make one of the key strategic decisions (Lu, 2002), because such entry 'is difficult to reverse once set' (Besanko et al. 2004). Once the decision to enter the strategic markets is made, the next step is to decide on how to expand the business.

There are a few entry mode strategies which are listed below (Mellahi et al., 2005, p.192):

- Export.
- Licensing.
- International franchising.
- Wholly owned strategies.
- Mergers and acquisitions.

Franchising is one of the popular entry strategies to the local or the foreign business markets. Franchise is the acquired rights to offer specific products or services within a certain location for a declared period of time (Which franchise, 2009).

Franchising is a special form or licensing which allows the franchisor more control over the franchisee and provides more support to its franchisees (Griffin and Pustay, 2007). Franchising can be described as a distribution model which distributes services and goods. It also can be described as an opportunity to operate a business under a recognised brand name (Mathews et al., 2006).

2.2. History of franchising

Before looking closely at the franchise industry in Ireland, it is necessary to overview the history of franchising.

It is generally believed that techniques of franchising started in the USA, when the Singer Sewing Machine Company established a dealer network (Mendlesohn, 2004). Following this, the car manufacturer General Motors started to use franchising in 1898. After General Motors Company the soft-drink giants Coca-Cola started to use the concept of franchising and after that by the 1950's the franchising boom hit the United States (Izraeli, 1972). However the techniques didn't derive from one moment of inventiveness. It involved the solutions developed by businessmen. During the decades different categories of franchising emerged and involved all levels in the chain from manufacturer to consumer.

In 1960 the International Franchise Association was founded in order to deal with increased interest in franchising. This organization provided support and information for franchisees, franchisors and suppliers (IFA, n/d).

By 1967 there were almost 513.000 franchise outlets in the United States (Izraeli, 1972). One of the key people known as a franchise developer was Ray Kroc. He was a salesman who was selling milkshake mixers in the United States. Ray Kroc teamed up with McDonald's brother who run a small hamburger stand in California and became a master franchisor by building a network of the franchisees. In 1961 he bought McDonald Brother's stake and become one of the fastest growing franchises in the world (Shook and Shook, 1993).

According to Franchising in Ireland Survey (2004), there were 767.483 establishments of franchise business in the United States owned by franchisees and franchisors. They provided 9.797.117 jobs, met a 229.1 billion dollar payroll and produced 624.6 billion dollar output.

Franchising exists in 140 countries and that number will continue to grow (Mendlesohn, 2004). Some products and trade name of franchising such as automobile and truck dealers, petrol filling stations and soft drink bottles have achieved the growth of sales despite the reduction of outlets (Mendlesohn, 2004). The growth of franchising internationally has spread though the continents with varying degree of activities. The different level of franchise growth depends on country's economical and political situation, business climate, availability of spending power (Mendlesohn, 2004). In Ireland, as with the rest of the world, the growth of franchising is running parallel to the growth of the service economy (Franchising in Ireland Survey, 2004).

When analyzing the history of franchising, it is important to mention that 41% of franchises in Ireland originate from the United States and 36% from the United Kingdom (Irish Franchise Association, 2006).

2.3. Concept of franchising

During the last few decades franchising has increased and became a very popular business form. The concept of the franchise business started in the eighteenth century. Since then it has continued to be one of the most commonly adopted growth strategies in the retail industry (Fock, 2001).

Fock (2001) states that the forms of the franchise business have varied from simple trade name licensing to comprehensive business format, which is called franchising. There are many definitions to describe the meaning of franchising as different authors define franchising differently.

The business form franchising is a licence to operate a business using a franchisor's product, service and trademark under certain guidelines for a specified time (Which franchise, 2009).

Franchising can be described as a firm (the franchisor) which sells right to market goods or services under its brand name. This firm gives its business practices to a second firm, which is called the franchisee (Combs et al., 2004).

‘Franchising is an organisational form in which a firm grants an individual or company the right to conduct business in a prescribed manner, within a specified geographic area, during an agreed time period, in return for royalty contributions or other fee payments’ (Justis and Judd, 2004; cited by Weaven and Grace, 2009, p. 91).

In the European Code of Ethics for Franchising (2008, p.3), the European Franchise Federation defines franchise as *‘a system of marketing goods and/or services and/or technology, which is based upon a close and ongoing collaboration between legally and financially separate and independent undertakings, the Franchisor and its individual Franchisees, whereby the Franchisor grants its individual Franchisee the right, and imposes the obligation, to conduct a business in accordance with the Franchisor’s concept’*.

Tikoo (2005) defines ‘franchising as not only an economic system, but also as a social system in which the franchisor and franchisee have a close working relationship’ (Strutton et al., 1995; Etgar, 1997; cited by Tikoo, 2005, p. 329).

Luangsuwimol and Kleiner (2004) describe franchising as a long term business relationship where the franchisor grants to the franchisee a licensed right, subject to agreed requirements and restrictions to conduct the business.

The franchise operation can be defined as ‘a contractual relationship between the franchisor and franchisee in which the franchisor offers or is obliged to maintain a continuing interest in the business of the franchisee in such an area as know-how and training; wherein the franchisee operates under a common trade name, format or procedure owned by or controlled by the franchisor, and in which the franchisee has made or will make a substantial capital investment in his business from his own resources’ (McCall, 2004).

The franchise business module is a valuable business concept as it has intellectual property which is a core value of the franchisor’s developed systems. The trademarks

are also a valuable business concept as they ‘not only identify the franchise’s goods and services but also symbolize the reputation and good will of the franchise business’ (Vander-Broek and D’Angelo, 2008). The franchise intellectual property may consist of trade secrets or other confidential and proprietary information. According to Vander-Broek and D’Angelo (2008), ‘a franchise system’s trade secrets and confidential information derive competitive and economic value from the fact that they are not generally known to the public’.

The organisational structure of franchise is a franchisor and a franchisee. ‘The franchisor is the developer (person/company) of a product or service, who offers investors the right to trade under the franchisor’s business name using the franchisor’s business concept, intellectual property and know-how’ (AIB guide to franchising, 2005). ‘The franchisee is the investor (person/company) who purchases the right to trade using a franchisor’s product, service or name, and using a franchisor’s business concept, its intellectual property and know-how’ (AIB guide to franchising, 2005).

The franchisee can operate under the licence that the franchisor provides. The type of licence can be master, multi-unit or single-unit franchise. The master franchisee is given the right by the franchisor to develop and sell franchises under the brand name within a certain territory or region. The multi-unit franchise is a franchisee with awarded rights from the franchisor to operate more than one unit within a defined area based on a schedule that is agreed upon development. The single-unit franchise is a franchisee who works at the franchise which usually takes the form of the business supplying a service. The type of business may be mobile, home-based or requiring small premises (Which franchise, 2009).

2.4. Theories of franchising

Franchising can be explained by using the two key theories: resource scarcity and agency theories (Combs et al. 2004). The resource scarcity theory and the agency theory dominate in franchising literature (Altinay and Wang, 2006).

Quinn and Doherty (2000) state, that both theories resource scarcity and agency ‘offer valuable insights into why firms franchise’. The resource scarcity theory explains franchising as being a response to a shortage of necessary resources which are inevitable for organisation expansion (Altinay and Roper, 2005). The main resources for organisation expansion are ‘financial capital, human capital, managerial talent and local knowledge’ (Alon and McKee, 1999, p. 76). The franchised firms which can acquire those resources gain the competitive advantage and successful growth (Altinay and Wang, 2006). The resource scarcity theory can be applied to franchised firms in their early years because they lack managerial experience and capital needed to grow (Harmon and Griffiths, 2008). Combs (2004) argues that the capital is the most notably resource. The researchers have questioned ‘whether capital scarcity can be an independent factor motivating franchising because it assumes that franchisee capital is less expensive than capital from passive sources such as lenders and stockholders’ (Norton, 1995; Rubin, 1978; cited by Combs et al. 2004).

Agency theory focuses on the alignment of the interest between franchisor (principal) and franchisee (agent) (Alon and McKee, 1999). Agency theory addresses relationship in which one part (franchisor) delegates work to another part (franchisee) (Sashi and Karuppur, 2002). According to the agency theory the relationship can be established through the use of selected criteria which are outlined in the contract (Weaven and Debra, 2009). Agency theory contends that the businesses become franchised in order to minimize the cost (Harmon and Griffiths, 2008). Quinn and Doherty (2000) state that agency theory highlights the importance of the information transfer process through relationship management. Agency theory can be applied to the franchisor and franchisee relationship where the franchisor takes away ‘the burden and costs of selecting and training staff members’ and at the same time ‘the franchisee is assumed to exercise more motivation and commitment as the personal investment’ (Huang and Phau, 2009).

There are two types of agency theories: vertical and horizontal. Vertical theory is focused ‘on how franchise contracts divide tasks and residual claims to create incentives

that promote efficiency and minimize opportunism' (Klein, 1995; cited by Combs et al. 2004). Horizontal theory is focused on the relationship where the authorities are delegated within the chain of franchising (Combs et al. 2004).

2.5. Types of franchising

Franchising can take a number of different business formats. In the modern business world franchising industry is very extensive and has many types of franchise businesses.

Generally, franchise can fall into one of the following three classifications: distributorship, chain-style business operations and manufacturing or processing-plant arrangement (Luangsuwimol and Kleiner, 2004). A distributorship exists when franchisor licences the franchisee (the dealer) to sell its products. A chain-style business operation arises when a franchisee operates under a franchisor's trade name and engages in the franchisor's business.

A manufacturing or processing-plant arrangement exists when the franchisor transmits to the franchisee a formula or essential knowledge on how to make a particular product (Luangsuwimol and Kleiner, 2004).

Clarke states that franchise can be categorised into the following categories (1999, p. 10):

- Job franchise. This type of franchise usually is a 'one person' business where the owner is the operator of franchise. This type of franchise usually can be run from home and offers mobile or van-based services to the local customers.
- Distribution franchise. This franchise operates on employing delivery drivers or roundspeople to distribute their products and then allows such employees to buy franchise out and operate on a self-employment basis.
- Depot franchise. The franchisees operate a depot-based business.
- Retail franchise. The franchisees are required to buy retail outlets to sell the products which are approved by the franchisor.

- Office/ Business-to-business/ Service to the public franchise. The franchisees run an office, studio or salon either at home or premise.
- Investment franchise. The franchisees act as investors who will normally employ a management team and may have little or no active involvement in day-to-day business.

According to Mendlesohn (2004) franchise can be categorised involving all levels in the channel from manufacturer to consumer. Franchise arrangements can be found between manufacturer and retailer, manufacturer and wholesaler, wholesaler and retailer, and retailer and retailer (Mendlesohn, 2004, p. 17).

Dignam (2008) states, that franchise can have two types of business – ‘those that can recruit people irrespective of their experience and expertise in that market (for example, McDonald’s) and those that can only recruit people who have experience and expertise in that market (such as Tax Assist)’.

2.6. Advantages and disadvantages of franchising

Franchising is one of the business methods that continue to grow around the world. The businesses considering franchising as a beneficial development option, including ‘quicker growth through more highly motivated operators, using someone else’s money and effort, to open and run the outlets’ (Duckett, 2008, p. 3).

The advantages in franchise business is shared by both parties the franchisor and the franchisee. ‘For a large company, franchising allows rapid expansion at little cost’ and for a small investor, it is an opportunity to buy part of a successful business while avoiding much of the risk of starting a new one’ (Cohen, 1997).

As franchising appears to be a very popular business model with quick expansion over the last few years, it shows ‘that failure in franchising increased during the 1990s even though the number of failures varies from sector to sector’ (Cliquet and Croizean, 2002,

p. 238). Despite a slight increase in failure the franchise has a main advantage which is 'a tried-and-tested business model' (Slattery, 2004). Generally, the advantages of franchising can be divided into strategic franchise management and operational franchise supports (Doherty, 2007).

There are a number of the perceived advantages and disadvantages of franchising to both the franchisor and franchisee. Below is given a summation of these advantages and disadvantages from various authors on the topic such as Clarke (1999), Monroy and Alzola (2005) as well as from the Irish Franchise Association. The most common advantages to both franchisor and franchisee are typically the following.

Advantages to the franchisor:

- Business expansion and rapid access to the new markets.
- Low price for the business distribution network.
- Brand image development.
- Reasonable profit generation without becoming involved in high risk capital investment.
- The additional capital injection in order to achieve a rapid capital growth is not needed.
- Less staff problems to cope with as this is a responsibility of the franchisees in the different outlets.
- Quick profit growths as the franchisees are keen to minimise costs and maximise sales.
- Franchisor can negotiate certain preferential supply terms for the franchisees and charge them a management fee for this purpose.

Advantages to the franchisee:

- Access to the proven business concept and to the prestigious brand.
- A guaranteed clientele from the outset.
- Constant support and training from the franchisor.
- Profit earned as an independent business person.
- Less capital is needed to start franchise business.
- The franchisee's business risk is reduced.

- The maximised access to obtain information.
- Finance for the franchisees can be more readily available than for those setting up business on their own.
- The ownership of own business.

Disadvantages to the franchisor:

- The certain amount of control can be lost over the business as franchisor is unable to monitor each franchisee's outlet on a daily basis.
- The franchisor has to exercise constant vigilance in order to ensure that the standards of the quality, services, goods etc. are maintained through the franchise chain and through the term of the Franchise Agreement.
- The franchisor has to make sure that the franchisees are the right people for the business.
- The franchisor can often obtain the difficulties in coordinating the franchisees in relation to maintain the style of perceived work standards.
- The franchisor may have difficulties in attracting a potential investor who has capital to become a franchisee.
- The franchisor must be prepared to accept that the franchisee may become a future competitor.

Disadvantages to the franchisee:

- The franchisee must accept the control factor from the franchisor.
- The franchisee has to pay a fee for the franchisor's services.
- The franchisee may not get a full franchise package from the franchisor as the franchisor may not be able to maintain ongoing services.
- The franchise agreement may contain some restrictions on the subsequent sale or transfer of the business.
- The franchisee may become too dependent on the franchisor and may not be able to build their business properly.
- The franchisee's profitability can be affected on the franchisor's policies.
- The franchisee's business may be adversely affected by the actions of the other franchisees.

2.7. Relationship management of franchising

The relationship between the franchisor and the franchisee is pretty much the same as that between firms and employees (Mukherjee, 2003). The relationship starts from the beginning when the franchisor explains the business concepts to the franchisee. A successful franchise relationship begins by choosing the right partner for the everyday communication via the functional areas of the business (Doherty and Alexander, 2006).

Mendelsonhn (1992, p. 141) argues that 'relationship between franchisor and franchisee is a very special one and is different from most business relationship'. Monroy and Alzola state (2005), that it is necessary to improve 'reliable relationship between the franchisor and its franchisees in the long term in order to guarantee the consolidation of the network'. 'The most idealistic franchisor-franchisee relationship can be built on mutual trust, collaboration, and effective communication' (Roh and Yoon, 2009, p. 88).

The relationship quality is also important which describes organizational climate (Monroy and Alzola, 2005). According to Harmon and Griffiths (2008) the relationship quality can be identified through three dimensions: satisfaction with exchange partners, trust with exchange partners and commitment to an ongoing relationship. The satisfaction has a two-dimensional construct comprising both social and economic satisfaction. Trust facilitates social exchange in authority relationship and commitment bonds two parties together in a long term relationship (Harmon and Griffiths, 2008). The relationship quality is also known as the strength of the relationship. However, the relationship between franchisor and franchisee is not always idealistic. The potential for conflict is especially high while maintaining complex relationship between the franchisor and the franchisee (Tikoo, 2005).

According to Mendlesohn (2004, p. 154) there are many areas which give rise to stress in the relationship. These areas are as follows:

- The franchisee is not suited to self employment;

- The franchisee does not have a right attitude for a particular franchise organization;
- The franchisee expectancy may not be matched by the reality;
- The franchise business in a early stage of development and franchisee does not consider that a franchisor has conducted pilot testing of the operations;
- The franchisor may feel that the franchisee is not putting in enough effort;
- The franchisee fails to make payments and/ or reports on time;
- The franchisee fails to maintain operating standards;
- The franchisee seeks to break away from the system;
- There are problems with the quality of the location;
- There are personality clashes between franchisor's staff and the franchisee;
- There are failures of communication;
- The franchisees resist change and improvement;
- The franchisee's business is not as successful as the franchisor thinks it should be.
- The franchisor does not provide a right level of back-up with field support staff and etc.

The relationship can be well managed once there is a franchisor's support to the franchisees. There are two segments of support: franchisor pre-opening support and franchisor's ongoing support (Roh and Yoon, 2009). Roh and Yoon (2009) state that during the pre-opening stage, the franchisor explains to the franchisee the rights and responsibilities and also provides basic knowledge about the business. The franchisors ongoing support, which is provided once the franchisee is in the business, falls into three categories: central purchasing, communication and business assistant (Roh and Yoon, 2009).

The responsibility of a good relationship between franchisor and franchisee is carried by both parties but it is undoubtedly that the franchisor must take the initiative in establishing a good quality of relationship. The franchisor should be seeking to create an

attractive climate in which the franchisee feels encouragement and be willing to contribute to the business development (Mendlesohn, 2004).

The relationship of franchisor and franchisee is based in the job they are sharing. The franchisor's job is to maintain the integrity of the brand and create processes, systems, structures, products, marketing and other resources which produce the results. The franchisee's job is to serve their customers to the best of their ability (Mathews et al., 2006).

The franchisor and franchisee relations do not occur spontaneously. They are built gradually from the moment of signing the franchise contract to the development of the mature work.

2.7.1. Franchisor's control over its franchisees

Control is a serious issue for franchise companies. In the franchise business model, the majority of control is held by the franchisor, rather than the franchisee. 'However, franchisees may in fact assume a greater lever of power and responsibility, depending for instance on the stage of development of the system and the type of agreement in place, that is, master of area franchises or individual franchisees with several outlets' (Quinn and Doherty, 2000).

Doherty and Alexander (2006) contend that control or power can have five sources: 'reward, coercive, legitimate, referent and expert power'. 'The channel leader may obtain power through coercive (punishment) and non-coercive (reward) means' (Quinn and Doherty, 2000). Coercive power is exercised through the franchise agreement. However, the franchise agreement is not used to control the franchisee's day to day behaviour and only come into play in case of serious breaches, such as a failure to open a certain number of stores within a certain timescale (Quinn, 1999). According to Quinn and Doherty, (2000) coercive power in the franchise context includes a set of monitoring system to ensure strict adherence to the franchise agreement and protection of

trademark. Non coercive power is obtained through the franchisor's support activities and is connected with management by persuasion, rather than by threat.

A very strict franchisor's control over its franchisees can lead the relationship to conflict. Differences, however, can emerge from goal priorities, time perspectives or earning expectations (Huang and Phau, 2009).

Mendlesohn (2004) outlines four restrictions imposed upon the franchisees which sometimes can cause a conflict. These four restrictions are product sourcing, supply and control; restriction on other competing activities; protection of the franchisor's know-how; and restriction on the franchisee to prevent taking staff away from other franchisees.

2.7.2. Satisfaction with the franchise business

Franchisees' satisfaction is a key to franchise management and franchise network's continuance over the years (Gauzente, 2003). Franchise satisfaction has been viewed as 'a key factor affecting channel members' morale and resulting incentive to participate in collective activities' (Abdullah et al., 2008).

Gauzente (2003) introduces three satisfaction approaches. The first approach refers to satisfaction as a post-purchase feeling, when the franchisee is seen as someone who has acquired a franchise outlet. Abdullah et al., (2008) states that the post-purchase approach occurs when 'buyer's satisfaction is central to such notions as repurchase rate, customer loyalty programs, brand and line extension and marketing performance'. The second approach considers satisfaction as felt by a member of a distribution system when the franchisee is seen as a worker whose collaboration depends on the satisfaction she/he feels about relationship within the channel. The second approach which considers the satisfaction of the member in franchise distribution system can be determined through 'the administration of the franchise, the support and service that are provided

and the arrangements of extrinsic rewards' (Abdullah et al., 2008). Finally, the third approach, when the satisfaction depends on the individual's occupation.

According to Abdullah et al., (2008) satisfaction is related to job performance. Job satisfaction refers to an employee's overall assessment of work and work related experience. This experience is influenced by individual's values, ideas and beliefs (Choo and Bowley, 2007). The job satisfaction is very important as 'organisations with satisfied employees lead to satisfied customers' (Rust et al., 1996, cited by Choo and Bowley, 2007).

Franchise satisfaction can be viewed through two dimensions: economic and social. Economic satisfaction derives from relationship outcomes, whereas social satisfaction can be perceived as a tangential to franchisee relationship satisfaction (Harmon and Griffiths, 2008).

2.7.3. Agreement of franchising

The franchise business begins with the franchise contract or legal agreement which outlines the terms and conditions (Doherty and Alexander, 2006). The franchise contract is a very important document where franchisor and franchisee are obliged to conduct a business. Generally, the franchisor provides the trademark, the business model, legal advice, consultation and training of the business as well as advertising leadership. In return, the franchisee pays a fee and is also expected to follow a set of policies and regulations structures to protect the interest of both parties (Harmon and Griffiths, 2008 cited by Huang and Phau, 2009).

The franchise agreement can have two types of agreement. The first is product and trade name franchise agreement which requires the franchisee to possess the skills. The franchises that are included in this category are licences, agents and distributors. The second is a business format agreement known as second generation franchise.

A business format franchise is where the franchisor licences its franchisee with a business format, operating system and trademark. The business format franchise can be found in catering and hotel services, retailing, car maintenance, business and customer services, education and real estate brokering (Price, 1997).

The franchise contract specifies the length of franchise agreement, the financial agreements of the parties, the plans of business development, the programs of training attendance and the conditions of payment accomplishment (Monroy and Alzola, 2005).

‘The contract sets the expectations of the parties and creates a framework for the relationship, but it does not fully reflect the actual conduct of the relationship’ (Monroy and Alzola, 2005, p. 591).

The franchise contract can last between one and five years and afterwards the franchisor makes a decision to lose or keep the franchisee (Gauzente, 2003). ‘Franchisees who have fulfilled their contractual obligations can expect to be granted a new term on expiry of the original agreement’ (Frazer, 1998). According to Shivell and Banning ‘a contract is for a specific period, and 5, 10, 15 or even 20 years is a long time to work together if one party distrusts the other’ (1993, p. 35). Based on the results of the survey, sixty three per cent of the franchisees intend to review their agreement, while twenty four percent are not sure and twelve per cent do not intend to review their agreement (Mendlesohn, 2004). ‘The contract terms should reflect the value of the franchise and its brand name, estimated financial performance of the retail outlets and cost associated with providing contracted services’ (Baucus et al., 1993; cited by Monroy and Alzola, 2005, p. 590).

The franchise agreement contains secret information which the franchisor has to offer to the franchisee. The confidentiality is a very important part of the franchise agreement. Holohan (n/d) outlines four types of confidential information which is contained in the franchise agreement. Four types of confidential information are patentable inventions or processes; other novel ideas reduced to practical technical procedures; know-how; and

ideas such as advertising schemes. In general this confidential information is subject to valid restraints on trading.

The contracts can differ between companies and type of franchise businesses, but they also have quite a number in common. In fact signing a franchise agreement sometimes involves signing two agreements: a purchase agreement and the franchise agreement itself (Barrow et al, 1999). The purchase agreement is a short document which presents the subjects to the franchise agreement. It usually states that the franchisor will find a suitable site and that the franchisee will enter into the contract by reading and approving the document within a reasonable time (Barrow et al, 1999). The franchise agreement is a much longer document which covers such statements as franchisor's rights, franchise territory, duration of the franchise contract, franchise fees and royalties, terms and conditions for both franchisor and franchisee, etc. (Barrow et al, 1999).

The franchise contract is a vital part of any franchise as it sets out clearly the obligations of the franchisor and the franchisee (Nolan, 2007). The franchise contract should be looked at by a solicitor as it contains very important information 'on the company trademark, the management fee, royalties, the advertising levy, any performance clauses, information on equipment and training, and the term of the franchise' (Slattery, 2004 A).

2.7.4. The operations manual

One of the most important parts of the franchise contract is the operations manual. The operations manual or franchise manual 'is the basis for the day-to-day running of the franchise operation' (Doherty and Alexander, 2006). According to Doherty and Alexander (2006) the franchise manual is referred to as the 'bible' and contains information related to policies on marketing, human resources management, sales, buying and especially how to run a franchise business. The operations manual is a reference point for the franchisee and should be updated by the franchisor on a regular basis (Franchising in Ireland Survey, 2004). The operations manual provide the

franchisee with all the information which is required to run a franchise business. The operations manual is a comprehensive guideline advising a franchisee on how to operate the franchised business. It covers all aspects of the business, and may be separated into different manuals related to such subjects as accounting, personnel, advertising, promotion and maintenance (Which franchise, 2009). The operations manual is also considered as part of the training as the franchisee can follow the manual when running its business. Ninety six percent of franchisors provide an operations manual of which forty two percent provide an online version of the manual (Franchising in Ireland Survey, 2004).

The operations manual is a crucial part of the franchise's package and should contain details of the intellectual property rights, accounting systems, sales and service report forms, VAT returns, equipment maintenance procedures, preparation and storage of products, procedures for dealing with staff and customers, advertising and promotions at a local level (Holohan, n/d). The operations manual is guidance for franchise operations on an ongoing basis. The manual is an essential part of the franchise business where the franchisee gets important information from the franchisor. This information can be advice in relation to product sources, supplies, and volume of suppliers, sales, promotion and advertising. It is important that the manual would cover in detail all the important aspects of the day to day running of the franchise business. According to Holohan, (n/d), the operations manual should cover in detail an introduction, operational systems and methods, operating instructions, standard forms, technical supplements.

2.7.5. Initial and continuing fees

All franchisees have to pay to the franchisor initial and continuing fees. 'The franchisor often receives payment from the franchisee in the form of an initial fee for the right to enter the franchise, for providing initial start-up services, or as entitlement to participate in the reputation of the franchise' (Frazer, 1998). The franchise fee differs between various franchise businesses. Usually, the high fee that franchisors charge their franchisees represents a higher level of support. However, some franchisors may charge

more if they think the market will bear it. Those franchisors are more concerned with benefiting from their franchisees instead being concerned with the success over the long term (Mathews et al, 2006). In most cases the franchisees will be charged an initial franchise fee. This fee usually covers the franchisor's provided services including training (Mendlesohn, 2004). After the initial franchise fee is paid by the franchisee, the continuing fees are starting to be paid. 'Continuing fees are normally collected by franchisor to reflect the cost including in providing various ongoing services to franchisees' (Frazer, 1998). 'Continuing fees has also been viewed as compensation to the franchisor for sales made from the franchise invention or as payment for the franchisor's trademarks and business system' (Frazer, 1998). It is also important to know the continuing fees (royalties) to the franchisor and how it is calculated, how often it is paid and whether advertising is treated separately (Barrow et al, 1999). 'Continuing fees are most structured as a percentage of turnover, but in some cases a flat weekly or monthly payment is charged' (McCosker, cited by Frazer, 1998). According to Mathews et al, 'royalties are the lifeblood of any franchise organisation' (2006, p. 184). Royalty rates fluctuate depending on the size and type of franchise business, the level of ongoing support, and financial return. Most franchisors in the service, retail, and food sectors, charge their franchisees four to eight percent. However, there are currently seventy different industries with franchise business model and different industries have different charging norms (Mathews et al., 2006).

Many franchisors stipulate a minimum level of expenditure for advertising. According to Mendlesohn (2004) there are three alternative methods of dealing with the advertising expenses:

- The franchisor charges the franchisee a sum calculated as a percentage of the franchisee's gross income.
- The franchisor includes the advertising expenses within the continuing franchise fee and undertakes to spend not less than a minimum percentage of such fees on advertising and promotion.

- The franchisor undertakes to do advertising and promotion without collecting a contribution from the franchisee. Such approach could be adopted when the franchisor is a manufacturer.

Some franchisors might charge their franchisee with transfer fees. ‘The transfer fee is a nominal fee, generally less than franchise fee to train and develop the future purchaser of your business’ (Mathews et al., 2006, p. 185). The transfer fee is a great benefit to the franchisees because once they sell their business; the franchisor will help with the training, development, and transition of the new owner.

At the end of the term of the franchise agreement, the franchisor charges a renewal fee to renew the agreement for another term. The renewal fees are typically less than the cost of new franchise. Usually the renewal fee is ten to twenty percentage of the cost (Mathews et al., 2006).

2.7.6. Training

People are the most valuable asset in the business and training is a vital part of starting in the franchise business. Franchisee training is considered ‘as a means of formal support’ (Doherty and Alexander, 2006). Training has a positive impact on employees’ productivity, which results in higher levels of customer and employee satisfaction. During the training individuals are able to get knowledge and skills to make their activities more effective (Zhang, 2000). Davis (2003) states, that ‘training emphasis will shift from through practical and theoretical knowledge of a trade to just being able to do what the employer needs’. Training is essential in the operational side of the business as it has a great support in the business management and accounting aspects (Holohan, n/d). ‘A lack of training has been attributed to shorter employment tenure, frustration and job dissatisfaction’ (Pugh, 1984, cited by Choo and Bowley, 2007). Almost all franchise models require that franchisees train their own staff. ‘Franchisers who place a high priority on quality training programs do so because they know that well trained franchisees and employees have a direct impact on their bottom line (Larson, 2003, cited

by Choo and Bowley, 2007). 'In the early days of the franchise relationship a key aspect of support is provision of training' (Quinn, 1999). After the franchise agreement is signed the training has to be provided with all the knowledge to run the business (Quinn, 1999). Choo and Bowley (2007) states, that 'a key advantage in purchasing a franchise is training and the acquisition of technical expertise'. Training is beneficial to the franchise business. Franchise companies that are committed to employee training are rewarded of increased skill-sets, motivation, higher productivity and knowledge transfer of their employees (Choo and Bowley, 2007). The provided training to the franchisees builds the franchise development process. 'A key aspect of the franchise business is the quality of the initial and ongoing training' (Franchising in Ireland Survey, 2004). 'The core elements of training generally include identifying needs, planning, delivery and evaluations' (Choo and Bowley, 2007). Training improves franchisees' satisfaction which results in increasing job performance. Many big franchise companies take training so seriously that they established their own universities which mean that training is a prestigious occupation in the company. All franchisees taking up a franchise business need to acquire a broad range of basic business skills, to gain knowledge about the franchise itself and prepare to guide their own staff.

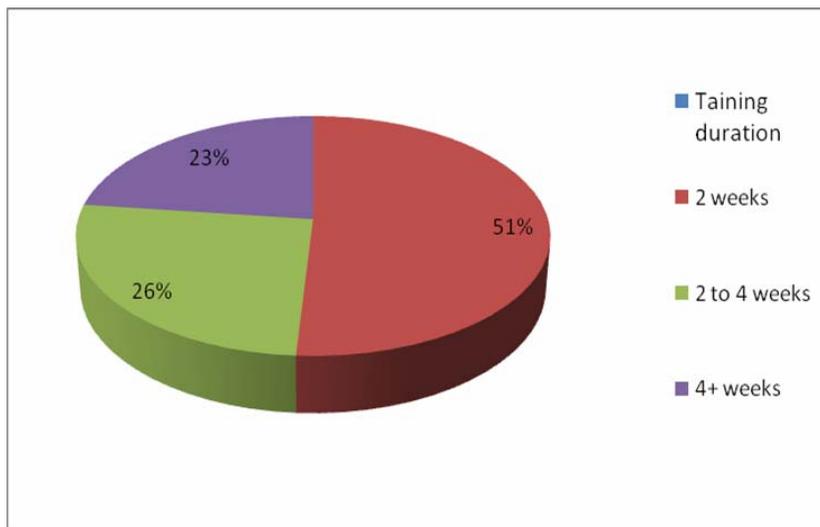
Barrow et al, (1999) indicates three types of training which are on-the-job training, off-the-job training and next-to-the-job training. On-the-job training happens in the workplace by giving the instructions and advice to the junior staff on how to become better at their jobs. Off-the-job training is usually held in the colleges and can be expensive and disruptive as people are off work. Next-to-the-job training can be done without leaving the work premises. It can be done in private time at work or after work. This type of training usually includes Distance Learning programmes, books, videos and computer based training programmes using CD ROMS or the Internet.

Franchisors have to train each new franchisee that becomes a part of the franchise distribution chain. 'The training program should focus on all aspects of the franchisee's operation' (Morgan and Stoltman, 1997). It also should emphasize the safety standards.

‘For its own protection, the franchisor should have the contractual right to terminate franchisees who fail these various safety procedures’ (Morgan and Stoltman, 1997).

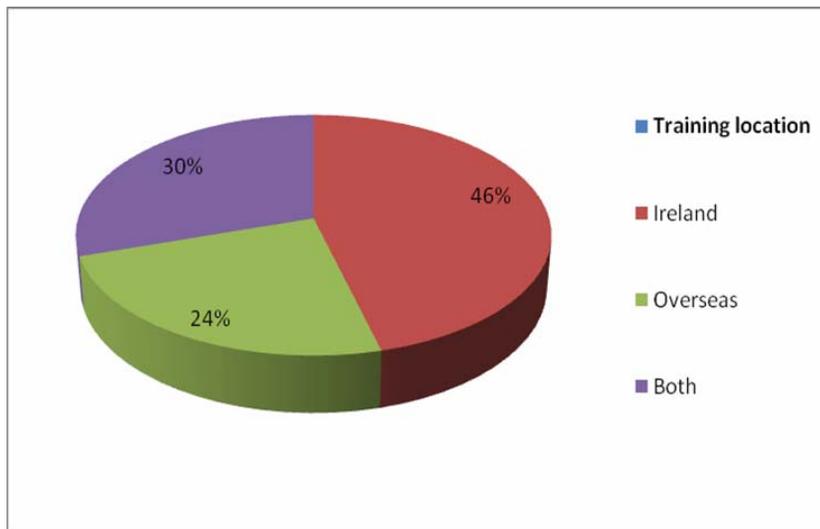
In Ireland many franchisees pay for knowledge, experience and training provided by the franchisor. The majority of the franchisors in Ireland provide training as an ongoing process, introducing the franchisee to new skills, products, methods and procedures. According to Franchise in Ireland Survey (2006), one hundred percent of franchisors provide initial training, with seventy seven percent of these offering a training program of less than one month’s duration (see Figure 2.1.).

Figure 2.1. Duration of the training (Irish Franchise Association, 2006).



The location of the training (see Figure 2.2.) is considered as a very important aspect for consideration. Ireland is the primary base for training locations. The forty six percent of the franchised companies in Ireland provide the training within the country and twenty four percent of training takes place abroad.

Figure 2.2. Location of the training (Irish Franchise Association, 2006).



2.7.7. Territory

The territory description is a part of the franchise agreement. The territory has influence on business performance and survival (Price, 1997). Hsu and Chen (2008) state, that a good location can attract a large number of customers. An important consideration is premises where the franchise operates. Some franchisees operate on the basis that they grant the right to develop in a particular territory. That means that the franchisee can develop as many outlets as he/she wants within a granted territory. Ideally, franchisors and franchisees would like to do business in a wide enough area so they do not conflict with each other (Mathews, 2006). However the franchisor may want to grant more than one franchisee in a particular territory. Such a decision of the franchisor wouldn't appeal to the franchisees as they wouldn't want to conflict with each other in terms of location.

All potential franchisees seek exclusive territories which are not always available. The territorial rights can be based on a number of factors such as population, geographical area, and business potential or neighbouring franchisees. However the demand for exclusive territorial right is high. According to Franchise in Ireland survey (2006), 23% of the franchisors do not grant exclusive territories. The exclusive territories in Ireland have decreased by 30% during two years time since 2004 (Irish Franchise Association,

2006). Some franchisors give franchisees the rights to own the only unit in a particular territory; others simply give an assurance that they will not open another franchise in the same territory or open more than a fixed number of outlets for a certain population (Slattery, 2004).

In being sales orientated, the franchisors might want to increase the revenue either through increasing sales from the existing stores or expanding the number of outlets (Price, 1997). However, the franchisees are also sales orientated and want to increase their revenues through the protected area where they could expand and develop the business.

If the franchisor offers an exclusive territory in the franchise agreement, the franchisees will expect that (Shivell and Banning, 1993, p. 39):

- The franchisor, during the term of the agreement, will not sell another franchise or open a company-owned unit within the boundaries of the assigned territory.
- The potential customers within the territory come with the rights to the territory.
- The boundaries of the territory cannot be changed without the written agreement of both parties.
- The population density of the assigned territory will be sufficient to support the franchise location.

Before signing the agreement, the franchisor has to provide a map to the franchisee showing the exact extent of the territory. However this map is not always a guarantee of absolute protection. The franchisee should also check whether the agreement specifies any circumstances under which the territory could be reduced (Barrow et al., 1999).

2.7.8. Terminations

The franchise agreement should specify the termination of the contract. The termination can be done by both parties the franchisor and franchisee. Which franchise (2009) describes termination as the legal provision by which either party (franchisor or

franchisee) in the relationship may terminate the contract. One of the reasons for terminating the contract could be breach of the contract. The franchise contract could be renewed. The renewal of the contract is the right given to a franchisee to renew their franchise business after the initial period. The franchise agreement should also state the terms and conditions under which both parties agree that the business relationship can or cannot be renewed (Which franchise, 2009). Before the franchisees sign the franchise agreement they should carefully read this document and understand its conditions (Barrow et al, 1999). If both parties are committed to the franchise agreement and maintain a good relationship then the franchise agreement usually is five years. This term is a reasonable duration of the agreement that provides the opportunity to get a return on the investment. The duration of the agreement is very important to the franchisee if the investment in the brand and franchise system is significant. The average term of a franchise agreement in Ireland was 9.62 years in 2004, up from 8.7 years in 2003 (Irish Franchise Association, 2004). The term in Ireland is shorter compared to the U.S. where the average length of the term has remained a fairly constant 10.29 years.

2.8. Success of franchising

Franchising in Ireland and abroad has been rapidly growing over the past few years. According to Franchise in Ireland survey (2006) the first franchise was introduced into Ireland nearly 40 years ago.

J. Green, the former chairman of the Irish Franchise Association, states that ‘the outlook of franchising in Ireland looks very positive’ (Franchise in Ireland survey, 2006, p. 3).

The research theories suggest that the success of the franchising systems relies on the strength of the franchise relationship (Merrilees and Frazer, 2006). ‘Cooperation between franchisees and franchisors are fundamental to achieve success’ (Huang and Phau, 2009). In order to achieve success and the balance in the franchise business the franchisor and the franchisee need to work as a team. Commitment is also a very

important factor in order to achieve success. Dignam (2008) states, that to achieve success the business has to be profitable and has to have a competitive advantage.

'Franchising is seen as a less risky strategy for expanding the business' (Business and Finance, 2007). Theoretically the failure rates of franchises should be lower than independent start-up business as franchise business offers tried and tested ongoing support (Watson and Kirby, 2004). Price (1997, p. 456) says that '85 percent of franchises launched are still in operation five years after opening', while Carter and Jones-Evans (2006, p. 460) say that 'the percentage of failed franchises is around 5 percent'. According to J. Green, 'on average, 65% of start-ups fail within the five years and franchises, 93% are still in existence ten years later' (cited by O'Connell, 2009). Peacock (2008) states that 'six out of ten new businesses will go bust within the first twenty four months and two of the remaining four will go bust in the remaining thirty six months'. That means that on average the new business has 20% chance that it will still be around in five years while franchised business has 85% chance to be in the business after five years time.

The main reasons why franchises fail can be divided into five categories (Price,1997, p. 462). They are the following:

- Franchise systems located too close together, increasing competition for franchisees.
- Insufficient support from franchisors in terms of advertising, management assistance and general issues with the business.
- Inadequate franchisee screening, leading to unsuitable people being chosen as franchise partners and ultimately reducing the chance of the franchise success.
- An on-going dispute between the franchisor and the franchisee.
- The use of gimmicks such as employing celebrities to gain investment for the franchise ideas.

The entrepreneurs who want to start the franchised business have to evaluate all aspects that could affect their business. Elgin (2007) suggests the entrepreneurs need three steps

on how to succeed in franchise business which are preparation, narrow down opportunities and trust.

Peacock (2008) states that franchise business model has to be global and highly profitable within an attractive industry. It has to have a market with high demand and finally, the business has to be simple, supported and with high ethical standards. These steps have to be followed in order to achieve a success.

Franchising is an attractive business form as it has open business opportunities with recognised symbols of value, quality and consistency (Jenvey, 1999). Franchising is a successful business as it is all about brand recognition.

2.9. Franchising in Ireland

Franchising in Ireland had the potential to further develop as the economy in Ireland was growing over the past few years and a franchise sector had contributed to this growth. However the franchising system in Ireland is not quite developed compared to the U.S., Australia or Canada (Dignam, 2008). In America 55 cent out of one dollar spent is through the franchise (Peacock, 2008).

Franchising is one of the new enterprise sectors, which continues to drive the development of the Irish economy contributing to employment, new and innovative products for consumers and general wealth creation (Irish Franchise Association, 2004). Based on the data of the Franchising in Ireland Survey (2006), the first franchise was introduced in Ireland nearly forty years ago and since then the franchise sector grew bringing into operation 270 different franchises in 2006. When the first franchise was introduced, it was considered as an exotic or very different form of business development. To identify franchise opportunities in Ireland, people had to travel to franchise exhibitions in the United States or the United Kingdom (Irish Franchise Association, 2004).

Ireland is attractive for franchise development for a number of reasons (Irish Franchise Association, 2006):

- Ireland has one of the highest levels of income in the EU which makes the country a very attractive location for franchises from over the world.
- Ireland's economy is increasingly dominated by services where franchising is almost exclusively a service orientated business.
- Ireland has attractive shopping centres which is an inherent part of franchise's brand recognition.
- Ireland has a dynamic energy of the franchise system which is made up of working entrepreneurs brought together through the Irish Franchise Association.
- Ireland has a constant change in the franchise sector which is a great driver of economic activity.

Franchising in Ireland had attracted a wide range of entrepreneurs and investors. Franchising grew significantly throughout the country over the past years and had provided 25.461 jobs in 2006 (see Table 2.1.).

Table 2.1. Employment in the franchise sector (Irish Franchise Association, 2006)

	1997	1999	2001	2003	2006
Employment	7.400	9.600	14.400	17.890	25.461
% Change	51%	30%	50%	24%	42%

It is important to note that the employment in the franchise sector in Ireland increased. Franchising, in Ireland, built opportunities for people in full-time and part-time employment and made a valuable contribution to the Irish economy. As the business in the franchise sector was growing the turnover of operations also increased (see Table 2.2.).

Table 2.2. Turnover of Franchise Systems in Ireland (Irish Franchise Association, 2006)

	1997	1999	2001	2003	2006
Turnover (€bn)	0.397	0.571	1.02	1.272	2.099
% Change	55%	43%	79%	24%	69%

Franchising is an attractive business form and a reason why people undertake it as opposed to starting their own business is due to the perceived lower costs involved. The table 2.3. below shows the average cost of franchising for typical franchise business in Ireland and compares how the costs have changed over the past few years.

Table 2.3. Cost of franchising (Irish Franchise Association, 2006)

	2006	2003	2001	1999	1995
Fee	Average	Average	Average	Average	Average
Initial fee	€24,663	€22,200	€1,000	€14,000	€1,881
Initial working capital	€39,300	€40,280	€33,000	€25,395	€18,006
Total investment cost	€226,000	€22,000	€160,000	€89,000	€81,545
MSF/royalty fee	6.5%	7.4%	7.1%	6.5%	7%
Advertising levy	2.2%	2.6%	2%	2.9%	2.5%

The initial fee or entry fee is much higher now compared to 2006. According to O'Connell (2009) the entry fees can vary enormously from about 10.000 to 250.000 euro. 'In 2006, the average initial fee required to buy into a franchise was 27.000 euro, with an average initial working capital of 39.000 euro' (O'Connell, 2009). Obviously the costs involved will depend on the franchise business type. According to Franchising in Ireland Survey over sixty percent of franchises operating in Ireland require less than 100.000 euro investment (Irish Franchise Association, 2006). However, the total investment in the franchise business depends on the business type and origin of the franchise.

After the franchise business is purchased the continuing fees, including fixed annual fee, management service fee (MSF), royalty fee and the advertising levy, need to be paid. The continuing fees are usually paid monthly from the business turnover. The average royalty fee in Ireland is 6.5%. This percentage is in line with international business standards, with the average in the U.S. being 6.7% (Irish Franchise Association, 2006). The franchise costs can be negotiable. Although only 8% of franchisors are willing to negotiate the fees if the franchisee can prove that he/she has a competitive advantages in regards to location or customers. In this case the franchisor can be more flexible in negotiating the fees.

The franchise industry in Ireland is vibrant and has the capacity to generate jobs and wealth. 'It is estimates that within a decade franchising will represent over 50% of the retail economy' (Dignam, 2008). The general outlook for franchising in Ireland looks very positive. The Irish consumers are now more brands aware and quality conscious, therefore franchise companies with strong brand identity and high service quality have a potential to grow. Franchising, however, is not an automatic recipe for success and it is not suited for every personality either. J. Green, the former chairman of the Irish Franchise Association, says that 'too many people start out thinking it is some sort of getting rich quick scheme and it is not; it takes hard work and, particularly in the early years, long hours to make a success of it' (cited by O'Connell, 2009).

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

Following the presentation of the current literature review on franchising, the research methodology and research methods will be presented.

The aim of this chapter is to discuss the methodology and methods chosen by the researcher to carry out the research. This chapter will identify the research problem, objectives and hypotheses, the research strategy, design and philosophy, the methods by which the data will be collected, the ethical considerations for conducting the project, and finally the research reliability, validity and limitations.

The term research method is described in its broadest sense. Blaxter et al. (2006) state that term 'method' refers to the tools of data collection and analysis, whilst term 'methodology' has a more philosophical meaning, dealing with the approach or paradigm that underpins the research.

Saunders (2007, p. 610) defines research as 'the systematic collection and interpretation of information with a clear purpose, to find things out'. Malhotra (1996, p. 34) defines marketing research as 'the systematic and objective identification, collection, analysis and dissemination of information'. There are many similarities among the definitions offered by the various authors. From the definitions it can be identified that there is a need of the systematic planning at every stage of the research.

3.2. Research Objectives

The purpose of this research is to identify the barriers in franchise business which need to be overcome in order to be successful.

The franchising study has been chosen as it is important for a number of reasons. From a business perspective franchising is the most popular and has a developed business strategy in the world. However, 'there is still a lack of understanding and a consensus on the theoretical determinant and a creation of this business strategy' (Inma, n/d). From an academic point of view, the available material about franchising as a business strategy is very limited.

Franchising is a very interesting business form as it 'has grown into a dynamic and mature business activity, increasingly accepted, recognised, and respected by the public, by all level of government, and by other areas of the private sector' (Luangsuwimol and Kleiner, 2004, p. 63). Franchising has been recognised 'as a preferred method of doing business throughout the global economy (Swartz, 1994; cited by Watson and Kirby, 2004, p. 75). Franchising is a wonderful way to go into business for both companies and individuals.

The goal of the project is to solve the research problem. According to Malhotra (2006) the research problem is the most important step, since only when the problem has been clearly and accurately identified. Problem definition is the crucial departure point for the research conducted. Once the problem is identified the research project can be conducted properly. The research problem will be solved though the questionnaires, interviews and supportive information from the secondary data. Then starting out with the research study the research question has to be established. The research question is an appropriate guide to the research study.

The research question is: What barriers do franchisors have to overcome to be successful in franchising?

The research objectives are a method of solving the research problem. The objectives are an integral part of the research design. The objectives can help the researcher to further refine the direction of the research project. They also help the researcher to focus on the aims and the purpose of what the research project must achieve. According to

Wass and Well (1994) 'the research methodology is the instrument through which the research objectives are achieved'. 'Objectives are more generally accepted to the research community as evidence of the researcher's clear sense of purpose and direction' (Saunders et al., 2007, p. 32). The research objectives determine what instrument will be utilised to conduct the research.

The research objectives are the following:

1. To discover why franchisors get involved in franchising.
2. To discover perceived barriers that the franchisor has to overcome in franchising.
3. To identify the challenges the franchisor faces in franchising in Ireland.
4. To identify the perceived advantages for the franchisor in franchising.
5. To identify the critical success factors for the franchisor in franchising.

The hypotheses that this research will test follow the deductive approach. According to Robson (1993) this testing involved a sequence of five steps mirroring in which the hypotheses are realised through theory, where it is expressed in operational terms, where it can be tested, and modified in light of new findings. The research hypotheses are 'a single statement that attempts to explain or to predict a single phenomenon' (Sharp and Howard, 1996).

The research hypotheses are as follows:

- H1. A positive and mutual working relationship among a franchise network leads to success.
- H2. Lack of business support in the franchise business network is the main barrier that makes the franchise business model unattractive.

3.3. Research Approach

Many authors agree that a research project is not a straightforward process. The researcher has to face several alternative options and has to make strategic decisions

about which option is appropriate for the research. However there are some strategies which are better suited than others once dealing with specific issues. According to Saunders et al. (2007) there are two research approaches that can be taken. The inductive approach relies on the scientific principles. This approach is highly structured and involves the collection of quantitative data (Carson et al., 2001).

Saunders et al. (2007) outline that inductive approach emphasises:

- Understanding the way humans interpret their social world.
- Concerned with the context in which an event takes place.
- The collection of qualitative data.
- A more flexible structure to permit changes in research as the research progresses.
- Less concern with the need to generalise.

The deductive approach endeavours to gain an understanding and involves the collection of quantitative data. The structure of deductive approach is more flexible and the researcher is part of the process (Saunders et al., 2007). The deductive approach is commonly used when the emphasis is on the theory testing (Carson et al., 2001).

Saunders et al. (2007) outline that deductive approach emphasises:

- Scientific research.
- Theory is subject to rigorous test.
- Search to explain causal relationships between variables.
- The collection of quantitative data.
- Establish controls to ensure clarity of definition.
- A highly structured methodology.
- Researcher should be independent of what is being observed.
- Researcher must select samples of sufficient numerical size to generate conclusions.

The research project has a deductive approach in which a theory and hypotheses are developed. The deductive approach is more related to positivism (Saunders et al., 2007). The positivist approach is where the researcher collects and makes detached interpretations from the data (McClelland, 2002). Although this method places greater focus on the quantitative approach which allows obtaining information from various activities in order to identify and understand a problem or issue.

Remenyi et al., (1998), states that the research approach will aim to work with the observable social reality and the end product. According to Saunders et al. (2007) the deductive approach is a low-risk strategy. Although there are risks attached to the deductive approach and one of the biggest risks is the non-return of the questionnaires. In order to reduce this risk the qualitative research method should be applied. The qualitative research method involves conducting interviews with franchisors in Ireland.

The research approach can be decided by identifying the research philosophy. The research philosophy relates to the way the world is viewed. It affects the research approach and chosen methods (Saunders et al., 2007). Hussey and Hussey state that ‘a paradigm refers to the process of scientific practice based on people’s philosophies and assumptions about the world and the nature of knowledge; in this context, about how research should be conducted’ (1997, p. 47). According to Saunders et al. (2007) the research philosophy reveals three major ways of thinking which are epistemology, ontology and axiology. The research philosophy of this study reflects the principles of positivism which is one position of epistemology. Positivism assumes that phenomena are measurable using the deductive principles of the scientific method. This approach places emphasis on measurable data and takes the form of quantitative data. The positivist approach assumes that there is a single, objective reality, independent of an individual’s perception of that reality. The positivist approach presents a rationality which is widely applicable (Bryman, 2001). The research philosophy that is adopted ‘contains important assumptions about the way in which you view the world’ (Saunders et al., 2007, p. 101). Remenyi et al. (1998, p. 32) describes positivism as ‘working with an observable social reality and that the end product of such research can be law-like

generalisations similar to those produced by the physical and natural scientists' (cited by Saunders et al., 2007, p. 103). The research presents an objective analyst and the interpretations are made in an independent manner. The structured methodology and quantifiable analysis support this philosophy.

The positivist paradigm has been chosen for this research because the researcher has developed the hypotheses which need to be tested using a deductive method. The hypotheses will be scrutinised in order to prove or disprove them. The second reason, why the positivist paradigm is chosen is to do with the researcher's view about franchising as she is fascinated about this business model.

3.4. Research Strategy and Design

To present research methodology, the research design has to be formulated. The research design is the general plan of how the research question will be answered; it contains clear objectives derived from the question and specifies the sources from which the data is collected (Saunders et al., 2007). The research design can be classified into three major categories: exploratory, descriptive and explanatory (Saunders et al., 2007). The research design of the research project is an exploratory study as it 'is a valuable means to find out what is happening; to see new insights; to ask questions and to assess phenomena in a new light' (Robson, 2002, p. 59; cited by Saunders et al., 2007, p. 133). This strategy is particularly useful in clarifying and understanding of research area. This research was conducted based on principle methods such as searching for the academic literature and communicating with members of the Irish Franchise Association and the franchised businesses.

The research strategy chosen is a survey as it is associated with the deductive approach. This research involved both the quantitative and qualitative analyses. First of all the quantitative research was organised with Irish franchisors. The quantitative research was followed by the qualitative research strategy. This involved conducting interviews with franchisors. By combining both the quantitative (Appendix 2, p. 106) and qualitative

(Appendix 4, p. 118) methods the overall quality of research improves. Although, according to various authors, the problems may arise by adopting a multi method approach of design and strategy. The multi method approach was chosen to be adopted bearing in mind the problems that might arise due to the chosen strategy. This method will help to evaluate the problems within franchising in Ireland and answer the research objectives.

3.5. Census

As this research is focused on franchise businesses in Ireland, the census population is chosen from the directory of the Irish Franchise Association. The listed franchisors on the directory of the Irish Franchise Association operate in all Irish economic sectors. The reason why all Irish economic sectors are chosen is to find out all possible barriers that hinder different type of franchise businesses to be successful. According to IFA (n/d) the directory of the Irish Franchise Association was last updated in 2006.

Saunders et al. (2007, p. 204) describes a census as a possibility ‘to collect and analyse data from every possible case or group member’. The population of this research is all members/ franchisors who are registered with the Irish Franchise Association. According to the Franchise in Ireland survey (2006) the population size is 270 different types of franchise businesses. This information was confirmed in a conversation with Chairman David Killen who stated that the populations of the members remained the same.

The data will be collected from the entire population as this size is easy manageable. However the researcher evaluated the costs and time constrains conducting a census and decided to choose this strategy to pursue the research study as census enables a higher overall accuracy.

The candidates who will be asked to conduct the questionnaire (Appendix 1, p. 100) and the interview (Appendix 3, p. 117) will be only franchisors.

3.6. Data Collection, Editing and Coding

The quantitative research approach is pursued as this dissertation is a descriptive study. Robson (2002, p. 59) describes descriptive research as 'to portray an accurate profile of person, events or situations' (cited by Saunders et al., 2007, p. 134).

This research was conducted through the literature search, the survey and through the interviews with individuals involved with franchising. The survey is used as a research strategy as the study has a deductive approach. The survey 'is a popular and common strategy in business and management research and is most frequently used to answer who, what, where, how much and how many questions' (Saunders et al., 2007, p. 138).

The secondary data was collected from the literature review. McCracken (1988, p. 31) states 'that literature review is a kind of qualitative analysis which aids in the construction of the primary research'. According to Malhota and Birks (2000) the secondary data can help the researcher with diagnosing and developing the research problem, developing a sampling plan, formulating research design, interpreting primary data, answering certain questions and testing hypotheses. The secondary data is 'data that have been already collected for some other purpose' (Saunders et al., 2007, p. 246).

The primary data was collected from the questionnaires and interviews. The primary data is specifically collected for the research project being undertaken by the researcher. The primary data can be direct such as interviews or indirect which includes observation techniques and projective techniques (Malhota and Birks, 2000).

According to Marshall and Rossman, the data can be collected applying the following guidance (2006, p. 157-162).

- Organising data. Involves a general clean up what seems to be an overwhelming and unmanageable amount of data.

- Immersion. Involves reading and re-reading the data and after that the researcher becomes intimately familiar with the data.
- Generating categories/ Themes. Identifying salient themes, recurring ideas or language, and patterns of belief that link people and settings together. This is one of the most intellectually challenging phases of data analysis.
- Coding the data. Involves the researcher applying some coding scheme to those categories and themes identified.
- Writing analytic memos. Writing notes, reflective memos, thoughts, and insights, which can be valuable for generating unusual insights. This can move analysis from being obvious to the creative.
- Offering interpretations. Involves attaching significance to what was found, making sense of the findings, offering explanations, drawing conclusions, extrapolating lessons, making inferences, considering meanings, otherwise imposing order, and also evaluating usefulness in illuminating the questions being explored.
- Search for alternative understandings. Engage in critically challenging the very patterns and themes identified, and search for plausible explanations for these data and linkage among them.

This guidance for data collection is typically used when undertaking the data analysis. However, different approaches can also be identified, that may have many similarities to the above guidance.

The data that has been collected for this research study are mainly academic journals, survey-based data from the Irish Franchise Association and AIB, books related to franchising and business magazines. This data was found mainly via internet access, DBS library portal and also visiting other libraries such as Illac Business Centre. Some of the books were purchased.

After conducting all the interviews and questionnaires the comparison was drawn between the findings of interviews and questionnaires and also between existing literature on the franchise topic and results of the primary data.

The data has been coded using the survey software at www.surveymonkey.com. This survey software enables to create an online survey quickly and easily. The survey was customised by creating its design, choosing the style and colour. The link of the survey was sent by email to the respondents. The survey results were analysed with 'surveymonkey' software by transferring raw data into the information.

The data was checked for errors. The main methods to check data for errors are looking for illegitimate codes, looking for illogical relationships and checking that rules in filter question are followed (Saunders et al., 2007, p. 419).

3.6.1. Questionnaires

The primary data was collected using a questionnaire. The questionnaire includes 'all techniques of data collection in which each person is asked to respond to the same set of questions in the predetermined order (deVaus, 2002; cited by Saunders et al., 2007, p. 354). Sekeran (2003, p. 236) states that 'questionnaires are an efficient data collection mechanism when the researcher knows exactly what is required and knows how to measure the variables of interest'.

A self-administrated questionnaire was sent by e-mail due to using online software. The questionnaire was only used after initial pilot testing.

The questionnaire design consists of clear layout where the majority of the questions require the ticking of a box. The questionnaire was designed to obtain a clear information and understanding of the common attributes of franchise firms in Ireland. The questions were designed in a style that allowed for the interviewees to respond the

multiple choice answers. Respondents were also invited to add their comments. They were duly thanked for the time they took in contributing to the research.

The Irish Franchise Association was asked to take part in the research project via email on 15th of March. On 3rd of April, J. Green, the former chairman of the Irish Franchise Association responded to the request stating that he will distribute the questionnaire-link to the Irish franchisors.

The questionnaire-link and introduction letter were sent to J. Green, the former chairman of the Irish Franchise Association via the email and he distributed it to all franchisors. The questionnaire link was sent on 20th of July. The required response time was four weeks. The closing date of the questionnaire was 14th of August.

3.6.2. Interviews

The primary data was also collected using unstructured interviews. Kahn and Cannell (1957) describe interview as ‘a purposeful discussion between two or more people’ (cited by Saunders et al., 2007, p. 310). The interviewers can probe responses and identify motives and feelings, wherein the way in which the response is made can provide information that written response might conceal.

According to Saunders et al. (2007, p. 312) interview types can be classified as structured, semi-structured and unstructured interviews. The unstructured interview is chosen as it allows to get broader information as interviewee is able ‘to talk freely about events, behaviour and beliefs in relation to the topic area’ (Saunders et al., 2007, p. 312).

The purpose of a qualitative interview is to understand the world from the respondent’s point of view.

Marschan-Piekkari and Welch (2005, p. 186-188) list a number of reasons why interview research may be appropriate to use:

- When researchers are studying an issue with little or no pre-existing theoretical basis.
- Interview based research may be optimal when there is a small population of possible respondents.
- Interviews may allow the researcher to develop a deeper report with informants than is possible through written questionnaires. This may be necessary to gain honest and accurate responses and to add insights that lay the groundwork for larger or follow-up studies.
- People are more prone to throw out the questionnaires than to deny an interview request.

The main strength of the interviews is in its ability to uncover more complete answers to questions that might be answered at a more superficial level during survey research (Domegan and Fleming, 1999).

The interviews were conducted via email. Five email addresses of the franchisors were provided by J. Green. The interview questions were sent to the five interviewees. Two out of five interviewees responded to the interview questions. The interview questions (Appendix 3, p. 117) were structured in a way that related to the research objectives. The interview together with questionnaire helped to discover the findings of this research.

3.7. Ethical Considerations

An ethical approach has to be maintained all the time during the research project when seeking access to organisations, individuals and then collecting, analysing and reporting data. 'Ethics refers to the appropriateness of your behaviour in relations to the rights of those who become the subject of your work, or are affected by it' (Saunders et al., 2007, p. 179). According to Saunders et al., (2007, p. 178) there are two dominant philosophical standpoints: deontology and teleology. The deontology view argues that deception is never used in order to obtain the research data. In contrast, the teleological

view argues that benefits of the research findings are weighted against the cost of acting unethically. This approach needs to consider whether the benefits of the research are morally just.

Research ethics refers to norms or standards of behaviour that guide the moral choices (Cooper and Schindler, 2003). The researcher has tried to evaluate values from the research process. Values reflect the personal belief or the feelings of the researcher (Bryman and Bell, 2004).

The research is conducted based on a code of ethics, which provides the principles and procedures for the research (Saunders et al., 2007, p. 179). A number of key ethical issues were applied to the research project such as privacy and rights of participants, maintenance of confidential data, behaviour and etc (Saunders et al., 2007, p. 181).

Hussey and Hussy (1997) state, that there are no set standards for ethical research. However, the following may be taken as consideration (Hussey and Hussy, 1997):

- Confidentiality/Anonymity. It is understandable, that confidentiality or anonymity is requested or offered in the research project. The researcher may encourage more open and honest responses by giving anonymity. In the interviews and questionnaires the anonymity was offered by the researcher.
- Informed Consent. It is used by researcher who fully explains to the respondents the purpose of the investigation. The researcher explains the purpose of the interview and questionnaire.
- Dignity. A professional demeanour has to be maintained all the time. Embarrassment is completely unacceptable.
- Publications. The researcher agreed with J. Green that questionnaires will be distributed to the Irish franchisors. The interviews were also agreed with the potential interviewees via email.

3.8. Research reliability, validity and limitations

Research reliability is concerned with consistency, accuracy and predictability of a research area. If the study is reliable then it can be replicated to produce the same results. Saunders et al. (2007) state that the reliability of an interview can be assessed if the researcher asks the following question: Will different researchers make similar observations on different occasions?

The data that was conducted during the process of the dissertation makes research reliable. This data is highly reliable as it was taken from the academic and business articles, and the books that were related to the subject of franchising. Also the research data was gathered from franchisors by survey and interview methods.

The data is considered valid when it reflects events or information without interpretation, bias or filtering. The qualitative data, which was generated from the questionnaires and interviews, is considered valid as this data expresses knowledge, opinions, feelings and experience.

The data was collected from Irish franchisors so this data can be considered as bias. The external validity of the data refers to the degree to which the results can be generated. For instance, the findings have been generated using an interview and survey approach.

The main limitation of this research project was population size. The population size was 270 different types of franchise businesses which were taken from the directory of the Irish Franchise Association. Time and costs were other limitations that affected both quality and quantity of the research. The time influenced research in two ways. Firstly the deadline given for the project completion dictated the speed to which the researcher must work. Secondly, time affected the respondents as they had limited time to complete the questionnaire. Also interviewees were affected by limited time as they had to find a time slot to answer the interview questions. Costs were not major limitations during this

project. The most necessary costs associated with the chosen methodology were telephone costs and also a fee for using the chosen web application for conducting the survey. Also in order to complete this project a laptop, an external hard driver and books were purchased.

CHAPTER 4: FINDINGS

Data has been collected from quantitative and qualitative analysis. The quantitative data has been collected from 270 Irish Franchisors who are the members of the Irish Franchise Association. The survey questionnaire-link has been sent via email to Mr. John Green, the former chairman of the Irish Franchise Association, and he distributed the questionnaire-link to all franchisors. Out of 270 respondents, 20 (7.41%) responses were obtained during four weeks time.

The qualitative data has been collected from five interviewees. The contact details of the interviewees were obtained from Mr. John Green. The introduction letter with attachment of interview questions was sent by email. Out of five respondents, two interviewees answered the interview questions.

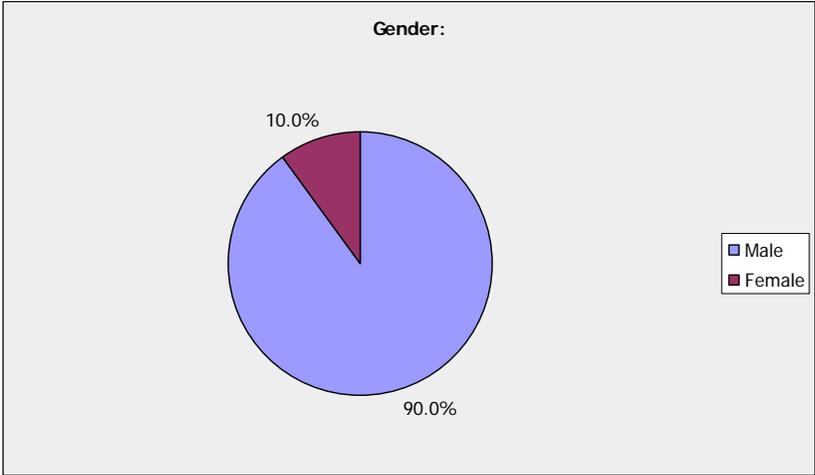
4.1. Finding from Quantitative Analysis

The survey consists out of 23 questions (Appendix 1, p. 100). The findings of each question will be presented in this section.

1. Gender:

According to survey results the majority who are in franchise business as franchisors are male. 90% of male are in franchise businesses as franchisors and 10% are female.

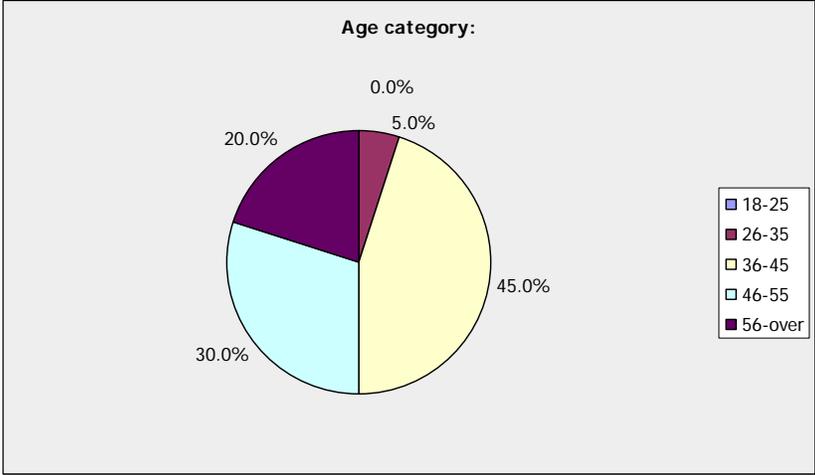
Figure 4.1. Gender.



2. Age category:

The dominant age category of the franchisor in Irish franchise businesses is 36-45 years old. 45% of the respondents were 36-45 years old. 30% of respondents were 46-55 years old. 20% of respondents were over 56 years old and no one of respondents was younger than 18-25 years old.

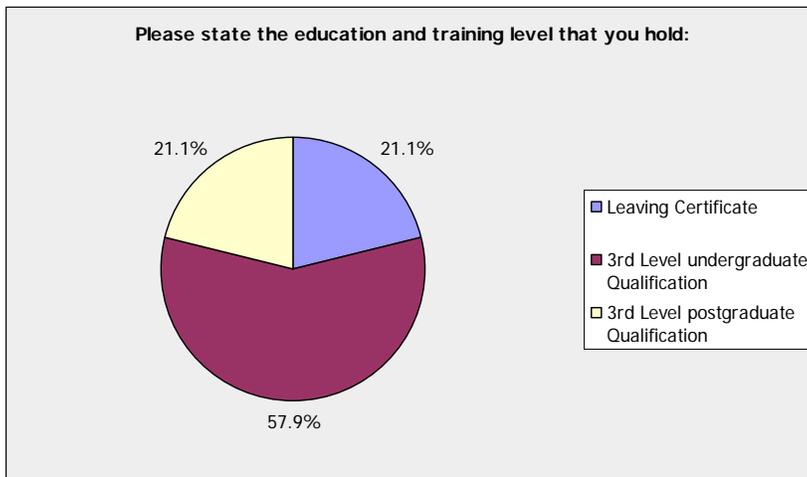
Figure 4.2. Age category.



3. Please state the education and training level that you hold:

57.9% of all respondents have 3rd level undergraduate qualification. 21.1% of all respondents have 3rd level postgraduate qualification and also 21.1% of all respondents have leaving certificate. One out of twenty respondents skipped this question.

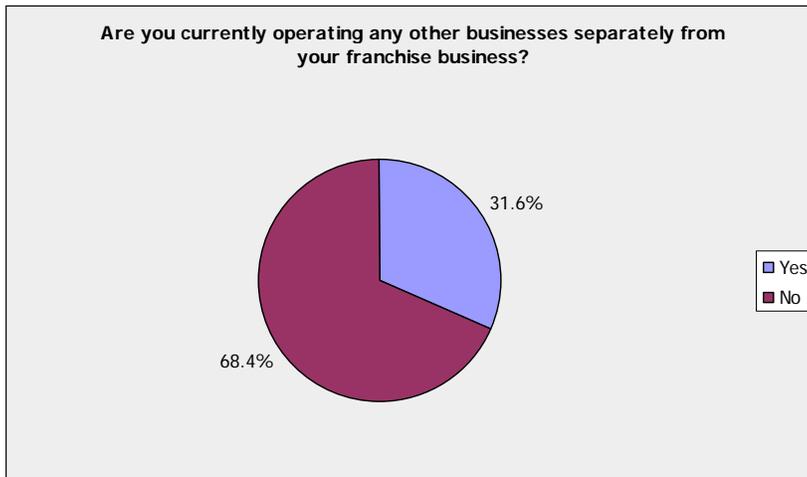
Figure 4.3. Education and training level.



4. Are you currently operating any other businesses from your franchise business?

The majority of franchisors 68.4% do not operate any other businesses from their own franchise business and 31.6% of the respondents have stated that they are involved in other business apart from the franchise business.

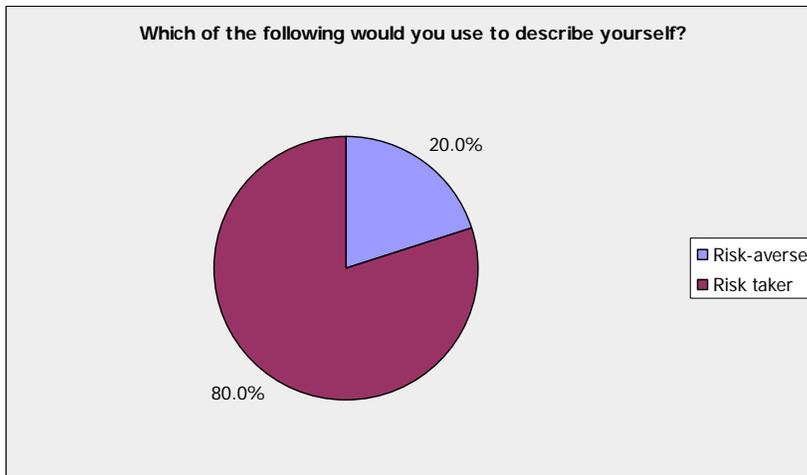
Figure 4.4. Alternative business.



5. Which of the following would you use to describe yourself?

80% of the respondents describe themselves as risk taker and just 20% of the respondents are risk-averse in their franchise business.

Figure 4.5. Personality description.



6. Which of the following business sectors are you operating in?

According to survey results the most popular sector in franchising in Ireland is wholesale trading/ retailing as 31.6% of all respondents stated that they operate in this business sector. 21.1% of the respondents operate in hotels, tourism, restaurants and bars. 15.8% of the respondents operate in health, social, personal services and 10.5% of

the franchisors operate in education and media. In both the financial services and IT/ computing services operate 5.3% of the franchisors. There was no respondent who would operate in the research & development or real estate activities. 21.1% of the respondents answer that they operate in other business sectors. One respondent skipped this question. Five of the respondents chose an option of the other business sectors. The other business sectors were as follows:

Children's Entertainment,

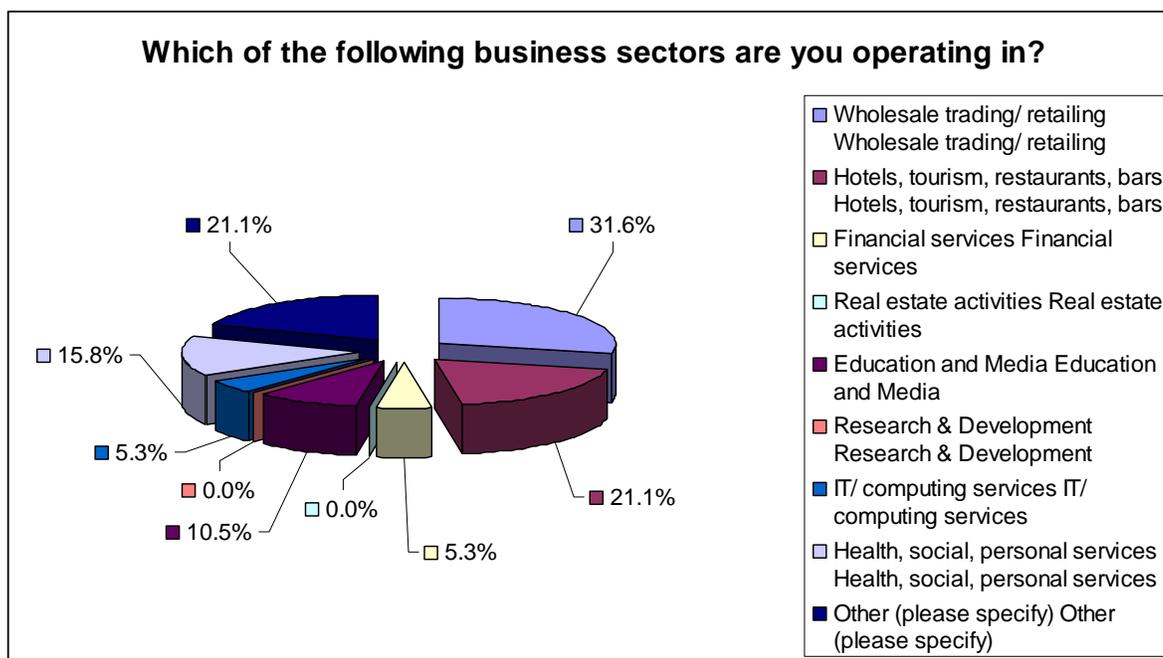
Sign Business,

Printing and Home Care - printing since 1985, home care since 2005,

Children's music classes (Pre-school age),

Cleaning & Maintenance'.

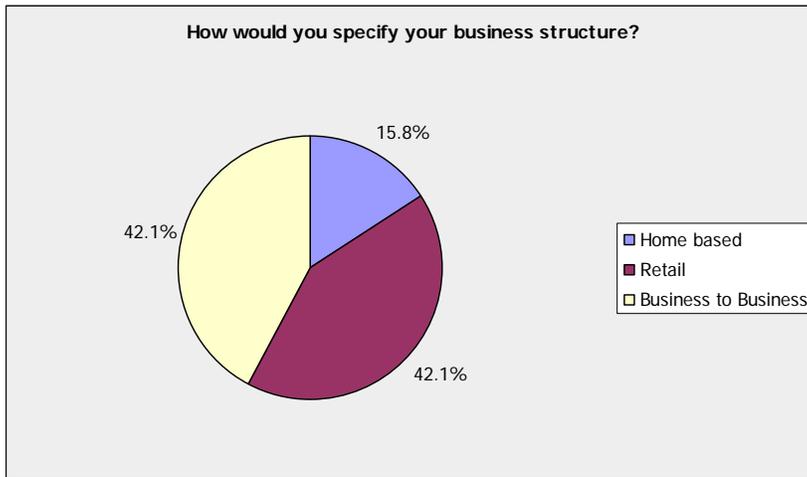
Figure 4.6. Business sectors.



7. How would you specify your business structure?

The response rate, which specified the business structure as retail and business to business was 42.1%. 15.8% of the respondents have home based business structure. One respondent didn't answer this question.

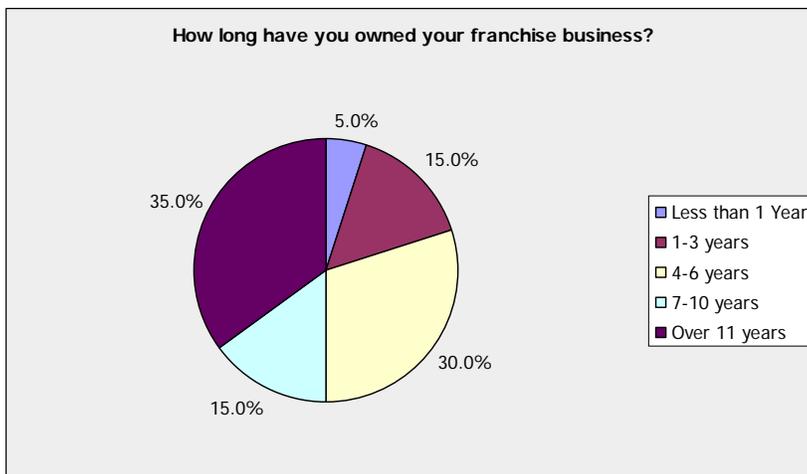
Figure 4.7. Business structure.



8. How long have you owned your franchise business?

The longest time of franchise business owned was over 11 years. This period of time was chosen by 35% of the franchisors. 30% of the respondents chose 4-6 years of owning their franchise business. 15% of the respondents owned their business for 7-10 years and another 15% of the respondents owned their business for 1-3 years time. One respondent, 5%, was owned the franchise business for less than one year.

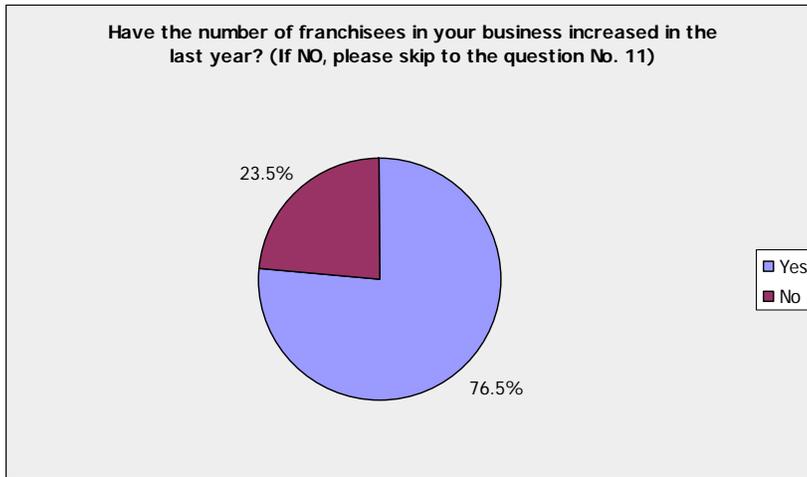
Figure 4.8. Franchise ownership time.



9. Have the number of franchisees in your business increased in the last year? (If NO, please skip to the question No. 11)

76.5% of the franchisors stated that the number of the franchisees increased within their business in the last year and 23.5% of the franchisors said that this number have not increased in the last year.

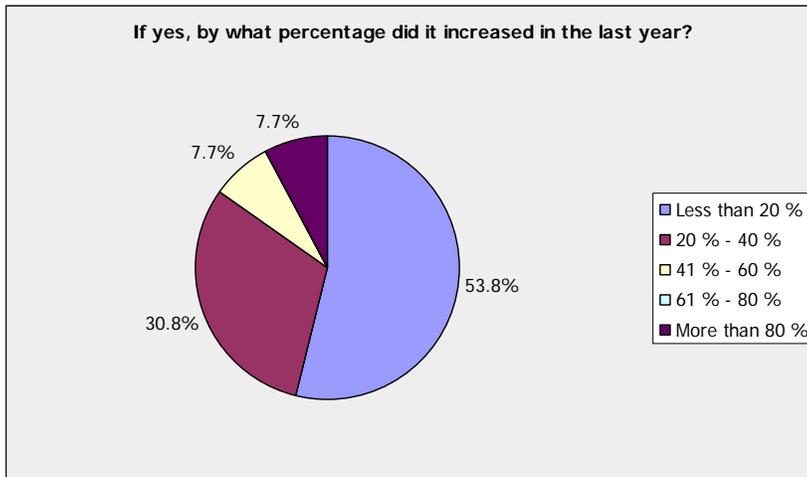
Figure 4.9. Franchise business growth.



10. If yes, by what percentage did it increased in the last year?

53.8% of the respondents stated that the percentage of franchisees in the last year increased by less than 20%. 30.8% of the respondents said that the percentage increase by 20% - 40% and 7.7% of the respondents chose 41% - 60%. Also 7.7% of the respondents stated that the percentage increased by more than 80%. Seven respondents out of twenty skipped this question.

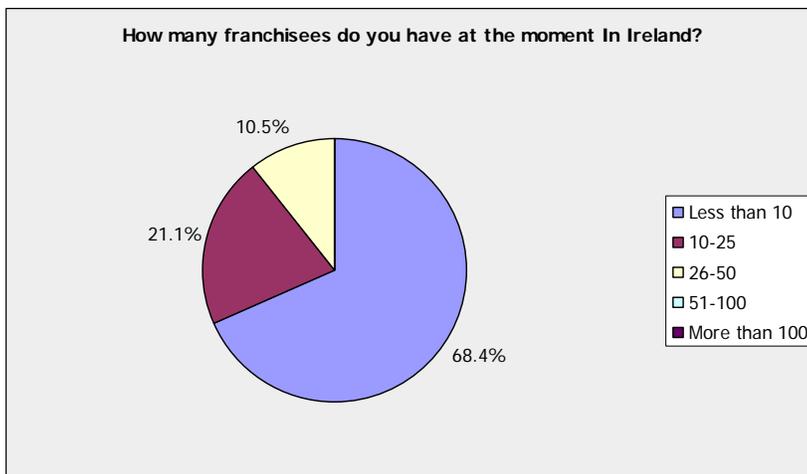
Figure 4.10. Percentage of business growth.



11. How many franchisees do you have at the moment In Ireland?

The majority of the franchisors which is 68.4% of all respondents state that they have less than 10 franchisees. 21.1% of the respondents state that they have employed 10-25 of the franchisees and 10.5% of the franchisors have 26-50 of the franchisees. There were no respondents who had 51-100 or more than 100 franchisees. Once respondent did not answer this question.

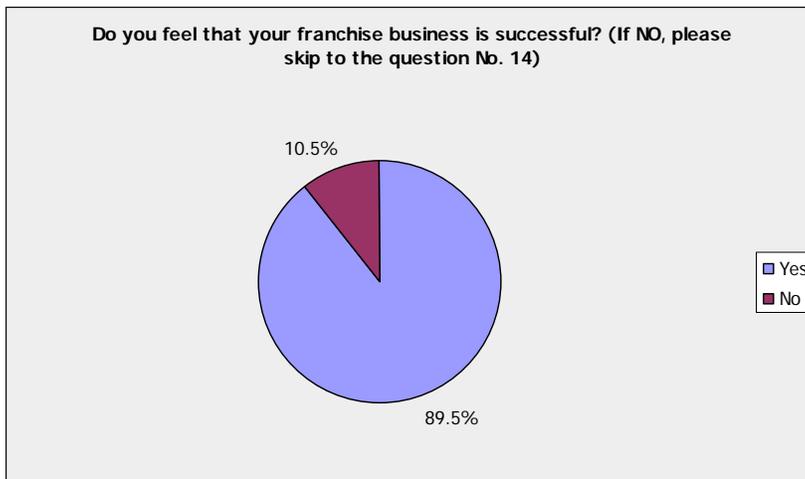
Figure 4.11. Current franchise business size.



12. Do you feel that your franchise business is successful? (If NO, please skip to the question No. 14)

89.5% of the respondents believe that they have a successful franchise business while 10.5% of the franchisors do not think that their franchise business is successful. One franchisor did not answer this question.

Figure 4.12. Satisfaction in business.

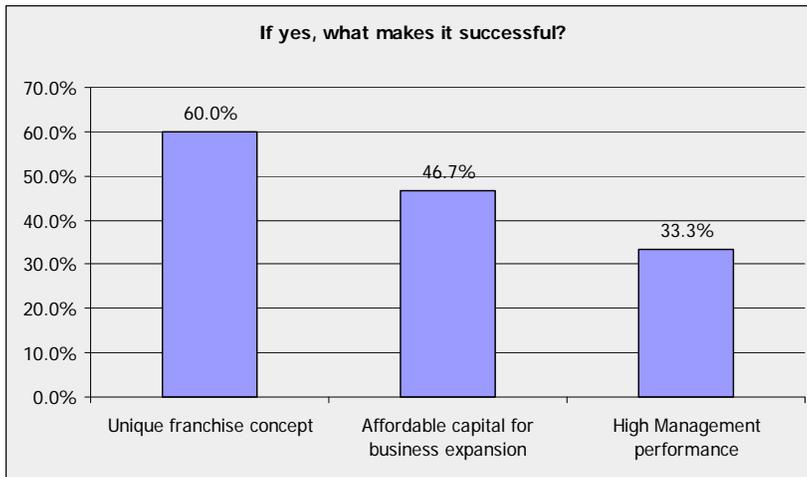


13. If yes, what makes it successful?

60% of the respondents think that their franchise business is successful due to unique franchise concept. 46.7% of the franchisors believe that the franchise business is successful because of affordable capital for business expansion and 33.3% of the respondents choose high management performance as a success for their business. Five respondents skipped this question. Other four respondents gave their own answer by describing the reasons why their business is successful. These reasons are as follows:

- 1. Different sector - Children's Entertainment.*
- 2. Signs and Graphics are needed by all businesses. Our sales and marketing portfolio of brochures, internet and e-shots put us at the forefront.*
- 3. Quality product and Brand name.*
- 4. Excellent franchisees.*

Figure 4.13. Reasons for success.



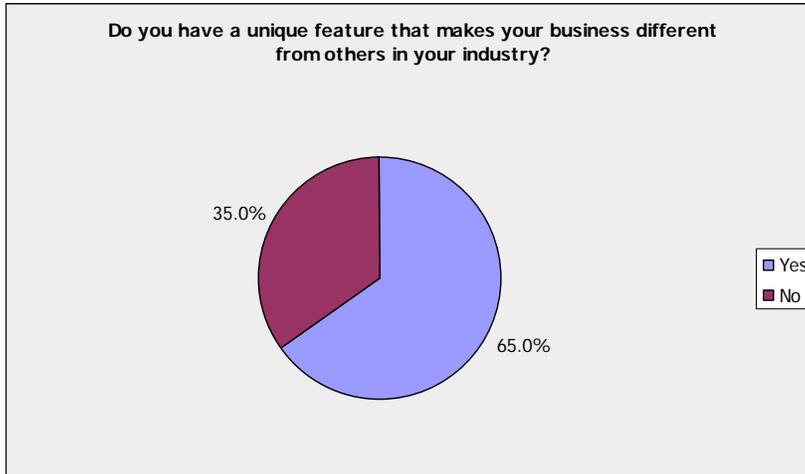
14. Do you have a unique feature that makes your business different from others in your industry?

The majority 65% of the respondents thinks that they have a unique feature that makes their franchise business different from others in their industry and 35% of the respondents think that they do not have this feature. Eleven franchisors described the features that make them successful.

- 1. Our Puppet Shows are scripted and 'pre-recorded' (audio only) and this allows non performers/entertainers to operate the business successfully.*
- 2. World's largest in field. 12 years experience.*
- 3. Customer service and features described in 13.*
- 4. Home delivery. Low entry cost*
- 5. In store roasting.*
- 6. Unique implementation process.*
- 7. We freshly bake in store daily.*
- 8. Quality CareGivers.*
- 9. I keep evolving the brand.*
- 10. First children's music franchise for pre-school age market that became Full members of the British & Irish Franchise Associations. We were the first national provider of this type of service.*

11. Patented Hot Carbonating Cleaning System.

Figure 4.14. Unique features.



15. What would you consider to be the most important quality for the franchisee to have when running your franchise business?

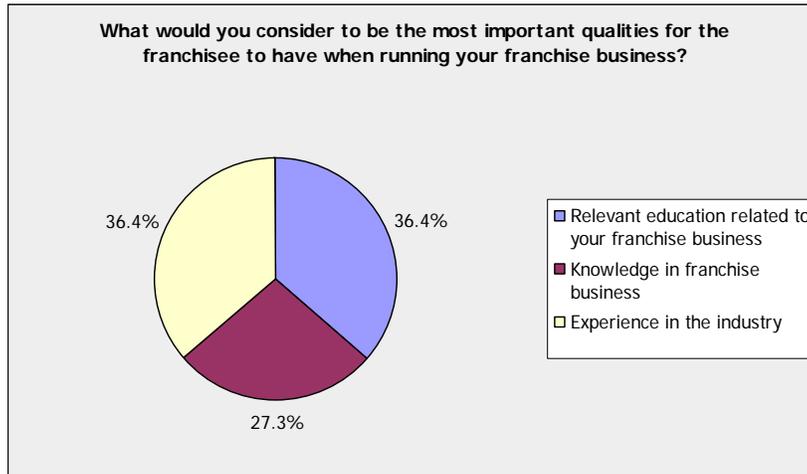
The most important quality that the franchisee must to have when running the franchisor's business is 'relevant education related to your franchise business' and 'experience in the industry'. These two answers were chosen by 36.4% of the respondents. The response percent for the 'knowledge in franchise business' was 27.3%. The other ten of the respondents gave their own answer to this question. These answers are represented below.

1. *Enjoy and comfortable in the company of young children. Like entertaining kids.*
2. *Attitude is first key requirement.*
3. *The drive and desire to run their own business. Some commercial and management skills are necessary.*
4. *Sales and Marketing skills.*
5. *Sales experience.*
6. *Willingness to adopt franchise model and hard work ethic with excellent customer service.*
7. *Determination to succeed.*
8. *Drive and motivation to succeed and ability to form relationships.*

9. Ability to communicate with both parents and young children. Interest in music, singing and the education of young children.

10. The ability to follow a successful Business format.

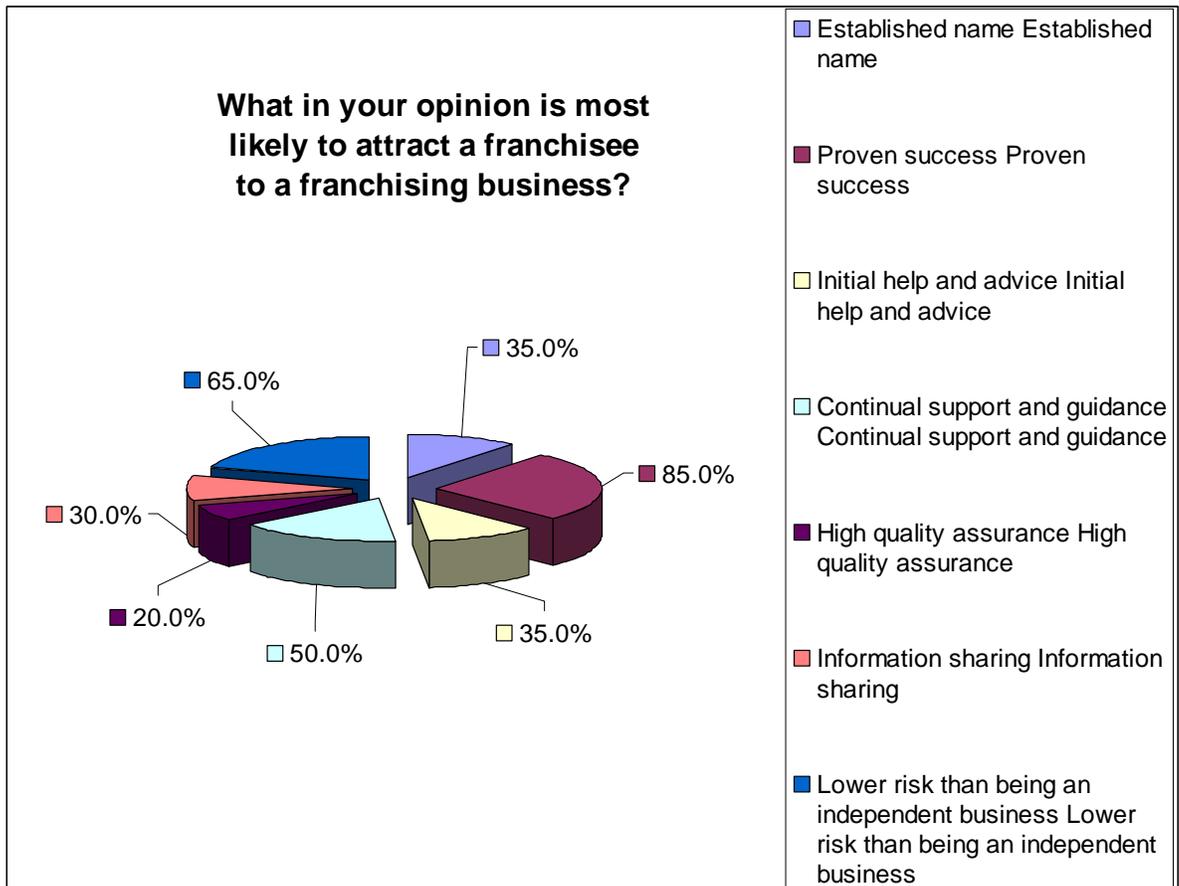
Figure 4.15. Qualities in the franchise business.



16. What in your opinion is most likely to attract a franchisee to the franchising business?

The most likely to attract a franchisee to the franchising business is proven success. The response rate for this answer was 85%. The 'lower risk than being an independent business' got a response rate of 65%. The 'continual support and guidance' was rated by 50%. The 'established name', 'initial help and advice' and 'information sharing' got a response rate of 30%. The 'high quality assurance' was picked by 20% of the respondents and one respondent gave his/her own respond by saying that '*all of the above are important*'. This respondent identified all seven options as important that helps to attract the franchisee to the franchising business.

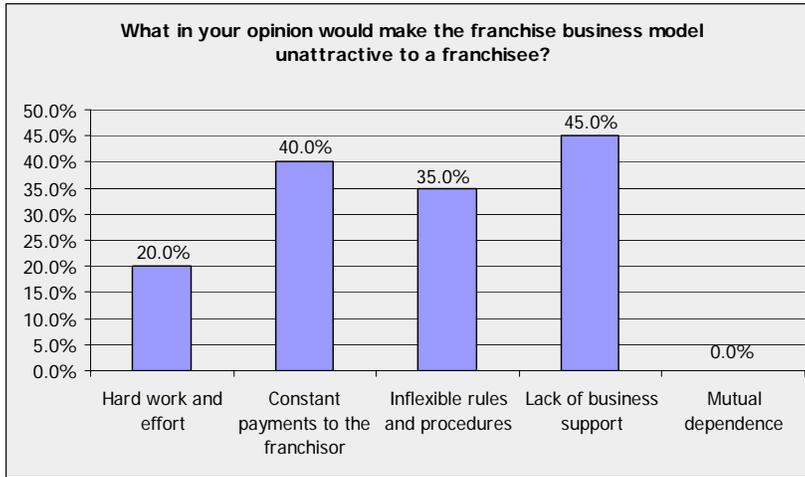
Figure 4.16. Business attractiveness to the franchisee.



17. What is your opinion would most likely make the franchise business model unattractive to a franchisee?

45% percent of respondents state that ‘lack of business support’ makes the franchise business model unattractive. 40% of the respondents think that ‘constant payments to the franchisor’ makes franchise business model unattractive to the franchisee. The ‘inflexible rules and procedures’ option was chosen by 35% of the respondents and ‘hard work and effort’ option was chosen by 20% of the respondents. The ‘mutual dependence’ option was not chosen to answer.

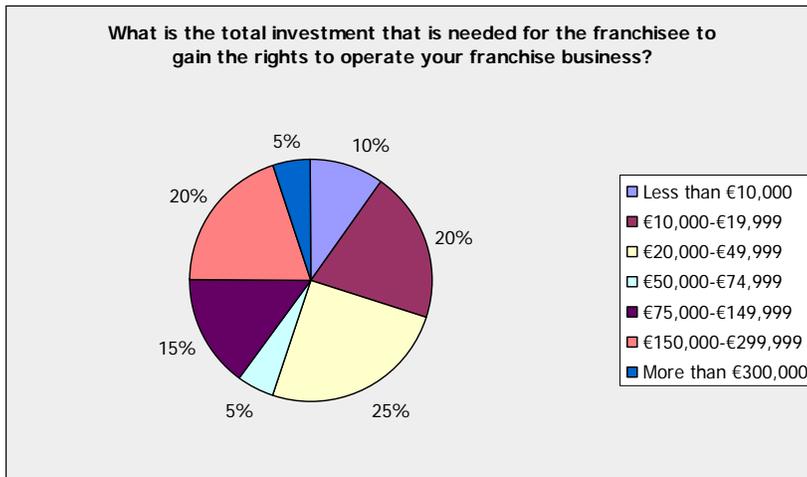
Figure 4.17. Business unattractiveness to the franchisee.



18. What is the total investment that is needed for the franchisee to gain the rights to operate your franchise business?

25% of the respondents stated that the total investment is needed for the franchisor to start the franchise business were €20.000-€49.999. The investment of €10.000-€19.999 was chosen by 20% of the respondents. Also 20% of the respondents identified the investment of €150.000-€299.999. 15% of the franchisors picked the answer for investment of €75.000-€149.999 and 10% of the respondents said that the investment is needed less than €10,000. Finally, the option of €50.000-€74.999 was chosen by 5% of the respondents and also 5% of the respondents identified the investment needed for the franchisee was more than €300.000.

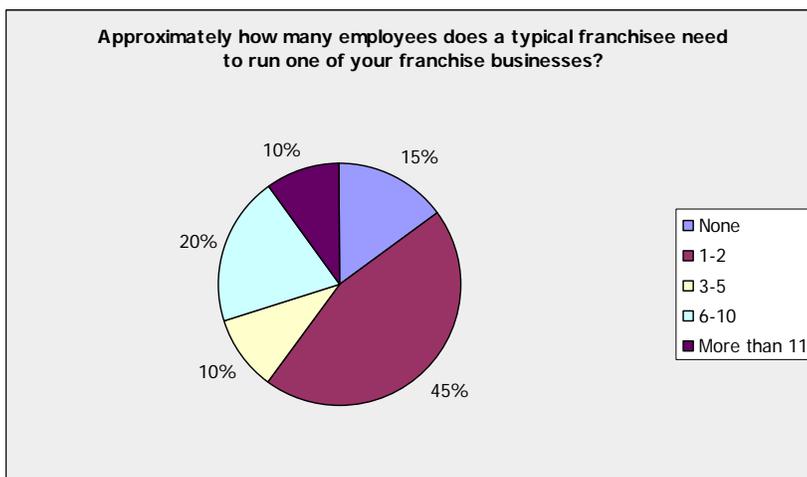
Figure 4.18. Investment amount.



19. Approximately how many employees does a typical franchisee need to run one of your franchise businesses?

The majority of 45% franchisors answered that a typical franchisee needs to employ 1-2 employees in order to run the franchise business. 20% of the respondents said that to run the franchise business is needed 6-10 employees. 15% of the franchisors said that the employees are not needed in the franchise business and 10% of the respondents said 3-5 employees are needed while another 10% of the respondents said that more than 11 employees are needed.

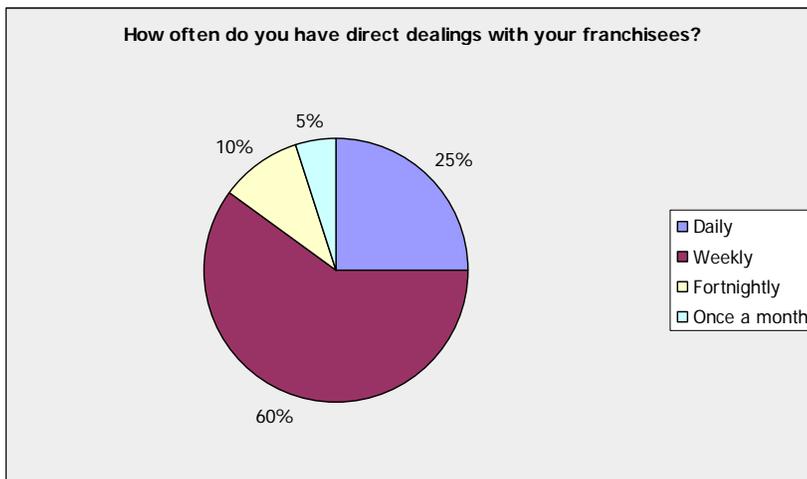
Figure 4.19. Number of employees need by franchisee.



20. How often do you have direct dealings with your franchisees?

The most of the franchisors which is 60% deal with their franchisees weekly. 25% of the franchisors deal with their franchisees daily. 10% of the respondents said that they are dealing fortnightly and 5% of the respondents picked once a month option. Two of the franchisors gave their own answer. One of them said ‘*weekly minimum but they can contact anytime*’ and another said ‘*or More often if needed*’.

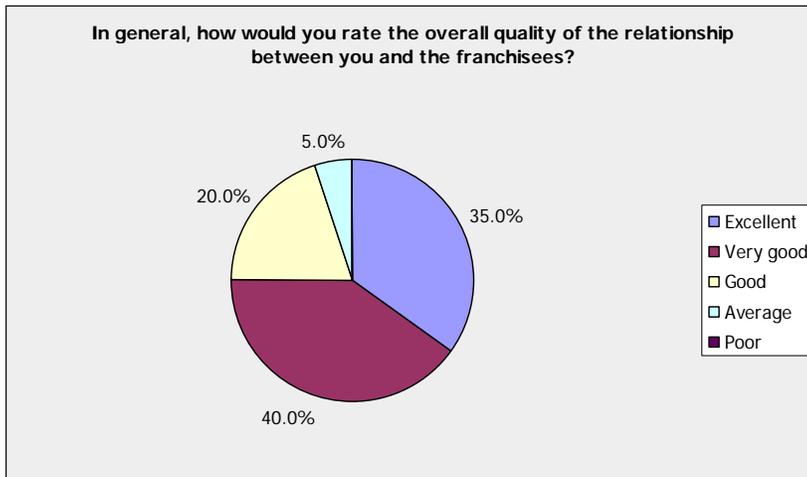
Figure 4.20. Frequency of communication.



21. In general, how would you rate the overall quality of the relationship between you and the franchisees?

The relationship between the franchisor and the franchisees were rated by 40% as very good. Excellent relationship was rated by 35%, good relationship was rated by 20% and average relationship was rated by 5%. No one of the respondents rated relationship as poor.

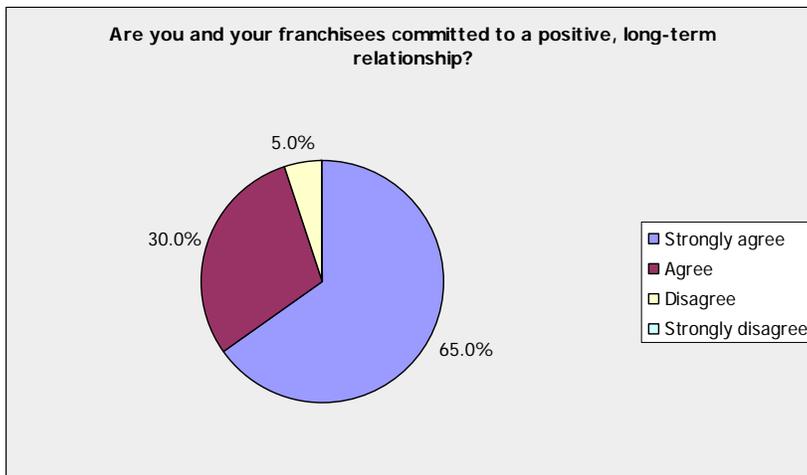
Figure 4.21. Quality of the relationship.



22. Are you and your franchisees committed to the positive, long-term relationship?

The commitment to the positive and long-term relationship was rated as 'strongly agreed' by 65% of the respondents. 30% of the respondents picked 'agree' option and 5% of the respondents picked 'disagree' as an answer. The 'strongly disagree' option was not picked.

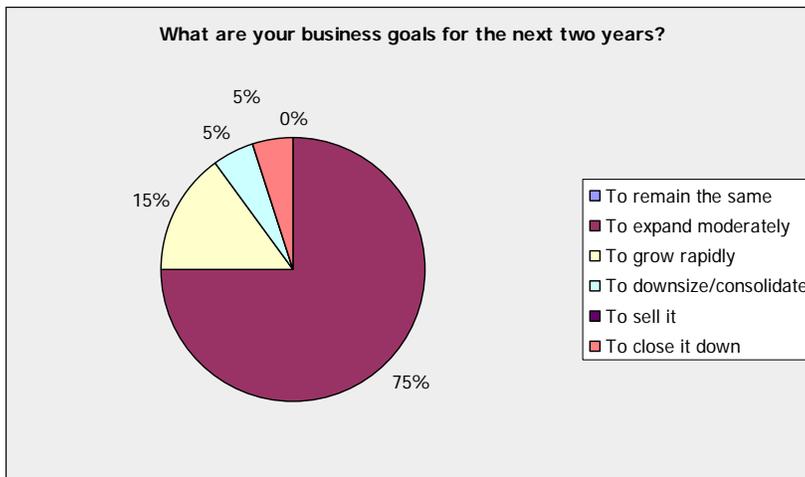
Figure 4.22. Commitment to the relationship.



23. What are your business goals for the next two years?

The 75% of the franchisors said that their business goal for the next two years is 'to expand moderately'. 15% of the respondents said 'to grow rapidly'. Each of two options 'to downsize/consolidate' and 'to close it down' was rated by 5%. No one of the franchisors selected 'to sell it' or 'to remain the same' options.

Figure 4.23. Goals.



Having reviewed the questionnaire results which were obtained from the Irish franchisors, the next step should be reviewing the qualitative data which was obtained through interviewing two Irish franchisors.

4.2. Findings from Qualitative analysis

Two interviews were conducted via email. Each interviewee was asked to answer the same questions. The questions were related to the franchise business model. Due to ethical considerations the interviewees will be kept anonymous. Thus they are referred as interviewee A and B. The responses of the interviewees can be found in appendix (Appendix 4, p. 118).

The reasons why franchisors get involved in franchising are the proven business model and great business opportunities. Both franchisors feel confident about their own

franchised business as they both come from the background of being employed by a company.

The franchisors do not hide the fact that the franchise business model is a very challenging business, particularly, in the current economic climate. Both interviewees hope that the current economic difficulties will be overcome soon.

When asked how they see the future of the franchise business in Ireland one interviewee said that these times are the “survival of the fittest”. They have also added that the franchise business has to follow the franchise business system as best as possible. Interviewees admit that the franchise business model has a lot of challenges for the franchisor. The identified challenges by the interviewees were the selection of wrong franchisees, deviation from the system, under-funding, barriers in communication, in particular, when the business started to grow. At the same time the franchise business model is rewarding and interesting. Both franchisors state that their business is successful due to hard work, believing in oneself and being determined. They say that despite the recession they are still managing to generate profit.

The biggest advantages in franchising for the interviewees are the system that the franchisors have to follow and an opportunity to build a big business network over a quite short period of time. The other advantages are business operation on pre-paid system and a great opportunity to develop a strong brand quickly.

The interviewees agree that the critical success factors are to research and build the knowledge about the business before starting the franchise business. They have also advised to have sufficient funds before starting the franchise business. An interest in franchising and hard work towards improving the business structure are also identified as factors that contribute to success in the franchise business model.

CHAPTER 5: ANALYSIS

The analysis will be conducting by referring to the research objectives. The research objectives were identified as essential to answering the research question ‘What barriers do franchisors have to overcome to be successful in franchising?’. The analysis will be discussed under each objective. In total there are five research objectives.

Objective 1. To discover why franchisors get involved in franchising.

Franchising is a popular business model. According to Griffin and Pustay (2007) franchising is a special business form which allows the franchisor more control over the franchisee and provides more support to its franchisees.

Franchising in Ireland has witnessed rapid expansion in recent years and further growth is predicted for the nearest future (Which franchise, 2009). According to the survey results 35% of the franchisors contributed to the Irish economy for more than 11 years and 30% of all respondents said that they were in the franchise business for 4-6 years. These figures show that franchising in Ireland is new and has a huge potential to further development and growth.

Franchising in Ireland also has a potential to grow in the business sectors that are not developed completely or even not discovered yet. Peacock (2008) states, that Ireland and UK are now more aware of the benefits of franchising and the possibility to widespread to the sectors where franchise is rare. The popular business sectors in Ireland are wholesale trading and retailing. After that the other industry such as the hotels, tourism, restaurants and bars is the second popular business sector within the country.

The franchising business model is also attractive because of the expansion as it gets bigger and more recognisable in Ireland. The franchisors are employing new franchisees by expanding their businesses and brands. The franchisors state that the number of franchisees increased in their businesses over the last year. This shows that franchising

is an attractive business model and that potential franchisors are willing to invest in this business model. As Mathews et al., (2006) state franchising is beneficial to investors as it has an opportunity to operate a business under a recognised brand name. Despite the current economic climate, the franchisors are planning to expand their business. This highlights that franchising in Ireland is adaptable and flexible for a wide range of investors who are willing to invest.

It is clear evidence from the primary and secondary data that the franchisors get involved in franchising because this model has growth and development potential in Ireland. Also the franchise business model is new in Ireland compared to America and has an opportunity to be developed in other business sectors apart from retailing, wholesaling, tourism, bars or hotels.

Objective 2. To discover perceived barriers that the franchisor has to overcome in franchising.

All business models have barriers. As per secondary data analysis the main barriers that franchisors are facing are related to their business control as the majority of the franchisors have difficulties in coordinate their franchisees.

According to Clarke (1999), Monroy and Alzola (2005) franchisors have to make the right decisions by employing the right franchisees for their business and also have to know how to manage the relationship between the franchisor and the franchisee. If the franchisor employs the right franchisee there could be another challenge that the franchisee may become a future competitor to the franchisor.

A positive and long-term relationship management can overcome the business communication barrier. This statement was confirmed by 65% of the survey responses.

Relationship management can be one of the major difficulties in order to coordinate the franchisees and maintain a satisfied work style. As per survey results one perceived barrier in franchising can be not having a unique feature which makes the business

different from other businesses in the industry. 35% of respondents stated that their business does not have a unique feature.

The franchisor has to make the business model attractive to the franchisees. If the franchisor can not make it, the business will suffer. The franchisors state that the franchise model could be unattractive to the franchisee due to lack of business support, constant payments to the franchisor, inflexible rules and procedures and the need for hard work and effort. All this has a negative impact on the franchise business.

Summarising the primary and the secondary data, the conclusion can be drawn that poor relationship management and an unattractive business model are the main barriers that the franchisor has to overcome in order to be successful.

Objective 3. To identify the challenges the franchisor faces in franchising in Ireland.

Franchisor has many obligations to carry out in the franchise business. The main challenges for the franchisor are relationship management. Quinn and Doherty (2000) state that the franchisor has to learn how to use the control power over the franchise business network.

The other challenge for the franchisor is the contract and the fees. The contract has to cover all terms and conditions of the franchise business and the fees have to be set right. Once this is done correctly the franchisor has an advantage over other franchisors-competitors as the business becomes attractive with lower risk. This statement is supported by the survey results as 65% of the respondents state that lower risk attracts the franchisee to the franchise business.

The franchisor carries out the responsibility by preparing the complete operations manual, which is guidance to the franchisee. The franchisor has also to provide the training to the franchisee, which helps to achieve the standard work procedures through the franchise business network. The franchisors state that support and guidance are very

important to attract the franchisees to their business. In order to maintain the support to the franchisees, the franchisors have to deal with them. This helps to improve the quality of the relationship between the franchisor and the franchisee. The survey results support this statement as 40% of the respondents said that their relationship quality is very good and 35% of the respondents admitted to have an excellent relationship. The overall results show that the challenges that the franchisor faces in the franchise business are maintenance of business support and relationship quality.

Objective 4. To identify the perceived advantages for the franchisor in franchising.

Franchising is one of the business methods that continue to grow around the world. Duckett (2008) highlights, that franchising is beneficial for the franchisor due to quicker growth through operations by using the franchisee's investment and effort.

One of the advantages for the franchisor in franchising is business expansion and rapid access to the new markets by employing the franchisees. Also the business distribution network has a reasonable price and to run the franchise business for the franchisee usually takes 1-2 employees. This number was confirmed by 45% of the franchisors.

If the franchisors are successful, they can generate an additional capital much quicker regarding their rapid business expansion through the franchisee channel. Some of the franchisors in Ireland have the possibility to operate other businesses separately from their franchise business.

Having reviewed this objective the common advantage to the franchisor can be specified in the form of rapid business expansion and quick profit growth.

Objective 5. To identify the critical success factors for the franchisor in franchising.

Merrilees and Frazer (2006) state that, the critical success factor relies on the strength of the franchise relationship. According to the survey results 65% of the respondents strongly commit to a positive and long term relationship. Huang and Phau (2009)

highlight that cooperation between the franchisor and the franchisee is fundamental to achieve success. As per the survey and interview results the respondents feel that their franchise business is successful. According to literature review the main success factor is team work and commitment to the business. 60% of the respondents of the survey think that their franchise business is successful due to a unique franchise concept, 46.7% of the respondents say that success depends on affordable capital for business expansion and 33.3% state that high management performance influences success in franchise business.

Overall the franchise business in Ireland is successful as it is constantly expanding and developing. The franchisors also confirmed that their franchise business is successful because of the possibility to grow.

In summarizing the franchisor's success the main success factors such as positive and long-term relationship management and unique franchise concepts can be identified as the critical factors to the successful franchise business.

CHAPTER 6: CONCLUSIONS

In this chapter the analysis of the findings will be concluded and assertion will be made in order to find out whether the hypotheses are supported.

H1. A positive and mutual working relationship among a franchise network leads to success.

The analysis of the primary research showed that a positive and long-term franchise relationship leads businesses to success. However, a good relationship management is a challenging experience for the franchisors because they have to learn how to manage and control their business. As per interview results one of the main barriers is communication in the relationship. When the business starts to grow the relationship gets more complicated. From the franchisor's point of view the right management of the work relationship involves many activities. The franchisors have to be prepared to control their business by using the right control power over their franchisees. They have to make sure that the franchise contract covers the major terms and conditions. They have to provide training and the operations manual to their franchisees. They also have to set the right fee for the franchisee to pay. Also they have to manage the business location well and make their business model look attractive. All these activities cover positive and mutual relationship management. Therefore the franchisors who participated in the survey supported this evidence as they believed that team work and cooperation between the franchisor and the franchisee were fundamental to achieve success. This would lead to the decision to state that primary and secondary researches support this hypothesis.

H2. Lack of business support in the franchise business network is the main barrier that makes the franchise business model unattractive.

Franchising is a popular business model as it continues to grow around the world. However, this business model requires mutual business understanding and collaboration in the franchise business network. As outline in the analysis lack of business support can

course the franchise business model to be unattractive. This would lead to the business downsizing or even close of the business. The franchisors agree that constant business support is very vital in the business. The franchisors think that direct weekly dealings with their franchisees are a requirement in order to maintain the business support. Also, according to the qualitative data, the franchise business model has to be followed and supported as much as possible. The analysis of the primary research shows that continual support and guidance can attract the franchisees to invest in franchise business model which leads to business growth, development and success. In concluding the evidence of the analysis it can be stated that lack of business support in the franchise business network is the main barrier which makes the franchise business model unattractive. Within this statement this hypothesis is supported by the research.

CHAPTER 7: RECOMMENDATIONS

The findings of this dissertation highlight that the franchising business model is an attractive way to conduct business in Ireland because of its potential for rapid expansion and development. In addition the franchise business model in Ireland has the opportunity to grow in the business sectors that are not developed completely or even not discovered yet.

The findings of this dissertation show that the franchise business model is very challenging for the franchisor as it requires a high quality relationship maintenance and management. Also the franchisors have to be able to provide to their franchisees with assistance and business support in order to maintain the quality of their business. The findings suggest that success within the franchise business model can be achieved though a positive and mutual working relationship between the franchisor and the franchisee.

The franchisor has to be prepared to lead the business with knowledge and experience in business management, business control and relationship management. In particular, high attention has to be paid on relationship management. If the working relationship among the franchise network is positive and well maintained success can be achieved.

According to the research another recommendation can be drawn for the franchisors. There is a clear need of understanding and identifying what kind of business support is needed in order to have a well managed and successful business model. The analysis of the research shows that continual business support and guidance make the business look attractive and due to this it can attract the franchisees to invest in the franchise business model. This, of course, will lead franchise business to further growth.

The researcher's advice to the Irish franchisors would be to follow two key factors which are high quality relationship management and business support in the franchise business network.

CHAPTER 8: SELF REFLECTION

8.1. Introduction

This section outlines the researcher's learning style and learning process throughout the MBS course and during the writing of her dissertation. This section also provides an insight into the course benefits and added value to the researcher's personal growth and future plans.

The researcher had the possibility to work in a few business sectors, such as tourism, retail and finance over the past six years on a full-time basis. Within work in the retail industry she had an opportunity to get familiar with business procedures and opportunities within the Europe.

The researcher's academic path started ten years ago and since then she hadn't taken an academic break. She believed that learning through studying contributed to her personal growth and future opportunities. The first three years she was full-time studying the tourism management. During this course she had an opportunity to work as a tourism manager. After the completion of this course she started studying her favourite course in international business and after five years of studying she qualified for the Bachelor degree in management and international business. After that she decided to get her Masters degree by studying part time and working full time. This was a very challenging experience as the researcher had to learn how to manage her time, set priorities and remain focused on both work and studies.

By starting MBS she knew what she wanted to achieve. Her goal was to get a broader understanding and deeper knowledge about business. After the MBS course she discovered that she gained not just the knowledge in business but also she acquired new skills that would be beneficial for her personal growth and development.

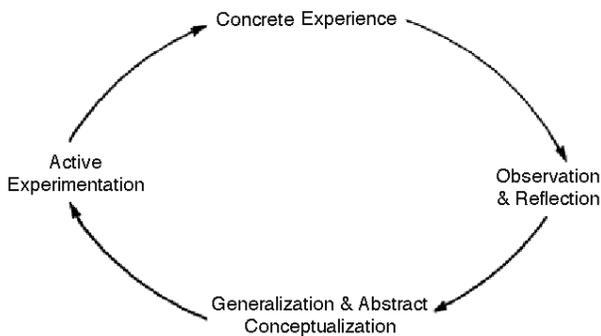
The model on improving own learning and performance had a huge influence on her acquiring new skills. She learned how to manage her time, work in the groups, and give presentations in front of others. The most important achievement for her was increasing her self confidence and developing her personal growth.

8.2. Learning styles and strategies

Mumford and Gold (2006) state, that learning is a process linked conceptually and practically through the learning cycle cast. Learning style is very important as it enables people to recognise personal inner strengths and improve their skills. The work of Kolb and colleagues had a huge influence on understanding the importance of learning styles (see Figure 8.1.). Kolb's work divided learning cycle into four learning styles (Buckley and Caple, 2007, p. 178):

- **Convergent style** – the individual emphasises the learning abilities of abstract conceptualisation and active experimentation and shows strength in the practical application of ideas and problem solving.
- **Divergent style** – concrete experience and reflective observation abilities characterise individuals showing this style.
- **Assimilation style** – the learning abilities of abstract conceptualisation and reflective observation are dominant in a person obtaining this style.
- **Accommodative style** – emphasis is placed on concrete experience and active experimentation abilities.

Figure 8.1 Kolb's learning cycle.



(Adapted from Buckley and Caple, 2007)

Kolb explains that different people prefer different learning styles. The four different learning styles have affect on the personal development. Kolb define that a person integrates and improves the four different learning styles as he/she matures through the development stages (Buckley and Caple, 2007).

Honey and Mumford (2000) outline four different learning styles which were based on Kolb's theory:

- **Reflector** – the individual who prefers to learn from activities that allow him/her to watch, think, and review.
- **Theorist** – the individual who prefers to think problems though in a step-by-step manner.
- **Pragmatist** – the individual who prefers to apply new learning to actual practice to see if they work.
- **Activist** – the individual who prefers the challenges of new experiences, involvement with others, assimilations and role-playing.

It is important to know your learning style as it helps to avoid repeating mistakes by undertaking various activities. People who have a clear learning style tend to learn more

effectively. Some people have strong preferences for a certain learning style. Others can switch between different learning styles.

8.3. Researcher's learning style

The researcher found out her learning style by undertaking Honey and Mumford's learning style test. She was surprised by the results because she didn't know she had such a learning approach particularly as theorist and pragmatist which got the same test scoring. The theorist learning style made her realise that usually she was working through step-by-step observing new information. Although the scoring as a theorist learner was one of the highest, she didn't think the learning style of theorist applied to her fully by one hundred percent as she didn't see herself rejecting new ideas and not being creative. She saw herself more as pragmatist learner because she liked to be practical and get straight to the point. The activist learning approach also applies to her as she is always optimistic about new situations or changes. She didn't see herself as reflector as she had difficulties being organised. She understood that this learning style could be very useful to her so she tried to achieve some changes in herself by collecting and organising all important facts. The evidence of this learning style approach is the portfolio for the module of improving own learning and performance.

Having completed the module on improving own learning and performance made her realised that learning styles had a big influence on the way she learned new information. She was able to approach through different learning styles by studying different information. For instance, studying for exams and writing academic papers she applied the theorist learning style as this learning style helped her to achieve the best results. Other subjects that required discussions were best learned through working in groups with other people. This example shows that she can approach new learning using the activist leaning style.

8.4. Benefits of the MBS course

The module on improving own learning and performance had a great influence on her developing skills. The skill areas that were developed during the two years time were time management, working in groups with others and communication. Having started MBS, these three skill areas were the greatest challenges as she wasn't good at setting her priorities, sticking to her time log, discussing and communicating with others.

The researcher improved her skill areas during the two years time of studying. She improved the time management skill as she had to keep diaries and notes for assignments, presentations and discussions. She followed the timetables for studying for the exams and getting ready for the assignments. She also improved other key skill areas such as working with others and communication. The different modules of the Masters course required to take part in discussion with the classmates, participate in the group projects, give presentations and ask questions. These activities helped her to become more confident at communication and working with others. The researcher had an opportunity to learn from the feedbacks which were given by the lectures and the classmates. She was able to take criticism and to learn from it.

The researcher can see the benefits of the MBS course as she improved her writing and oral communication, developed the inner strengths as a learner and, most importantly, built self-confidence and increased her self-esteem. The researcher was growing both by developing her skill areas and getting valuable knowledge in the business area. She was able to apply her skills and knowledge to her work and personal life.

8.5. Dissertation

Initially, the researcher had many ideas for the dissertation proposal. All ideas for the dissertation proposal were related to different business plans and modules. After consideration, the researcher picked the topic on franchising as she already knew this

business module and was fascinated to find out more about it. She started reading the academic and business articles in order to get a broader understanding about the franchise business. The articles helped her to develop the theories and concepts and to come up with research problem, objectives and hypotheses.

She found the writing process of her dissertation very exciting as she learned a lot of information, had an opportunity to communicate with the chairman of the Irish Franchise Association and the franchisors about franchising opportunities. At the same time this writing process required a lot of focused work on it, good time management skills and confidence at gathering the information.

The researcher can state that the process of writing the dissertation had a huge influence on developing her learning style and improving her self reflection.

8.6. Benefits of MBS to the personal life

During the two years of studying the researcher developed the key skills and gained knowledge in business. This experience was applied to her work and personal life. She was able to manage her work better as she knew how to deal with urgent tasks and stick to her time log. She became a better communicator and was confident at working with her colleagues.

The researcher can argue that the MBS course had a great credit towards her work experience as she learned and grew daily by applying the knowledge and the skills to her work environment. This course helped her to be more responsible which in return influenced the decisions within her work and personal life. It also gave her a strong career path and confidence in her future plans.

Glossary of terms

The **franchisor** is the developer (person/company) of a product or service, who offers investors the right to trade under the franchisor's business name using the franchisor's business concept, intellectual property and know-how.

The **franchisee** is the investor (person/company) who purchases the right to trade using a franchisor's product, service or name, and using a franchisor's business concept, its intellectual property and know-how.

The **master franchisee** is given the right by the franchisor to develop and sell franchises under the brand name within a certain territory or region.

The **multi-unit franchise** is a franchisee with awarded rights from the franchisor to operate more than one unit within a defined area based on an agreed upon development schedule.

The **single-unit franchise** is a franchisee who works at the franchise which usually takes the form of the business supplying a service. The type of business may be mobile, home-based or requiring small premises.

The **franchise contract** is a very important document where franchisor and franchisee oblige to conduct a business.

The **operations manual** is part of the franchise contract which outlines the basis for the day-to-day running of the franchise operation.

The **termination of the contract** is a legal provision by which either party franchisor or franchisee may terminate the contract. One of the reasons for terminating the contract could be breach of the contract.

Bibliography

- Abdullah, F., Alwi, M.R., Lee, N., Ho, V.B. (2008). Measuring and managing Franchisee Satisfaction: A Study of Academic Franchising, *Journal of Modelling in Management*, 3(2), pp. 182-199.
- AIB, (2005). AIB guide to franchising. [Online] Available at: <http://www.irishfranchiseassociation.com/docs/Franchising%202005.pdf> [Accessed 20 March 2009].
- Alon, I. and McKee, D.L., (1999). Franchising Research: The Internationalization of Professional Business Service Franchises. *Journal of Consumer Marketing*, 16 (1), pp. 74-85.
- Altinay, L. and Roper, A., (2005). The Entrepreneurial Role of Organisational Members in the Internationalisation of a Franchise System. *International Journal of Entrepreneurial Behaviour & Research*, 11 (3), pp. 222-240.
- Altinay, L. and Wang, C.L., (2006). The Role of Prior Knowledge in International Franchise Partner Recruitment. *International Journal of Service Industry Management*, 17 (5), pp. 430-443.
- Barrow, C., Golzen, G. and Hogan, H. (1999). Guide to Taking up a Franchise. 13th ed. London: Kogan Page Limited.
- Besanko, A., Dranove, D., Shanley, M., Schaefer, S., (2004). Economics of Strategy (International Edition), John Wiley and Sons.
- Blaxter, L., Hughes, C., Tight, M. (2006). How to research. Berkshire: Open University Press.
- Bryman, A. (2001). Social Research Methods. 1st ed. New-York: Oxford University Press Inc.
- Bryman, A. and Bell, E. (2004). Business Research Methods. 1st ed. Oxford: Oxford University Press.
- Buckley, R. and Caple, J. (2007). The Theory and Practice of Training. 5th ed. London. Business and Finance, (2007). Stock Control Mentality, *Business and Finance Magazine*.

- Carson, D., Gilmore, A, Perry, C and Gronhaug, K. (2001). *Qualitative Marketing Research*. London: Sage Publications.
- Carter, S. and Jones-Evans, D., (2006). *Enterprise and Small Business*. 2nd ed. Pearson: Prentice Hall.
- Choo, S. and Bowley, C. (2007). Using Training and Development to affect Job Satisfaction within Franchising. *Journal of Small Business and Enterprise Development*, 14(2), pp. 339-352.
- Clarke, G., (1999). *Buying Your First Franchise: Everything You need to know before You do!*. 3rd ed. London: Kogan Page Limited.
- Cliquet G. and Croizean J.P., (2002). Towards Plural Forms, Franchising/Company-Owned Systems, in the French Cosmetics Retail Industry. *International Journal of Retail & Distribution Management*, 30 (5), pp. 238-250.
- Cohen, A. (1997). The Franchise game Everyone's playing It. *The Financial Post*, p.31.
- Combs, G.J., Michael, S.C., Castrogiovanni, G.J., (2004). Franchising: A Review and Avenues to Greater Theoretical Diversity. *Journal of Management*, 30 (6), p. 907.
- Cooper, D.R. and Schindler, P.S. (2003). *Business Research Methods*. 8th ed. New York:McGraw-Hill.
- Davis, P. (2003). Franchisee Power. *Journal of Development and Learning in Organizations*, 17(6), pp. 4-5.
- Dignam, T. (2008). Franchising a Structured Plan is the Key to Success, *Accountancy Ireland*, 40(1), pp. 54-55.
- Doherty, A.M., (2007). Support Mechanisms in International Retail Franchise Networks. *International Journal of Retail & Distribution Management*, 35 (10), pp.781-802.
- Doherty, A.M. and Alexander, N., (2006). Power and Control in International Retail Franchising. *European Journal of Marketing*, 40 (11/12), pp. 1292-1316.
- Domegan, C. and Fleming, D. (1999). *Marketing Research in Ireland: Theory and Practice*. Dublin: Gill and MacMillan.
- Duckett, B., (2008). Business Format Franchising: a Strategic Option for Business Growth – at Home and Abroad. *Strategic Direction*, 24 (2), pp.3-4.

- Elgin, J. (2007). Buying a Franchise: The 3 Secrets to Franchise Success. *Entrepreneur*.
 [Online] Available at:
<http://www.entrepreneur.com/franchises/buyingafanchise/franchisecolumnistjeffeggin/article176428.html> [Accessed 15 June 2009].
- Fock, H.K., (2001). Retail Outlet Location Decision Maker – Franchisor or Franchisee?.
Marketing Intelligence and Planning, 19/3, pp. 171-178.
- Franchise in Ireland Survey. (2006). IFA, [Online] Available at:
<http://www.irishfranchiseassociation.com/franchising.aspx> [Accessed 20 March 2009].
- Franchising in Ireland Survey (2004). Bank of Ireland. [Online] Available at:
<http://www.irishfranchiseassociation.com/docs/franchise%20Survey.pdf>
 [Accessed 31 May 2009].
- Frazer, L. (1998). Motivation for Franchisors to use Flat Continuing Franchise Fees.
Journal of Consumer Marketing, 15(6). Pp. 587-597.
- Gauzente, C. (2003). Measuring Franchisees' Satisfaction: Theoretical Considerations
 and Empirical Testing, *International Journal of Retail & Distribution
 Management*, 31(10), pp. 508-517.
- Griffin, R.W. and Pustay, M.W., (2007). *International Business: A Managerial
 Perspective*, 5th ed. Pearson: Prentice hall.
- Hague, P.N. and Jackson P. (1998). *Do Your Own Market research*. Kogan Page Ltd.
- Harmon, T.R. and Griffiths, M.A., (2008). Franchisee Perceived Relationship Value.
Journal of Business & Industrial Marketing, 23 (4), pp. 256-263.
- Holohan, B. (n/d). How to Franchise your business: A Summary Paper for the Irish
 Franchise Association [Online] Available at:
<http://www.aib.ie/servlet/BlobServer/How%20to%20franchise%20your%20business.pdf?blobcol=urldata&blobheader=application/pdf&blobkey=id&blobtable=MungoBlobs&blobwhere=1212665547606&csblobid=1141323376560> [Accessed 20
 June 2009].
- Honey, P. & Mumford, A. (2000). *The Learning Styles Helper's Guide*.
 Maidenhead: Peter Honey Publications Ltd.

- Huang Y. and Phau, I. (2009). Mapping the Profiles of Franchisees: Getting to know the black Sheep, rough Diamonds, Whingers and best Bubbies. *Direct Marketing: An International Journal*, 2(4), pp. 221-238.
- Hsu, P.F. and Chen, B.Y. (2008). Integrated Analytic Hierarchy Process and Entropy to develop a Durable Goods Chain Store Franchisee Selection Model, *Asia Pacific Journal of Marketing and Logistics*, 20(1), pp. 44-54.
- Hussey, J and Hussey, R. (1997). *Business Research: A practical guide for undergraduate and postgraduate students*. London: Palgrave Macmillan.
- IFA - International Franchise Association. (n/d). About IFA. [Online] Available at: <http://www.franchise.org/aboutifa.aspx> [Accessed 31 May 2009].
- Inma, C., (n/d). Purposeful Franchising: Re-thinking of the Franchising Rational. *Singapore Management Review*, 27 (1).
- Izraeli, D. (1972). *Franchising and the Total Distribution System*. London Group Ltd.
- Jenvey, N. (1999). Footnotes – Franchising, a Symbol of Success, *Business Day (South Africa)*, p.13.
- Lu, J. W., (2002). Intra- and Inter-Organizational Imitative Behavior: Institutional Influences on Japanese Firms' Entry Mode Choice. *Journal of International Business Studies*, Vol.33, No. 1, pp. 19-37.
- Luangsuvimol,T. and Kleiner , B.H., (2004). Effective Franchise Management. *Management Research News*, 27 (4/5).
- Malhotra N.K., (2006). *Marketing Research*, 5th ed. Hemel Hempstead: Prentice Hall International.
- Malhotra, N.K. and Birks, D. (2002). *Marketing Research*. European Edition. Essex: Pearson Education Ltd.
- Marketing Systems. *Qualitative Market Research: An International Journal*, 9 (1), pp.73-85.
- Marschan-Piekkari, R. and Welch, C.A. (2005). *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar.
- Marshall, C. and Rossman, G.B. (2006). *Designing Qualitative Research*.4th ed. London: Sage Publications.

- Mathews, J., Debolt, D. and Percival, D. (2006). *Street Smart Franchising: Read This Before You Buy A Franchise*. Canada: EP Entrepreneur Press.
- McCall, B. (2004). Following a proven Track Record: Franchising offers Entrepreneurs ready made and tried and trusted Business in which to invest, *The Irish Time*, p. 26.
- McClelland, R.J., Lesikar-Flatley and Hair-Bush-Ortinou (2002). *Marketing: Marketing Research Methods*. McGraw Hill.
- McCracken, G.D. (1988). *The Long Interview*. California: Sage Publications.
- Mellahi, K. et al., (2005). *Global Strategic Management*. Oxford University Press.
- Mendlesohn, M. (2004). *Guide to Franchising*. 7th ed. Thomson Learning.
- Mendelsohn, M. follow by Ezra L., (1992). *The Guide to Franchising*. 5th ed. London: Cassell.
- Merrilees, B. and Frazer, L., (2006). Entrepreneurial Franchisees have hidden Superior Marketing Systems. *Qualitative Market Research: An International Journal*, 9 (1), pp.73-85.
- Monroy, M.F. and Alzola, L.M., (2005). An Analysis of Quality Management in Franchise Systems. *European Journal of Marketing*, 39 (5/6), pp. 585-605.
- Morgan, F.W. and Stoltman, J.J. (1997). Vicarious Franchisor Liability: Marketing and Public Policy Implications. *Journal of Business and Industrial Marketing*, 12 (5), pp. 297-314.
- Mukherjee, A., (2003). Franchise Management: A Model of Service-Quality Interactions. *International Journal of Quality & Reliability Management*, 20 (3), pp. 325-344.
- Mumford, A. and Gold, J. (2006). *Management Development Strategies for Action*. 4th ed. London: Sage Publication.
- Nolan, M. (2007). Do Homework before buying into a Franchise, *The Sunday Times (London)*, p.15.
- O'Connell, S. (2009). Self-Employment without Tears; A Franchise lets You be Your Own Boss – with a Safety Net, *The Sunday Times (London)*, 1 edition, p.10.

- Peacock, G. (2008). *7 Secrets of Buying a Successful franchise: How to Make Sure You pick a Real Winner!* (CD-ROM). Jan-Pro.
- Price, S. (1997). *The Franchise Paradox: New Directions, different Strategies*. London: Cassell.
- Quinn, B. and Doherty A.M., (2000). Power and Control in International Retail Franchising: Evidence from Theory and Practice. *International Marketing Review*, 17(4/5), pp. 354-372.
- Quinn, B. (1999). Control and Support in an International Franchise Network. *International Marketing Review*, 16(4/5), pp. 345-362.
- Remenyi, D., Williams, B., Money, A. and Swartz, E. (1998). *Doing Research in Business and Management: An Introduction to Process and Method*. London: Sage.
- Robson, C. (1993). *Real World Research: a Resource of Social Scientist and Practitioner - Researchers*. Oxford, Blackwell.
- Roh, E.Y. and Yoon, J.H., (2009). Franchisor's ongoing Support and Franchisee's Satisfaction: a case of Ice Cream Franchising in Korea. *International Journal of Contemporary Hospitality Management*, 21 (1), pp. 85-99.
- Sashi, C.M. and Karuppur, D.P., (2002). Franchising in Global Markets: Towards a Conceptual Framework. *International Marketing Review*, 19 (5), pp. 499-524.
- Saunders, M., Lewis, P., Thornhill, A., (2007). *Research Methods for Business Students*. 4th ed. Prentice Hall: Financial Times.
- Sekaran, U. (2003). *Research Methods for Business*. 4th ed. New Jersey.
- Sharp, J. and Howard, K. (1996). *The Management of Student Research Project*, 2nd ed. Aldershot, Gower.
- Shivell, K. and Banning, K. (1993). *Running a Successful Franchise*. McGraw-Hill, Inc.
- Shook, C. and Shook, R.L. (1993). *Franchising: The Business Strategy that changed the World*. Prentice Hall.
- Slattery, L. (2004). Using a Tried and Tested Business Model for Success Franchising offers an Element of Security for the Entrepreneur, *The Irish Times*, p. 27.
- Slattery, L. (2004 A). Follow a Blueprint to Your Future, *The Irish Time*, p. 27.

- SurveyMonkey (n/d). [Online] Available at: <http://www.surveymonkey.com> [Accessed 1 August 2009].
- The European Franchise Federation, (2008). European Code of Ethics for Franchising. [Online] Available at: http://www.eff-franchise.com/IMG/article_PDF/article_13.pdf [Accessed 20 March 2009].
- Tikoo, S., (2005). Franchisor Use of Influence and Conflict in a Business Format Franchise System. *International Journal of Retail & Distribution Management*, 33 (5), pp. 329-342.
- Vander-Broek, M.S. and D'Angelo, J.M. (2008). Copyright Protection: The Forgotten Stepchild of a Franchise Intellectual Property Portfolio, *Franchise Law Journal*, 28(2), pp. 84-127.
- Wass, V., J. and Well, P.E. (1994). Principles and Practices in Business and Management Research. USA: Dartmouth Publishing Company Limited.
- Watson, A. and Kirby, D. A., (2004). Public Perception of Franchising in Britain: releasing the Potential. *Journal of Small Business and Enterprise Development*, 11(1), pp. 75-83.
- Weaven, S. and Debra, G., (2009). Franchisee Personality: An Examination in the Context of Franchise Unit Density and Service Classification. *European Journal of Marketing*, 43 (1/2), pp. 90-109.
- Weaven, S. and Grace, D., (2009). Franchisee Personality: An Examination in the Context of Franchise Unit Density and Service Classification. *European Journal of Marketing*, 43(1/2), pp. 90-109.
- Which franchise (2009). [Online] Available at: <http://www.whichfranchise.ie/article.cfm?articleID=43> [Accessed 20 June 2009].
- Zhang, Y. (2000). Learning Function and Small Business Growth, *Managerial Auditing Journal*, 15(5), pp. 228-231.

Appendixes

Appendix 1: Questionnaire

Dear Sir, Madam,

I am a student on the Masters programme in Business Studies with Dublin Business School. I am currently carrying out a research project about Perception of Franchising in Ireland. The aim of this project is to find out the barriers which have to be overcome by the franchised companies in Ireland in order to be successful.

Along with this letter I have enclosed a survey questionnaire that asks a variety of questions about the franchise business.

I would like to ask you to participate in this project and, if you choose to do so, please complete the survey questionnaire. It should take a maximum 10 minutes to complete.

I hope you can assist me in this research project as your support would be an invaluable asset to understand the franchise business in Ireland. The copy of my final report will be made available to you upon your request.

Participation is, of course, voluntary-but I appreciate if you could take part.

Confidentiality of individual responses is assured. All responses will be amalgamated and studied as a group, and there is no need to supply your name.

If possible I would be grateful if the completed questionnaire could be returned to me by Friday 14th of August.

If you decide to take part in this project, please complete the questionnaire at http://www.surveymonkey.com/s.aspx?sm=VPI0mZRQQFVt6rYdrXmCIA_3d_3d

If you have any queries or would like further information about this project, please call me on 087 968 6580 or email me at ingrid_steve@yahoo.co.uk

Once again I would like to thank you for your time and to wish all the best with your business.

Your sincerely,

Ingrida Makaraite

1. Gender:

- Male Female

2. Age category:

- 18-25
 26-35
 36-45
 46-55
 56-over

3. Please state the education and training level that you hold:

- Leaving Certificate
 3 rd Level undergraduate Qualification
 3 rd Level postgraduate Qualification

4. Are you currently operating any other businesses from your franchise business?

- Yes No

5. Which of the following would you use to describe yourself?

- Risk-averse Risk taker

6. Which of the following business sectors are you operating in?

- Wholesale trading/ retailing
 Hotels, tourism, restaurants, bars
 Financial services
 Real estate activities
 Education and media
 Research & Development
 IT/ computing services
 Health, social, personal services
 Other (please specify)

7. How would you specify your business structure?

- Home based
- Retail
- Business to Business

8. How long have you owned your franchise business?

- Less than 1 Year
- 1-3 years
- 4-6 years
- 7-10 years
- Over 11 years

9. Have the number of franchisees in your business increased in the last year? (If NO, please skip to the question No. 11)

- Yes
- No

10. If yes, by what percentage did it increased in the last year?

- Less than 20 %
- 21 % - 40 %
- 41 % - 60 %
- 61 % - 80 %
- More than 81 %

11. How many franchisees do you have at the moment In Ireland?

- Less than 10
- 10-25
- 26-50
- 51-100
- More than 100

12. Do you feel that your franchise business is successful? (If NO, please skip to the question No. 14)

- Yes
- No

13. If yes, what makes it successful?

- Unique franchise concept
- Affordable capital for business expansion
- High Management performance
- Other (please specify)

14. Do you have a unique feature that makes your business different from others in your industry?

- Yes (If Yes, please describe that feature or features)
- No

15. What would you consider to be the most important quality for the franchisee to have when running your franchise business?

- Relevant education related to your franchise business
- Knowledge in franchise business
- Experience in the industry
- Other (please specify)

16. What in your opinion is most likely to attract a franchisee to the franchising business?

- Established name
- Proven success
- Initial help and advice
- Continual support and guidance
- High quality assurance

- Information sharing
- Lower risk than being an independent business
- Other (please specify)

17. What is your opinion would most likely make the franchise business model unattractive to a franchisee?

- Hard work and effort
- Constant payments to the franchisor
- Inflexible rules and procedures
- Mutual dependence
- Other (please specify)

18. What is the total investment that is needed for the franchisee to gain the rights to operate your franchise business?

- Less than €10,000
- €10,000-€19,999
- €20,000-€49,999
- €50,000-€74,999
- €75,000-€149,999
- €150,000-€299,999
- More than €300,000

19. Approximately how many employees does a typical franchisee need to run one of your franchise businesses?

- None
- 1-2
- 3-5
- 6-10
- More than 11

20. How often do you have direct dealings with your franchisees?

- Daily
- Weekly
- Fortnightly
- Once a month
- Other (please specify)

21. In general, how would you rate the overall quality of the relationship between you and the franchisees?

- Excellent
- Very good
- Good
- Average
- Poor

22. Are you and your franchisees committed to the positive, long-term relationship?

- Strongly agree
- Agree
- Disagree
- Strongly disagree

23. What are your business goals for the next two years?

- To remain the same
- To expand moderately
- To grow rapidly
- To downsize/consolidate
- To sell it
- To close it down

Thank you for your help.

Appendix 2: Summary of Questionnaire Results

Gender:		
Answer Options	Response Percent	Response Count
Male	90.0%	18
Female	10.0%	2
<i>answered question</i>		20
<i>skipped question</i>		0

Age category:		
Answer Options	Response Percent	Response Count
18-25	0.0%	0
26-35	5.0%	1
36-45	45.0%	9
46-55	30.0%	6
56-over	20.0%	4
<i>answered question</i>		20
<i>skipped question</i>		0

Please state the education and training level that you hold:		
Answer Options	Response Percent	Response Count
Leaving Certificate	21.1%	4
3rd Level undergraduate Qualification	57.9%	11
3rd Level postgraduate Qualification	21.1%	4
<i>answered question</i>		19
<i>skipped question</i>		1

Are you currently operating any other businesses separately from your franchise business?		
Answer Options	Response Percent	Response Count
Yes	31.6%	6
No	68.4%	13
<i>answered question</i>		19
<i>skipped question</i>		1

Which of the following would you use to describe yourself?		
Answer Options	Response Percent	Response Count
Risk-averse	20.0%	4
Risk taker	80.0%	16
<i>answered question</i>		20
<i>skipped question</i>		0

Which of the following business sectors are you operating in?

Answer Options	Response Percent	Response Count
Wholesale trading/ retailing	31.6%	6
Hotels, tourism, restaurants, bars	21.1%	4
Financial services	5.3%	1
Real estate activities	0.0%	0
Education and Media	10.5%	2
Research & Development	0.0%	0
IT/ computing services	5.3%	1
Health, social, personal services	15.8%	3
Other (please specify)	21.1%	4
Other (please specify)		5
<i>answered question</i>		19
<i>skipped question</i>		1

How would you specify your business structure?

Answer Options	Response Percent	Response Count
Home based	15.8%	3
Retail	42.1%	8
Business to Business	42.1%	8
<i>answered question</i>		19
<i>skipped question</i>		1

How long have you owned your franchise business?		
Answer Options	Response Percent	Response Count
Less than 1 Year	5.0%	1
1-3 years	15.0%	3
4-6 years	30.0%	6
7-10 years	15.0%	3
Over 11 years	35.0%	7
<i>answered question</i>		20
<i>skipped question</i>		0

Have the number of franchisees in your business increased in the last year? (If NO, please skip to the question No. 11)		
Answer Options	Response Percent	Response Count
Yes	76.5%	13
No	23.5%	4
<i>answered question</i>		17
<i>skipped question</i>		3

If yes, by what percentage did it increased in the last year?		
Answer Options	Response Percent	Response Count
Less than 20 %	53.8%	7
20 % - 40 %	30.8%	4
41 % - 60 %	7.7%	1
61 % - 80 %	0.0%	0
More than 80 %	7.7%	1
<i>answered question</i>		13
<i>skipped question</i>		7

How many franchisees do you have at the moment In Ireland?		
Answer Options	Response Percent	Response Count
Less than 10	68.4%	13
10-25	21.1%	4
26-50	10.5%	2
51-100	0.0%	0
More than 100	0.0%	0
<i>answered question</i>		19
<i>skipped question</i>		1

Do you feel that your franchise business is successful? (If NO, please skip to the question No. 14)

Answer Options	Response Percent	Response Count
Yes	89.5%	17
No	10.5%	2
<i>answered question</i>		19
<i>skipped question</i>		1

If yes, what makes it successful?

Answer Options	Response Percent	Response Count
Unique franchise concept	60.0%	9
Affordable capital for business expansion	46.7%	7
High Management performance	33.3%	5
Other (please specify)		4
<i>answered question</i>		15
<i>skipped question</i>		5

Do you have a unique feature that makes your business different from others in your industry?

Answer Options	Response Percent	Response Count
Yes	65.0%	13
No	35.0%	7
If 'Yes' please describe that feature or features		11
<i>answered question</i>		20
<i>skipped question</i>		0

What would you consider to be the most important qualities for the franchisee to have when running your franchise business?

Answer Options	Response Percent	Response Count
Relevant education related to your franchise business	36.4%	4
Knowledge in franchise business	27.3%	3
Experience in the industry	36.4%	4
Other (please specify)		10
<i>answered question</i>		11
<i>skipped question</i>		9

What in your opinion is most likely to attract a franchisee to a franchising business?

Answer Options	Response Percent	Response Count
Established name	35.0%	7
Proven success	85.0%	17
Initial help and advice	35.0%	7
Continual support and guidance	50.0%	10
High quality assurance	20.0%	4
Information sharing	30.0%	6
Lower risk than being an independent business	65.0%	13
Other (please specify)		1
<i>answered question</i>		20
<i>skipped question</i>		0

What in your opinion would make the franchise business model unattractive to a franchisee?

Answer Options	Response Percent	Response Count
Hard work and effort	20.0%	4
Constant payments to the franchisor	40.0%	8
Inflexible rules and procedures	35.0%	7
Lack of business support	45.0%	9
Mutual dependence	0.0%	0
Other (please specify)		0
<i>answered question</i>		20
<i>skipped question</i>		0

What is the total investment that is needed for the franchisee to gain the rights to operate your franchise business?

Answer Options	Response Percent	Response Count
Less than €10,000	10.0%	2
€10,000-€19,999	20.0%	4
€20,000-€49,999	25.0%	5
€50,000-€74,999	5.0%	1
€75,000-€149,999	15.0%	3
€150,000-€299,999	20.0%	4
More than €300,000	5.0%	1
<i>answered question</i>		20
<i>skipped question</i>		0

Approximately how many employees does a typical franchisee need to run one of your franchise businesses?

Answer Options	Response Percent	Response Count
None	15.0%	3
1-2	45.0%	9
3-5	10.0%	2
6-10	20.0%	4
More than 11	10.0%	2
<i>answered question</i>		20
<i>skipped question</i>		0

How often do you have direct dealings with your franchisees?

Answer Options	Response Percent	Response Count
Daily	25.0%	5
Weekly	60.0%	12
Fortnightly	10.0%	2
Once a month	5.0%	1
Other (please specify)		2
<i>answered question</i>		20
<i>skipped question</i>		0

In general, how would you rate the overall quality of the relationship between you and the franchisees?

Answer Options	Response Percent	Response Count
Excellent	35.0%	7
Very good	40.0%	8
Good	20.0%	4
Average	5.0%	1
Poor	0.0%	0
<i>answered question</i>		20
<i>skipped question</i>		0

Are you and your franchisees committed to a positive, long-term relationship?

Answer Options	Response Percent	Response Count
Strongly agree	65.0%	13
Agree	30.0%	6
Disagree	5.0%	1
Strongly disagree	0.0%	0
<i>answered question</i>		20
<i>skipped question</i>		0

What are your business goals for the next two years?		
Answer Options	Response Percent	Response Count
To remain the same	0.0%	0
To expand moderately	75.0%	15
To grow rapidly	15.0%	3
To downsize/consolidate	5.0%	1
To sell it	0.0%	0
To close it down	5.0%	1
<i>answered question</i>		20
<i>skipped question</i>		0

Appendix 3: Interview questions

1. What is your background? What were you doing prior to owning your franchise business?
2. Why are you in the franchise business?
3. What attracted you to this franchise business?
4. What are the advantages for running the franchise business?
5. What is your current situation within your franchise business and what changes, if any, would you like to see happen at this point?
6. What challenges have you faced within this franchise business? Looking back, what would you have done differently?
7. Do you consider your business successful and what are your reasons for this?
8. How do you see the future for your franchise business in Ireland?
9. What advice would you give to prospective franchise owners?

Appendix 4: Results of Interviews

Interviewee A:

FRANCHISING IN IRELAND

1. What is your background? What were you doing prior to owning your franchise business?

I come from a sales and marketing background for almost 40 years. I was involved in the Fish Wholesale business for 14 years.

2. Why are you in franchise business?

I like the idea of a proven business model.

3. What attracted you to this franchise business?

The model itself and the fact that it operates on a “pre-paid system.

4. What are the advantages for running the franchise business?

Franchisees have a system to follow.

5. What is your current situation within your franchise business and what changes, if any, would you like to see happen at this point?

I, as a Franchisor am now eight years operating in Ireland and even in these challenging times think that franchising will really come into its own. Like most businesses you have to adapt as you go along in franchising you need to follow the system as best as possible.

6. What challenges have you faced within this franchise business? Looking back, what would you have done differently?

Many challenges have been faced and overcome from the selection of wrong franchisees, deviation from the system, under funding etc.

7. Do you consider your business successful and what are your reasons for this?

Yes, my business is successful in general. It is about believing in oneself and hard work and determination to succeed.

8. How do you see the future for your franchise business in Ireland?

The next few years will be difficult but it is going to be the “survival of the fittest” that will come out the far side of the recession!!!!!!

9. What advice would you give to prospective franchise owners?

Do the research, have sufficient funds in a start up situation. Do a business plan and realistic budget and live and breath by it and review it constantly.

Interviewee B:

FRANCHISING IN IRELAND

1. What is your background? What were you doing prior to owning your franchise business?

I was working for American company in the finance sector as a finance manager.

2. Why are you in the franchise business?

Five years ago the opportunity to get involved in franchising came up and at that time I felt for myself that this was a great opportunity.

3. What attracted you to this franchise business?

I felt it was a great opportunity to develop a strong brand quickly.

4. What are the advantages for running the franchise business?

It's an opportunity to build a big business network over a quit short period of time.

5. What is your current situation within your franchise business and what changes, if any, would you like to see happen at this point?

Currently the economic climate is very difficult. I would like to see it becoming more stable in the near future.

6. What challenges have you faced within this franchise business? Looking back, what would you have done differently?

The hardest part was communication inside the business, in particular when business started to grow. We had to re-arrange our work policies, some business concepts and ethical issues in order to improve a strong relationship within this franchise.

7. Do you consider your business successful and what are your reasons for this?

Yes, I feel the business is successful. Even within this difficult climate we are still managing to generate a profit.

8. How do you see the future for your franchise business in Ireland?

Once the current economic climate doesn't get worse I feel pretty confident that the future will be secure and profitable. At present, it is hard to see how things will progress.

9. What advice would you give to prospective franchise owners?

Make sure that they have an interest in franchising as it is not just about profit, business expansion, but the most importantly it is about the people that get involved within this business. So the future franchise owners have to work hard and smart to improve the business structure.

Appendix 5: Project plan

Month	January	February	March	April	May	June	July	August	September
Activity Week No.									
Thinking about research idea									
Searching for information									
Writing research proposal									
Reading theses topic literature									
Working on questionnaire									
Working on interview questions									
Working on literature review									
Working on methodology									
Working on self reflection									
Working on introduction									
Working on analysis/findings									
Working on remaining chapters									
Final thesis review									
Finalised review by friend									
Working on portfolio									