Franchising of Academic Programmes From A Private University in Malaysia: A Case Study

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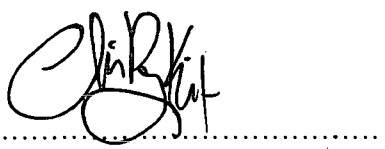

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ABSTRACT

This study examines the franchising relationships between an institution of higher education in Malaysia (the franchisor) and its overseas/offshore partner institutions (the franchisees) as the latter deliver academic programmes that carry the franchisor's ownership and name.

The franchisor has signed more than 100 agreements with institutions from all around the world, and this research investigates – as part of a case study research - a cross selection of eight of these collaborations from China, Indonesia, Mauritius, Pakistan and Singapore. The partnerships are categorised, using the relationship marketing literature, into five different stages according to the phases of (1) early pre-relationship investigating and identifying a partner, (2) the early interactions mode of negotiations and agreement, then (3) the stage of relationship growth, (4) partnership and finally (5) relationship end.

The case studies collectively provide at least two example of each of the levels except stage four of partnership. Using focus groups, the study isolates and identifies a number of factors that have contributed to the predominance of franchisees' inability to enter stage four, i.e. the stage of full partnership where a franchisee has been able to continue the franchise relationship successfully beyond the third cohort of students. The research then makes several recommendations as to how these factors may be addressed in order to help prevent any further deterioration and termination of the franchise collaborations.

The factors that were uncovered are primarily cross-cultural issues, communication problems, lack of proper support form the franchisor, unsuitability of the franchise programme for the market and poor branding presence of the franchisor, among others.

This research recommends several practical measures and steps to address the factors uncovered as mentioned above, i.e. ways to improve the communication between franchise partners, measures to implement a more stringent quality control

framework, as well as establishing procedures and protocol to ensure greater mutual support between franchise partners.

This study also makes recommendations for further and future research in the areas of adaptation versus standardization in franchise relationships in institutions of higher education. The study also presents recommendations for future research in what would constitute good reason for discontinuing a franchise relationship.

The primary practical application for this study is to help the franchisor institution to attend to these factors discovered. Secondarily, the conclusions drawn from this study can be applied towards the franchise relationship in other institutions of higher education in and outside of the countries where this research was conducted.

CHAPTER ONE
INTRODUCTION AND OVERVIEW

1.1 An Overview

This chapter lays out the *raison d'être* for this research study, particularly outlining the field and focus of the research in the area of franchising of academic programmes from Malaysia, as well as briefly outlining the background of the research.

The following areas are elaborated upon in this chapter: the background to the research, the research problem and research issues, the justification for the research, the delimitations of the scope of the study and an outline of the entire report.

1.2 Introduction

In a world that is increasingly interconnected and international, the effects of globalisation and the 'shrinking' of the world will cause any industry and business to recognize the need to strategically adopt-and-adapt in order to succeed and survive. These factors – as well as the changing and opening up of business components like trade, capital, production and communication in the increasingly inter-connected global-village – will challenge and change the way any industry operates, especially with the realisation that both the competition and the customers are becoming less bound by geography and are more cross-cultural and cross-country citizens.

In the light of "the business environment...becoming highly complex and uncertain", Hashim and Abu Bakar (2005) have pointed out that "[i]nternational alliances or collaboration has become an option to deal with this rapid change as it enables firms to conduct their business [*sic*] across national boundaries..." (Hashim and Abu Bakar 2005, p. 24). The authors go on to elaborate that such international collaborations are important to overcome any and all modern challenges and ensure the competitiveness of the organization in the increasingly globalised markets (Hashim and Abu Bakar 2005, p. 24).

Universities and the 'education industry' are not exempt from this development and dynamic. In one of the key papers referred to closely in this study, Poole (2000) writes:

> In recent times, the international student market has become increasingly volatile and more competitive. There is a need to build new markets for new educational products and services alongside existing markets. There is also a need to add value to institutional brands and offerings. (p. 23)

As an example of the above phenomena around the world, it was recorded that Australian universities had signed more than 1,000 international partnership agreements (Heffernan and Poole 2005, p. 225). The same phenomena is seen statistically all over the globe with universities across the English speaking world and beyond. For example, in the same study cited above, it was highlighted that Australia's neighbour New Zealand had its universities offering 63 overseas programmes in 2001 (which was a sizable jump from six offshore programmes offered in 1997). The United Kingdom reports that the income from international programmes was estimated to exceed 250 million pounds per annum in 1998, with 80 British universities offering programmes in Malaysia and 50 universities offering offshore programmes in Singapore. Further over in Canada, Canadian universities listed 268 international partnerships of their education programmes in 1999. Southwards of Canada, universities in the United States look at international education as a business strategy to help bring in more revenue. The recognition of this growing volatility and competitiveness is what provides the impetus for this present research to look at how one particular institution of higher education chooses to build 'new markets' for the recruitment of international students to the institution.

Buckley and Ghauri (1999) point out that internationalisation is marked primarily by change. An industry faced with the 'flattening' of the world (Friedman 2006) will need to take the initiative and initial steps towards markets beyond its geographical boundaries, bringing and building its business(es) abroad. Speaking at a Conference recently, Sir John Daniel (2007) pointed out that the "profile of higher education seems likely to change in three ways":

> First, private, for-profit institutions will play a greater role. Second, distance learning, in all its rapidly evolving forms, will account for a growing proportion of provision. Third, seeing the opening of a massive market, first-world institutions will expand their cross border activities (Daniel 2007, p. 2).

One of the ways that industries and institutions have been, and are, rising to this challenge is by franchising. Lenn (2002) points out that "[c]olleges and universities are exporting education to countries overseas in a variety of ways", and franchising is mentioned as one of those ways (among other strategies of offering corporate courses, distance-education programs, branch campuses). Heffernan and Poole also confirm that franchising is one of two favoured modes (the other being joint ventures) of strategies to export universities' programmes (2005, p. 225).

Developed and developing countries around the world – Australia and Malaysia being no exception - have made international education a foundational feature, facet and focus of a "higher education as business" movement (Marginson 2002, p. 36), and increasingly, franchising has been the primary strategy to help expand the universities toward external relationships, networking and partnerships to broaden the stretch of the universities' reach. Franchising is one major way in which companies and universities capitalise on inter-firm collaborations as a way of overcoming resource, knowledge and competency limitations.

1.3 Background to the Research

It was with the above in mind that this researcher sought to research and study the phenomena of franchising of education/academic programmes as it impinges and impacts the education 'industry' in Malaysia – specifically in and through a privately-owned-and-run institution of higher education in this country.

1.3.1 A Preliminary Introduction to Franchising

As an initial and introductory definition (there really is no 'simple' nor 'straightforward' definition of the concept of franchising) to be adopted for this study, 'franchising' refers to a business model that involves one party called the franchisor entering into a contract with another party called the franchisee, where the former

gives the rights to the latter to conduct a business using a special prescribed model/method, within a stipulated place/geography, over a specified duration, and at a set franchise fee(s) (agreed-upon in advance prior to the franchise contract being signed). Sometimes, franchising may involve "a special case of licensing wherein the franchisor provides the use of a trademark or service mark, assistance in opening the business, training for the franchisee and other specialized knowledge in return for a royalty fee" (Kedia et al, 1994).

It has been reported that franchising is increasingly becoming the preferred and popular business model for many countries (both developed and developing) and it is a main contributor to many of the major economies of the world (for example, it has been reported that "approximately 250,000 business format franchise units account for more than 40% of the total retailing volume in the United States, which represents over 15% of the total Gross Domestic Product" (Arthur Anderson, 1992)). This is not too surprising considering the universal mushrooming and ubiquitous presence of fast food franchises – as one very visible example among many other types of industries which franchise – and the lure of the 'fast buck' that is thought to be found in this business formula. "The growth of franchising throughout the world and its impact upon national economies has confirmed its importance as a means of business structuring...." (Weaven 2004, p. 11).

Furthermore, we have Blair and Lafontaine reporting that

> The capacity of franchising contracts to harness the effort of a central entity, the franchisor, and of a number of local entrepreneurs, the franchisees, explains in our view much of its current prevalence and popularity as a way of organising certain economic activities. In particular, franchising is well suited to retailing and service businesses as firms in these sectors need to establish a large number of geographically dispersed outlets to reach customers. (Blair and Lafontaine 2005, p. 2)

The reasons for franchising as a preferred choice over other strategies have been explored by a number of authors with the recent consensus being that franchising provides the apparent means of expansion with minimized risk and minimized franchisor costs for the franchisor. "Such explanations tend to focus on minimizing

governance costs while maximizing the ultimate returns to the franchisor" (Kedia et al. 1994).

For the franchisee, the obvious combination of factors and motivators that pull them towards the apparent desirability of franchising are "the increased reliance of consumers on brand names, due in part to increased consumer mobility and greater time constraints, ... [the] benefit from lower costs through bulk purchasing programs and by realising economies of scale in production, new product development, and advertising." There is also the additional reason of "the capacity of franchising to combine the chain's comparative advantages in creating brand recognition and capturing economies of scale with the local entrepreneur's local knowledge and drive" (Blair and Lafontaine 2005, pp. 1-2).

In the 20th century, franchising gained more popularity and acceptance around the world as a viable form of business through the franchising of the automobile industry and the soft drink business, followed later by the petroleum industry (franchising the gasoline service stations) and the fast food chain of restaurants sprouting throughout the American nation, and consequently the rest of the world.

For example, as of 1998, it was noted that "over one-third of all retail sales in the USA is through franchised outlets. Additionally, approximately 20 percent of US gross national product results from franchise operations" (Castrogiovanni and Justis 1998).

It is proposed that franchising organizations differ from most other businesses and companies in several important respects, one of which is where "ownership rights to the franchise offering are contractually shared between the franchisor and franchisees" (Castrogiovanni and Justis, 1998).

With the consequent and apparent proven 'success' of the domestic implementation of franchising, these concepts were then applied and improved upon in external, overseas markets. Hence began the internationalisation of franchising, especially in the context of globalisation. The importance of franchising thereafter expanded

"beyond domestic borders with franchising rapidly becoming the fastest growing form of business in the global economic system" (Castrogiovanni and Justis, 1998).

1.3.2 A Preliminary Introduction to Franchising in Malaysia

Malaysia is not exempt from the phenomenon of the popularity of, and preference for, franchising. In the past decade and a half, in particular, there has been a surge of franchising activities, cumulating and culminating especially in an announcement and invitation by Malaysia's Prime Minister to encourage even more franchising with the provision of further incentives and initiatives by the government (Li 2004, p. 16). Earlier in the years of 2000-2001:

> Under the 8th Malaysia Plan (8MP), the Malaysia Government has allocated RM100 million for the FDP [the Malaysian Government's "Franchise Development Programme"] with a target to develop 1,000 new franchisees (Aziz 2002, p. 9).

As will be elaborated upon later in Section 2.2 below, in January 2004, Malaysia had 321 franchise products, "of which 60% were developed locally and 19% were exported outside of Malaysia" (Malaysia Franchise Association 2005).

Furthermore, while Malaysia has traditionally and primarily been the 'recipient' of franchisors from other more developed countries such as America and Australia particularly (thus having Malaysia play the role of franchisee in many businesses), the country has also recently been seeking to move into the arena of being franchisors as well, in an attempt to move out of the shadow of being the 'colonized'. This applies as much to the education industry as to any other businesses.

1.3.3 An Initial Introduction to Franchising of Education in Malaysia

The franchising of education could be defined within the umbrella of 'international or trans-national education programmes', and the latter are officially defined by the Global Alliance for Transnational Education (GATE, Washington DC) as:

> Any teaching or learning activity in which the students are in a different country (the host country) to that which the institution providing the education is based (the home country). This situation requires that national boundaries be crossed by information about the education... (GATE 2000, p. 1).

According to UNESCO (United Nations Educational, Scientific and Cultural Organisation), offshore/transnational education includes "those courses of study, parts of courses of study, or other educational services in which the students are located in a different country to the one where the institution providing the services is based" (UNESCO/OECD 2006).

An example of the above is seen in the maturing 'education industry' developed in Malaysia which sees many of the institutions of higher education now seeking to break out of the traditional role of being franchisees and are instead now starting to franchise 'made-in-Malaysia' academic programmes to other countries. The education sector is a microcosm of the motivation and movement of the franchise industry of Malaysia.

However, despite the drive and direction towards becoming a franchisor of academic programmes, the franchisor institution that is the subject of this research shows indications that most of the attempts to franchise appear to have floundered and failed. Of the 30 over franchising agreements reached, only 2 are considered operational and barely 'successful'. Hence, this action research study aims to discover the reasons for this lack of success.

An echo of the above can also be detected in the following quote from a study looking into the offshore education partnerships of universities in Australia:

> Despite such obvious indicators of success, there appears to be a concern across the university sector for the quality of many partnerships, for the ongoing strength of existing partnerships, and for the sustainability of offshore education relationships as they are established and developed across nations, cultures, and industries (Heffernan and Poole 2004, pp. 76-77)

There is no known equivalent study among Malaysian institutions which franchise academic programmes. More details of the history and development of franchising

within the country – especially the franchising of academic programmes - are elaborated on in Chapter Two.

1.4 Research Problem and Research Issues

In brief, this research proposal seeks to study the phenomena of the franchising of tertiary/undergraduate-level academic programmes, where these programmes are franchised by one 'franchisor'-institution in Malaysia to other 'franchisee'-institutions outside of the franchisor country. In particular, as mentioned earlier, one of the primary impetus for this study is the apparent preponderance of 'failed' franchise attempts in the subject franchisor institution but without any concrete indication or understanding of the causes.

For example, between the years of 2001 and 2006, from a list of at least 35 franchise contracts signed between the franchisor-institution and respective franchisees from all around the world, only three of the franchisees have yielded any real results in terms of actual franchising being conducted (though even then only 2 of the 3 are currently still active, and only barely so), while the others have for various reasons - some reasons assumed, while others not known - have not managed to actually begin the franchising enterprise despite there being no apparent obstacle that could not have been resolved.

Therefore and in particular, the research thesis of this particular study is: why do many of the franchising initiatives of academic programmes by a particular tertiary institution appear to 'fail', and what can be done to improve its rate of success? The above is within the context of Blair and Lafontaine's own proviso that

> "...we know from economic principles that franchise relationships are by their very nature fraught with many difficulties arising essentially from differences between the needs and goals of the franchisors and those of the franchisees" (Blair and Lafontaine 2005, p. xi)

The above authors further summarise: "We conclude that there is no evidence to support the phenomenal growth rates in franchising as claimed by much of the industry and trade press" (p. 34)

It has been pointed out that if debates on the *definition* of franchising can be said to have characterized earlier theorizing, then the phenomena of *franchise failure rates* might be seen as a key debate in the 1990s (see, for example, Stanworth, Purdy and Price, 1997; Falbe and Welsh, 1998; Holmberg and Morgan, 2003). To date, the research surrounding this issue has tended to lack any reliable data that could indicate a justifiable answer.

In other words, the purpose of this research is to fill the gap found in the existing research and literature on franchising – and franchising of education programmes in particular - by examining and exploring the practice of the franchising of education and its viability. More specifically, this study will seek to investigate the following research problem/question:

What factors influence the operation, success and failure of Malaysian-based franchised education programmes in host countries?

The definition of 'failure' of franchising in this research is when the franchisee is unable to recruit any students into the franchise programme, or is unable to recruit beyond the first pioneer cohort of students into the franchising programme, thus leading the franchise relationship to prematurely end.

The research questions that are a natural out-flow from the above research problem are as follows:

1. "Why do education institutions / universities in Malaysia franchise their programmes? And why do institutions outside of Malaysia wish to franchise Malaysian academic degree programmes?"

2. "What is the present status of franchising of academic programmes at the franchisor-franchisee institutions? What patterns of development and growth emerge from the current franchising relationships, and what new insight can be gained from these patterns?" (an assessment of the categories of the different

stages of the franchise relationships, and how well the franchise relationships are 'performing')

3. "What are the factors influencing the success or failure of the franchising of the particular academic programmes (e.g. institutional factors; cultural factors; individual factors; infrastructure factors)?"

4. "What is the impact of franchising on the issues of quality and profit of the institution?" (an evaluation of the managerial issues, academic qualities and financial aspects of the franchise agreements and arrangements).

5. "Do the participants believe that the franchising is worth continuing? Why, or why not? If yes, what types of strategies can be adopted by franchisors of academic programme to make it more successful?"

This study thus aims to discover the factors that contribute to franchise success or failure, and following from this study to also achieve the following:

i. contribute new information towards the practice of franchising among institutions of higher education in Malaysia;
ii. recommend a direction for the particular institution being researched with regards to how it may be more 'successful' in its franchising initiatives;
iii. extend applications to other institutions of higher learning which may be practicing or considering the practice of franchising.

This has been an area that has not received much attention and awareness in the research of franchising (the area of franchising of education in general, and its rate of success or failure in particular), and yet it is a most crucial area for study especially in the countries that are considering adopting this model in their universities (either to be franchisors or franchisees).

This research aims, perhaps too loftily, to perform the dual role of seeking to understand in order to inform future action as well as to change practice in the researcher's own organisation, if necessary. This dual role is informed and enriched by the research process itself. In other words, this researcher seeks "to discover and

understand a phenomenon, a process, or the perspective...of the people involved" (Merriam 1998, p. 11), and thus through that discovery and understanding be better able to suggest and recommend ways to increase the success rate of franchising.

1.5 An Introduction to the Franchisor Institution in Malaysia

The franchisor-institution being studied in this research is a 21-year-old privately-owned-and-run institution of higher education in Malaysia with the current status of being a "University College" of about 5,500 full time students (according to the Ministry of Higher Education of Malaysia, a 'university college' holds the same status as a full-fledged 'university' in Malaysia save for the primary difference of size and number of students). The University College offers its own diploma and degree programmes in various disciplines. The undergraduate and postgraduate students are distributed through thirteen Schools, ranging from the Schools of Medicine and Management to Music and Mass Communication. There are also part-time and adult students in the franchisor institution's five Training & Development Centres scattered through the country offering adult education and 'life-long learning' qualifications.

As with many other private institutions of higher education in Malaysia, the franchisor institution faces many challenges common to the other institutions. These challenges come primarily arising from the increasing number of similar private institutions mushrooming throughout the country thus creating intense competition, as well as the challenge of the rising cost of running such a full-campus institution.

One of the areas of greatest challenges to this particular university-college is the attempt to recruit a wider range of students and the intention to extend its reach to countries outside of Malaysia. To this end, the franchisor institution has sought – since it offers and confers its own degree programmes (unlike many other private institutions that have only the status of 'college') – to franchise its academic programmes to the wider world.

Apart from exploring the primary question of the subject franchisor institution's frequency of failure in the franchising of academic programmes, this study will also indirectly include an examination of the economic viability and the education quality

considerations of the rapid and aggressive franchising of the franchisor institution's academic programmes, but most specifically only insofar as it falls in line with the primary study.

This proposed case study will ultimately attempt to answer the above research questions outlined in Section 1.4, and this study will employ the methodology of a case-study on the franchisor institution as well as the franchisee institutions.

1.6 Justification for the Research

This section sets out to explore and outline the importance, implication and contributions of the study to the practice.

1.6.1 Importance of the Study

As mentioned earlier, the franchising of academic degree programmes is gaining pre-eminence and popularity among private institutions in Malaysia. Academic franchising saw a rapid and widespread growth internationally in the late 1980s to early 1990s and "has provided opportunities for many thousands of students who would otherwise have been excluded from higher education" (Goodall, 1996).

Among some of the institutions of higher education in Malaysia, the following table below shows a list of institutions which are known to be the most active franchisors:

Table 1.1: Some Franchisor Institutions in Malaysia

Franchisor	Franchisee Countries	Franchised Programme
Malaysian Science University (USM)	Malaysia	Management, IT and Pharmacy Degree Programmes
INTI University College	China, Thailand, Vietnam, Indonesia, etc.	Management, IT, Engineering Diplomas, etc.
APIIT University College	India, Pakistan, China and Middle East	IT Diplomas
University College Sedaya International	Bangladesh, New Zealand, China, Indonesia, etc.	Management, English, IT and Mobile Computing Degrees, etc.

For the franchising institutions in Malaysia, most of them want to consider franchising as a way of allowing them to "extend their reach", "provide opportunities for access and progression", "identify new opportunities for income generation", and "establish a means for maintaining the institution's independence in the marketplace" (Trim 2003). Like the franchisor institution being studied for this research, all of the above franchisor institutions have anecdotally expressed their experience of a high rate of inactive or unsuccessful franchises.

It should thus be obvious that conducting a research of the situation would give hope to the possibility of progressing each of these franchise agreements forward towards fruition. This is especially in consideration of the time, effort and resources that are committed to each franchising potential (expenses for sending personnel to the different countries, cost of conducting due diligence exercises, resources used for training and providing adequate materials and expertise to franchisees, miscellaneous logistical and communication costs, etc.) even before the franchising initiative bears any fruit.

A study and research of this issue will also hold the hope of improving any other future franchise opportunities, as there has of late been an obvious disillusionment and discouragement from pursuing any more future franchise potentials. Even with the last two agreements sealed in April 2005, already there are signs of ennui and disappointment from the franchisor institution personnel involved in the initiative (and this experience is not unique to the franchisor institution being researched).

Finally, the potential profits from the franchise fees would greatly benefit the institution if realised, and that alone should justify a research into how to improve the situation and reap from the potential. This research shows that there is certainly room for some form of research to be conducted to ascertain the presence - or lack - of a common pattern or patterns to explain the present phenomena.

1.6.2 Significance of the Study

This research is justified arising from the expected contribution it would make in giving deeper knowledge and understanding of the dynamics of franchising academic degree programmes; it would be expected that this would quite naturally benefit the institutions involved in or inclined towards franchise. This study of the 'education industry' is also equally an important contribution to the overall and general body of knowledge surrounding this area of study, especially in the face of gaps in the present literature.

This research will further provide new knowledge in that

a. The subject of the franchising of education is generally and globally an area that has a dearth of research (very little study has been conducted in the field of the franchising of academic programmes anywhere in the world); a quick glance through any comprehensive bibliography on the topic of franchising and education will reveal this lack (e.g. Elango and Fried 1997);

b. This study is unique in that the institution is a franchisor that was previously a franchisee (and this new factor to be examined is whether the previous experience of being a franchisee may or may not influence the present operation as a franchisor);

c. Little study has been done specifically for franchising institutions in Malaysia before (i.e. this study is one of the first academic investigations of the franchising of education from a Malaysian institution to other institutions outside of the franchisor's country, as compared to Heffernan and Poole 2004 for Australia and Trim 2003 for the United Kingdom);

d. Finally, this study is unique in that it contributes towards research on franchise relationships that are prematurely terminated/dissolved before the relationship has had any opportunity to move from initial exploration to growth and expansion (see Section 2.4.3).

This study will help pave the way for further studies to be conducted to open up the paths to internationalizing higher education in the country.

While the franchisor institution's main vision and mission is to be an institution of quality and excellence in the provision of tertiary-level programmes, a major direction in the institution's thrust is to offer its tertiary level academic programmes beyond its shores as a way of garnering more of an international student population (as opposed to the traditional recruitment of individual international students one-by-one in face-to-face 'counselling' session encounters, franchising ensures an institution-wide recruitment strategy) on its campuses. This study is necessary to decipher the puzzling problem of the failure of franchising in the institution.

1.6.3 Implications of the Study

Practically and pragmatically, this research will form the basis for a guideline for institutions to know – even predict – what would be the best circumstances, rationales, and contractual details that would enable and encourage success (whether for a franchisee or a franchisor). This research is also done with the aim of de-mystifying the misconception that franchising is a 'sure win' formula, and instead give an alternative by challenging that conventional thinking and thus minimize dissatisfaction, discouragement and disillusionment for new franchises.

Another practical application would be to help inform the franchise managers so that they can have greater insight as to the best way, time and reason for franchising as well as what are the essential and necessary ingredients required to sustain a franchise relationship.

1.7 Delimitations of Scope of Research

On one side of the coin, this study shows that part of the reason(s) for there not having been any systematic investigation and research thus far along the lines of this research is likely due to the following reasons:

a. There are too many differences in each of the situations and countries to discourage any thought of conducting a comprehensive review; the thinking has thus far been to take each case on its own merits without seeking to find if there may be consistent issues that are repeatable from one case to the other except if it is within the same country (e.g. Heffernan and Poole 2004 for Australia and Trim 2003 for the United Kingdom);

b. There are too many different 'players' in each of the agreements (even within the franchisor institution, where different personnel have been responsible for the franchising with differing countries arising from the different Regional Managers responsible for different parts of the global market) and therefore too many different agendas and vested interests to be able to clearly allow a researcher to see through to the core issues;

c. There are too many variables and factors to even begin to consider any concerted research to discover the real reasons for the lack of progress (political circumstances, political motives of the players, etc.), and there are too many possible reasons without a clear starting point to begin any research or survey.

The other side of the coin is that the nature of this particular research entails certain inevitable and unavoidable delimitations, and one of the first would be that because this is specifically a study of the franchising of education the initial delimitation is industry-related. Other research have been conducted specifically on the franchising related to many other industries.

While five other countries are also indirectly involved in this study as the venue of the franchisee institutions and much of the field research and data collection was conducted in these countries, the focus and locus of the study is still the Malaysian education and franchising sector (by virtue of the franchisor being in Malaysia).

Another delimitation is the choice of the research subject, i.e. the franchisor institution. This is mainly by virtue of the fact that the researcher has opted to do a research study on his place of work.

More importantly in terms of delimitations is the fact that field research and data collection was conducted on only seven franchisee institutions spread over four countries. The reasons for this delimitation are various, but the following are three main reasons.

Firstly, it is for practical and pragmatic reasons: the researcher was unable to find sufficient time to go to every franchisee, and moreover not all franchisees were able to accord time to the researcher to participate in a focus group; and finally not all franchisees were appropriate or adequate for a focus group to be conducted.

Secondly, the delimitations were for economic reasons: costs needed to be kept to a reasonable amount arising from a lack of resources, and thus only a select spread of institutions could be chosen for field research (thus the additional factor of selecting some franchisee institutions that were in the same country came into play).

Third and finally, it was also for language reasons: the franchisor institution has a number of franchisees in existence in the People's Republic of China, but there was no facility for translation work to be done and no persons able to conduct the field research in Chinese that this researcher opted not to pursue field research for the franchisees in China - with the exception of one.

In conclusion, it could be argued that the above entails that the findings of this study are not necessarily generalisable across industries, institutions and international borders. This issue will be addressed in Chapter Seven.

1.8 Outline of Present Report

In Chapter One, this report has given a broad overview of all the items and issues which the rest of the report will look into in detail. Essentially this chapter draws up the basic map of this research study, looking specifically at the background of the research, the research topic, the research questions and the research subject. Naturally, for any introductory chapter of a study of this nature, there is also a brief outline of

the reasons and justifications for the study, the need and importance of the research, and methodology and analytical strategy to be adopted for the study.

Chapter Two provides a background of franchising in Malaysia in general, and focuses in particular on the franchising of education. This chapter briefly describes the history of the franchising of education in Malaysia, tracing the development of Malaysian institutions which had previously been more traditionally the franchisees now moving on to become franchisors in their own right. The second half of this chapter gives summaries of the institutional profiles of the franchisor and franchisee institutions used as case studies in this research.

Chapter Three proceeds to present a literature review of the research on franchising, detailing the different definitions of 'franchising' in the various research literature, and moving on also to look at classifications and categorisations of the different research. This chapter then focuses on highlighting the various salient issues raised in the research surrounding franchising as it is relevant to this research.

Chapter Four explores and explains the choice of case study research – with a brief overview of the literature surrounding this type of research – as well as the choice of focus groups as the methodology for data collection. This chapter also describes and outlines the actual data collection exercise conducted for this research, as well as a description of the data collected prior to the analysis and comparison of all the data across the franchisee institutions.

The fifth chapter presents the results of the Focus Groups and Interviews of each of the Case-Study-Franchisees, structuring the reporting according to the sub-headings of: description of the nature of the franchise arrangement, outlining the conduct of the focus group, and summarising the results of the focus groups according to the research questions of this study.

Following from this outline and summary of the results from the data collection in the previous chapter, the sixth chapter analyses the data collected across the various case studies, and presents the findings of the analysis thematically.

The final chapter concludes with recommendations on how the findings and analysis of the research may contribute towards formulating measures and strategies which can be used to address the problems. This is done in the hope of being able to help prevent any further deterioration and termination of the franchise collaborations, either these specific case studies and or for other future collaborations.

CHAPTER TWO
BACKGROUND OF FRANCHISING OF EDUCATION IN AND FROM MALAYSIA

2.1 Introduction

This chapter seeks to provide a backdrop and context to franchising in Malaysia in general, and the franchising of education in and from Malaysia in particular. In Section 2.2, there is a brief description of the background and history to franchising in Malaysia. Section 2.3 is an outline and overview of the status of the franchising of academic programmes in Malaysia, looking back to the time when institutions of higher education in Malaysia traditionally played the role of franchisees and looking to the present where several institutions in Malaysia have taken on the role of franchisors as well.

2.2 Franchising in Malaysia

Franchising was a relatively unknown practice in Malaysia – except for the little-known background of how certain product franchises came to be in Malaysia - until the advent of the fast food revolution. Only with the introduction of what appeared to be the super-successful franchises of the major fast food providers that locally based franchises started to develop much more.

Nevertheless, prior to the 'revolution' of fast food franchises, franchising had started in a small way in Malaysia through the franchise pioneers of *Singer* (sewing machines) and *Bata* (sports shoes) in the 1940s (Aziz 2002, p. 6). The fast food franchises entered the fray with the likes of *A&W* in 1963, *KFC* (previously known as *Kentucky Fried Chicken*) in 1970 and *McDonald's* in 1981 (Source: Malaysian Franchise Association, 2004).

There has been a recent and radical acceleration of franchising in Malaysia in the past three decades. In particular, franchising gained wider acceptance and popularity mainly because it was perceived as a more secure and safer option for starting a small business as opposed to starting an independent and insecure business. Malaysian-

grown franchises started to develop and grow in the early part of 1980s, but with limited successes in the form of food franchises, petrol stations and the automotive industry (for example, *Secret Recipe*, *Hot Dog 1890*, *Esso*, etc.).

The Malaysian government had played a hand in trying to nurture and develop locally-produced franchises by establishing the Franchise Development Programme (FDP) in 1992 – under the administration of a specific Franchise Division set up directly within the Prime Minister's Department - as an attempt to inject incentives and stimulate growth with the aim of producing more franchisees that would be majority-owned by *Bumiputras* (i.e. the 'native' Malay people as opposed to the immigrant Chinese and Indian citizens).

The FDP's aims were quite clearly spelt out in their documents (linking it closely to the Malaysian National Development Plan), explicitly and specifically stating that its primary goal was to increase the number of participants in franchising systems, especially with the aim of developing Made-in-Malaysia products and services which could be franchised overseas.

With the further introduction and formation of the Malaysia Franchise Association in 1994, there was more regulation and rigor, coupled also with more benefits and incentives, for the growth of franchise businesses throughout the country.

In the meantime, the Franchise Division was later transferred from the Prime Minister's Department to the Ministry of Entrepreneur Development in 1995. In 1998 when the industry recorded encouraging growth, a Franchise Act was introduced to regulate the emerging and infant 'industry' within the country. As a relatively late-comer to the franchising scene, the introduction of the Act was able to adopt and adapt what was then considered the most benchmarked and the 'best-practice' of franchising in the international arena. One of the initial and introductory impacts of the Act was that all Malaysian franchisors would have to be registered with the Malaysian Registrar of Franchise, thus formalising the regulation even more.

At the end of December 2001, there were recorded a total of 84 franchises registered while an impressive 620 franchisees were still being developed (according to the

statistics from Malaysia Franchise Association). As mentioned earlier, as of January 2004, the country had 321 franchise products, "of which 60% were developed locally and 19% were exported outside of Malaysia" (Malaysia Franchise Association, 2005). In less than a decade, franchising in Malaysia managed to gain a turnover of US$740 million in 2002 compared to the US$2.64 million in 1994 (Source: *Bernama News Agency*, Aug 11, 2005). Franchising accounted for 6% of the Total Retail Sales in Malaysia in 2002, increasing steadily to 7% the following year (Source: *Euromonitor Report – Retailing in Malaysia*, 2003).

Under the Malaysian Economic Plan, the government of Malaysia set aside 100 million Malaysian Ringgit in the year 2001 for the country's Franchise Development Programme to work towards developing 50 new franchisors and 1,000 new franchisees in the next five years.

One of the latest outworking of this plan was when the previous Malaysian Prime Minister Mahathir Mohamad (who also carried the portfolio of Finance Minister for the country at that time) announced further incentives and schemes to encourage entry into franchises. The announcement detailed how the country's newly set up Ministry of Entrepreneur and Cooperative Development would give out loans "without the need of collateral" to any persons expressing a wish and intention to enter into the franchise business (Li 2004, p. 16).

The then Prime Minister had made the above announcement when he had attended a Malaysian Franchise Award ceremony in Kuala Lumpur where awards were given out to local companies with recognitions for 'best franchisor', 'best local franchisor', 'most promising franchisor', to name but a few (Li 2004, p. 16).

However, while franchising provided and paved the way for small and medium industry operations to gain mileage and benefit from franchisors with a recognised name, a proven model and a tried-and-tested system, franchising proved to also be very expensive with franchise fees proving to be very prohibitive.

Unlike most other definitions and provisions of franchising in other countries, Malaysia is rather unique in its broader definition of franchising in that it includes a

category for the franchising of education (giving examples of Harvard, Cambridge and University of London) (Miranda 2002, p. 161). In a speech given in January 2004, Malaysia's Prime Minister proudly announced, "We have also developed English language learning programmes for children and exported them to native English-speaking countries."

2.3 Franchising of Education in Malaysia

The franchising of academic degree programmes is becoming more popular not just as a model of business but also as a choice for consumers. Academic franchising "has provided opportunities for many thousands of students who would otherwise have been excluded from higher education" (Goodall 1996) by allowing these same students to pursue studies either locally or partially abroad for a foreign qualification.

What attracts students to enrol for franchised academic programme courses is that a foreign university's degree is delivered completely locally, thus offering a coveted qualification which would have in the past only been able to be read for in the country of origin but now offered for completion in the student's home country (thereby decreasing the cost incurred otherwise).

Although the development of higher education through franchising is usually viewed positively, it has its own set of challenges and issues that must be addressed. Two examples of the problems noted in the literature was that it is necessary to come to terms with areas such as quality of academic programmes offered through franchising (especially the potential loss of control over the quality of student's entry requirements and teaching quality standards), and areas of adequacy of resources of the partner institution (where the franchisee may not have the required level of competences or resources, for example, in providing the necessary learning infrastructure, teaching resources or administrative skills) (Howe and Marti, 1998).

The above two examples of the challenge and issue of the franchising of education are highlighted most clearly in a recent court case involving the definition of what is a franchise operation when related to universities. In a recent news article carried by *The Times Higher Education Supplement* (7 September 2007), a debate centred

around whether the University of Nottingham Malaysia Campus (UNMC) should be considered a 'branch campus' or a 'franchise operation'. The University's spokesperson explained that UNMC is "an integral part, or branch campus, of the university." However, the UK-based Employment Appeal Tribunal found UNMC to be a "franchise operation", ruling that "in truth, UNMC was not integral to Nottingham University but was a franchise operation conducted by a separate entity."

UNMC is a joint venture between two Malaysian companies and Nottingham (and in which Nottingham holds a minority share, receiving ten percent of student fees from the venture). Nottingham provides academic control over the degree programmes, sets exams and awards degrees.

In a statement by Nottingham, the university defined a franchising operation as "simply the licensing of a curriculum, with remote quality assurance" whereas "a condition of Nottingham's decision to establish campuses [in Malaysia and China] has been 100 percent control of academic matters."

Furthermore, Nottingham's Vice Chancellor, Sir Colin Campbell, was noted to have said: "Franchise arrangements are too great a risk to reputation. That is why we have taken the overseas campus approach. Degrees awarded by Nottingham, whether in the UK, Malaysia or China, are exactly the same."

The above raises the issue of what constitutes and defines a franchise of academic programmes, wherein Nottingham's definition is that it is one where the franchisee's award of the degree is not "exactly the same" as that of the franchisor. The debate raises the two issues of control of quality as well as equivalence of competency in the franchisee institution.

2.3.1 Malaysian Institutions as Franchisees

Malaysia, under the leadership of both its previous and present Prime Ministers, has aimed to achieve the status of fully industrialised country by the year 2020 (more popularly and pithily known as 'Vision 2020'). This vision – connected to its commensurate need for more skilled workers and a development of the knowledge

economy - also set the agenda for making Malaysia a regional hub of education and training excellence (thus, in addition, hoping to make the country a net earner of foreign revenue from education from around the region and globe).

From one perspective, it could be argued that because the government acknowledged that the attainment of these objectives could not be achieved by the country's public education system alone, there was therefore the move by the government to seek and support the development of the private education sector as a way of acquiring assistance aligned to the public education sector; this development arrived in the form of setting up private institutions of higher education to provide adequate resources and space to train and produce the required pool of skilled and professional workers.

From another perspective, while whatever government support that was provided may have helped, much of the initiative for the set-up of private institutions began not with any assistance from or alignment with government policy. Instead, the growth and expansion of the private education sector – attributable to a conglomeration of factors not limited to governmental support – saw its greatest spurt as a consequence of the entrepreneurial foresight of some local businessmen in the face of a certain amount of public university disdain.

The main contributor of growth then was the continuing demand from many Malaysian Chinese families who sought to provide an overseas degree qualification to their children at any cost in the face of limited seats for them in local public universities.

As a result of this growth, a decade ago in 1996, legislation that covered all aspects of education and training was passed; this legislation included the *Private Higher Educational Institutions Act*, which recognised "the role of private higher educational institutions (PHEIs) in providing sufficient education infrastructure as well as increasing the capacity to meet the demand for higher education". The number of these private colleges in Malaysia rose from 227 in 1994 to 449 in 1997 (through statistics provided by the Malaysian Ministry of Education – although other sources of statistics vary slightly and present a number closer to 415, for example, Lee 1999, p. 2), and is still growing until the present number of over 800 today. It should be noted

that it is unfortunate that the definition of private institutions encompasses all variety of PHEIs from the small single floor 'tuition centres' to the larger self-contained university-standard campuses.

With few exceptions, until recently these private colleges of higher education had no degree-awarding powers of their own. The academic programmes offered by most of the colleges are either at Certificate or Diploma level, or are degree programmes offered through various forms of collaborative arrangement (called 'twinning' or 'franchise' collaborations) with foreign – and now even some local - universities. Until 1998, no complete undergraduate degree programme could be offered through collaborative provision entirely within a private college (instead, regulations stipulated that some part of the programme had to be undertaken in the degree-awarding partner institution). Students studying on degree programmes offered through partnership links between local private colleges and overseas institutions were required, therefore, to transfer from Malaysia to the country of the partner institution to complete their studies.

However, in 1998, Malaysia had been experiencing severe economic difficulties, in common with other Southeast Asian countries. A dramatic fall in the value of the Malaysian ringgit against the US Dollar and the UK pound had impacted upon the number of students able to take advantage of opportunities to complete their studies in the US, UK, Australia or New Zealand. While many of these institutions offered financial support for students in this position, there were increasing calls in Malaysia for permission to offer entire undergraduate degree programmes in private colleges.

From the coincidence of oversupply of university seats in the countries which were traditionally the target countries of Malaysian students (i.e. Australia, UK and the USA) and the continuing demand by Malaysians for some way to obtain these overseas degrees in a more affordable way, a confluence of needs met.

In response to the above events, the Ministry of Education had 'allowed' what was called the twinning programme (e.g. '1+2' meant one year in Malaysia and two years in the awarding institution overseas) and the '3+0' franchise arrangement, which gave it scope to approve selected collaborative arrangements for delivery to degree level

entirely within private colleges (with the aim of decreasing the amount of local currency leaving the country as well as to allow students to save on having to pay the overseas rates for food and lodging, not to mention air-fare).

The links established between the Malaysian private colleges and overseas institutions were varied in nature, but fell into two broad categories defined – for the purposes of this study - as 'franchise' arrangements and 'twinning' or 'articulation' arrangements.

A twinning arrangement involves the students being able to pursue the programme of the awarding institution in a different institution for part of the programme first before completing the same programme at the awarding institution (e.g. if it is a '2+1' programme, that means that student will undertake the first two levels of the programme at the home-country institution before transferring to the awarding institution for the third level).

In a franchise arrangement, on the other hand, the final year of the degree programme (the 'franchise' is usually for the final year of the academic degree only; i.e. the first two or three years of the degree programme are created and conducted by the local private college and recognised as suitable to allow the students for direct entry to the final year) leads to the award of a university degree from the overseas institution; the franchised final year is designed by the 'parent' overseas institution and delivered by the Malaysian private college partner locally. Such links are the basis of all '3+0' arrangements.

How these partnerships (between the overseas university and the local college) work hinges on the business model that is the vehicle of the collaboration. The model allows for the university to provide the academic content (i.e. syllabi/curricula, moderation and quality control, assessment and final award of qualification) while the college supplies the brick-and-mortar campus/building, the marketing of the courses, the recruitment of students, the delivery of the subjects and the general administration of the day-to-day operation of the college to give it a 'virtual' campus experience for the students (including extra-curricular activities, job placement services, and even an alumni to be a member of).

'Twinning' and 'franchise' collaborations continue to be the mainstay of most private colleges in Malaysia, fulfilling a market need from consumers who still prefer these as the study mode of choice.

2.3.2 Malaysian Institutions as Franchisors

More recently, in addition to the above, the effect of Malaysia's private colleges offering programmes up to the full degree has created colleges that are now more 'experienced' in being providers of full degree programmes (albeit not degrees of their own), having sufficient track-record and know-how to technically become the degree-provider. This has led to the Malaysian private colleges seeking to now play the role of franchisors to other institutions from various countries (at least with respect to the college's own Certificate and Diploma programmes to other developing countries). The strong demonstrative effect of foreign franchise systems seems to have contributed to the emergence of local franchisors, some of which started to internationalise.

In addition, in a country like Malaysia with markets considerably smaller than the UK or US, it is relatively easy to foresee that fast growth of domestic franchise systems would show rapidly the limits of the internal markets and lead more suddenly to internationalisation (Goncalves and Duarte, 1994).

One of the earliest forays of the franchising of education in Malaysia (where the Malaysian institution plays the role of franchisor instead of the franchisee) was around 1998 when the local Ministry of Education needed to find more creative ways to open up more seats in the public universities for an increasing demand of places by the Malaysian public.

One of the innovative solutions was to encourage the Malaysian public universities to franchise their programmes to private colleges. The Malaysian public universities thus "vigorously resorted to a franchising strategy" (Tan 2002, p. 146). Between the years 1996 and 1999 (and for some, beyond that), there were four public universities which actively franchised out some of the academic programmes to other colleges.

As recent as 2003, in a further move that enhanced this facility for Malaysian private colleges to be franchisors in their own right, the Malaysian Ministry of Education elected to upgrade a select few private colleges to the status of University College, which empowers such institutions to award their own degrees.

The franchisor institution of this study is one such institution – given degree-granting powers as a university college in 2003 - which has over the past 4 years initiated several franchise collaborations with some institutions overseas, namely in Indonesia, Vietnam, Singapore, Oman, Pakistan and China.

The franchisor institution offers qualifications from Diploma to Degree and even Post-Graduate programmes to franchisees. Course syllabi, academic policies and quality procedures will come from the franchisor institution.

These academic programmes will usually be completed at the campus of the targeted institution (if the franchise is for the entire degree programme; a franchise of a Diploma will entail that the students have to come over to the franchisor's campus for the final year). The franchisee institution will pay the franchisor institution a franchise fee agreed upon by both parties. Said franchise fee may take the form of either a lump sum franchise fee or a percentage of fees collected. These two modes of payment are not interchangeable.

For the future, as the number of such institutions continue to increase, the market share of 'customers' decreases accordingly, thus forcing many of these institutions to penetrate new markets, create new business models or close down.

The privately owned-and-run institutions of higher education in Malaysia – whether colleges or university colleges – are like any other business: ownership is usually vested in registered companies which must meet a minimum amount of paid up capital.

Apart from some traditional business models that have already been tried and tested thus far (e.g. becoming a provider of life-long learning through a training company arm, opening up branch campuses and/or recruitment offices overseas, putting courses

on-line, etc.), one model that appears to attract more attention of recent times is the franchising model.

With the prior experience of having previously been franchisees, it seems natural for these institutions to now want a taste of what it would be like to be the franchisor, especially when there is the continued perception that franchising of education must be a lucrative business model considering how much money these institutions had to pay the franchisors in the past.

Finally and ultimately, the Malaysian government "has been calling for Malaysia to become the centre of educational excellence in the ASEAN region [and] [e]ducational providers are encouraged to 'export' education..." (Lee 1999, p. 17) and one of the ways to do this would be through the franchising of education abroad.

2.3.3 The Difficulties and Challenges of the Franchising of Education from Malaysia

Howe and Marti (1998) pointed out how, as businesses and universities becomes increasingly globalised, there are strong pressures on UK, US and Australian universities to internationalise their academic programmes in terms both of content and place of delivery.

In employing these 'internationalisation strategies' to extend the reach of the universities beyond its own borders, the universities are faced with decisions concerning their motivations, the broad strategies to adopt, the nature of collaborative links with host-country institutions, and a number of other practical matters.

These are the same challenges and struggles experienced by institutions of higher education in Malaysia which seek to franchise its programmes overseas, and this is no different from the perspective of the franchisees which choose to franchise Malaysian programmes.

Three examples of the problems encountered by both the Malaysian franchisor and its franchisees are:

i. the necessity to come to terms with areas such as quality of academic programmes offered through collaboration and/or franchising (especially the potential loss of control over student entry and teaching quality standards as well as overall quality control of the academic standards), and
ii. the areas of adequacy of resources of the partner institution (where the franchisee may not have the required level of competences or resources, for example, in providing the necessary learning infrastructure, teaching resources or administrative skills), and
iii. pricing policies, where a division of interest between partners may be found in the numbers/pricing trade-off.

In other words, while the development of higher education through franchising is usually viewed positively, practitioners and managers need to be reminded that franchising is not without its own share and set of challenges and complications that must be addressed.

Trim (2003)'s paper "Strategic Marketing of Further and Higher Educational Institutions: Partnership Arrangements and Centres of Entrepreneurship" explores the theme of partnership arrangements between institutions of further/higher education to provide educational provision to a broad audience.

Using the stakeholders model, the paper acknowledges the need to recognize the variety of 'customers' and thus the need to develop strategies for each individual, group or community. The paper also explores ways for institutions to be more entrepreneurial in developing partnerships. These partnerships are based/presumed on "close working relationships" that need to be/ should be underpinned by trust and mutuality.

Trim provides a summary of several studies done on education and partnerships between institutions of learning. He points to having undertaken research previously into a partnership based on a franchise arrangement between a college of further education and an institution of higher education and concluded that partnership arrangements can provide several advantages to both types of institution. For

example, both types of education institution can "extend their reach", "provide opportunities for access and progression", "identify new opportunities for income generation", and "establish a means for maintaining the institution's independence in the marketplace."

The issues that can be explored in the research of franchising of academic programmes between institutions are:

a. Lack of research culture among franchising institutions
b. Government concerns over quality of educational provision
c. Maintaining constant continuous communication between franchising partner institutions
d. Tension and dynamic between education quality and commercial considerations

As a point of comparison, a recent research (Heffernan and Poole, 2004) entitled "'Catch Me I'm Falling': Key Factors in the Deterioration of Offshore Education Partnerships" specifically examining the Australian education export industry was published that employed the case study methodology; the research was based on findings derived from interviews and ten case studies of relationships between Australian universities and their offshore partners in Malaysia, Singapore and Hong Kong. This new study concluded with a warning that universities seeking to maximize their profits through overseas partnerships face a minefield of problems.

According to the study, Australian universities have signed more than 1,000 agreements with offshore universities, industry associations and private providers. It warns that an absence of trust, commitment and good communication, especially in the 'early interaction' phase of the relationship, often threaten ventures. Other factors that can spell failure include: low commitment from the Australian university; failure to identify the key roles and responsibilities of the partner; failure to establish "win-win" relationships'; and the departure of key personnel. The instances and magnitude of failure, the report states, is higher in those universities at the beginning of the international learning curve.

Gallagher (2002) in a paper entitled "On The Cusp: A New Phase in the Internationalization of Australian Education" notes the following:

> There seems to be some ambivalence within the industry about future prospects for commercial presence or hybrid modes involving partnering offshore for the delivery of Australian education content, given the range of difficulties encountered to date by the pioneers (p. 2)

The difficulties mentioned in the quotation above include: situations related to the set-up, equity and ownership; restrictions on student numbers and tuition fees; challenges with recognition of the academic qualifications in the franchisees' home country; difficulties identifying good local partners and related risks to standards, quality and reputation; issues of IP; and the incubation period that is needed before an operating surplus can be realised.

Lenn (2002) also points to several other challenges which the franchising of education would encounter, one of which was the consequence and outcome of "politics or protectionism", where it becomes difficult to translate degrees from foreign universities into national equivalents in several countries. The government of certain countries do not give recognition to credentials from a foreign institution (even if that qualification was read for and received within the student's own home country) for governmental department civil-service positions. Lenn further notes that "customs regulations limit the movement of educational materials across borders. Medical educators, for instance, report that countries where certain religious beliefs are held can ban materials that show the naked body."

Further challenges include the restriction of movement of persons across borders. One common example of this is where visas can be made unnecessarily difficult, if not impossible, for students of certain countries to obtain (especially from certain source countries as 'blacklisted' by 'destination' countries; for example, students from Pakistan finding it difficult to get visas to enter the United States of America post-9/11 because Pakistan is 'blacklisted' by the USA).

Finally, other country, cultural and cross-border challenges were given as examples of hurdles and challenges to the franchising of education:

> The Chinese government generally allows degrees to be granted only through its own higher-education institutions. The Hong Kong government has devised an elaborate process for the approval of 'nonlocal' education providers because of a deluge of providers (both invited and uninvited) there.

This researcher expects similar results to be produced for the franchise of academic programmes from the franchisor institution of Malaysia to franchisees around the world. What this study hopes to move on to also do is find solutions and suggestions to franchise relationships that will allow it to move beyond the failure-traps to a more effective and fruitful international learning curve particularly for institutions in Malaysia seeking to franchise their academic programmes to other foreign partners.

2.4 The Franchisor and Franchisee Institutions

This section introduces the case study subjects for this research, namely the franchisor institution in Malaysia and the various franchisees scattered throughout the world.

2.4.1 Setting of the Franchisor Institution Researched

Since 1995, but especially for the past three years or so, the franchisor institution has actively and aggressively launched into exploring the possibilities and potential of franchising its degree programmes to overseas institutions.

These franchising collaborations essentially took the form where the franchisor institution would sign a Memorandum of Agreement with the overseas partner institution to agree on initially offering part of the franchisor institution's degree programmes to the said partner (as a matter of internal policy, the franchisor institution's degree programme could be entirely franchised only after several successful years of a good track record of franchising the initial part of the degree with the franchisee).

The franchisor institution's franchised academic programmes will be completed at the campus of the targeted institution and the franchisee-institution would pay the franchisor institution a franchise fee agreed upon by both parties (these franchise fees

could take the form of either a lump sum franchise fee or a percentage of fees collected).

The earliest of these forays into franchising by the franchisor institution was in December 1995, but more so since April 2001, the franchisor institution has signed close to 40 MoUs and/or MoAs with different institutions from over 10 different countries:

1. Nigeria (2006)
2. India (June 2005)
3. Medan, Indonesia (September 2004)
4. Ho Chih Minh, Vietnam (April 2004)
5. Hanoi, Vietnam (April 2004)
6. Medan, Indonesia (Feb 2004)
7. Jakarta, Indonesia (Feb 2004)
8. Batam, Indonesia (Jan 2004)
9. Karachi, Pakistan (Dec 2003)
10. Mauritius (August 2002)
11. Hanoi, Vietnam (May 2002)
12. Oman (February 2002)
13. Singapore (February 2002)
14. Mauritius (August 2001)
15. Lahore, Pakistan (July 2001)
16. Hanoi, Vietnam (April 2001)
17. Dhaka, Bangladesh (December 1995)

as well as over 20 franchise agreements with various regions and institutions in China not included in the list above.

Many of these Agreements have not borne much – if any - fruit for the franchisor institution yet, and there has thus far not been any systematic nor concerted inquiry into what could be the cause of such poor performance from the franchisees.

This is despite the stringent and careful selection and screening process that the franchisor institution puts each franchisee institution through with regards to ensuring proper standards for the franchisee institutions' infrastructure, teaching staff strength,

physical facilities and proper academic entry requirements for the students, financial stability of the institution/company, among other criteria. A description of this selection and screening process is outlined in Section 2.6 below.

More so, this is also despite the emphasis the franchisor institution has put on the franchising aspect of its business operation as a way of gaining more revenue to support its growth and evolution as a private provider of higher education in the country and internationally. Part of this emphasis and focus involved the franchisor institution setting up a dedicated unit within the institution to oversee the management and organisation of each and every franchise potential, and nominating representative personnel from every relevant Faculty to be the main liaison with the franchisee institutions. This dedicated unit – called the 'Collaborative Affairs Department' - also organises and arranges for the appropriate team members from the franchisor institution to travel to the countries and locations where the potential franchisee institutions are located to conduct site visits and due diligence exercises prior to any agreement being signed. The initial investment put in for every potential franchise collaboration includes the cost for site visits, reviews of franchisees' academic curriculum, 'mapping' to franchisor's syllabi, provision of academic materials, training of franchisee's team, etc., to bring that potential to fruition. As such, it is very much in the interest of the franchisor institution to see every one of the franchisees which have signed an MoU with it to succeed, and succeed well.

As part of the above exercise, the franchisor institution has also instituted a standard 'checklist' of documentation which every potential franchisee institution has to provide to the franchisor as part of its disclosure exercise. The 'checklist' asks for information on its ownership and shareholders, number of years of operation, recognition/accreditation by local Ministries and agencies, any other existing partnerships and collaborations, statistics of staff and students, nature of support services and facilities (for example, the library, computer labs, internet access, classrooms, student counselling, sports and recreational facilities, language of instruction, etc.).

2.4.2 The Franchise Contract

Blair and Lafontaine summed it up when they wrote that "[f]ranchise contracts stipulate the conditions under which a franchised outlet is to be operated and, in particular, the rights and obligations of both parties" (Blair and Lafontaine 2005, p. 54).

The franchisor institution of this study employs the use of a standardised franchise contract for all of the general franchise arrangements, with any differentiation between one contract to another being mainly in the sections dealing with programmes to be franchised, franchise fees (which is often also standardized but with occasional differences) and possibly the duration of franchise agreement. All other clauses and stipulations in the contract are common and standard.

The standard franchise contract between the franchisor institution as a franchisor and the franchisee contains the following common elements as outlined below.

General

Principally, the franchise contracts are for the franchising of the educational 'products'/programmes of the franchisor institution, and these can range from the offering/franchising of a university entrance/matriculation/pre-university level programme to undergraduate programmes to even postgraduate level degrees.

The franchise of the programmes may be for the entire programme (e.g. all levels of a three-year degree programme) or part of a programme (i.e. the Final Year / Level Three of the three-year degree programme only, and this is possible when the franchisor may 'recognise' the franchisee institution's two-year Diploma as equivalent to Year One and Year Two of the franchisor's degree programme). More common was for the franchisee to franchise Year One and Two of the degree from the franchisor institution in the early stages of the franchise relationship initially.

The franchisor institution followed an internal guideline to not franchise its Final Year /Year Three of its degree programme to any franchisee until the franchise partnership

has been able to mature (i.e. for the franchisee to have sent at least two cohorts of students to the franchisor's own Year Three and for the franchisee to be able to exhibit academic quality of acceptable standards).

One unique feature for two of the franchise collaborations below (Franchisee F and G) was that it involved a third institution, i.e. a UK university, which acted as the moderating university for the franchisor institution and where the UK university's name and emblem appeared on all award parchments of the franchisor institution's scrolls. The franchise collaborations that included the UK university meant that there was a tripartite agreement that involved payments to be made to the UK university as well.

Obligations of the Franchisor

The next section of the contract outlines the obligations of the franchisor institution as a franchisor. Some highlights of these expectations and obligations include:

- the franchisor institution providing to the franchisee the complete materials for the franchised academic programme (curricula and syllabi);
- the franchisor institution defining for the franchisee the qualifications required of instructional staff for the teaching and training of the franchisor institution's programmes at the franchisee institution;
- the franchisor institution granting to each student registered in the franchised programmes a transcript of marks relating to each course or module attempted and/or completed by the student;
- the franchisor institution giving to each student who successfully completes the programmes at the franchisee institution the relevant certification/qualification/award for that academic programme;
- the franchisor institution reserving the right to approve all promotional materials of the franchised programme and any other literature that carried its name and emblem.

Obligations of the Franchisee

The subsequent section of the contract would then contain the expectations and obligations of the franchisee. The franchisee needs to be prepared to do some of the following:

- the franchisee institution shall offer and teach the franchised academic programme according to the standards and level as stipulated by the franchisor institution;
- the franchisee institution would arrange for samples of students' work (including assignments, tests/quizzes, exams, projects) to be sent to the franchisor institution for moderation;
- the franchisee shall pay to the franchisor institution, at an agreed-upon schedule and frequency, the franchise fees;
- the franchisee shall provide at its expense all promotion, advertising and publicity materials in the region necessary for the operation of the academic programme(s) and to seek the franchisor institution's approvals when using the franchisor institution's name and logo as well as provide the franchisor institution with the particulars and copies of such materials as the franchisor institution may request for;
- unless agreed to otherwise in writing, in the event of termination of the franchise contract, the franchisee promises to discontinue its use of the franchisor institution's name.

Academic and Other Contractual Matters

The final section of the franchise contract contains the standard elements of any other franchise contract, ranging from items covering academic matters to clauses that cover matters of the term/duration of the contract and issues that provide for the contract's termination (as well as other terminology that may be relevant).

The contract allows for renewal for successive terms provided that both the parties agree to the renewal in writing. The contract also allows for what will happen if there

is no activity arising from the franchising relationship: the contract stipulates that during the term of the contract, the contract shall lapse after one year and one day if no part or portion of the franchised programme(s) has been offered by the franchisee over a 12-month period.

Finally, the contract will also enclose and include an Appendix section that will normally contain the following appendices:

- The Admission Criteria, Process and Requirements for Applicants
- The Programme's Content, Delivery and Scheduling
- The Programme's Instruction, Instructors' Qualifications and Evaluation
- The Upkeep of Student Records and the Evaluation of Academic Performance
- The Process by which Students may make Appeals
- Procedures and Requirements for Employment of Academic Staff

Franchise Fees

All of the franchise collaborations of this study's franchisor institution involve franchise fees that are 'standardised' to some extent, but subject to negotiations and final agreement between the franchisor institution and the potential franchisee on a case-by-case basis.

The franchise fees are fees payable from the franchisee institution to the franchisor institution for every student who enrols for the franchised academic programme, and such fees are payable at the latest within four week from the time that the students have enrolled onto the programme.

The quantum of franchise fees payable on a per-student-rate varies depending on the programme being franchised, but in general the fees are USD$100 per student for admission and registration, USD$250 per student for a Certificate level programme, USD$400 for Year One of a degree programme, and USD$500 for Year Two of a degree programme. At the time of this study, the franchisor institution had not franchised out the Final Year Three of its degree programmes yet (for reasons noted in the section titled 'General' above).

While the above was the general guideline fees which the franchisor institution based all its negotiations on, there were occasions of variations where some of the franchise contracts were based on percentage of fees charged by the franchisee institution, or a sharing of fees when the franchising involved a third moderating university (for example, for Franchisees F and G below).

There are no up-front franchise fees for this franchisor, nor are there any minimum base-line fees which the franchisee institutions have to pay. Despite having entered various franchise collaborations previously, the franchisor institution still perceived itself as being reasonably new in the franchise scene, and was attempting to make in-roads in terms of establishing strong franchise partnerships around the region, without charging too much for the franchise collaborations.

From records and minutes of internal meetings on the part of the franchisor, the general guideline of franchise fees adopted by the franchisor was derived from comparisons with other franchisor institutions in Malaysia as well as benchmarking against the industry internationally too. The franchisor had also taken into account that the franchisor institution is relatively inexperienced and 'immature' as a franchisor, and that its brand value was not as strong as some other institutions. Furthermore, in order to 'attract' franchisees it was decided that franchise-fees-per-enrolled-student (what others have termed 'royalty fees') would work better and be more attractive to the target franchisees in the region (as opposed to initial/upfront fees).

Pre-Contract Procedures

As mentioned in the previous section, any initial exploration for potential collaboration will involve a process of 'due diligence' whereby a site visit is arranged to gather information on the potential franchisee. The level of disclosure and details expected by the franchisor from the franchisee is for the latter to reveal its proof documents on its registration and recognition as a legitimate company and institution (with the commensurate licenses and approvals from the relevant Ministry of Education, where applicable), its company accounts, its stakeholders and shareholders, the identity of its Board members and management team, and a set of all

its literature to show its history and ability to offer the franchised programmes satisfactorily.

All the results of the above are presented to the franchisor institution's Academic Board for review and recommendation whether the franchise initiative is to proceed or not.

2.4.3 An Introduction to the Franchisees

There were eight franchisees covered in this study, chosen primarily for the following reasons:

a. That they represented franchisees in different stages of relationship to the franchisor (see 2.5 below);
b. That they were franchisees that were across a reasonable spectrum of different countries;
c. That they were institutions that were still in operation (a handful of the institutions in the list above in 2.4.1 are no longer operating, two of them specifically arising form the demise of their founder and others because of various factors); and
d. That they were institutions that were willing to participate in this study and had personnel who could be part of a focus group that was conducted in English).

The eight franchisees are located across the countries of China, Mauritius, Pakistan, Singapore and three different regions of Indonesia (i.e. Batam, Jakarta and Medan).

They also range from family-owned-and-run institutions (at one end of the spectrum is an institution run by a husband-and-wife team) to institutions owned by large corporations (at the other end of the spectrum is an institution owned by the largest pharmaceutical company in the country).

The franchisee institutions also range between those that solely franchise from the franchisor institution, and those that also franchise from other institutions as well (for

example, one institution also franchises from the Royal Melbourne Institute of Technology and the University of Tasmania at the same time).

The institutions franchise from the franchisor institution for a number of common reasons, the core being:

i. To grant the students more options of programmes and country of destinations to choose from, especially a country that is more economically viable – like Malaysia - as far as tuition fees are concerned;

ii. To franchise from an award-granting institution in Malaysia that has a recognised overseas university partner that moderates its degree programmes;

iii. To franchise from a predominantly Muslim country that is liberal and open; and

iv. To franchise from a country that gives easy access to its students in terms of obtaining student permits and visas (especially in the aftermath of 9/11).

This study will not reveal the specific identity of these institutions to protect the confidentiality of the data that was gathered from them in the focus groups.

Nevertheless, the next section will give an outline of the context of each of these eight franchisees as background information.

Franchisee A: Batam, Indonesia

Established since October 1996, this institute, located in the city centre of the Indonesian island of Batam (one hour boat ride from Singapore), offers services in education and training - especially English language classes - catering to the central city as well as neighbouring towns of the island.

Apart from the franchised programme, some of the other academic programmes offered in this institute are "English for Schooling Students", "Fluency in English" (incorporating Intensive Communication Skills) and "English in The Working Environment (with In-House Training)".

The institute also offers courses that help prepare students for the sitting of their TOEFL or IELTS exams, and these are students who intend to continue their studies outside of Indonesia.

In 1996, the institute started with only 4 students, but grew to a student population of 803 students in 2003. Today, it still maintains the core English language training programmes for students starting from the young age of 4 years to regular English language programmes for adults, and including preparation courses for overseas studies.

Apart from offering English proficiency programmes and child-care services, the institute also had plans to offer at least one academic programme that would help prepare students to studies overseas, e.g. some form of Pre-University, Foundation or Matriculation programme.

To this end, the institute – a family run institution managed by a husband-and-wife team - approached the franchisor institution through mutual contacts and networks to seek a franchise of the franchisor institution's Foundation Programmes. The franchisor institution's Foundation Programmes prepare students for undergraduate degree programmes in the disciplines of science, arts, engineering and business studies, and the franchising contract with the franchisor institution allows for the institute to offer the entirety of this programme in Batam.

The franchising contract was signed in 2002, and the institute began to advertise and promote the franchised programme to students from in and around Batam Island, seeking to cater to students intending to pursue their tertiary education overseas in either Malaysia, Australia, UK, New Zealand or Canada.

The franchise contract was according to the standard clauses of the franchisor institution's generic contract as outlined in Section 2.4.2 above, including the franchise fees. The early stages of the franchise relationship involved the husband-and-wife team making several visits to the franchisor institution to familiarise themselves with the operations there, and thereafter arrangements were made for

some of their lecturers to also visit the franchisor institution for orientation and training in the offering of the franchised programme.

Early e-mail communication records show a smooth development of the franchise relationship at its initial stages, with the franchisee indicating up-front their hope to have students completing the franchisor's Foundation Programme to have the option of using that qualification to transfer to other international universities in Australia and USA.

The franchisor institution participated in promotional and recruitment exercises by sending staff to Batam Island on 'roadshows' at the island, and these were very well received and led the way for the initial cohort of students signing up for the franchised programme at the franchisee institution. Additional upfront support provided by the franchisor to the franchisee included extending course materials (curriculum, syllabi, course notes, textbooks for teachers, etc.) and off-site remote training via e-mails, video conferencing and telephone calls.

The institute had recruited two small cohorts of students under the franchisor institution's Foundation Programme before the franchised programme encountered some problems.

Franchisee B: Medan, Indonesia

Set up by two childhood friends (one managing the administrative and business side of the institution while the other overseeing the academic affairs of the franchisee), this college caters primarily to young working adults who have not had a chance to pursue a university degree before.

The franchisor institution's records show (from the site visit report) that this franchisee operated from two campuses within the city centre of Medan; the second campus started in 2004 itself and both campuses offered evening classes only. The franchisee's collaboration with the franchisor institution – signed in September 2004 - involved the franchising of the first two years of the franchisor institution's degree programmes – beginning with the Computer Science degree programme - and in order

to obtain the full degree award, the students would then need to transfer for one academic year to the franchisor institution.

The franchise contract was according to the standard clauses of the franchisor institution's generic contract as outlined in Section 2.4.2 above, including the franchise fees. Records show that the franchisee institution was very interested in being able to franchise the entire degree programme from the franchisor to be completed at the franchisee institution, but the franchisor institution was not prepared to enter into that agreement yet in the early stages of a new collaboration (see 2.4.2 under the heading of "Franchise Fee" above).

The franchisor institution had organised an annual 'International Agents' Conference' in 2005 to which the owners of the franchisee had attended and used that Conference as an induction and introduction to the franchisor institution. No other recorded face-to-face interaction or e-mail communication occurred thereafter.

The College had not as yet recruited any students under the franchise arrangement at the time of the writing of this research.

Franchisee C: Medan, Indonesia

This institute has been in operation since the year 2000, with one of its co-owners placed at the helm as the CEO of the institution. It has 4 full-time administrative staff and a total of 25 part time lecturers teaching mostly evening classes for courses which are primarily targeted at working adults seeking to gain further qualifications that would give them a chance to pursue an undergraduate degree programme.

The institute offers one-year Diploma programmes in Business Studies, Accounting, Hotel & Tourism, Computing and Business & IT; it also offers Degree programmes in Bachelor of Business Administration and Bachelor Science in IT which are franchised from an American university. Its total number of students has reached approximately 300.

The institute's lecturers are all graduates with a minimum qualification of either a Bachelors or Masters degree from either a local or foreign university (or sometimes from both).

This institute entered into a franchise collaboration with the franchisor institution where the latter will franchise Year One and Year Two of its degree programmes to the former (in what is regularly termed a 'twinning' programme where students will do what would be called a '2+1' programme, i.e. two years in the institute and one final year in the franchisor institution). An MoU was signed between the two institutions on 16th June 2003 and a MoA was sealed in February 2004 for the franchising of programmes in Business Administration, Computing, Business Information System as well as the franchisor institution's Foundation Programmes.

As part of the site visit report, the franchisor institution noted that this particular institute had a building that was designed to be very conducive for its classes, and the institute had committed a formidable part of its resources to upgrading its facilities in terms of equipping students with good PCs, allowing for 24-hour internet access on campus, stocking its Library with a sizable collection of books and journals, and even encouraging their students to have their own Student Council with clubs and societies. The institute also conducts training and staff development programmes for its lecturers and administrative staff.

Much of the recruitment of students was conducted through newspaper and radio ads, and their 'target market' tended to be the middle and upper-middle income groups. This institute has recruited a small handful of students for the franchisor institution franchise thus far.

The franchise contract was virtually identical to the contract for Franchisee B (including the franchise fees) except for the fact that the contract for this franchisee included more franchise programmes. Both Franchisee B and Franchisee C were aware of their respective partnerships with the franchisor institution, but did not appear to view it as direct competition. The franchisor's records show that the franchise partnerships with both franchisees were targeted at different markets.

Franchisee D: Jakarta, Indonesia

This centre has over 15 years of providing business qualifications in undergraduate and graduate levels, and in accordance with its aim to be an institution that is both global and plural, it has sought to be in cooperation with universities from around the world, which currently include the Royal Melbourne Institute of technology (RMIT) and the University of Tasmania (UTAS) in Australia. With RMIT and UTAS, the centre offers certificate, diploma, single and dual degree programs to students interested in an international business career. These partnerships give their students an opportunity and choice to obtain their Australian Degree by doing part of the program in Jakarta, Indonesia.

Established by the founders of the largest pharmaceutical company in Indonesia, this institute offers academic programmes to over 1,000 students in Jakarta.

The college has been running RMIT's Foundation Programme for the past decade, and arising from the success of this Foundation programme, the institution was then allowed to offer the Advanced Diploma programmes as a pathway to the Australian Bachelor programmes, using 100% of the Australian Curriculum.

Running its programmes from two campuses, the institution found that there was a need to give their students a more economical option for a degree programme for students who would not be able to afford the fees to pursue their degree programmes in Australia.

Hence, in February 2004, the centre also chose to collaborate with this study's franchisor institution in offering an alternative Foundation Programme that would allow students a possible pathway to pursue undergraduate degree programmes in either Malaysia or any other destination countries that would recognize the franchisor institution's Foundation Programme.

The franchisor institution's site visit report record that this franchisee institution came highly recommended by reliable contacts of the franchisor. The site visit report also noted that the franchisee was a very well-established with a good academic track record and more-than-adequate academic facilities.

The franchise contract was according to the standard clauses of the franchisor institution's generic contract as outlined in Section 2.4.2 above, including the franchise fees. The franchisor institution had worked closely together with the franchisee institution towards recruiting the first cohort of students, through sending personnel over to the franchisee to assist in conducting roadshows, 'open day' counselling sessions, talks, etc. for walk-in inquirers and members of the public). Additional upfront support provided by the franchisor to the franchisee included extending course materials (curriculum, syllabi, course notes, textbooks for teachers, etc.) and off-site remote-training via e-mails, video conferencing and telephone calls.

The franchisee institution managed to sign up a handful – literally - of students to the franchisor institution's Foundation Programme in only one cohort thus far, after which it was discovered that there were several factors that discouraged any further students from signing up. Nevertheless, the franchisee institution had employed dedicated lecturers and administrators for the franchised programme and saw the programme through for the enrolled students.

Franchisee E: Karachi, Pakistan

This college in Pakistan had its inception in March 1994. With an initial intake of 40 students in one programme in its beginning, it has expanded to an enrolment of 1,500 students with 6 different campuses today.

This college's academic programme offerings include four degree programmes, three professional accounting / finance qualification courses, four tertiary education certificate courses, a primary school and a post-graduate diploma course.

One of its most popular programmes is the professional accounting programme that allows a student to qualify as an Associate Chartered Accountant from the Institute of Chartered Accountants of Pakistan. The college's graduates become accounting professionals working in national and multinational companies within Pakistan and abroad.

This college has various affiliations/accreditations including the following bodies and associations:

- Institute of Chartered Accountants of Pakistan (ICAP)
- Association of Chartered Certified Accountants (ACCA) – UK
- University of Karachi
- Board of Intermediate Education, Karachi
- Dist. Officer Education (Colleges), Karachi
- The University of Cambridge Local Examinations Syndicate (UCLES) UK

as well as an affiliation and collaboration with this study's franchisor institution in Malaysia.

The college's academic programmes were badly affected post 9/11 with entry restrictions on most Pakistan citizens to the United States, Australia and the UK, thus forcing it to look for alternative destinations for their students.

At that same time, the franchisor institution was looking into expanding into Pakistan, and the reports and minutes from the franchisor institution shows that the franchisor institution had conducted some research into various institutions in Pakistan and the franchisee institution came out favourably. The franchisor institution thus approached the franchisee institution to explore possible partnerships, and the franchisee institution responded positively as it coincided with the franchisee's intentions to look outside of their traditional pre-9/11 collaborations.

The franchise of education programmes from this study's franchisor institution included two tracks: the first track allowed the franchisee institution's students to read for the franchised programmes Years One and Two, and to thereafter transfer to complete their final year of the degree programme of choice in the franchisor institution in Malaysia; the second track provided a pathway for the franchisee's students to complete the franchisee's other programmes and thereafter be granted exemptions to enter Year Three at the franchisor institution in Malaysia.

After successfully sending one cohort of students to the franchisor institution under the above 'first track' arrangement, the college then ran into complications with the local Pakistan Ministry of Education which had not extended any recognition to the

franchise collaboration. At the time of the writing of this study, both franchisor and franchisee institutions had worked together towards resolving the matter with the Pakistan Ministry and were looking forward to being able to recruit more students for the franchised programme thereafter.

The franchise contract followed the standard clauses of the franchisor institution's generic contract as outlined in Section 2.4.2 above, including the franchise fees. There was an additional unique clause that allowed for the 'second track' arrangement where the franchisee institution would pay the franchisor 'transfer' fees for each student under this pathway.

The franchisor's records show very good communications and a smooth working relationship between the two institutions, with several cross-visits between the personnel of both institutions for purposes of training, ceremonial signing of agreements with press conferences, as well as promotional and recruitment activities. Additional upfront support and investment provided by the franchisor to the franchisee included extending course materials (curriculum, syllabi, course notes, textbooks for teachers, etc.) and off-site distance-training via e-mails, video conferencing and telephone calls.

Franchisee F: Pamplemousses, Mauritius

The franchisor's site visit report described a very impressive campus and set-up for this potential franchisee institution, an institution which included the Mauritius Ministry of Education and Ministry of Human Resources as its immediate and principle stakeholders.

With a wide expanse of grounds for its own campus and purpose-built buildings, the potential franchisee institution boasted a wide range of facilities and services for students, offering technical and vocationally-inclined courses up to Diploma level.

The franchise agreement between the franchisor institution and this institute was to establish and maintain the offering of the franchisor institution's degree programmes at the institute's site in Mauritius (where the programmes were to be offered and completed in Mauritius):

i. B. Sc. (Hons) Business Information Systems
ii. B. Sc. (Hons) Computing
iii. B. Sc. (Hons) Information Systems
iv. B. Sc. (Hons) Software Engineering
v. BA (Hons) Business Studies (Marketing)
vi. BA (Hons) Business Studies (Human Resource Management)
vii. BA (Hons) Business Studies (Business Finance)

It was noted in the franchisor's site visit report that existing students from the franchisee institute would likely have to undergo some bridging courses before becoming eligible for entry to the final year of the franchisor institution degree programmes.

One unique feature of this potential franchise collaboration was that it involved a UK university which acted as the moderating university for the franchisor institution. The franchisor institution had arranged for the UK university to make a joint site visit to the franchisee institution, and the UK university had submitted a very positive and favourable report of the franchisee institution and 'approving' for the franchise relationship to proceed.

It was reported in the formal submission by the UK university – what the UK university entitled a 'Validation Report' - that the potential franchisee institution had ample facilities, services, infrastructure and manpower to meet the requirements of running a successful and quality franchise collaboration.

However, the franchise relationship had not been able to proceed beyond the signing of an MoU (and thus no technically there was no franchise contract and thus no recruitment of any students was ever achieved) at all due to technicalities of the Mauritius Ministry of Education where the franchisee institution was not given the license to offer full degree programmes from its campus.

Franchisee G: Singapore City, Singapore

This institution was established in 1987 at Singapore's Peninsula Plaza, primarily specializing - in its early history - in language courses (such as English, Spanish, Japanese and others).

As the institution grew and expanded, the centre also established branches in the Singapore districts of Ang Mo Kio and Orchard to offer more of the same courses. At the Orchard branch, it also proceeded to offer programmes in LCCI accounting, marketing courses, as well as making itself a centre for TOEFL and IELTS.

Apart from the above qualifications, the centre also established and offered Certificates, Diplomas and Degrees in the fields of Graphic Design, Advertising & Multimedia as well as its continuing emphasis on languages.

As part of its ongoing development, the centre then moved on to form a School of Management & Technology. With the collaboration with this study's franchisor institution under the new School, the centre planned to extend their recruitment to China for the students to embark in programmes under the franchise arrangement.

In tandem with this, there was also the realisation that the local Singaporean polytechnic graduates were increasingly required to obtain more formal business skills, thus giving justification and rationale for the franchise relationship to expand to offer more relevant final year degree programmes, particularly in the Business and IT fields.

With more and more Singaporeans studying in Malaysia for academic twinning programmes, the centre had envisaged itself acting as the franchisor institution's Singapore Registration Office for local students to register directly, with the hope of enhancing the franchisor institution's profile in Singapore, (thus making the franchisor institution the first Malaysian institution to have set up an official registration office in Singapore).

The e-mail records and interviews indicated that the franchisor and franchisee institution shared a strong mutual relationship and understanding between its upper

management personnel, and the franchisee institution had approached the franchisor institution over different occasions to explore many different ideas of possible collaborations and potential partnerships.

Like Franchisee F, this potential franchise collaboration also involved a UK university which acted as the moderating university for the franchisor institution. The UK university's 'Validation Report' indicated that the potential franchisee institution had sufficient facilities, services, infrastructure and manpower to meet the requirements of running the franchise collaboration.

The franchise contract was generally according to the standard clauses of the franchisor institution's generic contract as outlined in Section 2.4.2 above, except that the franchise fees were negotiated to be a percentage of the fees of the franchisee institution instead of the standard fees charged to other franchisees.

However, developments in the education industry in Singapore and the wider Singapore Government initiatives made the above direction of the franchise collaboration untenable and unrealistic.

Franchisee H: Guangzhao, China

This institute is only in its third year of operation, but has succeeded in tripling its student numbers since its first year of running. It offers primarily Diploma courses in Business and Information Technology.

The programme which this institution is franchising from the franchisor institution is the latter's Intensive English Programme which is essentially a remedial English programme to help non-native English speakers to learn the language in preparation for the pursuit of tertiary level programmes in English.

The franchised programme is a one-year intensive programme requiring a 16-hour-per-week contact on all aspects of the language learning from acquisition to advanced levels communication and comprehension. The franchised programme was initiated last year, and run completely at the franchisee institution's campus with the

agreement that the franchisor institution would send over a Head of the English Department and some lecturers to help teach and train the other teachers.

This franchised programme was interlinked with the offering of the Diploma programme to ensure that every student had to undertake the English Language programme, and the students were streamed to various levels according to their degree of proficiency.

The franchise contract for this franchise partnership is quite different from all the other more generic franchise contracts. From the site visit reports and internal e-mail communications of the franchisor institution, it was noted that one of the main incentives for this collaboration was with the hope that the franchisee students will transfer to the franchisor institution post-Diploma. The offering of the Intensive English Programme as such was not intended primarily to garner income as a franchised programme, but as a promotional strategy to 'introduce' the students to the franchisor institution.

As such, the franchise fees payable by the franchisee to the franchisor was minimal (and payable on a per-student basis with no upfront fees); this was also why the franchisor institution chose to strategically place a head of English Department and some lecturers at the franchisee institution, as an attempt to ensure that the standards of teaching English are equally high in comparison with the Malaysia campus, but also as a way for the franchisor staff to act as 'ambassadors' and 'promoters' of the franchisor institution.

TABLE 2.1 Summary of Franchisees

	Country of Franchisee	Year of Establishment	Franchise Start Date	Franchised Programme(s)	Level of Relationship	Present Status
Franchisee A	Batam, Indonesia	1996	2002	Franchisor Institution's Foundation Programme	Recruited two cohort of students, but stopped	Not active
Franchisee B	Medan, Indonesia	2001	2004	2+1 Degree Programme in Computer Science	No recruitment of students yet	Not active
Franchisee C	Medan, Indonesia	2000	2003	2+1 Degree Programmes in Business Admin, Computing, Business Information System and Foundation Programme	Recruited 'some' students	Not active
Franchisee D	Jakarta, Indonesia	1992	2004	Franchisor Institution's Foundation Programme	Recruited one cohort of students only	Not active
Franchisee E	Karachi, Pakistan	1994	2003	2+1 Degree Programmes in Business Admin, Accounting and Foundation Programme	Actively offering the franchised prorgammes	Active
Franchisee F	Pamplemousses, Mauritius	1985	2001	Intention to franchise 7 degree programmes	Did not move beyond MoU	Inactive
Franchisee G	Singapore	1987	2002	Intention to franchise 9 selected diploma, degree and masters programmes	Did not move beyond MoU	Inactive
Franchisee H	Guangzhao, China	2004	2005	Certificate in English Programme	Recruiting students actively since MoA	Active

2.5 Relationship Marketing

2.5.1 Introduction

From the bulk of literature on trans-national education and franchising of education, one common theme and trend of thought that emerges is that the biggest challenge in trying to ensure the success of any international education collaboration – be it franchising, twinning, credit transfer, etc. – is the challenge of "developing and maintaining effective relationships between partners" (Heffernan and Poole 2000, p. 227). The literature proceeds to also outline what are some of the key factors which help to contribute to a successful collaborative relationship and partnership:

> "...including adequate resources, the construction and implementation of well-written contracts, the development of explicit quality assurance and teaching and learning strategies, and the use of appropriate decision-making models" (Heffernan and Poole 2005, p. 227).

Other contributing factors and ingredients to the relationship of the partnering institutions also include the "undertaking of visits between host and home countries, establishment of informal and formal monitoring arrangements, and writing memoranda of agreements", and each of these "depend as much on the quality of relationships between partners as on any other factor" (Heffernan and Poole 2005, p. 228).

As with any relationship and partnership, much of it depends on the parties in the relationship sharing common aspirations, objectives and goals, and being able to develop understanding and trust between the parties. Most importantly, there is the need for good channels of communication being kept open between the two sides.

In seeking to explain the different stages of a franchise relationship, this proposal will adopt the model outlined in the latest studies in the area of 'relationship marketing'.

2.5.2 The Background of Relationship Marketing

Following Morgan and Hunt (1994, p. 20), relationship marketing is

> a concept that encompasses relational contracting, relational marketing, working partnerships, symbiotic marketing, strategic alliances, co-marketing alliances, and internal marketing.

Relationship marketing recognized that global competition would occur more and more between networks of companies, where these firms would be connected by opposing forces of 'competing market forces' versus 'cooperative sharing and trust'.

This is the paradoxical and ironical nature of relationship marketing: companies need to be both competitive and cooperative with each other. Morgan and Hunt highlight that (1994, quoting McKinsey & Co. strategists), "For most global businesses, the days of flat-out, predatory competition are over.... In place of predation, many multinational companies are learning that they must collaborate to compete" (p. 20). Baucus et al (1996) explore similar territory through the study of entrepreneurs who form an 'agreement' and consensus on how to cooperate even as they are competing.

More specifically in relation to franchising, Strutton et al also described the paradoxical characteristics of 'relationship marketing' in that "franchising systems are not only economic entities, they are also social exchange systems featuring the antithetical elements of cooperation and conflict" (p. 81).

Jambulingam and Nevin (1999) however emphasized the virtues of cooperation over competition especially for franchise systems:

> We argue that in the franchise channel system, franchisees who perceive the relationship with franchisors to be more cooperative, are more satisfied with their franchised business decision, and behave less opportunistically, and are likely to contribute to the success of a franchisor and the franchising system (p. 366)

In summary, "[r]elationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" (p. 22). In the wider literature, there are various different emphases on what customer relationships means depending on the industry; for example, in the marketing and services area, relationship marketing is about customer relationships. In purchasing or

procurement departments, the focus would be on establishing the position of preferred supplier by ensuring the maintenance of a good track record in key accounts. In the area of franchising, the emphasis would be on developing and maintaining strong lasting relationships between franchisor and franchisee(s).

2.5.3 Five-Stage Relationship

In any and all interactions and relationships, any attempt at classification and definition of its status would be inherently a random and artificial exercise, by virtue of the fact that these interactions are always along a continuum that cannot really be easily segregated. The same applies to all commercial and contractual transactions; nevertheless, for the sake of research and study, the continuum can be grouped along the continuum "ranging from purely discrete to relational exchanges" (Strutton et al 1995, p. 81).

Strutton et al classified 'discrete transactions' as one-off isolated impersonal transactions with little or no relational context ("such as a consumer purchasing fruit at a stand along an out-of-state highway", p. 81). On the other hand, relational interactions are more continuous, complex transactions which involve multiple exchanges to maintain an ongoing long-term relationship. Franchising would fall under this latter category of complex commercial transactions.

Whilst there is no strict agreement to the breakdown of stages of a collaboration-relationship between businesses, an analysis of the literature by Heffernan (2004) suggests a five-stage process in a university franchise relationship: (1) pre-relationship stage (this is the stage of exploration including deciding on franchise fees, site inspection, due diligence, etc.); (2) early interaction stage (this phase encompasses the signing of a franchise contract, the provision of the franchisor's syllabus, the training of lecturers, etc.); (3) relationship growth stage (this is where student cohorts 1 to 3 are included); (4) partnership stage (this is the part where the collaboration has successfully recruited cohort 4 and beyond); (5) relationship end stage (this describes the time when the franchise partners agree to end the collaboration, thus embarking on the teaching out of existing students with no new intakes).

This five-step relationship model – awareness, exploration, expansion, commitment, dissolution - will be used to compare with the franchise relationships between institutions. There is one main unique difference in this study being the proviso that some of the franchise relationships had prematurely ended without having even reached relationship growth stage or partnership stage, thus introducing a new category where there is the stage of 'premature dissolution' which differentiates itself from the 'relationship end stage' described above (thus, 'premature dissolution' is for franchisees which ended abruptly without any opportunity to mature and develop). This is a unique feature in this study not covered in most other literature.

In summary, the stages of the franchise relationship could be broken down into the following phases:

- Stage One: pre-relationship stage (this is the stage of exploration including deciding on franchise fees, site inspection, due diligence, etc.);
- Stage Two: early interaction stage (this phase encompasses the signing of a franchise contract, the provision of the franchisor's syllabus, the training of lecturers, etc.);
- Stage Three: relationship growth stage (this is where student cohorts 1 to 3 are included);
- Stage Four: partnership stage (this is the part where the collaboration has successfully recruited cohort 4 and beyond);
- Stage Five: relationship end stage (this describes the time when the franchise partners agree to end the collaboration, thus embarking on the teaching out of existing students with no new intakes) or 'premature dissolution' stage where the franchising collaboration ended abruptly without any opportunity to mature and develop.

As a process or conceptual model (to describe how the above stages of relationships fit together), the franchisor institution would begin firstly to 'scout' for and explore potential and possible franchisee institutions in countries or regions in which the franchisor wishes to expand out to. The initial exploration and 'short-listing' can arise

from several sources (whether it be by recommendation and 'word-of-mouth', or by institutions which stand out above the rest and distinguishes itself in a particular geography, or by the potential franchisees themselves taking the initiative to approach potential franchisors.

A process of 'due diligence' is then initiated by the franchisor institution whereby a team is sent to do a site visit on the potential franchisee's campus to gather information on its background and state-of-readiness to be a franchisee (including its history, reputation, infrastructure, teaching strength, financial stability, etc.).

The above is often followed by the process of signing a Memorandum of Understanding to place each institution on a firm footing of indicating interest in pursuing a formalised franchise relationship. The post-MoU phase involves both institutions working towards making all preparations for the launch of the franchised programme(s) in the franchisee institution.

At some stage in this process, when there has been an agreement of the programmes to be franchised, the franchise fees to be charged and paid, the details of the franchise contract, the date of launch of the franchised programmes, the nature of training and support from the franchisor, etc., the two institutions will sign the contract that details and outlines the responsibilities between franchisor and franchisee(s).

It is after this that the relationship reaches a new stage in the collaboration, where the franchisee institution will work towards advertising and recruiting students for the franchised programmes, and this will often come with the support and partnership of the franchisor institution with advertisements, promotional activities and materials, and marketing 'roadshows', etc.

When the first cohort of students have been recruited, the institutions will work closely together to ensure that all necessary components of the teaching and training of the franchised programmes is carried out to the standard and satisfaction of the franchisor institution, and this phase will also involve semi-regular site visits from the franchisor to ensure conformity, franchisee staff being sent over to the franchisor

institution for training, and regular interactions among all the staff to share ideas and resources.

If all goes well, the franchise relationship will grow and flourish, leading to continued recruitment and intake of student cohorts, with the franchise institutions keeping each other updated and abreast of developments and decisions on a regular basis.

Any conflicts or problems are dealt with in negotiation with each other, and should there come a time where the collaborators wish to cease the franchise relationship, the process of dissolution of the franchise is initiated (which will involve the franchised programmes being phased out or taught out in due course by the franchisee).

2.6 Conclusion

This chapter provided an overview and outline of the history and background of franchising in Malaysia, and in particular, the franchising of academic programmes where a selection of Malaysian institutions of higher education have moved from being franchisees to franchisors.

There was also a preliminary overview of the issues and challenges facing the franchising of education around the world, and paves the way for the rest of the study to look at what are some of the specific themes that will arise from researching the franchisees of one specific institution of higher education in Malaysia.

This chapter also introduced the franchisor and franchisee institutions under study in this research, as well as provided a brief description of the template of a franchise contract utilised by the franchisor institution of this study.

CHAPTER THREE
LITERATURE REVIEW

3.1 Introduction

This chapter seeks to outline a broad context for franchising in terms of the theories, models and practices both around the world and in Malaysia, exploring the literature on the different issues surrounding franchising relevant to this particular research study.

Firstly, Section 3.2 will provide an overview of the nature and extent of franchising research thus far, thereby continuing to paint the context of where this research is positioned in the overall picture of the body of knowledge in this area of study. Section 3.3 will then focus the literature review on the issues surrounding the motivation to franchise, the studies conducted around the area of franchise failures and the solutions to problems faced in franchising especially from the perspective of the franchisees.

3.2 An Overview of Franchising Research

There is a wide range and spectrum to the literature of franchising that is commensurate with the broad scope of franchising practice itself; as such, any reader who seeks to have an overview of the scope and breadth of that literature will by necessity need to categorise the literature into some coherent structure.

Franchising research "has examined a wide range of issues including the societal and legal implications of franchising...franchised and company-owned units...and the efficient operation of franchise systems" (Weaven 2004, p. 2), as well as more recent studies into reasons and results of minimal franchise successes, rampant franchise failures, and factors for franchise futures.

In their book collecting most of the seminal research and papers on franchising, editors Hoy and Stanworth (2003) introduce *Franchising: An International Perspective* by asking the question: "does franchising warrant its own body of

literature?" (p. 9). Weaven (2004, p. 40) suggests that "existing franchising theory is highly fragmented and there is little evidence that researchers integrate their approaches across disciplines."

In one aspect, franchising could be easily subsumed under the umbrella of other disciplines and fields of study, but on the other hand there is justifiable argument that franchising qualifies to be a area of study in its own right, recognising naturally that it is by definition an "interdisciplinary and multidisciplinary" field (Hoy and Stanworth 2003, p. 9).

As the research question focuses upon the franchising of academic programmes and why there appears to be a high rate of failure in the franchise relationships of one particular institution of higher education, any previous research into the issues surrounding the research question will be reviewed (especially in the three areas of why institutions franchise, why franchises may encounter high failure rates and what solutions may be offered for franchises which are struggling).

3.2.1 Definitions of Franchising

The idea of franchising has evolved over time since its early history, and the following is a brief overview of how the idea of franchising has grown through the history of its research.

In Chapter One, a 'simple' definition of franchising was offered, where a *franchise* is a business model that involves one party called the *franchisor* entering into a contract with another party called the *franchisee*, where the former gives the rights to the latter to conduct business by the franchisee in a special way, in a stipulated place, in a specified duration and at a specific fee (Elango and Fried 1997).

The entire context of the above arrangement is often referred to as the *franchise system*, and within this system in which both franchisor and franchisee operate, the business itself in its physical manifestation is termed the *franchise unit* (which may be co-owned by both franchisor and franchisee, or just by the franchisee). A glossary of terms and definitions for franchising can be found in Appendix A.

Definitions of franchising have evolved over time, and even differs from country to country. Nevertheless, most of the literature - and practitioners of the model - recommend that for any definition of franchising to be functional and workable, it needs to encompass at least four core crucial components: there should be a brand (or brand name); there should be a – usually 'unique' - system of running the business under this brand; there needs to be the granting of the rights to use both the brand and the system of that brand; and finally there has to be the franchisee's ownership and/or investment into that business. Rubin (1978) suggested a fifth criteria which is that there should be a contract that outlines a termination clause (p. 223).

Each of the available literature on franchising study contains its own differential definitions – whether implicit and implied or explicitly stated – of franchising.

Early literature (e.g. Stephenson and House, 1971) viewed franchising primarily as a strategy for extending distribution channels through geographic expansion (cf. Julian and Castrogiovanni, 1995; Justis and Judd, 1986).

One later definition by Kedia et al (1994) states: "a special case of licensing wherein the franchisor provides the use of a trademark or service mark, assistance in opening the business, training for the franchisee and other specialized knowledge in return for a royalty fee."

The strength of the above definition lies in containing almost all the elements essential to a franchise. However, in the context of the franchising of education programmes in Malaysia, the inherent weakness of the definition is that it misses out on the important need to emphasise quality control as well as to ensure that the franchise meets the standards and requirements of each country's laws and regulations

Another definition of franchising is by Spinelli Jr., Rosenberg and Birley (2004) who state that franchising is that which

> happens when someone develops a business model and sells the rights to operate it to another entrepreneur, a franchisee. The company selling the rights is the franchisor. The franchisee usually gets the rights to the business model for a specific time period and in a specific geographic area.

This definition's strength lies in that it carefully distinguishes the franchise (that which "happens") from its cooperating agents, the franchisor and the franchisee. It is also an improvement on the previous definition by Kedia et al in introducing the elements of limitation of time and geography.

However, the stress on a "business model" may miss out on the possibility that a franchise could equally be for a trademark or corporate logo. For Malaysia's private colleges and universities, although the 'business model' is partly what is also franchised, it would not be untrue to say that most private college/university operators are interested primarily in the awarding-university's name and degree more than it is in any particular "business model".

Furthermore, even when awarding universities insist on a particular model with its various procedures as part of the conditions for the franchise relationship (outlined within the formal contractual relations), research has sufficiently demonstrated that franchisees can and often do depart quite substantially from the requirements of the contract (e.g. Mukherjee, 2003).

As a third definition, in contrast to Spinelli Jr., Rosenberg & Birley (2004)'s additional comment that "the key feature of the franchise system is that the ownership of the brand and the modus operandi for the delivery of the product are retained by the franchisor, and execution is a franchisee responsibility" (p. 2), Castrogiovanni and Justis (1998) emphasised instead in their definition the element of joint ownership: "ownership rights to the franchise offering are contractually shared between the franchisor and franchisees."

The above definition is unique in that, while other definitions appear to place the motivation and domination of the relationship upon the franchisor, the above places equal emphasis on the motivations of the franchisee. As pointed out by Stanworth and Curran (1999), "[c]ontinuing economic relations cannot be explained adequately by reference to the motivations of the initiator alone" (p. 23).

However, again going back to the context of the proposed research on franchising of university degree programmes, there is a tendency for the franchisor's to not view the franchise relationship as between 'equals' but instead to practice tight control over the franchisee's operations (instanced in Malaysian private colleges/universities by the franchisor's occasional insistence on the need for training over and beyond the contractual requirements – and requiring the franchisee to pay for such training – and/or the franchisor's wielding of power by exercising the threat to increase franchise fees or terminate the contract).

A fourth definition is by Goncalves and Duarte (1994), defining franchising in general, and business format franchising in particular, as

> an ongoing business relationship between franchisor and franchisee. This includes the product, service and trademark, as well as the entire business concept itself - a marketing strategy and plan, operating manuals and standards, quality control, and a continuing process of assistance and guidance.

This definition is fairly balanced in outlining what is involved in a franchise, especially including the elements whereby the more important procedures of a franchise (e.g. marketing and manuals) is included. Without these, the "product, service and trademark" would not be a franchise in the conventional sense.

A final example of a definition is by Mukherjee (2003), whose definition includes the important element of the "licence agreement" that spells out the relationship, roles and responsibilities of both the franchisor and the franchisee:

> The franchise contract is a bilateral agreement between a franchisor and a franchisee, which gives the franchisee the right of receiving most of residual revenues coming from operating a given outlet under the franchisor's instructions or guidelines on outlet management (Mukherjee, 2003).

The above definition covers some wider areas than most previous definitions, thus allowing a broadening of the understanding of franchising to date.

Preliminarily, it seems that the definition of franchising has evolved and developed through some form of consensus that has accumulated through the ongoing studies

and considerations of franchising. As the schools of thought surrounding franchising continue to move forward, the definition of franchising will naturally continue to evolve as well.

Part of the evolution of this definition is seen in the example described in Section 2.3 above, where the recent court case involving University of Nottingham's operations in Malaysia debated whether University Nottingham Malaysia Campus (UNMC) constitutes a 'franchise operation' or a 'branch campus'. In this instance, a franchise operation is defined by the University as "the licensing of a curriculum, with remote quality assurance" (*The Times Higher Education Supplement*, 7 September 2007).

The Malaysian Ministry of Higher Education has in this instance agreed with Nottingham's definition that UNMC is a 'branch campus' and not a 'franchise operation'.

In Malaysia, in formulating a definition of franchising, the architects of the Malaysian Franchise Act 1998 debated over the adoption of a wide - as opposed to a narrow - definition of franchising (and by narrow, it referred particularly to what is most commonly known as business format franchising).

In the end, the Malaysian Legislature elected to follow a narrower definition, thus outlining in Section 4 of the Act that a franchise is an agreement in contractual form between two parties for the franchisor to grant rights to the franchisee to "operate a business according to the franchise system" (Miranda 2002, p. 161) for a period of time as agreed-upon by the franchisor and such rights include the use of any trade secrets, intellectual property and/or the 'trademarked' brand name-cum-logo of the product or service (and where the franchisee will in return be required to pay various fees, essentially including a franchisee fee of some sort).

It is worth noting here that one rather unique feature of the scope of the Act is that Malaysian company franchisors which aim to franchise its business exclusively outside of Malaysian shores do not fall under the umbrella of the Act.

The Malaysian Franchise Association defines 'franchise' in the same way that is outlined above following the definition of the Malaysian Franchise Act 1998. This research adopts the same definition as well.

3.2.2 Categorizations of Research and Literature on Franchising

As mentioned earlier, over the previous three to four decades, a sizable and significant body of research and literature has been produced in the area of franchising, ranging from various disciplines and perspectives, looking at different aspects, such as types of franchising and how models of franchising may differ from country to country. This diverse and dispersed range creates a challenge for any researcher wishing to attempt to harmonise all the diverging data and detail into a coherent and cohesive collection.

Recently, writers (e.g. Hoy and Stanworth, 2003) have pointed out that studies and research on franchising in the past have been somewhat superficial and narrow by virtue of the fact that franchising as a topic is both multidisciplinary and interdisciplinary in nature. This therefore opens itself to the argument that it may not justify a field of study of its own, much less a body of literature dedicated to it. Furthermore, "many of the outstanding papers in the field" have been published "in diverse literatures in fields including economics, marketing, law, sociology, psychology, etc." (Hoy and Stanworth, 2003, p. 1).

Nevertheless, for a start, franchising systems has been broadly divided into types (differentiated by the simple fact of *what* is franchised). Various writers have chosen to categorize franchising systems in different ways; Weaven (2004) for example divided the different types of franchising systems to three groupings: product franchising, manufacturing or process franchising, and business format franchising (p. 29). Franchisors have the freedom and flexibility to employ any one or more of the above forms of franchising simultaneously.

One could also summarise several different studies according to their being conducted in different countries, with different themes and issues that are specific and unique to that country. For example, Alon (2001) looked at "The Use of Franchising by U.S.-

Based Retailers", while Chan and Justis (1990) examined "Franchise Management in East Asia", Dahlstrom and Nygaard (1994) published "A Preliminary Investigation of Franchised Oil Distribution in Norway" and Glatz and Chan (1999) offered a study of "Franchising in Austria". For Malaysia and Singapore, Dana (1999) researched on "Mrs. Fields' Cookies: A Case about Ms Lek Oon Goh". There is no clear pattern of differentiation in the different country studies as far as this researcher can tell.

Franchising and the research on franchising have also been categorised according to the many different industries and services that are franchised. Studies in this group range from real estate (Anderson and Fok, 1998), retailing (Baltz, 1991), the travel and hotel industry (Bronson and Morgan, 1998; Connell, 1997), the automotive industry (Davey-Rafer, 1998), and fast food and restaurants (Krueger 1991; Young, Hoggatt, and Paswan, 2001).

The research and literature on studies in franchising are also very multi-disciplinary, with papers being written from various angles exploring the many issues that franchising is related to, for example, from a legal perspective (Agrawal and Lal, 1995), an economic viewpoint (for example, Brickley, Dark and Weisbach, 1991), as well as from the stand-point of sociology (Stanworth and Curran, 1999 is one example) and government (for example, Ellig and Brito, 2006), among many others.

The above essentially serves as a very broad and brief overview of the scope and spectrum of the literature and research centred on franchising.

Of special interest in this study are the research which look at examples of some of the more successful franchises through case studies, for example, Dana (1999)'s "Mrs. Fields' Cookies: A Case about Ms Lek Oon Goh", Vignali (2001)'s "McDonald's: "Think Global, Act Local" - The Marketing Mix" and Whitehead (1991)'s "International Franchising - Marks and Spenser: A Case Study" to name but a few. The case study researches on franchises have gravitated, quite naturally, towards focussing on successful franchises, but there is no known case study on famous franchises that may be struggling or failing.

3.2.3 Thematic Classification

It is to be noted that the wide and vast range of writings on franchising does not allow for any simple and single all-encompassing and over-arching theory to help explain franchising in terms of its motivations, the factors for successes or failures, etc. Of all the past studies conducted, it was noted that "none have obtained a model with strong explanatory power" (Combs and Costrogiovanni 1994, p. 2).

There have been various studies which attempted to look at the aspect of experimenting with a thematic classification for the range of literature on franchising. Here, themes could be broken down to define the different meanings of the key terms used in the franchising literature; there could also be a mention of the history-of-ideas of the research topic (franchising and education), thus setting the research within a context of 'schools of thought'.

Three years after Combs and Castrogiovanni above, in looking at examples of the rich variety of research and literature on the topic of franchising, Elango and Fried (1997) took the whole body of literature related to franchising and divided that body up into three separate categories/streams: 'franchising and society', 'creation of the franchising relationship', and 'operation of a franchising system.'

'Franchising and society' is public-policy oriented; it takes the perspective of the society as a whole and asks, "Should we allow franchising?" and "What are the advantages and disadvantages of franchising?"

The other two streams take on the papers and research that have been more managerially oriented - and these latter groups are the primary focus of the research at hand. 'Creation of the franchising relationship' takes the perspective of a single business firm and asks "Should we conduct business operations separately or in collaboration with others through a franchising system?"

The third area assumes a decision has been made to franchise and takes the perspective of the franchising system, asking, "What is the best way to operate the franchising system?"

Most recently, Hoy and Stanworth (2003) summarise the three schools of thought that have thus far appeared in the literature of franchising. The first school considers franchising as a branch of the study of business; an example of this school's view is where franchising is viewed as just one of different types of marketing activities. The second school views franchising as "a unique phenomenon" (Hoy & Stanworth, 2003, p.9), but this uniqueness can be understood from current and existing theoretical framework. The third school views franchising as a unique phenomenon but one that can only be explained by modifying and adapting existing models and theories that are relevant and applicable to franchising. This is the most recent school, where there is "the attempt to develop theories that explain franchising as a domain of its own" (Hoy and Stanworth, 2003, p.9).

3.3 Other Literature Related to Franchising

As indicated in the Introduction in Section 1.2, overarching the specific literature on franchising, there is also the recognition that there is a body of literature that is linked to franchising and its surrounding issues, specifically the literature on entrepreneurship and internationalisation.

For example, Poole (2000, p. 104) point to literature that have highlighted similarities and parallels "between the international business literature on strategic alliances and the use of overseas agreements by...business schools as a primary mechanism for internationalization". An example of this would be the set-up of branch campuses here in Malaysia (to date, there are four branch campuses set up by Monash, Nottingham, Curtin and Swinburne universities through various parts of Malaysia) which represent a strategy of direct investment abroad by some foreign universities which has striking similarities with the direct investment strategies of business corporations in pursuing strategies of internationalisation.

With the above in mind, the next few sections of this chapter will draw comparative and parallel points between the literature specifically on franchising and the literature on internationalisation in general (encompassing work on strategic alliances, entrepreneur-alism and various other related theories).

3.3.1 Internationalisation

In general, the theory of internationalisation focuses on the process by which companies develop international operations. The emphasis of the majority of studies and research in this area is to seek understanding and explanation for what leads companies to internationalise their operations and in what ways.

In terms of the purposes of this study, internationalisation – or more specifically the move towards 'transnational education' - is also "perceived to have created new demands on universities" where it is recognised that "there is a need to create structural, attitudinal, and procedural reforms which match the creation of the new needs and demands created by internationalisation" (Poole 2000, p. 23).

3.3.2 Uppsala Model

Within the field of internationalisation is a particular school of thinking and theorising that originated from a Nordic School which gave rise to the Uppsala Model of Internationalisation (as well as the Network Model) which are theories developed arising from studies of Swedish manufacturing companies.

The Uppsala Model was originally presented by two Swedish professors, Johanson and Wiedersheim-Paul, from the University of Uppsala in 1975, studying the internationalisation of four Swedish companies (Sandvik AB, Atlas Copco, Facit and Volvo). The original study was a longitudinal one, analysing the whole international development process of the four companies.

The model is considered a model of 'internationalisation-by-stages', based on the assumption that a company first develops and grows within its own domestic market. Subsequently internationalisation occurs as a result of a series of gradual decisions. Knowledge and learning are important factors that play a role in the decision-making process.

Reasons leading to the initial movement towards internationalisation may be numerous or singular, can be from internal or external factors (such as from an external proposal, from strong competition within the industry, and/or from the experiences and contacts which a manager within the company may have). Much depends on the organizational structure within the company, the resources (human and/or financial) available, etc.

Internationalisation gives a company the opportunity to explore foreign markets, obtain competitive advantage over competitors, and ultimately aim for long-term profitability. A company on the road towards internationalisation needs to have some factor that sets it apart and gives it an advantage over other companies that already exist in the market.

Some critics have termed the Model too 'deterministic', in that the steps used to describe the process is predetermined and prescribed.

Others critique that the Model is only useful for describing the early stages of internationalisation, and only for companies that lack market knowledge and market resources, without taking into consideration some companies that are 'born-global'.

The Uppsala Model, as well as other models which seek to explain the internationalisation process of a firm, will be useful as context and backdrop to this study.

3.3.3 Entrepreneur-alism

There is also a body of literature that encompasses the notion of entrepreneur-alism that is connected and related to franchising and internationalisation in that an 'entrepreneurial strategy' would look at how a university might deliberately and actively look for means and ways to go about being more successful as a university (in entrepreneurial parlance, the university would be looking for innovative and creative ways to be better at its business).

For universities and institutions in Malaysia, a university could be considered entrepreneurial if it sought to recruit more students internationally employing innovative ways, in the same vein that Malaysia had earlier introduced strategies of 'twinning' and '3+0' programmes which were unique to Malaysia at that time. Entrepreneur-alism could also include other measures of recruiting students from overseas, including strategies like franchising.

There is wide literature on entrepreneurial-ism (e.g. Poole 2000), to the extent of studying what would qualify as 'entrepreneurial' universities, uncovering what could be classified as characteristics that would be found in any entrepreneurial university (including factors of the criteria of the appointment of staff and personnel – even the appointment of the Vice Chancellor - who would be entrepreneurial in spirit and experience, setting up diversified sets of funding both locally and internationally, etc.).

3.4 Issues In Franchising Literature

Previous research have also delved into issues and aspects surrounding the topic of franchising. These range from the issues of motives for organisations to enter a franchise relationship in the first place (exploring whether there were any other motives apart from expansion, e.g. Watson and Kirby, 2000), aspects on what conflicts exist in the franchise relationship, on matters of who stands to gain more from the franchise and on who is more likely to shirk responsibilities in a franchise relationship, and also looking into issues of control and power in the relationship (Davey-Rafer, 1998) as well as on why some franchises 'fail' (Kirby and Watson, 1999).

The above serves as one way to group different aspects of the literature and research on franchising, and the following sections will review the literature for some of these issues relevant to this present study. The following subsections will look at the literature surrounding the issue of the reasons businesses would choose to franchise (whether from the point of view of the franchisor or franchisee), on the literature looking at franchise failures and also on the literature that explores how franchises would deal with conflict between the parties in a franchise relationship.

3.4.1 Reasons to Franchise

It has been pointed out that a company or business may prefer to become a franchisee rather than an independent business because of the belief and perception that a franchise offers both the advantages of a large and a small business (Baron and Schmidt 1991), as well as statistically reduces the possibility of business failure.

In that 1991 study, when Baron and Schmidt asked individuals why they joined a franchising system as a franchisee, they found that while franchisees did indeed want to operate their business autonomously these individuals also appreciated having the advantages of backup help, harnessing a proven concept and name, and enjoying reduced risks of failure, all of which made franchising an attractive and viable option for them.

Hence, in exchange for sacrificing a measure of autonomy and independence, a franchisee would expect the opportunity to operate in a systematic, supported and successful business system, and therefore harness the strength of a "sure-thing" brand name (as well as riding on the economies of scale of a larger organization). From a small business point-of-view, franchising represents an easier and less risky entry into business compared to running individually and independently.

A strong reason for why small businesses may want to go into franchising is the perceived notion that it greatly reduces the risk of failure. While this will be looked at in the next section, whatever the statistics may show, there is still the strongly-held belief that this is true, leading even banks in the UK to readily and easily "offer preferential loans to franchisees based on their experience that franchising lowers the risk of failure" (Fulop and Forward 1997).

Most of the research on reasons for businesses wanting to franchise appears to focus on two, albeit competing, theories, which are the theories on 'resource scarcity' and on 'agency' (for example, Watson and Kirby 2000). Dant (1995, p. 12) had earlier suggested a third category of reasons which he calls 'efficiency justifications'. However, these theories do not explain all cases of franchising and many instances

have appeared to contradict either one or the other theory, although they certainly give account for many other motivations to franchise.

Watson and Kirby explained that the "resource scarcity argument suggests that companies adopt franchising as a method of growth, as the selling of franchises is a means of raising capital" (p. 344). A slightly more dated paper (1987) by Brickley and Dark give empirical evidence to support the 'agency' view:

> The empirical results support the notion that owning versus franchising reflects a trade-off among agency-related problems. The cost of monitoring store managers appears to be especially important in the own/franchise decision. The level of repeat business and initial investment requirements per unit also appear to be important.

Other research and cases convey a bigger and broader perspective than the resource scarcity, agency or efficiency views. For example, Martin (1988) "examined franchising from an industry perspective and found that capital needs, market competition, monitoring costs, and the need to reach minimum efficient scale were reasons to franchise" (p. 954).

As a further example of other reasons which entrepreneurs may choose to franchise, Dant (1995) also noted "anecdotal evidence" which indicated that "franchising decision may be just as likely based on idiosyncratic considerations as economic reasoning."

> For example, the founder of a large and flourishing franchise-system admitted to choosing franchising rather than selling shares or seeking investors because he did not want powerful directors interfering with his vision of the business (p. 11)

The latest annotated bibliography by Fulop and Forward (1997) summarises the literature of "Why Firms Franchise" by distilling the reasons to three main categories: organisational advantages, developments in the socio-economic environment and the role of interested third parties.

The first category outlines the advantages to a company whereby franchising allows a high degree of control, requires lower financial investment and involves lower capital

risk, and it can be "a means by which some firms can ease recruitment problems" (Fulop and Forward 1997, p. 607). For the second main category, the shift towards the service sector and the ease of enhancing the value of a brand name internationally are the two major environmental factors that have encouraged franchising. The third category involves the growing interest in franchising from 'interested third parties', like clearing banks, trade associations and the government.

In the literature of franchising in Malaysia, some of the primary reasons that businesses are encouraged to enter into a franchise system are similar to what has been mentioned above, i.e. apart from the encouragement and incentives provided by the Malaysian government, it is also the assumption that franchising facilitates "high speed expansion" for the franchisor, and that this "is its greatest advantage" (Miranda 2002, p. 17). For franchisors, the franchise system is seen as advantageous as it helps to displace expansion cost to the franchisee, it allows small companies to expand beyond local and regional markets (including pooling together all franchisees to advertise internationally), and it harnesses loyal, long-term committed franchisees who will be highly motivated, determined and would seek to maximise earnings (Miranda 2002, p. 19).

Miranda (2002) also points out that in Malaysia, the reasons and advantages for franchisees to enter into a franchise relationship are also for the benefits of a well known brand (with patents and trademarks and instant recall), a well-proven business format system (with detailed Operational Manuals, recognisable outlets and uniforms, and steady source of supply) and it allows instant self-employment (pp. 106-109).

In the education 'industry', the heightening of globalisation and the increasing diversification of higher education (diversity in the sense of both the increasing differentiation among many different types of institutions – from virtual campuses to off-shore branches to 'open universities' – as well as the increasing differentiation of demand for a variety of delivery modes and degree menus) leads to a call for greater participation in consortia, collaborations and partnerships among universities.

These alliances between and among universities are very likely the consequence of the global market forces which have given birth to the increasingly-common

phenomena of multinational corporations (MNCs). Like MNCs, these collaborations, partnerships and conglomerations of universities are more recently and primarily profit-led (as opposed to collaborations that were more research-driven pre-1980s); from the perspective of the universities from the major English-speaking countries/continents, the collaborations – including franchising - are also more Asian-focussed in terms of the selection of partner institutions.

Poole (2000, p. 107), quoting from Booth (1997, p. 7), highlights that – apart from "the desire of universities to develop and diversify their income and recruitment sources" as a top priority for the above alliances – other reasons for entering into collaborations like the franchising of education would be "to create an elitist image" as well as "to pursue offensive or defensive competitive advantages in the global market" (quoting the formation of the 'Universitas 21' consortium as an example).

Poole (2000, p. 105) also point out that other possible and potential reasons for universities to enter into partnerships like a franchising relationship would include

> the need to achieve international market access; to close gaps in the organization's technical or market knowledge; to develop economies of scale in production or other functional areas; to share dealer and distribution networks; and to concentrate energies in competition against mutual rivals.

This section is important to this study as it seeks to look at the reasons why the franchisee-institutions in this research have chosen to franchise and how this might relate to creation of expectations, to the nature of the franchise relationship and to how the parties communicate with one another; more importantly, it will seek to explore if there is a link with the reasons for why the franchise relationship may be failing and whether it will provide an understanding of what could be done to counteract that downward spiral.

3.4.2 Franchise Failure

Examples of Failure in Internationalisation

One of the research questions of this study is the apparent preponderance of failure when it comes to the franchising of education and academic programmes. The following short section draws parallels to the risks and dangers of running any company through the 'internationalisation' hoop.

While it is indeed recognised that international education collaborations and partnerships hold a strong potential for obtaining competitive advantage and additional income, it is also observed that

> higher levels of institutional risk may be involved; new business-type competencies are required as partners are selected, agreements signed and relationships developed; and issues of quality make offshore programmes somewhat controversial (Heffernan and Poole 2005, p. 226)

There have been over the past decade examples and evidence that "high costs follow poor management practices, and that high risks are assumed by expansive international strategies" (Heffernan and Poole 2005, p. 226).

One most recent and clear example of this is the University of New South Wales. The University of New South Wales was invited by the Singapore Economic Development Board in 2004 to establish what would have been the first private comprehensive university by an Australian university in Singapore; however, UNSW had to close its Asia Campus on 28 June 2007, which coincided with the end of a semester. The Vice-Chancellor, Professor Fred Hilmer explained:

> This difficult decision has been reached after an intensive review of the project, which was sparked by lower-than-expected initial enrolments and disappointing demand for the August semester. The review showed that the operation is not financially viable. In these circumstances, it would have been irresponsible to continue (from an e-mail announcement by the Vice Chancellor to the alumnus of UNSW in Singapore, 23 May 2007)

UNSW's case above is not unique. A 1997 report found that Central Queensland University lost hundreds of thousands of dollars from its international operations as a result of inadequate administrative structures and deficient due diligence processes. Monash University's South African Campus has an accumulated deficit of AUS$20 million, "and is pinning its hopes on sufficient increases in enrolments to replay the deficit by 2008" (Heffernan and Poole 2005, p. 227).

Failure of Franchises

Following on from the previous section 3.4.1 which considered the reasons for franchising, "one crucial measurement of the value of franchising to the small business person is considered to be whether the failure rate of franchisees is lower than that of traditional independent small businesses" (Fulop and Forward 1997).

Blair and Lafontaine (2005) had warned and alerted that it is imperative and important to recognise that many – in fact, most, even the majority – of the research on franchise defined 'failure' as the cessation of the firm altogether. However, the authors sought to broaden the scope that "failure in franchising is not really that simple." (p. 45).

> For example...the USDOC supplied data on franchised unit discontinuations but also on (1) contract terminations by franchisors, franchisees, and by mutual agreement; (2) non-renewals by franchisors, franchisees, and by mutual agreement; (3) the number of franchised units repurchased by the company (Blair and Lafontaine 2005, p. 45).

Frazer and Winzar had at the same time (2005) highlighted that "[a]dding to the problem is the lack of consistency in use of a definition of 'failure'" (1535).

To begin with, not many of the literature, however, point to the hidden high rate of failure in franchising. As observed by most of the literature outlined above, franchising is viewed as the most promising business model that has the highest potential for success; if there is any mention of failure at all, it would downplay the rate of failure either through inaccurate statistical interpretation or through a possible intent to paint a rosier picture of the success rate of franchising.

Falbe and Welsh (1998) in their paper entitled "NAFTA and Franchising: A Comparison of Franchisor Perceptions of Characteristics Associated with Franchisee Success and Failure in Canada, Mexico, and the United States" mention that:

> At the same time that international franchising growth is extolled, there is an argument over the extent to which franchising increases business success. A number of studies support the success thesis, however, recently critics claim that franchising does not significantly increase survival rates of franchisee-owned units.

Following chronological order, the following literature review subsection seeks to outline examples of how studies in the past downplayed the failure rates of franchising. Following that, the next subsection outlines some of the main causes of franchise failure described in the literature. The third subsection briefly looks at the signs and symptoms of franchises that show indications of 'failing'.

Examples of Franchise 'Over-Sell'

Frazer and Winzar (2005) posit that "there is now widespread belief that franchising failure statistics are underreported" (p. 1535). The reasons for the disagreement of the statistics and rates of failure arises from biased propaganda, uncorroborated statistics, inaccurate and/or incomplete data, inconsistency of reporting and inappropriate methodological approaches (Frazer and Winzar 2005; Stanworth and Purdy 1998).

An early example of the misinterpretation and/or misrepresentation of franchising is mentioned in Hoy and Stanworth (2003, p. 30):

> Although a low failure rate for franchised businesses has frequently been cited, the only hard evidence comes from a study conducted by Atkinson (1968). Unfortunately, an intensive analysis of the Atkinson research revealed such serious methodological and data interpretation errors that the monograph has had to be withdrawn from circulation. Consequently, no conclusive evidence exists that franchise businesses have lower failure rates than other businesses.

In the original Atkinson 1968 paper – which was published by the US-based International Franchise Association – it was claimed that "[e]ven if the actual franchise failure were actually eight times greater than reported, it would still pay an

investor to be franchised rather than start an independent small business" (Hoy and Stanworth 2003, p. 127). This is refuted by Shane (1996b, p. 230) where "the failure rate of new franchise systems approximates that of new organisations."

It was Ozane and Hunt's subsequent analysis – published in 1971 under the aegis of the US Select Committee on Small Business - that showed up methodological errors in Atkinson's paper, causing the Atkinson paper to be withdrawn. This is highlighted here to show an example of how previous studies may have tended to 'exaggerate' or 'over-sell' the success rate of franchising.

In 1973, Hunt made the following observation (p. 74): "And each new franchisor was sure that his franchise system would follow in the successful footsteps of McDonald's and Kentucky Fried Chicken", followed by the rhetorical question and answer "What could go wrong? Lots." A few pages later Hunt draws the conclusion that "the experiences of many franchisors range from substantial problems to outright disasters" (p. 77).

According to Hunt (1977), the main reasons for the failure of franchises was particularly because franchisees were experiencing and encountering a lack of proper assistance and support from the franchisors (conversely, franchisors were selling items – items which franchisees had no choice but to buy as supplies from the franchisor - to franchisees at exorbitant prices).

The last point in the paragraph above also leads to one other problem faced by franchisees, which is that there was also an increasing awareness of the lack of security (especially on the part of the franchisee) on a franchise contract that could be terminated anytime.

The author concluded that while franchising does fulfil the promises it set out to achieve, franchising was unable to achieve those results at the lofty rate and level that was promised – there was a fundamental problem of over-promising. The author recorded his fears that there may now be a back-lash or an over-reaction with possible excessive legislation and litigation.

Within the context of this present research study, Hunt's 1977 paper is seminal in that it demythologises the false assumption that franchising is an easy-to-succeed endeavour. The paper is also pertinent in that it outlines the early history of 'failures' in franchising, and this provides a good basis of comparison for the present study in how and why an education institution might fail in its initiatives to franchise education programmes.

One other example of the misrepresentation of the success rate of franchising is the paper by Castrogiovanni, Justis and Julian (1993), which set out to prove that the 'true' franchise failure rate most likely is close to a mere four percent only per annum. However, upon closer reading and inspection, the discerning reader will find that there are several miscalculations in the paper's findings.

The major weaknesses of the above paper are that the franchise data source suffers from selection bias, being (in the words of the authors themselves) "biased toward older and larger franchisors" (p. 107). In their study, the unit of observation was the establishments franchised by the older and larger franchisors (i.e. these establishments may be owned by a multi-establishment firm or even by the franchisor), not taking into account smaller and younger franchisors into their consideration.

Thus, the claim that "four percent of all franchises fail each year" is really that 4% of the establishments connected to the older and larger franchisor systems fail each year in their cross-sectional data set. As such, it would be inaccurate to give the general statement that only four percent of franchises fail each year.

In 1996, Lafontaine and Shaw revealed the results of 12 years – between 1980 and 1992 - of studying and observing the attrition rate of US franchises and found that 77 percent of firms entering into franchises over that period exited within the same period, concluding that "while many firms keep entering into franchising, giving the impression of tremendous growth, many are also exiting..." (Hoy and Stanworth 2003, p. 122).

In the same year of 1996, Shane published his own study of 138 franchise systems in the US over a period of 10 years and found that only 24.6 percent survived that ten

years (1996a). Shane then further went on to surmise (1996b) that "over half of new franchisors cease to franchise during the first four years" (Shane 1996b, p. 1). A conclusion drawn by Shane was that "the failure rate of new franchise systems approximates that of new organisations" (1996a, p. 230).

In the following year 1997, Stanworth, Purdy and Price published a paper - "Franchise Growth and Failure in the USA and the UK: A Troubled Dreamworld Revisited" - that challenged the popular conventional thinking that franchising ensures a greater percentage of success compared to other forms of business (a thinking perpetuated and popularised by franchisors and trade organisations themselves). In analysing statistics of franchises in the USA and UK, the authors conclude that part of the reason for the "buoyant" and aggressive marketing of the notion of franchising is the vested interest from certain circles who want to make franchising succeed, and this was helped along by the – now mistaken – notions that franchising was immune to cyclic downturns and other negative market forces. The authors argue that the failure rates amongst franchise systems are now known to be much higher than commonly was realised. To quote them:

> The gap between rhetoric and reality in the field of franchising can be substantial.... Only recently have academics assembled the necessary critical mass of relevant data sufficient to put popular conceptions...to the test (p. 93).

Since 1997 - and it would appear quite clearly that Castrogiovanni and his colleagues are not an isolated example – Bates (1998) argues that "[a] recurring theme in government and academic studies is that industry sources (of statistics) have been manipulated in order to enhance public images of franchising viability" (p. 116).

Bates's paper focussed on the survival rates among franchisee-owned units and found that new franchisee start-ups faced higher failure rates than their independent equivalents, and the paper concluded that previous studies and research led him to surmise that these studies offered an overly-optimistic picture.

Bates's 1998 paper tested the theory that "better established larger [franchising] firms are more likely to remain in operation than younger and smaller [franchises]." The hypothesised advantages for this is because of the fact that established brand name

thrives in market niches, receipt of managerial assistance and advice from franchisor, and accessible capital from franchisors from the co-signing for bank loan or extension of credit.

In other words, a multi-establishment franchisee (e.g. a corporation already owning 20 McDonald's restaurants opening a 21st unit) does not face the same high-risk that a new franchise start-up would face; the high risk is thus to the franchisee newcomer (because so many of other newly-opened units in mature franchising niches are owned by multi-unit franchisees); and the multi-unit franchisees naturally have greater experience and resources than newcomers who are attempting to enter the industry for the first time.

For the new-comer:

> ...franchising is risky for franchisors. Firms must invest significant amounts of money and resources to set up franchise systems. These investments are mostly lost when the firm ceases franchising. The strain associated with developing a franchise system simultaneously with a new business concept easily can increase the likelihood of failure. (Blair and Lafontaine 2005, p. 35)

In conclusion, with regards to the failure rates of franchisors:

> ...the data...show that large numbers of franchisors enter franchising each year, but many also stop operating or choose to stop franchising. Over the whole sample period, for example, 3,576 new firms begin franchising, but 2,999 firms stop franchising, for a net increase of only 577 firms over two decades (Blair and Lafontaine 2005, p. 39).

If the data is looked at across time, the results become even clearer and more dramatic with regards to the failure rate of franchisors:

> ...franchisor exits are sizable: of the firms that begin franchising in a given year, only 40 percent on average are still franchising after 10 years; after 15 years, only about 30 to 35 percent of the firms are still franchising (Blair and Lafontaine 2005, p. 39).

Failure of Franchisees

As a summary of the above, while the data shows that many firms indeed become new franchisors each year (a fact that is well-publicized in the trade press), there is an equal amount of data that shows that many firms also exit franchising or fail - and as has been shown above, this generally receives much less attention.

The same could be said for franchisees: we find that the notion that franchising poses substantially fewer business risks for franchisees than starting an independent business is not supported by the data.

> ...there is also a perception that franchising is *safe*, especially for franchisees as compared to independent business start-ups.... in reality, substantial business risks exist for individuals who choose to invest in a franchise (Blair and Lafontaine 2005, p. 35)

Blair and Lafontaine proceed to emphasise that, in fact, "franchising is no safer on average than independent business ownership, and in some cases is actually more risky" (p. 35).

One difference highlighted in terms of how franchisors and franchisees would approach a franchise opportunity differently is explained by Frazer and Winzar (2005): "Whereas the franchisors appeared to view the association more like a marriage, the franchises...viewed it more as a parent-child arrangement, or a co-dependent relationship" (p. 1536).

Main Causes Contributing to Franchise Failure

The main categories of causes of failure reported by the authors above were attributed to the following main reasons: insufficient support given to franchisees (for example, Frazer and Winzar 2005, p. 1537), lack of proper protective legislation, poor franchisee screening, conflict of interests and objectives between franchisor and franchisee (for example, Stanworth, Purdy and Price, 1997), lack of proper communication, among others. Knight 1986 (p. 15), for example, concluded in an empirical study that

> [c]ommon problems listed by franchisees include lack of franchisor support (37%), fees (20%), advertising (14%), and purchasing (10%). Suggestions for improvement included better communications with the franchisor (17%) and franchise associations (10%).

The various authors above painted the franchisors and franchising associations as the culprits in 'politicising' the issue and wanting to do the hard-sell of the franchising model. "Rhetoric and reality" (Dant, 1995) clash in the presentation of the apparent attraction of franchising. Instead, a growing body of empirical evidence seems to point to a higher level of risk and challenges in entering into a franchise format business.

Firstly, with reference to the point about insufficient support given to franchisees, franchise failure is often attributed to franchisors who are injudicious when establishing franchises, especially overseas. In the Frazer and Winzar study among franchisees (2005), it was noted that most franchisees "rated the level and type of franchisor support services quite low, often commenting that they had been promised or expected more assistance" (p. 1537). While franchisors are excited and passionate about expanding globally, the same franchisors have very weak support systems and structure as well as low standards of recruiting franchisees. This led to a widening pattern of mounting support issues being unresolved, strained relationships being un-patched, and worsening communication between parties made worse.

In other words, the pattern observed throughout the world has been the onset of a frenzy and fashion for franchising that did not have a commensurate system being properly implemented and in place, and this applies no less to university franchisors as well. Often, university franchisors would commit to franchising but continue to treat it as a fringe and peripheral activity rather than commit and channel resources to maintain it. Furthermore, the resulting failure and confusion was worsened with the lack of legislation in most countries to help control and contain franchises.

As cited in Poole (2000, p. 47), Pokarier and Ridings (1998, p. 11) have highlighted that the ability of universities to achieve initial easy successes in the arena of internationalisation has enabled the universities to possibly avoid "serious critical

reflection about the level of their institutional capabilities or the narrowness of their marketing strategies".

Secondly, many franchisors and franchisees have jumped onto the franchising bandwagon without sufficient knowledge and without enough experience to know what to expect, often going in on the assumption that franchising would be a simple strategy to make a 'quick buck'. For example, some franchisees only belatedly realise the lack of drawing power in the franchise brand that they have bought into, or belatedly realising also the "lack of security in their franchises, since franchisors could terminate their agreements or fail to renew them" (Hunt 1977). There was insufficient due diligence and screening conducted on the franchise prior to entering the relationship.

The above situation will also lead inevitably to conflict which may likely arise because of the different and divergent objectives, goals, worldview, approach and ethos between franchisor and franchisee(s).

A related complication and problem arising from the weaknesses above is that any franchise relationship between universities that starts off wrong will ultimately result in a very costly and expensive exercise that could potentially break the university's financial back, without assured income and escalating expenses. There is also the greater possibility that some universities could be mismanaged to the extent that the franchisor university may not know if any income generated by the franchisor university's international projects and franchises would actually cover the costs of maintaining the franchise relationship. Quinn and Doherty (2000) posit that:

> Given the geographical and cultural distance factors, it may be proposed that supporting and maintaining an international franchise network is considered particularly difficult and subsequently the cost of providing franchise support is usually higher in an international as opposed to a domestic setting (p. 361).

Thirdly, Castrogiovanni and Justis (1998) noted that there is a tendency in many instances – including the present research study of universities franchising academic programmes - for the franchisor to not view the franchise relationship as between 'equals' but instead to practice tight control over the franchisee's operations. This is

instanced, for example, in Malaysian's private education industry where the franchisor will often insist on the need for there to be training provided to the franchisee over and beyond the contractual requirements – and requiring the franchisee to pay for such training – and/or the franchisor's wielding of power by exercising the 'right' to increase franchise fees over the ensuing years or face the threat of termination of the franchise contract.

Fourthly, Quinn (1999) began by detailing the reasons for the continued move for businesses to franchise. The paper explored internationalisation and franchising through a case study of a UK-based company seeking to internationalise and franchise out its product and services.

There is a statement of a problem which this paper points to, where:

> [i]t has been argued that in order to operate successfully in diverse markets *adaptation* is required. However, franchise formats target global segments and are characterised by a high degree of *standardisation* (Quinn, 1999, p. 345; emphasis mine).

This paper helped provide, in a simple statement, one of the core problems that very likely contributes to the high rate of non-success in the franchise industry, particularly so in the franchising of academic programmes. There needs to be, on the one hand, a high degree or control and coordination from the part of the franchisor to ensure the maintenance of the quality and standard of the academic programme being franchised; on the other hand, the franchisee also needs to be allowed some form of flexibility and freedom in a local context to market, recruit for and administer the product, but such freedom is not given easily if at all.

The above paper also explored the need for mechanisms used by franchisors to control and co-ordinate the international franchisee network. Especially when it comes to academic programmes that are bound by rigid academic rules and regulations, the university-franchisor will naturally want to attempt to control and direct the way its products are offered in settings outside of its own local context (and the greater the geographical and physical distance, the more difficult to exercise long-range control of the franchisee's activities and progress).

Fifthly, also touched upon by Quinn (1999) above, there is the important factor of exercising non-coercive sources of power, or the support function, in controlling international franchisee behaviour. The literature (Poole 2000, Davies 1995) raises the issue and question of the development of the support function within the franchisor-institution and the impact of various organisational factors on a franchisor's ability to provide effective support to its international franchisees as well as support to the franchisor's own staff.

It is pointed out that one of the bigger challenges faced by a franchisor – especially a franchisor-university – is gaining and keeping the support of the university-franchisor's academic faculty members to continue to develop and maintain new franchise collaborations in the rapid pace expected by the university's management. Often, the "business development" teams will attempt to 'turn around' as many partnerships as possible while expecting the academic faculty members to provide all the necessary support, but without fully realising nor anticipating the tensions, disagreements and non-cooperation by the academic faculties (and connected to this is also the issues of staff being overworked and under-staffed and the sticky matter of how much support staff will be able to share in the profit of the franchising project).

Sixthly, because of the last point raised above (about how faculties and departments may not necessarily support and service a franchise collaboration), the Higher Education Quality Council also highlighted in a report in 1996 that

> ...the findings from visits overseas 'do not point to any immediate threat to the maintenance of quality and standards'. But in many cases the quality and strength of the partnerships 'owe much to the energy and commitment of individuals' rather than clear and formally agreed quality assurance frameworks (Tysome 1996).

What this entails and means is that franchises fail because there is insufficient support by the relevant faculties and departments in the franchising-university, and more often than not a lot of franchising projects are the initiatives of a handful of individuals who have to continue to support it in isolation.

Finally, other cited causes for the failure of franchising among institutions of higher education in particular are mismanagement, inadequate monitoring and unclear quality assurance frameworks (leading to instances of the lack of "securing consistent assessment, rules for controlling promotional material and arrangements for identifying responsibilities and safeguarding the interests of students where partnerships are cut off" (Tysome 1996)); other potential pitfalls include language and cultural barriers between franchise partners, unspoken expectations or even exploitation of one partner over another, and to a lesser degree of seriousness the potential for overdependence by one party on the other.

Gallagher (2002) also points to the "ambivalence within the industry about future prospects for commercial presence or hybrid modes involving partnering offshore for the delivery of Australian education content", when taking into consideration the whole host and list of difficulties encountered by both franchisors and franchisees, where such difficulties could include:

> conditions attached to establishment, equity and ownership; limits on student numbers and prices; problems with recognition of qualifications; difficulties finding reliable partners and associated risks to quality and reputation; ...pilfering of IP, constraints on income repatriation and the lead times that can be involved before an operating surplus is generated (Gallagher 2002).

The literature lists a whole range of other potential barriers to cooperation which has been proposed (for example, King 1996): lack of a clear strategic vision for what collaborations and franchises can and cannot do; weak understanding and grasp of the financial advantages and disadvantages of a franchise; underestimation of the cultural difficulties and challenges involved in franchising; high degree of inflexibility at the curriculum level when franchising academic programmes; lack of resources; over-abundance of red tape; and poor communication between partners.

Signs and Symptoms of Franchise Failure

Holmberg and Morgan (2003) in their paper "Franchise Turnover and Failure: New Research and Perspectives" propose an "eight-step franchise failure model" that gives a diagnosis of the telling signs and indications of a franchise heading for possible

failure. The model suggests that a franchise that is failing progresses according to the following description:

> (1) franchisee core competency misfit; (2) franchisee–franchisor dissatisfaction; (3) franchisee discontent; (4) royalty delinquency, etc.; (5) complaints to FTC, et al.; (6) turnover/termination; (7) defaults/other losses to creditors; and (8) closure (Holmberg and Morgan 2003, p. 405).

This Section 3.4.2 is important to this study as it will provide the canvas and backdrop to the analysis of the reasons expressed by members of the franchisee as to why they feel the franchise relationship may be failing. It is expected that the results of the study will show that there were similar symptoms and signs shown in each of the franchise relationship as outlined by Holmberg and Morgan (2003) above; it is also expected that the results will reflect the reasons for franchise failure as falling into one of the four major categories outlined above.

3.4.3 Solutions to Counteract Franchising Failure from the Franchisee's Perspective

The success of a franchise is often dictated and determined by the way a franchisor and/or franchisee resolve or reduce conflicts concerning control and power, and how the parties promote a cordial and co-operative working relationship. The literature surrounding these issues are often focussed on conflict resolution and management, on the behaviour of the franchisor/franchisee relationship, and on the aimed-for autonomy of franchisees (Falbe and Welsh 1998).

Following on from the previous Section 3.4.2, conflict in the franchisor-franchisee relationship often arises from one of the following four main sources: insufficient support given to franchisees, lack of proper protective legislation, poor franchisee screening, and conflict of interests and objectives between franchisor and franchisee.

These sources of conflict may manifest themselves in several ways; for example, from the basic need of the franchisor to exert and exercise control over franchisees with the aim of achieving consistency and uniformity of the franchise system (e.g. set-up of the centre, staff training, obeying quality manuals, following set procedures, etc.), or

when either party develops mistrust and lack of confidence by believing that the other side is not fulfilling their role to some measure or extent (this can be on the part of either party, where the franchisee may not be "pulling its weight" or if the franchisor is not providing the necessary training or there may be disagreements and disputes over the pricing or quality of the products supplied by the franchisor (Baron and Schmidt 1991)).

Ultimately and fundamentally, because the franchise is bound by a contract which sets out comprehensively and definitively all aspects of the franchise relationship, and because most contracts are often biased in favour of the franchisor (Dnes 1999), misunderstanding and misinterpretation are almost inevitable. Given this scenario and how common conflict is experienced in franchise relationships, "management by persuasion and example (non-coercive power) rather than by threat and sanctions (coercive power) is more likely to lead to congruence of objectives between franchisors and franchisees" (Fulop and Forward 1997).

Conversely, it has also been suggested (Dnes 1999) that the balance of power in the franchisor-franchisee relationship is not necessarily always weighed in favour of the franchisor. Franchisees retain some aspect and amount of leverage and power too; franchisors are to some extent dependent on the franchisees to fulfil their end of the agreement, and franchisors also take the risk that the franchisees will not damage the brand name and public image of the franchisor. This re-emphasises the nature of any franchise relationship, that it is very much a two-way relationship.

In the same vein, Weinrauch (1986) has also introduced in his study the point that, in practice and reality, in most franchise relationships both parties – franchisors and franchisees - are reluctant and hesitant to enter into any dispute or disagreement whatsoever in the interest of keeping the franchise relationship working optimally, thus preferring to keep to a level of commitment and compromise which will enable the franchise to succeed. Dant and Schul (1992) have also echoed the similar thought:

> Because franchised systems represent asymmetrical power settings in which the franchisors' authority is contractually vested, theoretically both parties will be unlikely to commit themselves to high risk, integrative mechanisms....

> Moreover, if the dependency of the franchisees...increases, both parties will be further encouraged to engage in less coordinative behaviours.... (p. 42)

In a study based on a sample from a convenient store franchise system in Taiwan, Chiou, Hsieh and Yang (2004, p. 19) "showed that communication is very important in reinforcing franchisees' trust and overall satisfaction with the franchise system." The study goes on to elaborate quite obviously (p. 20):

> Among the relationship-building activities, communication is believed to be one of the key elements in establishing and keeping good channel relationships.... Several practical articles in franchise management also stress that communication is the road to solid franchise relationships.... Communication not only can establish mutual trust but also can reduce conflicts in franchisor–franchisee relationships.

Other than the above, there is no lack or dearth of helpful advice offered to the potential franchisor and collaborator to ensure that they choose and select a franchisee/franchisor carefully, especially one that is compatible and trustworthy (pre-selection criteria is important; Jambulingam and Nevin 1999); there is in addition the advice to also choose a franchisor/franchisee whose strengths complement rather than compete against. Furthermore, it is also noted that while the Contract/Agreement is an important piece of document to rely on, it should not be over-depended upon (as an over-dependence on the contract would create a legalistic relationship rather than a cooperative one);

Finally, it is also noted that "the success of an international alliance is inversely proportional to the seniority at which it is negotiated" (Booth 1997, p. 5).

As a summary, the main ways that will help a franchise flourish (as also listed by Chiou, Hsieh and Yang (2004, p. 20)) are that a franchise system needs to be competitive in the market (as a way to maintain franchisees' loyalty, not to mention as a strategy to attracting new franchisees as well), for the franchisor to provide better support, services and training to the franchisees and finally for the franchise partners to always maintain an open channel of communication throughout.

Morgan and Hunt (1994) agree with the above when they say that though

> there are no doubt many contextual factors that contribute to the success or failure of specific relationship marketing efforts, we theorize that the presence of relationship commitment and trust is central to successful relationship marketing, not power and its ability to 'condition others' (p. 22)

This section is important to this study to help pave the way for this research to compare the various suggestions provided by the franchisees on what could be done to help improve the franchise relationship against the literature above.

3.5 Conclusion

There are several points that this chapter leads the researcher to consider:

i. There is a lack of statistics of the same nature for the success and growth rate of universities franchising their academic programmes;
ii. Universities and private institutions (in Malaysia at least) seem to have also bought into the rhetoric of the apparent 'ease' and 'success' of franchising academic programmes;
iii. The reasons for failure is present in universities as well (where, for example, lack of proper training and support of franchisees is all too common);
iv. However, as a counter-thought to this study, there is also the contrary wisdom that franchising initiatives and attempts may have a 1-in-100 chance of actually succeeding, and if it does, it could be argued that this is worth the effort of the other 99 failures. After all, as the argument may go, one is hard pressed to argue against the success of the McDonalds down the road;
v. This leads this researcher to ask the question: what are the requirements for survival as a franchisor in the world of academia?

CHAPTER FOUR
METHODOLOGY

4.1 Introduction

This chapter will outline the details of the methodology employed for this research study. Section 4.2 justifies why a qualitative research method was selected for the purposes of the study (as opposed to quantitative). Section 4.3 describes the *type* of qualitative methodology chosen, in this instance the 'case study' methodology was selected. Following this the focus group method is discussed in terms of rational for the choice as well as the design of the research employing focus groups for data collection (Sections 4.4 and 4.5).

Section 4.6 goes on to describe the data collection process as well as the analysis of the data, while the following Section 4.7 will discuss the analysis and Section 4.8 the presentation of the data. This chapter will end by offering some comments on the establishment of validity, reliability and generalisability of the research study as well as the ethical considerations surrounding this study.

4.2 Rationale for Qualitative Research

This researcher has opted for a qualitative study with the main reason being that there is a need for this study to obtain deeper and richer information than would be possible from a quantitative study.

Naturally, a quantitative study would have allowed for greater uniformity of measurement, but the primary objective of this study was not to *measure* so much as it was to lead towards some form of action research that would give rise to practical action that would be more holistic and comprehensive while taking into account the complexity of any situation.

The key philosophical assumption of qualitative research is based on the view that reality is constructed by individuals interacting with their social worlds. As such, Merriam (1986, p. 6) describes qualitative researchers as those who are interested in

understanding the meaning people have constructed. Qualitative research also "implies a direct concern with experience as it is 'lived' or 'felt' or 'undergone'" (Sherman and Webb 1988, p. 7).

Apart from the above, Merriam further outlines other characteristics of qualitative research where:

- Data collection and analysis is conducted primarily with the researcher as the main instrument;
- The research very often includes fieldwork of some measure and form;
- It generally employs an inductive research strategy; and
- The output and product of qualitative research is richly descriptive and often uses words and pictures rather than numbers and statistics (Merriam 1986, pp. 7-8).

This researcher recognises that there are downsides to qualitative study, and the major setbacks and disadvantages of qualitative research that this particular research has undergone and experienced are essentially

> the time required to undertake qualitative studies, and the costs associated with such studies. Problems may arise in the analysis and interpretation of data, there is often a difficulty in establishing validity and reliability in qualitative research, and there are ethical issues arising from the movement of qualitative researchers into the 'personal sphere' of those being researched (Poole 2000, pp. 140-141)

Taking all of the above into consideration, and in the context of the various approaches and orientations under the umbrella of qualitative research, this research study will be appropriating an action research approach through use of the case study methodology while collecting data using focus groups.

4.2.1 Interpretive Perspective

This study proposes a research model akin to the *interpretive* perspective, to explore the issues related to the future of franchising of academic programmes both for franchisors and franchisees.

Drawing from the typology of Carr and Kemmis (1986) who distinguished three basic philosophies and paradigms of educational research, the following differentiates between the positivist, interpretive and critical.

For the *interpretive* or qualitative perspective, understanding the meaning of the process or experience constitutes the knowledge to be gained from an inductive, hypothesis- or theory-generating (rather than a deductive or testing) mode of inquiry. Multiple realities are constructed socially by individuals.

This is as opposed to the more *positivist* philosophy where knowledge is gained through scientific and experimental research which aims for objectivity and quantifiability; this is also in contrast to *critical research* where knowledge which is generated through this mode of research is an ideological critique of power, privilege and oppression in society/community (drawing more from Marxist philosophy and feminist theory).

4.3 Methodology

As a terminology adopted from Dick (1999a), methodology "is the particular sub-family used within a paradigm." This study chooses to embark using the methodology and model of the case study research.

4.3.1 Choice of Case Study Methodology

There have been examples in the past of case studies being done for franchises, for example: Whitehead (1991)'s "International Franchising - Marks and Spenser: A Case Study", Howe and Martin (1998)'s case study of a University's School of Business, Dana (1999)'s "Mrs. Fields' Cookies: A Case about Ms Lek Oon Goh", and Vignali (2001)'s "McDonald's: 'Think Global, Act Local' - The Marketing Mix", among many others.

As it is normally employed, case studies examine the dynamics of the various variables of any one particular case in order to provide as complete an understanding of an event, person, organisation or situation as possible. "A case study is an

extensive examination of a single instance of a phenomenon of interest and is an example of a phenomenological methodology" (Hussey and Hussey 1997, p. 65); again, a case study is "a research study which focuses on understanding the dynamics present within a single setting" (Eisenhardt 1989, p. 534).

The main reason for choosing the case study approach in this research is exactly as above, because this method allows for examining the dynamics of the variables of any one particular case in detail and in depth. The case study approach is most suitable in this research also because it provides as complete an understanding of an event or situation as possible, as well as to see the interconnected/interweaving factors of the case within the boundaries of a single entity.

Furthermore, this research would seek to produce in-depth description of each of the franchisees being evaluated, the circumstances under which the franchise-collaboration is practiced, the characteristics of the personnel involved in the franchise activity, the inter-relationship of the different factors and variables connected to the franchise relationship, and the nature of the community/context in which the franchises are located. "The essence of a case study, the central tendency among all types of case study, is that it tries to illuminate a decision or sets of decisions: why they were taken, how they were implemented, and with what result" (Schramm 1971).

Such hoped-for 'thick description' (i.e. this is a phrase coined by anthropologist Clifford Geertz to describe the layered, rich and contextual description of an event or social scene, sometimes also interchangeably known as 'rich description') would also involve interpreting the meaning of demographic and descriptive data such as cultural norms and mores, community values, company ingrained attitudes, and motives.

Ultimately, a case study is most useful in this research because there is a situation (problem to resolve, phenomena to understand, mystery to unravel) that requires a 'big picture' holistic view that delves deep into the complexity of factors and issues; "...an important advantage with case study research is the opportunity for holistic view of a process..." (Gummesson 1991, p. 76). As Yin (1994) observes, case study is a design particularly suited to situations in which it is impossible to separate the

phenomenon's variables from their context. Finally, "[c]ase studies are often described as *exploratory research* used in areas where there are few theories or a deficient body of knowledge" (Hussey and Hussey 1997, p. 66).

4.3.2 The Research Object of the Case Study

The research-object in this case study is a self-contained entity that is an institution of higher education in Malaysia, intricately connected to political, social, historical, and personal issues, providing wide ranging possibilities for questions and adding complexity to the case study. A franchising initiative within a university is intricately connected to various factors within that university as well.

This case study will seek to answer the research question – "*What factors influence the operation, success and failure of Malaysian-based franchised education programmes in host countries?*", exploring the factors of success or failure (more signs of the latter than the former) of the franchising of academic programmes – by investigating the cases of the franchisees in depth using a variety of data gathering methods (focus groups in particular) to produce evidence that leads to a deeper and richer understanding of the case. This researcher is ultimately interested in determining whether or not franchising is as beneficial (both economically and educationally) as the 'promised potential' within the education industry.

This proposed case study will ultimately attempt to answer some of the following questions (as described in Section 1.5):

1. "Why do education institutions/universities in Malaysia franchise their programmes? And why do institutions outside of Malaysia wish to be franchisees to these Malaysian franchise programmes?"
2. "What is the present status of franchising of academic programmes at the franchisor-franchisee institutions? What patterns of development and growth emerge from the current franchising relationships, and what new insight can be gained from these patterns?" (an assessment of the categories of the different stages of the franchise relationships, and how well they are 'performing')

3. "How does the franchise of education programmes work (or how does it not work)? What are the factors influencing the success or failure of the franchising of the particular academic programmes (e.g. institutional factors; cultural factors; individual factors; infrastructure factors)?"
4. "How does it affect both franchisors and franchisees? What problems and issues arise from the rapid franchising of academic programmes, and what are its impact on the quality and profit of the institution?" (an evaluation of the managerial issues, academic qualities and financial aspects of the franchise agreements and arrangements).
5. "Do the participants believe that franchising is effective and worthwhile? Why, or why not? If yes, what types of strategies can be adopted by franchisors of academic programmes to make it more successful?"

An analysis of the above will allow the researcher to arrive at a 'root definition' of the situation, and for that to be compared to the ideal situation.

From there, it is the intention of the research to recognize the weaknesses and deficiencies in the situation, and derive and initiate actions towards improvement, depending on the interpretation of other data that may be collected along the way.

4.4 Method of Data Collection

For the purposes of this research study, 'method' refer to the 'nuts-and-bolts' of how the researcher goes about collecting actual data and other related activities towards that goal (for example, interviewing and conducting focus groups are two primary examples of data collection methods for action research; see Chiu 2003). For example, Chiu (2003) states that "[a]lthough action research invariably permits the use of a wide range of methods to bring about desirable changes, group processes are central because of their potential in engaging participants in research activities. Focus groups are used by action researchers alongside other 'orthodox' methods...." (p. 166).

4.4.1 Choice of Focus Group

Group techniques are useful and important in which a group data-collection process allows all views to be taken into account from the various participants in a collective and interactive manner. Dick (1998) points out that "Focus groups are a method particularly suited to preliminary research where some time-economy is a need, and where a more structured approach may be premature."

Byers and Wilcox recommend "this method as a way of gaining in-depth information when little is known and suggest that the communication scholar is an excellent choice to both moderate the focus group and interpret its data" (Byers and Wilcox 1991, p. 75).

The literature also recommends the use of focus groups if the study is initial and exploratory where previous research has been inadequate and deficient in some aspect; also, if it is to understand an issue from the point-of-view of a specified population; and also to generate hypotheses that may not subscribe to the current theories in the field (Asbury 1995, p. 415)

Like the interview process, the facilitator of the focus groups asks members in the group general open-ended questions to avoid from limiting the responses. The structure of the focus group process is to allow each person the opportunity to present their view. Part of the strategy for this is to discourage any elements of "inquisition" or "adversarial one-upmanship" to influence the feedback (there is an emphasis on not having to be defensive nor having to prove anything). This is especially useful for the purposes of this research as there are various parties involved in a franchise relationship, even on the part of the franchisee (for example, the principal of the institution-franchisee, the main liaison person who oversees the franchise collaboration, the administrator(s) of the franchised programme, the teachers teaching the franchised programme's modules, the students, etc.).

Lederman (1989) outlines five core principles upon which focus groups draw their strength from as a methodology:

> (1) that people are a valuable source of information; (2) that people can report on and about themselves, and that they are articulate enough to verbalise their thoughts, feelings and behaviours; (3) that the facilitator who 'focuses' the interview can help people retrieve forgotten information; (4) that the dynamics in the group can be used to generate genuine information, rather than the 'group think' phenomenon; and (5) that interviewing a group is better than interviewing an individual.

In relation to the above, a further reason for the choice of focus groups was because of the belief that this study would benefit most from having data that was derived from the target group's members' understandings, opinions and views taken together collectively and especially in interaction with one another; focus groups fit themselves well to interactivity among participants which encourage and produce areas of both agreement and disagreement among participants. The discourse in focus groups had once been characterised as "somewhere between a meeting and a conversation" (Kidd and Parshall 2000, 294). Nyamathi and Shuler (1990) point to the "hallmark for the focus group" as being "the quality in which spontaneity and candor is obtained" (p. 1283). In fact, Folch-Lyon and Trost (1981) contend that the "group situation may also encourage participants to disclose behaviour and attitudes that they might not consciously reveal in an individual interview situation" (p. 445). Nevertheless, it should also be noted that there is also the recognition that "any way of gathering information is a series of compromises. The group interview is the product of one selection of compromises; the traditional survey interview is the product of another. What traditional research survey gains in sample size, standardization, and quantification, it loses in lack of contact between respondent and client, rigidity, elapsed time, and high cost" (Seymour 1987, p. 51). This is one of the intentions in choosing the use of focus groups in this present study.

Also, focus groups is a method flexible enough to generate answers to questions that appear simple on the surface but require confirmation and triangulation in a group context. In an industry that covets hard facts and customer participation in big decisions, focus groups allow for a collection of input that meets all these preferences. Fundamentally, "the success of focus group interview is that it taps into the attitudes and perceptions of humans as it relates to their needs in terms of products, services or programmes" (Nyamathi and Shuler 1990, p. 1282). In a comparison study done between focus groups and surveys, it was noted that there was "a key tradeoff

between the depth that focus groups provided and the breadth that surveys offered" (Morgan 1996, pp.137-8).

The other reasons for employing focus groups in this research study is that the specific context of the participant groups (i.e. franchisee institutions and the personnel of that institution involved in initiating and maintaining the franchise arrangement) lent itself well and easily to the practical aspects of organising focus groups, i.e. recruitment of participants were reasonably straightforward, the logistics of time, venue and space also appeared to be quite simple, and there was a third-person moderator available to help facilitate the sessions.

Finally, it is noted that there is no agreement with regards to what should be the "underpinning paradigmatic assumptions of focus group research" (McLafferty 2004, p. 188). On the one hand, there is the notion of focus group methodology falling within the framework of phenomenology (viz. the researcher's role is to elicit participants' view, opinions and understanding of the topic); on the other hand, there is the view that gathering data in a group context automatically 'contaminates' the data and thus cast doubt on the phenomenological worldview for focus groups.

4.5 Research Design and Research Procedures

The remainder of this chapter will outline the details of the methodology employed for this research study in terms of its practical and operational implementation.

Below will be sections exploring the various facets of research design, from ensuring that the theoretical perspective is clearly spelt out, the goals of the research well defined and determined, the methodology well-chosen to also ensuring that the report of the study thought through.

4.5.1 Selection of Franchisor Institution as Subject of Study

The selection of the subject of the study – the subject in this case being the local franchisor institution in Malaysia – was made and chosen for three main reasons: by nature of its relevance to the researcher's work interests (in the education industry and

in an institution which franchises), by virtue of the franchisor institution's situation being one of increasing commonality among many private institutions, and by the fact that it is the researcher's desire to participate and intervene in the franchisor institution's situation to help find the path to a solution towards greater success.

In this particular research, there was the further need for recognising two levels of 'sampling' (for lack of a better terminology), where there is the main 'case' of the institution as franchisor, and thereafter there is a selection of sampling within the case which comprises the various franchisees (which become further cases for study).

4.5.2 Selection of Cases

While there is one franchisor in this study, the data collection was actually conducted on the various franchisees of this one franchisor; these franchisees would constitute several cases in this study, where all these franchisees were/are franchising from the one single common institute-franchisor. As such, this is also a situation where it is a research with more than one case study.

> ...the use of multiple case studies is argued to add confidence to the findings and lead to better understanding and theorising than occurs with a single-case approach ....Although there are additional costs associated with a multiple case approach, particularly in terms of time and resources, it is argued that the more compelling and robust evidence arising from multiple cases more than outweighs these costs (Poole 2000, p. 143).

As opposed to what is sometimes referred to as "probability" sampling (which encompasses strategies like random sampling), a qualitative research employing case study research would more justifiably adopt "non-probability" sampling where the expectation is not to gain quantitative and generalisable data but to discover what is happening, i.e. not so much the 'what' but more the 'why' and 'how' of a phenomena (or, put in another way, the *implications* of these events and the *relationship linking* these phenomena).

As such, in this case the non-probabilistic sampling strategy is "purposeful sampling", where the selection process was chosen based on the fact that much can be learnt from them for the purposes of the research at hand.

Patton (1990, p. 169; emphasis by author) puts forth the argument that "the logic and power of purposeful sampling is selecting *information-rich cases* for study in depth. Information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the research, thus the term *purposeful* sampling", or what Chein (1981) calls "purposive" sampling. Furthermore, one element of this strategy is labelled 'intensity sampling' (Patton 1990, p. 171), where two cases have been selected exhibiting an "intense manifestation of the phenomenon of interest...." (Poole 2000, p. 145).

The franchisee case studies were selected based on a prediction and assessment of each case representing different spectrums of the franchise relationship (following the different stages of a franchise relationship outlined in Section 2.4.3), and this falls in line with the employment of a 'replication logic' introduced by Yin (1945, p. 45) and Miles and Huberman (1994, pp. 29-30). In this approach, cases are chosen which predict similar results, known as a literal replication, or contrasting results for predictable reasons, known as a theoretical replication. (Poole 2000, p. 145).

Naturally, the number of cases selected for this study (in this study, eight franchisees from around the world) was limited and restricted by practical considerations related to available time, money, and other resources.

By virtue of the researcher being an employee of the franchisor-institution, the researcher has direct access to the necessary and relevant information. Apart from the convenience (which in some ways is not entirely 'convenient' given the complications that may arise from a researcher using his/her workplace as the subject of research), the researcher is deeply interested in seeking further understanding of the situation with the specific intention of intervening and acting.

4.5.3 Selection of Participants Within Cases

The respondents/participants in the study were selected by virtue of the fact that they are the key people who are members and employees of the franchisee institution; this is particularly because only critical and crucial people involved in the initiation,

establishment and maintenance of the franchise relationship will be the 'experts' to provide relevant information and data.

The people selected in this case study included members from the franchisee administrative and academic staff directly involved in maintaining the collaboration, as well as the personnel who were directly involved with initiating the franchise relationship from the franchisee institution.

As such, in this present research, the participants are already naturally 'grouped' in accordance to the institution that they belong to which is a target subject of the focus group. As such, the 'selection' process of the participants is already a predetermined 'given' and the participants already all know each other, at least as colleagues.

The make-up of most of the focus groups in this research was reasonably homogenous (all of the same nationality with similar educational backgrounds and working in the same institution) while a measure of hierarchical mix could not be avoided (where in some groups there were a combination of supervisors and employees present together, and in one particular focus group there were staff and students of one franchisee institution). It is believed that the factor of 'saying only what should be said in the presence of a supervisor' was minimised as the participants were all 'united' as one team in speaking about the franchise relationship in which they were all working towards a common goal and objective.

There is certainly an acknowledgement that the level of acquaintanceship among participants will have some impact on the quality of interaction among members, where factors of social reciprocity, of revelation of intimate details in the presence of strangers is 'easier' than friends, of the pressure that is inherent within a group that will meet only for the next two hours and not thereafter, of the dynamics of making good impressions and of providing socially acceptable responses, etc. To date, "[e]xisting knowledge about processes at work in focus groups is limited both in depth and in breadth" (Nelson and Frontzak 1988, 47).

As an example of the above, studies have produced the understanding that interaction and exchanges among participants in a group "may occur according to a norm of

reciprocity" (Nelson and Frontzak 1988, p. 42) where this norm works by each participant feeling the 'obligation' of revealing something about themselves if one other member has already done so.

This study adopted the view that it was one major and obvious advantage that the participants of each focus group already know each other reasonably well. Different studies have had divergent views about composition of the participants in a focus group. For example, there have been some advertising researchers who have a preference (or in some cases even a prerequisite) that the participants do not know each other to avoid these participants talking just to each other instead of more to the other members of the group (Nelson and Frontzak 1988, p. 41).

The factor of the participants knowing each other well immediately allowed the participants to be comfortable with each other and that advantage allowed the moderator's presence to not have too major an impact on their responses. This also led to the subsequent advantage of where the participants could recall and verify common experiences, support and substantiate one another's hazy memories, and correct and contradict errors in understanding and interpretation. The participants were able to build upon one another's responses and thus hone the data collected. "In sum...a key feature of focus groups is that interaction between participants results in the production of more fully articulated accounts" (Wilkinson 1998, p. 192).

While other researchers have expressed the opinion that the participants should have some level of homogeneity (e.g. Nyamathi and Shuler 1990, p. 1285; White and Thomson 1995, p. 257), that the "[g]roup discussions are usually conducted with persons of the same sex, age range, and socioeconomic background" (Folch-Lyon and Trost 1981, 446), and that it is preferable the participants "should be strangers to each other so that they will feel free to talk frankly" (Folch-Lyon and Trost 1981, 446), this present study adopted the more natural and pragmatic grouping of participants who were colleagues and co-workers. Kitzinger (1994) noted that "[b]y using pre-existing groups we were sometimes able to tap into fragments of interactions which approximated to 'naturally occurring' data" (p. 105).

As for the size of the group, from the majority of studies that have used focus groups, the general tendency has been to keep the number of participants to no more than 12, with a minimum of about 6 usually. Krueger (1995; p. 530) 'breaks' the 'myth' that focus groups should be between 10 to 12 participants by proposing that focus groups should now be smaller to make it more effective (thus recommending between 6 to 8 participants on the average). Nyamathi and Shuler (1990) contend that a group smaller than five and larger than twelve are to be discouraged "as they limit expression of experiences and in some instances may enhance selective partitioning of the group" (p. 1285). This research approached this aspect by calling on all participants who had relevant involvement in the franchise relationship, regardless of the number of them; it worked out that the actual number of participants in this study's focus groups varied from three to twelve (including the moderator).

4.5.4 Management and Conducting of the Focus Groups

Most papers and books take the opportunity to outline the practical steps that are essential for the preparation for the conduct of the focus group. These include suggesting the best types of times and locations of the focus group (Asbury 1995, p. 416), the length of an average focus group session (usually between 1½ to 2 hours per session), how to introduce the focus group sessions (sometimes games could be used to break the ice, for example Robinson 1999), the attitude of the moderator towards the participants, etc. (e.g. Folch-Lyon and Trost 1981, p. 447).

Other practical points shared by researchers include the number of guided questions for each focus group - it "should not exceed 4 or 5", notes Carey (1995, p. 491) – as too many questions will lead the focus group to lose its depth and end up being just a one-on-one interview with several people at the same time.

In terms of the 'how' of data collection, from the very basic beginning, this researcher began by contacting each of the franchisee of the franchisor institution to initiate the study (to introduce and explain the study, gain their agreement and cooperation, etc.). This initial contact was in the form of a formal Letter of Invitation (included as Appendix B of this study) which was sent out to the pre-selected potential franchisee institutions. The representatives/respondents were asked to give their voluntary

consent if they agree to participate in the research. The participants were informed that they would take part in a focus group discussion.

A total of seven focus groups and two interviews were conducted for this research study, each with different participants representing the various franchisees from different countries. The focus groups and interviews spanned five countries (China, Indonesia, Mauritius, Pakistan and Singapore).

In referring to studies that have more than one case study contained in it, Merriam (1998) comments that a "number of terms can be used when researchers conduct a study using more than one case":

> These are commonly referred to as *collective case studies, cross-case, multicase* or *multisite studies* or *comparative case studies*. This type of study involves collecting and analysing data from several cases and can be distinguished from the single case study that may have subunits or subcases embedded within (such as students within a school)" (Merriam 1998, p. 40)

In terms of preparation for the actual conducting of the Focus Groups, the focus groups were planned between the researcher with the different representatives involved in the above cases, where the researcher then travelled to meet with them in their home countries.

A moderator was appointed to facilitate and conduct the actual focus groups, and the researcher was neither present nor participating in the actual focus groups (this was in the interest of maintaining the confidentiality of the participants' contributions as well as to encourage spontaneity and free flow of what is hoped would be 'rich' data.). The same 'outsider' moderator was used for all seven of the focus groups and one of the interviews, while one other helper-person was used as interviewer for the second interview.

The participants were informed in advance and a date, time and venue was pre-arranged and agreed upon before the moderator and researcher arrived. The researcher was on hand to provide all technical set-up, introduce the moderator to the

participants, and ensure that all recording equipment was set-up for the sessions. The researcher was not present during the actual focus group sessions themselves.

The following itinerary reflects the various dates of travel to the five different countries for the Focus Groups:

- Focus Group 01 - Date of Visit: 14th January 2006 [Case Study #01]
- Focus Group 02 - Date of Visit: 16th January 2006 [Case Study #02]
- Focus Group 03 - Date of Visit: 17th January 2006 [Case Study #03]
- Focus Group 04 - Date of Visit: 18th January 2006 [Case Study #04]
- Focus Group 05 - Date of Visit: 26th January 2006 [Case Study #05]
- Focus Group 06 - Date of Visit: 22nd August 2006 [Case Study #05]
- Focus Group 07 - Date of Visit: 14th September 2006 [Case Study #06]
- Interview 01 - Date of Visit: 17th February 2006 [Case Study #07]
- Interview 02 - Date of Visit: 24th April 2006 [Case Study #08]

At the beginning of every Focus Group session (after having congregated the participants of a particular focus group session), the moderator began by thanking the participants for their attendance, and then the moderator introduced himself and his role as moderator of the focus group. The emphasis of the introduction was to assure the participants that the moderator is an independent person from the researcher, and the focus group would be conducted in such a way that the identities of the participants will be kept anonymous (and in the focus group session the participants were each given a name card that identified each of them as simply 'Participant Number One", "Participant Number Two", and so on).

The moderator then explained the objective of the focus group, outlined the procedures that were to be followed, and encouraged the participants to be free to contribute in any way towards the topic without necessarily always just answering questions by the moderator. The moderator used a guided question sheet which was distributed to the participants to help initiate some thoughts on the topic.

The moderator also mentioned that the focus group was to be recorded (even though most of the time that was obvious because of the set-up of the tape recorder as well as the video-camera in the room where the focus group was conducted).

The actual process of the focus group involved the asking of one general and three specific initial questions first. Care was be taken to ensure that the opening questions adequately defined the research agenda without limiting the scope of potential responses.

The one general and three more specific opening questions in the focus group process were:

i. "Could you please tell me about your experience with franchising academic programmes?"
ii. 'At what stage is the franchise relationship of the franchisor institution and the franchisee institution?'
iii. 'What is working, and what is not, in the franchise relationship, and why?'
iv. 'Should it continue, and/or is it worth continuing?' (or, in other words, 'should it be terminated?')

Being a focus group/group interview scenario, it was recognised that despite the presence of the guided question sheet, there was no way for the moderator to know what to expect from the sessions. "Interviewing in action research tends to be open ended and unstructured, focusing on what the interviewee has to say, rather than confirming any hypothesis the action researcher might have" (Coghlan and Brannick 2001, p. 92).

The obvious advantage to having a set of standardized questions is that it allows for a high level of comparability among the data collected from the different focus groups, but it is arguable that an over-reliance on the set of standardized questions could hamper the 'free flow' nature of any focus group (Morgan 1996, p.142). An equally obvious disadvantage is that a researcher is 'stuck' with whatever questions were decided upon prior to entering the field. A fine balance needed to be struck between true emergent exploration and maintaining some level of comparability in this particular research study. Morgan (1996) also points out to the need for researchers to

be able to differentiate between "structure that controls questioning and structure that controls group dynamics" (p. 145).

Each focus group lasted an average of seventy minutes (with some slightly more, while others less).

Transcriptions were made of every focus group (and interview) from beginning to end, which all together made it a total of about eleven hours of transcribed talk. One focus group required a minimal amount of translation from the Indonesian language to English while another focus group had its own participants provide translations for another member who could only communicate in Mandarin; all the other focus groups and interviews were conducted in English in their entirety.

Upon completion of the transcriptions, copies of the transcriptions were given to the facilitator for verification within one month of the date of the Focus Group or Interview, and the facilitator also sent copies to the representative of the participants of each Focus Group (usually the participant labelled as 'Participant One') of Interviewee for their confirmation of the accuracy of the transcripts – including points of clarification of certain portions or sections of the transcript which needed clarification. This was all done via e-mail communications with the transcriptions sent as attached Microsoft Word documents.

4.5.5 Weaknesses of the Focus Group Data Collection of this Study

There were a few problems and weaknesses in the way the above focus groups were ultimately conducted in this particular research study. "It has become clear to us that what is often missing from the planning and conduct of focus groups is understanding and capitalising on the human components" (Côté-Arsenault and Morrison-Beedy 2004, p. 173).

Firstly, for example, the participants had a tendency to talk to the moderator/facilitator more than they would talk to themselves. It ended up being more of a group interview rather than an interactive focus group where the participants talked primarily to each other (which would have been the goal). In focus groups, a lack of experience and

exposure may often lead both moderator and participants towards following the traditional structure of the interview, thus producing more formal interview-like discourse and thereby "decreasing opportunities for spontaneous conversation" (Kidd and Parshall 2000, 294). "As far as possible, the moderator should ensure that dialogue occurs among the group members, rather than between them and the moderator" (Sim 1998, p. 347); this unfortunately did not always happen in this present study.

It has also been pointed out by fellow researchers employing focus groups that a more experienced moderator would not only have helped enhance and ensure greater spontaneity and informality in the group interaction, but that a more experienced moderator would also not have as much utterances, interventions and interruptions to the proceedings of the focus group sessions.

Secondly, in retrospect, one criticism levelled at this study – somewhat connected to the above - is the weakness of the moderator's role in encouraging and nurturing interaction and conversation among the participants which led to many of the focus groups ending up more frequently "used as a tool for collecting individual-level data, albeit in a group setting" (Hollander 2004, p.607).

Thirdly, another problem encountered in this study was that some franchisees did not have a team of people in their organisation that had been involved in the initiating and/or maintaining of the franchise relationship, so in these instances there was no room to conduct focus groups but one-on-one interviews were done instead.

Following on from the above, there were also situations where the group of participants amounted to just three or four people only, and the question that arises is whether that group-size could be rightly considered a 'focus group'. Following from Morgan (1995, p. 517), this researcher takes comfort in the contention that in certain cases and contexts a smaller group "can indeed be desirable." Also, Chiu (2003, p. 171) suggests that "[t]he sizes of [focus] groups and the population from which they are drawn vary according to the key research problems and local conditions."

Fourthly, neither pilot study ("pre-testing") nor follow-up focus groups were conducted for this study, both of which would have been useful and beneficial. The former meant that the moderator did not have a chance to evaluate and review his role as moderator sufficiently to, where necessary, modify his strategies and approach to the focus group sessions. One main criticism of this oversight is that often the moderator's presence in the focus group became too central to the dynamics of the group rather than blending in and subtly suffusing any overt influence the moderator's presence might have on the group's interactions.

A lack of follow-up also reveals the limitation of whether this study has indeed managed to reach a point of saturation of the data collected. While the focus groups from the franchisees have been adequately conducted in the first instance, the point of saturation would not just encompass the breadth of samples, but also the depth of data collected from the delineated samples.

In the literature, it has been noted that it may be useful to reconvene the same group more than once (with the need to ensure that all members present in the previous gathering are present again for subsequent meetings).

The above thinking is not agreed to by all writers; for example, Côté-Arsenault and Morrison-Beedy (2004) contend that 'serial focus groups' are not to be encouraged at all "because group processes, such as roles, and positions of power, begin to emerge" and "[t]here is the danger of 'group think' that would jeopardise the research fidelity, and groups could become an intervention, thus altering the participants' viewpoints" (p. 174)

It is further suggested that should this be practiced, to ensure some level of stability, "it may be useful to ask the participants to rank a group of related issues in order of importance on each occasion as a means of testing for stability" (or alternately, "it may suffice simply to demonstrate that a similar range of concerns is expressed at different times") (Kidd and Parshall 2000, p. 302).

For this study, the researcher did conduct a focus group twice for one of the franchisees (i.e. Case Study 5), with a period of seven months separating the two

occasions. This was done to allow for students who had completed the franchise programme to be participants in the Focus Group for this franchisee case.

Fifth and finally, in any group setting, the dynamic interaction among the members will give rise to phenomena like censorship and conformity (censorship and conformity are processes which occur "when persons adjust their own behaviour in response to their impressions of other group members, and in relation to their own needs and history" (Carey and Smith 1994, p. 124)), self presentation and self posturing, and the drive to impress and please (in the same vein, Hollander suggests that "what individual participants say during focus groups cannot necessarily be taken as a reliable indicator or experience"; [p]articipants may exaggerate, minimise, or withhold experiences depending on the social contexts (2004, p. 626)); and this will inevitably impact and affect the data that is produced. Put in a different way, in a different mix of groupings of participants, a researcher would not be able to derive the same data.

4.6 Data Collection and Analysis of Data

4.6.1 Recording of Research Data

Bertrand, Brown and Ward (1992, p. 200 onwards) devote the first half of their paper on the various ways of recording the data collected from focus groups, ranging from either complete transcription from a tape recording, or expanding on a reporter/note-taker's notes by listening to the tapes for confirmation and clarification, or working based on the reporter's notes alone. Henderson (1995, p. 467) outlines the same options.

In this research study, all focus group interviews were audio-taped and video-taped. "The real advantage of both video- and audio-recording is that they act as validity checks, in that raw data are available for scrutiny" (McLafferty 2004, p. 191).

After the focus group sessions were completed, the video and audio tapes were given out to a third independent person to be transcribed. The transcriptions were cross-checked with the moderator to ensure accuracy, and when the transcriptions were

completed they were copied to the researcher. The transcriptions were done in such a way that would ensure that the groups and participants were kept anonymous to the researcher.

The video tapes were used primarily for back-ups as well as to help verify for the person doing the transcriptions which participant was speaking in turn as well as to note/record if there were any non-verbal content which the researcher needed to be aware of.

While listening to the recordings and reading the transcripts of the focus group interactions (which is the primary data collection strategy adopted in this study), there has been an attempt to not leave out any information at all. Nevertheless, the researcher's outlook will decide and dictate to some extent what is considered important. It is towards this end that a research exercise that collects and combines seven focus groups to look for agreement and convergence will help increase the truth-value of the data collected.

One other transcription issue was the recognition that at some points, as is natural in any group meeting, there were inevitably instances where several people would speak at once (especially when discussions got lively or heated, or when several members agree or contradict each other) and this contributed towards some portions of the recording being very slightly and marginally obscured, but not in any significant way.

The choice of audio recording as opposed to taking notes during the focus group was made for the main reason that the interviewer/facilitator could therefore concentrate on listening and responding to the participants and would not be distracted by trying to write down what was being said. However, there was the recognition and awareness that some interviewees may be uncomfortable in the presence of a tape recorder as well as a video recorder too, so that needed to be taken into account (the literature outlines strategies to help interviewees become accustomed to the tape recorder to not even notice its presence after some period of 'warming up').

Conversely, in note taking there was the opposite recognition that it posed an increased risk of interviewer/facilitator bias because the moderator was likely to make

notes of the comments which made immediate sense or was perceived as being directly relevant or particularly interesting, thus possibly and quite inevitably missing out on other salient points.

Tape recordings ensured that the whole interview or focus group was captured and provided complete data for analysis so cues that were missed the first time could be recognised when listening to the recording again, or even repeatedly. Finally, it was also surmised that participants may feel inhibited if the focus group leader suddenly started to scribble at various points of the focus group; they may wonder why what they have just said was of particular interest (or even why some other things that were discussed did not elicit the same interest).

It is worth noting at this point that this researcher was also fully aware that good quality transcribing is not simply transferring words from the tape to the page. With a background in communications and literature, this researcher is keenly aware and sensitive to the fact that when people are in conversation only a small proportion of the message is communicated in the actual words used. A larger proportion is transmitted in the way people speak. Tone and inflection are good indicators of a whole range of feelings and meanings. When transcribing, consideration was given to how these feelings and meanings might have been communicated on paper by using punctuation marks, and techniques such as upper case lettering, underlining and emboldening were employed.

Furthermore, as mentioned earlier in 4.5.4, upon completion of the transcriptions, copies of the transcriptions were given to the facilitator for verification within one month of the date of the Focus Group or Interview, and the facilitator also sent copies to the representative of the participants of each Focus Group (usually the participant labelled as 'Participant One') or Interviewee for their confirmation of the accuracy of the transcripts.

The physical audio and video tapes are stored by the moderator until the end of the research study, whereupon it will be released to the researcher for safe storage in a bank deposit box in case of the need for future reference.

4.6.2 Analysis of Data

Henderson (1995, p. 465) describes the following: "One of the students ... commented that 'analyzing focus group data is like describing smoke in a bottle – you could say it was light grey or dark grey smoke and that it nearly or completely filled the bottle. However, once you have described the smoke, you have just stated the obvious'".

Perhaps one of the most problematical issues related to focus groups is the matter of its analysis. Many researchers have pointed out how inadequate the study of how to analyse focus groups has been (e.g. Carey 1994, p. 123; Carey 1995, p. 487; Wilkinson 1998, p. 195; Kidd and Parshall 2000, p. 295); of all the many various aspects of the focus group methodology, it is the process of analysis that leaves most to be desired, with very little agreement and consensus on the matter. Thus there appears, even with this present researcher, to be a dearth of detailed, definitive description and development of how to analyse focus groups. "Analysis has been a headache for many focus group researchers" (Krueger 1995, p. 527).

Duggelby (2005, p. 833) advises that – as in other qualitative research – "the analysis of focus group data is based on the methodological approach chosen by the researcher reflecting the study purpose and specific aims." Hence, the process of analysis and interpretation is an ongoing exercise conducted from the very beginning of the focus group research itself, even before the focus group sessions actually begin (Henderson 1995, p. 464).

However, even here, it is pointed out that there is an obvious lack in the literature of sufficient details of analytical methods. Wilkinson (2005) offers that "[f]ocus groups are distinctive...for the method of data collection entailed (i.e. informal group discussion), rather than the method of data analysis" (emphasis in the original).

Poole (2000, p. 160) points out that "[t]here are the two primary tasks facing organisational researchers undertaking qualitative research. One task is the 'detective work' required to trace patterns and consistencies in the data. The other is to take the 'creative leaps' essential in generalising from data."

Of the methods suggested for analysing focus groups above, the one favoured by this research is by adopting a combination of both qualitative content analysis and ethnographic approaches. For this particular research, which is somewhat exploratory in nature, a qualitative content analysis approach is suitable, especially because "[i]n a qualitative content analysis the researcher is not forced to fit utterances into rigid categories; rather, categories are formed based on utterances which should yield more germane conclusions" (Byers and Wilcox 1991, p. 74). While content analysis basically produces a "summary description of the data" (sometimes including some quantitative measures), the ethnographic approach "relies primarily on direct quotation from the group discussion" (Wilkinson 1998, p. 195).

Henderson (1995, p. 464) outlines the need to begin the process of analysis during the focus group sessions itself, where "the moderator must remain continually alert to analytic implications if the group is to be guided successfully" (quoting Goldman and McDonald 1987, p. 163). The analytical process needs to begin from the very point where the research proposal is being designed and decided upon.

Carey and Smith (1994) point out to the need to analyse focus groups on three levels: there needs to be a consideration of the individual level as well as the group level, and in addition to include a "comparison of the individual data with the group data" (p. 125). "Researchers who use focus groups and do not attend to the impact of the group setting will incompletely or inappropriately analyse their data" (ibid).

Morgan (1995) also raises the spectre of the potential problem in analysis being "the confusion between the individual and the group as the unit of analysis" (p. 522). What ultimately needs to be done is for the researcher to pay careful heed to the data that arises from the individuals as well as the data within and across groups (which is the reason for the case analysis in Chapter Five and the cross-case analysis in Chapter Six of this study). This research adopted each franchisee institution as the unit of analysis.

The basic fundamental and underlying guideline followed in this research study is the understanding that mere simplistic counting of times of occurrences / utterances will only give rise to over-simplified conclusions. Instead, the researcher took the

approach that one utterance may be just as weighty and important as many paragraphs (for example, when a focus group needed to differentiate between what participants found important as opposed to what they found interesting, it was recognised that the former may give rise to one single mention while the other may lead to long discussions).

In relation to the above, there was also the recognition of other factors that will come into play in the analysis of the data; for example, the researcher needed to also learn to analyse and interpret not just what had been said but also what had not been said. Hollander (2004, p. 608) introduces the terms "problematic silences" and "problematic speech", where the former arises when participants may have opinions and feedback which they choose not to share (Poland and Pederson (1998) also introduce 'enculturated silence': "*Enculturated silence* can refer to the inability to hear or to be heard because one's life experience is sufficiently different that one does not know the customs and languages of a particular social world" (p. 298) and they equate this to "self-censorship" (p. 299)), while the latter is when things said do not reflect the underlying 'truth'.

In addition, Hydén and Bülow (2003) raise the question with regards to the participants in terms of what capacity that they are participating, and interacting, in the focus groups, i.e. do the participants participate as individuals or as members of their work-place or as representatives of their neighbourhood community or as a participant of a focus group (and do they stay in just one role throughout the focus group or do they switch from one to another)? "As a consequence a central methodological question in analysing focus group material is who's talking..." (p. 306). The authors suggest that there is indeed a degree of shifting and switching between a participant's various roles, and that is something a researcher needs to be aware of.

Finally, Asbury (1995) points to the need to be aware and on the look out for participants who may be 'loafing' (p. 418); it is difficult to differentiate between participants who are quiet because they either agree and are too shy to verbalise their agreement, and participants who disagree but do not wish to say so. This is where an

experienced moderator would be most useful to ensure some form of input from the quieter participants.

4.6.3 Unit of Analysis

One of the first things that this researcher had to decide upon was to define the unit of analysis. This is the critical and crucial question of "understanding in what capacity the participant interacts" (Hydén and Bülow 2001, p. 319), whether as individuals, or as members of a cohesive group, or somewhere in between the entire continuum.

Kreuger (1988, p.109) suggests that content analysis could begin with a comparison of the words used in the responses of the respondents in the focus groups. At the other end of the spectrum, Merriam (1998) proposes that the "units of measurement in this form of content analysis centre on communication, especially the frequency and variety of messages.... the communication of meaning is the focus" (p. 160).

This researcher had the option of choosing from using the whole group, the group dynamics, the individual participants or from the utterances of the participants as the basic unit of analysis. The choice, in this case, leaned towards Merriam (1998) above.

Also, there is a leaning towards Poole (2005, p. 147) and his choice of unit of analysis being each Faculty (translatable to be each of the institutions, in this particular case).

4.6.4 Comments on the Data

Dominant Voices and Group Consensus

One of the factors that had to be contended with was the presence of participants who tended to dominate the discussion so that other contributions were drowned out while the dominant voice attempted to make its own views and opinions the only one projected forth.

This was particularly the case with one of the focus groups ("Focus Group 01"), but it was clear that this opinion was not representative of the group's opinion. This dominant voice happened to come from one individual participant only.

When discussing effective moderation techniques, Wilkinson refers to the need to have what one researcher calls "pest control", that is "dealing with participants considered to present particular challenges for the moderator, such as those who talk 'off topic' and/or 'too much' (2005). There was thankfully very little occurrence of 'cross talk' or 'interruption' in the focus group data collected for this research.

The moderator gave the participant a fair hearing, but attempted to encourage the other participants to contribute as well. Ultimately, in terms of analysis of the data, "[a]n important issue with focus groups is gauging whether an issue constitutes a theme for the group or merely a strongly held viewpoint of one or a few members" (Kidd and Parshall 2000, p. 301).

In contrast to the occasion of the dominant voice, the other phenomena that emerged from the focus groups was when opinions were "constructed collectively" (Smithson 2000, p. 109). This is when opinions and perspectives are presented not as any one individual's view but as a collective consensus (as exhibited in "Focus Group 05").

Carey (1995, p. 490) highlights the point that the 'group effect' of the focus group discussion will likely affect an individual's views so much so that there would probably be a difference between the views of any individual before the focus group as opposed to the views espoused within the group itself. As such, the opinions collected are shaped by the group discussions itself (which is essentially the reason for conducting the focus group in the first place).

In terms of determining the strength of opinion expressed within a focus group, it has been suggested that "there are a number of potential indices...: the number of individuals who express it, the intensity or emphasis (both verbal and nonverbal) with which it is expressed, and the number of dissenters" (Sim 1998, p. 349). There is the proviso provided that "[n]one of these is necessarily a valid measure" (Sim 1998, p. 349).

Complexity

There needs to be a recognition of the complexity of the data of any focus group discussion, and any attempt to organise and analyse the data will inevitably encounter the problem of over-simplification and under-estimation of all the nuances and negotiations that occur in the dialogues and discourses.

For example, "[a] concern in analysis is overdependence on transcripts without incorporation of the nonverbal, sequential nature of interaction, and psychological effects that are embedded in group data" (Carey 1995, 488). Carey went on to give examples of how there is a dearth and lack of attention paid to elements and occurrences of argumentative or heated discussions, lack of agreement and consensus, or the presence of a dominant participant.

Furthermore, there is also the need to recognise the different types of data that have been collected, where some utterances are in direct response to questions, some data are in the form of silences and what is not said, and other statements are actually in the form of untrue comments stated as fact (arising from misconception or myth), and still other data are from free-flow conversations. Any analysis will need to take all the different types of data into account.

> In any event, analysing group discourses as though it was merely a concatenation of individual statements may only yield a laundry list of contradictory statements...or lead to erroneous conclusions such as the misattribution of idiosyncratic viewpoints to a group as a whole (Kidd and Parshall 2000, p. 295).

Interaction Dynamics and Bias

There are also certain disadvantages inherent in the very nature of focus group research, and one of these disadvantages is that the methodology is subject to potential biases by moderators and respondents (either/or or both/and). Furthermore, moderators / facilitators will be limited to the process of 'selective listening', where in a period of a two-hour focus group interaction the moderator is naturally bound by whatever had caught his/her attention and stimulated him/her the most.

It has been noted and pointed out that the role of the moderator may ironically jeopardize and sabotage the very group interaction that the focus group seeks to inculcate (Morgan 1996, p. 140). Arising from the amount of control that a moderator exercises in a focus group session, it has been argued that a focus group is more akin to a formal meeting than an informal conversation.

Secondly, Seymour (1987) has also grouped together a list of potential disadvantages or weaknesses of the focus group methodology, headed by the first point where the focus group is essentially an unnatural and artificial setting for participants to be in – "responding to the artificial environment and playing a role" (p. 52) – and participants will thus respond according to what they perceive to be the rules of this "staged, orchestrated research" (ibid.). In this context, focus groups are also susceptible to participants bending to the pressure of 'social posturing' and for specific reasons wanting to respond by giving answers that will please the moderator/'host' or impress the other participants (what some researchers have referred to as "groupthink" or "the bandwagon effect", Hollander 2004, p. 610). Conversely, focus groups could also serve to "silence individual voices of dissent" (McLafferty 2004, p. 188).

Morgan and Spanish (1984) had earlier voiced the same belief that "[t]he two chief disadvantages of focus groups are the unnatural setting in which they are conducted and the researcher's relative lack of control over the course of the discussions" (p. 262).

Nevertheless, some studies have also suggested that 'self-presentation' and 'social posturing' concerns among participants "can also be beneficial to research sponsors" (Wooten and Reed 2000, 143). Wooten and Read (ibid.) cite the discussion where that which was traditionally considered the greatest weakness of focus groups – i.e. the group's dynamics tendency to enhance the majority's common views drown out the minority idiosyncrasies – could be considered a strength instead when one works on the assumption that the 'common views' are also the most important ones.

What cannot be dismissed so easily is the apparent phenomena of a 'magnification' of negative responses that appear to arise when respondents are answering in the context

of a focus group. "Social desirability in responding in an interview or survey may inhibit negative but not positive responses, whereas negative responses may be supported or even encouraged in a group setting" (Carey 1995, p. 490).

This weakness of the focus group methodology could be summed up in a nutshell by quoting Hollander (2004): "These concerns often focus on the issue of honesty: Do participants share their 'true' thoughts and beliefs in the discussions?" (p. 608). Some believe that in the hands of an experienced facilitator, the factors of 'social posturing' may be removed, but that is too optimistic and naïve to support. Furthermore, some also contend that segmentation of the group will help, but that view is also problematic: in a group of friends, there would be the pressure to conform to pervious expressed beliefs or make statements that would avoid possible future awkwardness; in a group of strangers, there would be the desire to make a good impression that will likely outweigh any skill on the part of the facilitator to overcome (Hollander 2004, p. 627).

However, it should be pointed out that the above concerns arise from the framework of looking at the individual as the unit of analysis, rather than considering the group interaction as the measurement of focus group data. In contrast to the idea that individual participants each have a fixed 'true'/'real' set of beliefs and opinions to which they may hide or 'contaminate' in a group setting, a group interaction view (or a social constructionist opinion) would suggest that "individuals do not have stable underlying attitudes and opinions; rather, these ideas are constructed through the process of interaction" (Hollander 2004, p. 611). Arising from this perspective, 'social posturing' and 'magnification' and 'groupthink' do not hide or contaminate the data, but rather that they are the data "because they are important elements of everyday interactions" (Hollander 2004, p. 611).

Later, Hollander further comments that there is a presupposition "that there exists a single truth that participants will disclose if only they can be made comfortable enough to be honest. But recent conceptualisations of the self posit not a unitary self but a situational one that shifts according to the demands of the interactional context" (2004, p. 628).

Thirdly, one other weakness of this methodology is that it does not lend itself well to any particular type of data analysis and interpretation, and in many instances it has been noted and pointed out that researchers often are unable to formulate or elucidate clearly, sufficiently and specifically the type of analysis to be employed.

4.7 Analysis

4.7.1 Analysis Strategy

Current scholarship highlights that it is in the area of analysis that literature is found lacking. "Compared with the extensive advice available on how to *conduct* focus groups, there is relatively little in the focus group literature on how to *analyse* the resulting data" (Wilkinson 1998, p. 195; italics in original).

Bertrand, Brown and Ward (1992) offer four suggestions as to why there may exist such scant coverage of this final step of the focus group research: one is that it may be so "self-evident" (p. 200) that it needed no elaboration; another possible reason was that the analysis is not scientifically rigorous enough to merit mention; a third reason could be that "given the insight and intuition" required for analysis it was left to the researcher to decide how best to analyse focus groups; finally and fourthly it could be that there is the impression that there is no need for any systematic approach to data analysis of focus groups as the data is usually impressionistic only.

As suggested in the earlier section of Chapter 4, of the method suggested for analysing focus groups above, the one favoured by this research is by adopting a qualitative content analysis approach. A qualitative content analysis approach, which may incorporate a modicum of quantitative element, is most basically a "summary description of the data" (Wilkinson 1998, p. 195).

"It is, of course, a matter of debate whether qualitative data should be quantified at all..." (Wilkinson 1998, p. 195). Carey (1995, p. 492) earlier opined that

> Unless a question is directly asked or probed for, it is inappropriate to consider specific comparisons across groups. Merely counting the frequency of responses on a given topic that arises will generally not be meaningful.

The analytical strategy in this research aimed to look beyond how often different factors contributing to the success and/or failure of the franchise collaboration is mentioned (although it is also recognised that frequency can indeed be an indicator) - through content analysis - as well as looking at descriptions and explanations of the *why* and *how* of the franchise successes and challenges.

Content analysis is basically a procedure for the classification and categorisation of – in this case, primarily - verbal data, for purposes of summarisation, tabulation and interpretation.

Current literature describes that qualitative content can be analysed on two levels. The more basic level of analysis is a descriptive account of the data (i.e. this is what was actually said with no interpretation forced unto the data and nothing assumed about it). Some literature refer to this as the 'manifest level' of analysis. The more sophisticated level of analysis is interpretative: it is focussed more with what was meant by the response, what was inferred/implied. It is sometimes called the 'latent level' of analysis.

Ultimately, the advantage of adopting a qualitative content analysis approach is that "[i]n a qualitative content analysis the researcher is not forced to fit utterances into rigid categories; rather, categories are formed based on utterances which should yield more germane conclusions" (Byers and Wilcox 1991, p. 74).

4.7.2 (Re)Interpretation and Hermeneutics

One other factor to be taken into consideration in the analysis of the focus group transcripts is the fact that any act of interpretation of the data is, in the words of Smithson (2000, p. 115), "inevitably a reinterpretation of the participants' positions, including my construction and attributions beyond the participants' own intentions, and they may not share my interpretation." As with any hermeneutical act of interpretation, one's own perspectives, prejudices and presuppositions will colour the

reading, providing an analysis that is potentially one of a myriad and multiplicity of possible readings.

To reduce the multiplicity of interpretations, the completed transcripts of the Focus Groups and Interviews were sent back to the participants for their confirmation and agreement of the accuracy of the contents, as well as to clarify or substantiate portions that could have been open to more than one way of understanding.

As mentioned in Sections 4.5.4 and 4.6.1, copies of the transcriptions were given to the facilitator for verification within one month of the date of the Focus Group or Interview, and the facilitator also sent copies to the representative of the participants of each Focus Group (usually the participant labelled as 'Participant One') or the Interviewee for their confirmation of the accuracy of the transcripts – including points of clarification of certain portions or sections of the transcript which needed clarification. This was all done via e-mail communications with the transcriptions sent as attached Microsoft Word documents.

This researcher approaches this study from a specific young-ish Asian male perspective, having completed a Bachelors and Masters degree in New Zealand in the discipline of English Literature and currently working in a private institution of higher education (referred to in this study as the franchisor).

4.7.3 The Analytical Process

Most of the literature surrounding the analysis of data for qualitative research point to the central nature of the process being highly intuitive; "...a researcher cannot always explain where an insight (that may later be a finding) came from or how relationships among data were detected.... The real learning can only take place in the doing" (Merriam 1989, p. 156).

Following from the above, this researcher adopted the approach of "doing" that began with "repeated reading of or listening to complete discourses" which "provides an appropriate impression of the discourse as a whole" (Flores and Allonso 1995). Subsequently, following the same advice by Flores and Allonso (1995, p. 96):

> The next step is to group the data (discourse fragments) according to the themes discovered. In other words, analysis attempts to extract everything that is relevant and associated with a theme or a category

The above was in the interest of ensuring "real learning" was taking place in the "doing".

The authors above continue to suggest that "[t]he categories can be predetermined or can be generated from the data. In the cases in which a discussion follows a guide of themes proposed by the moderator, this guide can serve as an initial scheme of categories" (p. 96).

As suggested by one other paper (Bertrand, Brown and Ward 1992, p. 203), one practical way of organising the material, albeit preliminarily, is to make an inventory of the points discussed, according to the main questions of the research and how often those questions are addressed and answered in the focus groups.

Furthermore, there were 'field notes' taken by the facilitator to describe occasions where intonation, body language, verbal hints and raised voices occurred in the Focus Groups, and these were taken into account in the analysis.

In addition, it has been suggested that a list of questions could be consistently applied to every focus group conducted to provide comparable 'field notes' (Duggleby 2005, p. 834) to ease analysis and cross analysis of the focus groups. The twelve questions which were suggested are:

i. How closely did the group adhere to the issues presented for discussion?
ii. Why, how and when were related issues brought up?
iii. What statements seemed to evoke conflict?
iv. What were the contradictions in the discussion?
v. What common experiences were expressed?
vi. Were alliances formed among group members?
vii. Was a particular member or viewpoint silenced?

viii. Was a particular view dominant?

ix. How did the group resolve disagreements?

x. What topics produced consensus?

xi. Whose interests were being represented in the group?

xii. How were emotions handled?

The below Case Descriptions in Chapter Five will use the above questions as guidelines of consistency.

4.8 Presentation

The challenge for this researcher is that case studies do not appear to have a widely accepted reporting format - hence the experience of the researcher-cum-investigator is a key factor (of which this researcher has very little). Some researchers have used a journal format, and others have used narrative/story-telling formats (this particular researcher appreciates the fact that in the many forms it can take, a case study is generically a story; it presents the concrete narrative detail of actual, or at least realistic events, it has a plot, exposition, characters, and sometimes even dialogue).

Merriam (1998) offers that "[t]he most basic presentation of a study's findings is a descriptive account," and she continues to explain that "even that description requires thinking through what will be included and what will be left out from the hundreds of pages of data collected for the study" (p. 178).

Ultimately, the reason for the absence of a fixed reporting format is that each case study is unique. The data collection, research questions and indeed the unit of analysis cannot be placed into a fixed mould as in experimental research.

Key features of this report include a retelling of specific stories related to the successes or disappointments experienced by the franchises that were conveyed during data collection, and answers or comments illuminating issues directly related to the research questions.

The researcher develops each issue using quotations or other details from the data collected. The report also includes confirming and conflicting findings from literature reviews. The report conclusion makes assertions and suggestions for further research activity, to help determine whether similar findings are identifiable in other contexts. The final report distribution will include all participants.

4.9 Establishing the Validity and Reliability of the Qualitative Findings

In the action literature, it is noted that "replicability and responsiveness are hard to achieve at one time: you trade off one for the other" (Dick, 2000).

Merriam (1998) also continues to say that "[u]nlike experimental designs in which validity and reliability are accounted for before the investigation, rigour in a qualitative research derives from the researcher's presence, the nature of the interaction between researcher and participants, the triangulation of data, the interpretation of perceptions, and rich, thick description" (p. 151).

That is what often makes conventional research unsuitable as a change technique as opposed to action research, and in this instance for our purposes responsiveness - and action - is of more importance than replicability. But that does not mean than we will not aim for all three: rigour, responsiveness and replicability (especially considering the fact that it could/would be in our favour to publish this research later on under the university).

Apart from the difficulty in terms of replicability, on other common criticism of action research is its lack of generalisability, sometimes called 'external validity'. Naturally, "the harder you try to find an explanation which fits a specific situation, the more likely it is to differ from what would suit a different situation" (Dick, 2000a). Again, the argument is that this particular situation calls for particularity more importantly than generalisability, and thus action research is still recommended as the better option.

4.9.1 Generalisability

As mentioned, one of the criticisms aimed at case study research is that the case under study is not necessarily representative of similar cases and therefore the results of the research are not generalisable. This is a misunderstanding of the purpose of case study research which is to describe *that particular case* in detail. It is meant to be particularistic and contextual.

In other words, unlike random sample surveys, case studies are not representative of entire populations, nor do they claim to be. A case study research is not methodologically invalid simply because selected cases cannot be presumed to be representative of entire populations. Put another way, in statistical analysis one is generalizing to a population based on a sample which is representative of that population. In case studies, in comparison, one is generalizing to a theory based on cases selected to represent dimensions of that theory.

One way to generalize from a sample of one is to argue that group data overlooks or blurs the significance of individual success or failure. Group (nomothetic) designs simply add up the totals and look at averages. Single subject (idiographic) designs have the advantage of rescuing individual data from the pile of averages.

Another way to generalize from a sample of one is to use the universe-in-a-dewdrop argument. With case studies, this is called 'methodological holism'. The idea is to find a subject so average, so typical, so much like everyone else, that he/she/it seems to reflect the whole universe of other subjects around them.

Yin (1984) in particular refuted the criticism of generalization by presenting a well constructed explanation of the difference between analytic generalization and statistical generalization: "In analytic generalization, previously developed theory is used as a template against which to compare the empirical results of the case study" (Yin, 1984). The inappropriate manner of generalizing assumes that some *sample* of cases has been drawn from a larger universe of cases. Thus the incorrect terminology such as "small sample" arises, as though a single-case study were a single respondent.

Stake (1995) argued for another approach centered on a more intuitive, empirically-grounded generalization. He termed it *"naturalistic" generalization.* His argument was based on the harmonious relationship between the reader's experiences and the case study itself. He expected that the data generated by case studies would often resonate experientially with a broad cross section of readers, thereby facilitating a greater understanding of the phenomenon.

In this particular research, one could reasonably argue that there are many private universities and colleges that are about the same size as that being studied here. By applying the case study to this type of institution, the analytic generalizations could be informative to other similar institutions.

In exploratory studies like this particular research study, it could be argued that generalizability is not necessarily such a major concern as the intention of such studies is to allow for subsequent generating of research (quantitative otherwise) that would look more specifically into designing tests to validate the initial findings and interpretation of the exploratory study.

Finally, with specific reference to Focus Groups, Flores and Allonso (1995) make the following comment that "[w]e expect, when using focus group technique, that there is no interest in generalizing the result to a population. Instead, focus groups show the range of opinions, attitudes, and experiences in that population" (Flores and Allonso 1995, p. 97).

4.9.2 Contextual Validity

In the course of embarking upon and conducting this research, this researcher has had the opportunity to reflect upon the nature of the data being collected. It occurred to this researcher how the quality of the data being collected could potentially be influenced and 'infected' by quite a number of different factors, such as by the preconceptions and presumptions that inevitably surround any particular research's focus, or by the participants' themselves in terms of their own willingness and readiness to help in the research exercise, or even by the personality and

perceptiveness of the moderator in conducting the focus groups, or finally by the person and personality of the researcher him- or herself.

The reflections above leads this researcher to the inevitable conclusion that were the researcher to conduct the same research again either at a different time, or with a different group or franchisees, or with different moderator, the later study would likely produce results quite different from this present one.

While some may argue that this is exactly what makes the results of a qualitative research unreliable (as opposed to a quantitative research which could be replicable at any time and still most likely produce the same verifiable results) – and that some may also suggest that because of this it is fruitless and pointless to conduct this type of research at all – this researcher's journey comes back full circle to the starting point that the reason why this study aimed from the beginning to be action-research-oriented is because this research is 'valid' and 'useful' because it is relevant to the people and personnel in the institutions that were the subjects of this study. This study produces and provides results that are relevant, analysis that are 'real' time, and recommendations that are practical.

The ultimate validity of this piece of research is in the form of what some writers have referred to as 'contextual' validity (referring to how 'fit' the data is to the context of the situation being studied) and/or 'catalytic validity (validity that points to emerging and emergent possibilities). Finally, the usefulness and validity of this research rests on how the concepts and conclusions are relevant and make sense to other practicing managers of private institutions of higher education in and outside of Malaysia.

4.10 Ethical Considerations

Authors and researchers point to potential ethical issues which focus study users will need to be aware of and anticipate for. One of the potential ethical complications is the matter of "overdisclosure" by participants (Smith 1995, p. 482). This is where a participant may reveal more than intended and this could potentially lead to two inter-related ethical issues: firstly, if the revelation requires that the moderator specifically report what has been revealed to the authorities (for example, in the case of an

anonymous HIV participant revealing that he/she is continuing to be sexually active in a highly risky way, the moderator has to decide what would be the next best course of action); and secondly, that the moderator is unable to ensure the strictest confidentiality of any information that is revealed within the focus groups (since the moderator is basically unable to promise on behalf of the other participants).

White and Thomson (1995) took the opportunity to discuss the concept of 'anonymised focus groups' where the anonymity-factor was to be kept among the participants; however, the matter of anonymity should also apply in certain instances to the participants being kept anonymous to the researcher, especially in an example like this study where there is a problem of the presence of the researcher affecting and changing the participants' inputs.

"Other ethical issues in focus group research stem from group dynamics, insofar as participants can collaborate or collude effectively to intimidate and/or silence a particular member, or to create a silence around a particular topic or issue..." (Wilkinson 1998, p. 192). Wilkinson recommends in these instances that the moderator is the one who needs to make the decision if this is indeed what is happening and thus intervene accordingly, though "it can be difficult to balance such conflicting goals as ensuring the articulation of accounts, supporting individuals, and challenging offensive statements" (ibid).

Other potential ethical issues will be matters within the focus group itself, in terms of ensuring that there is no power-structure or power-relationship that will impinge or inhibit the focus group from being truly open and honest in the participants' contributions.

This issue may arise most commonly within a work environment where supervisors and supervisees may be invited to the same focus group. A researcher needs to be aware of these power-related issues, and take that into account in any analysis and interpretation of the results of the focus group.

It is in light of this potential problem that it has often been recommended that focus groups should not be conducted in the context of a work environment. Nevertheless,

Krueger (1995) proposes and predicts that one area in which focus groups will increase in use is research done within the work environment. As it stands, previous and existing focus groups "have successfully explored topics such as morale, benefits, salary, training needs, quality control, and a host of others" (p. 530).

With regards to the issue of ethics, this researcher adopted the position outlined by Poole (2000, pp. 174-176) where the researcher would at all times ensure receiving fully-informed consent of all participants (thus assuming complete honesty and full disclosure to all participants of the study's details), and the researcher would also fully debrief participants (involving the sending of full transcripts and results to participants), and the researcher would pay careful attention throughout the study to matters of privacy, sensitivity and confidentiality, and finally the researcher committed to acting professionally throughout the conduct of the research.

4.11 Conclusion

This chapter has examined the various issues surrounding the methodology and data collection employed in this research study, as well as considerations of analysis of the data.

In summary, this chapter outlined and described the justification and rationale for the employment of a qualitative study, with the selected methodology of case study (with a sample of franchisee-institutions of one common franchisor-institution being the cases studied) and using the Focus Group as a data collection method.

There was also a description of the management and conduct of the Focus Groups among the various franchisee-institutions, ranging from the pre-selection of the participants in each Focus Group to the logistical arrangements of conducting the Focus Groups in the various countries in which the franchisees were located (and also mentioning the recording of the data with comments on any features of the data collected).

This chapter ended by considering the issues of the validity and reliability of the findings from the data, and also discussed the matter of the generalisability of the qualitative data, ending finally with thoughts on contextual validity and ethical issues.

CHAPTER FIVE
RESULTS OF INDIVIDUAL CASE STUDIES

5.1 Introduction

This chapter presents the results drawn from the Focus Groups and Interviews undertaken of the eight case studies. While it was the original intent of this research to conduct Focus Groups for all eight case studies, two of the case studies were ultimately interviews while the remaining six were Focus Groups.

The latter two case studies did not have sufficient participants in the institutions to participate in a Focus Group, and thus the researcher had no alternative but to interview the sole personnel who was involved in the franchise negotiations (in both the case studies, the other personnel who were involved in the early stages of the discussions had already left the institutions). The interviews of these two case studies are worth including in this study to showcase the reasons why the franchise initiatives did not progress.

The identities of the case study subjects are kept confidential, and they will be referred to as case study numbers only. As mentioned earlier, these case studies are franchisee institutions (franchising from the Malaysian franchisor institution of this research study) spread throughout Singapore, Indonesia, Mauritius, Pakistan and China. The reasons and rationale for the choice of these franchisee institutions was previously outlined in Chapter Four, and the choices for the case study subjects were guided by the factors of logistics, language and location (see Section 2.4.2).

Sections 5.2 to 5.9 will represent the results of each of the Case Studies, and the structure and format of each section will answer the following five research questions introduced in Chapter One, namely

- Question 1: Why do these institutions choose to be a franchisee?
- Question 2: What is the present status and situation with the franchise relationship?
- Question 3: What are factors that can be suggested as contributing towards success and/or failure?

- Question 4: What is the impact, if any, of franchising on the quality of the academic programme?
- Question 5: Is the franchise relationship worth continuing, and if so what can help improve it?

At the end of this Chapter, a summary of the various results will be outlined, which will then lead on to the next Chapter where a cross-case analysis of the results will be presented.

5.2 Case Study One: Franchisee A

Case Study One has been a franchisee of this study's franchisor institution since 2004.

5.2.1 Case Description (and Nature and Type of Franchising Arrangement)

The franchise collaboration in this case was to franchise the entirety of the franchisor's one-year Foundation Programme (a preparatory programme for students prior to entering a university degree programme) and for this programme to be offered at the franchisee's site.

The franchisee was able to recruit one cohort of students under the franchise agreement, but was unable to recruit any further cohort of students thereafter due to complications and problems that arose and which will be described below.

5.2.2 Report on the Focus Group

The Focus Group for Case Study One was conducted at the site of the franchisee's campus on 14th January 2006.

Apart from the moderator, there were six participants in this Focus Group. The Focus Group comprised of personnel from an Indonesian franchisee institution of education, where most of the participants were Indonesian themselves except for one Dutch teacher (Participant Number 6). The researcher was not present at the Focus Group. Of the six participants from the franchisee institution, five were lecturers teaching on

the franchised programme while one was a marketing personnel involved in the advertising and recruiting of students for the franchise programme.

The personnel who participated were given reference numbers during the Focus Group, but their role in the franchisee institution are as follows for the purposes of analysis and understanding post-Focus Group:

- Participant #1 – Lecturer/Translator [Indonesian Male] of Franchisee Institution
- Participant #2 – Lecturer [Indonesian Male] of Franchisee Institution
- Participant #3 – Marketing Manager [Indonesian Female] of Franchisee Institution
- Participant #4 – Lecturer [Indonesian Female] of Franchisee Institution
- Participant #6 – Lecturer [Dutch Male] of Franchisee Institution
- Participant #7 – Lecturer [Indonesian Male] of Franchisee Institution

The group interacted quite extensively among themselves but a number of the times this was also in quiet asides and whispers to confer among themselves – sometimes to clarify and explain things in their mother tongue to each other – before they would answer a particular point or question. So a common trend from the transcriptions of the focus group was a noticeable focus on a direct answering of questions from the moderator, without much free-flow dialogue or conversation.

In general, the group tended to adhere to the issues presented for discussion, although there also - quite clearly and early on - appeared a difference in the focus of the answers and replies. Participant Number 6 dominated the discussion at certain points with a focus on a selection of issues (but not without some very insightful and significant contributions), while the rest of the group appeared to focus on a group of other issues.

The foci of Participant Number 6 centred around the issues of the 'mismatch' between the programme being brought in (from the franchisor in Malaysia) as opposed to what the Indonesian students needed; this respondent felt the students would benefit more from specific courses that prepared them for independent thinking and research skills in university rather than specific subjects that reinforced the 'spoon-feeding' mentality already existing from the government's school education system. The latter

majority group focussed more on the working relationship between the franchisee and franchisor, and the teething and initial problems in the early stages of the relationship that had caused some complications mentioned above.

Arising from the 'split' in the interaction of the focus group, there appeared to be instances (infrequent but obvious) where the two 'groups' disagreed with each other – the latter group was probably too 'polite' as Asians to disagree too publicly, and the command of the language would have something to do with that too – while Participant Number 6 was clearly outspoken on the points which he disagreed with (and it was this participant's remarks that caused the most controversy and conflict).

For example:

> **Participant #3 [Franchisee's Marketing Manager]:** After we realised about last semester, we more confident to go direct intake to [the franchisor institution] we did not try to recruit again ...after we clear everything.
> **Participant #6 [Franchisee's Lecturer]:** So, we are really talking about a dead horse. We are trying to flog a dead horse. Rather than flogging a dead horse I think we should try to make use of the time and ask ourselves possibly how to revive the horse.

Of the instances when the group 'bonded' together was when the latter group collectively disagreed with Participant number 6 on minor factual details, for example:

> **Participant #6:** From [the franchisor institution]. The only thing that really link the problem to [the franchisor institution] is the name. The only thing really was the name, right. Now this is from one of the lecturers that joined after me... "Have you ever seen any literature from the university?"
> **Moderator:** So when you talk about the material sent to you, the syllabus sent to you and things like that?
> **Participant #3:** No, of course they sent. We have syllabus.
> **Participant #6:** You have it, but I've never seen it.

Participant #3: I think maybe already passed to you. But the communication ...

Participant #6: Well, okay - but that's...neither here nor there. You're talking about people... Even then...even then... the term franchise doesn't receive well with me. Franchise means, I go into Kentucky Fried Chicken place, I get my ...

Overall, there was an agreement on the fact that the programme being franchised was not marketable nor suitable, but there was a clear divergence on the comments of why this was so, with Participant Number 6 attributing it to the unsuitability of the programme (the Malaysian origin of the programme did not suit the Indonesian context) and the lack of academic support from the franchisor, while the rest of the participants pinpointed the problem to be more technical in terms of a miscommunication between the franchisor and franchisee of the actual number of subjects to be taught and the issue of recognition of the programme in other countries outside of Malaysia and Indonesia. There was no movement to resolve these two groups of comments.

There appeared to be quite a clear "us-and-them" split in the Focus Group, and this remained throughout the rest of the Focus Group, quite obviously with deference being given to Participant Number 6 to be more 'senior', could communicate in English more confidently and clearly, and was more opinionated. Despite the apparent 'dominance' of Participant Number 6's views, there was no indication of any of the other participants' viewpoints being silenced or suppressed.

5.2.3 Reasons for Franchising

The Focus Group revealed that the primary reason for franchising in this instance by Case Study One was to allow the students of the franchisee institution (i.e. the institution of Case Study One) to study for the franchisor's Foundation Programme under the assumption that the franchisor's programme would be more recognised in other overseas countries like Australia and the United Kingdom, thus giving more options for the franchisee students to transfer and study overseas thereafter.

Participant #3: Okay – in [the franchisor institution] programme as we know, we can have a Foundation here, and after Foundation Year we can get Year One all over the world. After two or three years, we realise we cannot register our students to all over the world, just go ...must go to [the franchisor institution].

However, as the above quote discloses, although it was the primary reason for this franchisee to enter into the franchising agreement, unfortunately it seems that – as the quote above indicates - that after some time it was revealed or realised that the franchise programme leads students mainly to the franchisor's institution in Malaysia and not really "all over the world". This severely restricted and hampered the franchise relationship as the breadth of options hoped for and promised – that the franchisor's Foundation Programme could be a springboard for students to transfer to overseas institutions outside of Indonesia and Malaysia - did not materialise.

5.2.4 Present Status of Franchise Relationship

From the Focus Group and following the five stages of a franchise relationship outlined in Section 2.5, it is concluded that the franchise relationship had entered a "relationship growth stage" (stage 3) but the franchise relationship had also prematurely reached the "relationship end stage" (stage 5) when no other cohort of students could be recruited.

Nevertheless, the focus group participants remained optimistic that there was still potential for the franchise relationship to continue.

Moderator: Yeah...yes. Can we just get your opinion: do you think this franchise programme is now at the starting stage, middle stage, long stage...? How long has this programme been running?
Participant #3: Three...
Moderator: So do you still feel like, it's just beginning? Do you think it is early stage or stable stage?
Participants #3 & #4: Early...

5.2.5 Factors for Success or Failure of the Franchise Relationship

From the Focus Group, it arises that there were two specific points of misunderstanding on the exact nature of the franchised programme: firstly, there appeared to have been a miscommunication about the number of subjects students are supposed to take in the franchised programme (the franchisee institution were earlier told that the franchised programme required only 8 subjects for completion, but later the franchisee was told it required 10 or 11 subjects to complete the programme. This can be evidenced from the following excerpt of the transcript:

> **Participant #3**: One of our problems...as we know, number 2...if we sell one new program as our foundation from [the franchisor institution]...Foundation has 8 subjects, and immediately if they change, but we already sell the student, they change immediately, we cannot ...and we call up the student again and give information again ...after we already tell the student: they take Foundation, now you can take 8 subjects and immediately we get e-mail from [the franchisor institution], [the franchisor institution] say "no, from this semester, you must sell 11 subjects"...and then....
>
> **Moderator**: So sometimes the rules change...
>
> **Participant #3**: Yes, make our, our as a franchisee here, confused also for the ...face the student...
>
> **Participant #4**: Maybe, this is about...we have sometimes...we have problem...about...like number 2 said...about communication. Our communication...like...when I visit last time to [the franchisor institution], our communication is very bad.

Secondly, there seemed to have been an earlier impression given by the franchisor to the franchisee that the franchisor's Foundation Programme would allow students entry to many different universities overseas (e.g. Australia or UK) but in reality the franchisor's Foundation Programme appeared to allow a pathway only to the franchisor institution.

After taking in one cohort of students, the franchisee then decided to put future recruitment on hold for lack of clarity in information as above and also because the new facts and developments made the franchised programme less marketable.

Nevertheless, the majority of participants continue to believe that the franchise arrangement and the content of the programme is still a good one if the above problems of miscommunication and misunderstanding could be overcome. The below are samples and excerpts of contributions from four of the participants in this Focus Group:

> **Moderator**: Do you think the programme, if there is no communication problem, do you think this franchise programme can work?
> **Participant #3**: Of course...

and

> **Participant #6**: My opinion is that the basic idea of franchising is brilliant... The way it is being handled right now...is not...
> **Moderator**: Right – so concept you agree is okay...
> **Participant #6**: The concept is okay...

and

> **Moderator:** Do you think this franchise should continue...? Is it worth continuing? What do you think among yourselves?
> **Participant #3:** I think.... Yes, we think...we know various [the franchisor institution] programmes is good... It is...communication...that's why we agreed we just early initial steps...just to know...together we develop....just in communication...
> We hope we still continue but maybe some problem is culture factor...

and

> **Participant #4**: Yeah, actually we're happy with this program because maybe the other institution has no program like this. That's why I think

this program can continue our franchising but have need to improve on many things.

and

> **Participant #7**: In Polytechnic [this city]. There are some ... weakness in this. I see, basically, the Foundation Program is a good programme. Because... maybe you have heard from the others this is the first franchise program in [this city] and ...I see that it is a good programme.

5.2.6 Impact of Franchising on Quality of the Academic Programme

It was also raised that one participant expressed a dissatisfaction with the minimal academic support provided by the franchisor in terms of resources (especially in the lack of proper course materials being sent over for the lecturers to use), and that secondly there was a disjuncture between the content of the Malaysian franchised programme and its relevancy in the Indonesian context.

For an example of the first point above:

> **Participant #6:** ...From what I've seen, there was no [the franchisor institution] specific teaching materials available for any other courses. I only taught two programs but there is no [the franchisor institution] specific materials there is only one text book, one general text book, and it was just like the education system in Indonesia, here is your book, go and study, right? So as a lecturer in foundation, I give the student his book: "okay go do it".

and another example

> **Participant #6:** ... I said before there were precious little that I could notice: support academically for the lecturers.... From [the franchisor institution]. The only thing that really link the problem to [the franchisor institution] is the name. The only thing really was the

name, right. Now this is from one of the lecturers that joined after me... "Have you ever seen any literature from the university?"

In a subsequent correspondence with the facilitator, 'Participant 6' above clarified that the last part of the above quotation was intended to highlight the point that the franchisor institution ('the university') had not sent any materials, documents, training manuals nor 'literature' to the franchisee institution for reference or information.

While an example of the second point raised above is:

Participant #6: The Foundation Program as it was before is not really catering for the market.

5.2.7 Strategies for the Future

Despite the above problems and complications, the franchisee indicated they would like to explore and discuss other forms of collaboration with franchisor instead, i.e. the franchisee would like to continue some form of partnership with the franchisor with a different agreement. The reason for this intention to continue with the franchisor was the developed trust from the franchisee towards the franchisor institution in spite of the misunderstandings described above.

Moderator: Do you think this franchise should continue...? Is it worth continuing? What do you think among yourselves?
Participant #3: I think.... Yes, we think...we know various [the franchisor institution] programmes is good... It is...communication...that's why we agreed we just early initial steps...just to know...together we develop....just in communication...
We hope we still continue but maybe some problem is culture factor...
Moderator: So you think it is good to continue because students can go to [the franchisor institution] although they cannot go all over the world, but worth continuing...

Participant #3: If clearly from the beginning franchise [the franchisor institution] tell us, if indeed it is...then I think we can continue...

5.3 Case Study Two: Franchisee B

The Memorandum of Agreement for this franchise arrangement between the franchisor institution and Case Study Two franchisee institution was signed in 2004.

5.3.1 Case Description (and Nature and Type of Franchising Arrangement)

The Franchise Agreement was to franchise the first two years of the franchisor's Computer Science degree programme (i.e. students would study the franchised programme for two years in the franchisee home country and transfer for the final year to the country and institution of the franchisor).

5.3.2 Report on the Focus Group

The Focus Group for Case Study Two was conducted on 16th January 2006.

Apart from the moderator, only two participants were involved in the Focus Group as the franchised programme had not recruited any students yet (and there was thus naturally no lecturers employed/assigned to teach the programme at the time of the Focus Group). The two participants were the Academic Director (Participant #1) as well as the Managing Director (Participant #2) of the franchisee institution. The researcher was not present at the Focus Group.

As indicated in Section 4.5.1, the selection of case studies is 'purposeful' in that there is the intention of selecting franchisees which represent the spectrum of the 'franchise relationship' (see Section 2.4.3), from franchisees which are only in the pre-relationship stage, to franchisees in the early interaction stage, to franchisees in the relationship growth stage, partnership stage and even at the relationship end stage / dissolution phase. Case Study Two is an example of a franchisee representative of being in the pre-relationship stage (and looking at whether the franchisee has been

'stuck' in this stage for an inordinately long time and why it has not progressed on to the next stage).

The franchisee institution is a small set-up/operation and all the programmes and lecturers are part-timers coming only in the evenings to teach (on a pay-per-hourly basis) working-adult students in the other academic programme. The institution also offered a franchised programme with a university in the USA on a full '3+0' mode (i.e. students could complete an entire degree programme at the franchisee institution to gain a undergraduate degree programme from the USA franchisor institution).

Arising from the two-participant Focus Group, there was not much group-interaction among the members of the group and thus the Focus Group tended to be more of an 'interview' – there were no instances of disagreements, conflicts nor contradictions. A lot of information was gathered but the group-interaction dynamics looked for in a Focus Group was lacking.

5.3.3 Reasons for Franchising

The franchisee institution expressed their hope to be able to offer a suite of franchised programmes from various countries to give their institution a breadth of choices of programmes to offer to the masses. With a franchised degree from the USA, the franchisee hoped to add a franchised degree from Malaysia as well.

5.3.4 Present Status of Franchise Relationship

The franchisees have not been able to recruit any students into the programme yet at the time of the Focus Group; the main reason given being that "there is no market" for the '2+1' mode as most of the people interested in the programme would be working adults who would only want a '3+0' (as the working adult students would not be able to afford to take one year off to study in Malaysia for the final year of the degree programme).

The franchisees noted that they had previously already made a request to the franchisor to allow the franchisee to franchise the entire 3-year degree programme (as

a '3+0' mode) but no confirmed reply was received from the franchisor. The participants from the franchisee institution also explained that the franchisor were unable to extend the third year portion as it was against their policy to do so until a franchise relationship has matured.

As such, following the five phase franchise relationship guideline, this franchisee relationship would be described as being in the "early interaction phase" as there was no recruited students for the programme yet.

An excerpt of Focus Group Transcript:

> **Participant # 1:** We already signed the MOU. We're in the early relationship but...there is still no students enrol into the programme yet.
> **Moderator:** That seem more like an early stage...
> **Participant # 1:** Negotiations is done....the business model is done...except maybe we need to go back to the negotiations lah... 3 + 0 instead of 2 + 1.

5.3.5 Factors for Success or Failure of the Franchise Relationship

There appeared to be nothing inherently wrong in the franchise relationship; the main problem appeared to be the fact that the franchisor was not able to offer what would be a more marketable option, i.e. the complete degree franchised entirely to the franchisee. Thus, the franchise relationship was unable to proceed any further because the '2+1' mode franchised programme could not attract any of the potential student clientele who would want to study and work at the same time.

5.3.6 Impact of Franchising on Quality of the Academic Programme

This question was not applicable in the case of this franchisee as the programme had not launched yet.

By virtue of the selection of case studies being 'purposeful' (in that there is the intention of selecting franchisees which represent the various spectrum of the

'franchise relationship'), this particular case study was chosen as a sample and example of a franchisee being in the early interaction stage, thus not encountering any issues related to the quality of the academic programme being franchised.

5.3.7 Strategies for the Future

The franchisees appear to wish to continue a franchise relationship with the franchisor and intend to continue pursuing the request to be allowed to run the franchise under a '3+0' mode where students can complete the entire degree in the home country of the franchisee.

5.4 Case Study Three: Franchisee C

Like the previous two cases, the Memorandum of Agreement for this franchise arrangement between the franchisor institution and Case Study Three franchisee institution was signed in 2004.

5.4.1 Case Description (and Nature and Type of Franchising Arrangement)

The Franchise Agreement was to franchise the first two years of three degree programmes from the franchisor institution, namely degrees in Business Administration, Computer Science and Business Information Systems (like the previous case – Case Study Two - students would study the franchised programme for two years in the franchisee home country and transfer for the final year to the country of the franchisor).

5.4.2 Report on the Focus Group

The Focus Group for this third case study was conducted on 17th January 2006 at the site of the franchisee institution.

Apart from the moderator, only two participants were involved in the Focus Group as the franchised programme had not yet recruited any students (and thus naturally no lecturers assigned to teach the programme yet). The two participants were the

Principal-cum-Managing Director (Participant #1) as well as the Administrative Assistant (who was also a student) of the franchisee institution (Participant #2). The researcher was not present at the Focus Group.

The franchisee institution is a small set-up/operation and all the programmes and lecturers are part-timers coming only in the evenings to teach (on a pay-per-hourly basis) working-adult students in the programme. The institution also offers a franchised programme with a university in the USA on a full '3+0' mode.

Arising from this, there was not much group-interaction among the group and thus the Focus Group tended to be more of an 'interview' – there were no instances of disagreements, conflicts nor contradictions. A fair amount of information was gathered but the interaction looked for in a Focus Group was lacking. The reasons for this was primarily because the participants tended to answer questions one by one as they were offered from the Focus Group facilitator (with minimal focus group interaction), partly because of a 'shyness' in offering more than was asked and partly because the group was not big enough to be conducive for a genuine group interaction exchange.

5.4.3 Reasons for Franchising

In a context similar to Case Study Two, the franchisee institution here expressed their hope to be able to offer a suite of franchised programmes from various countries to give their institution a breadth of choices of programmes to offer to the masses. With a franchised degree from the USA, the franchisee hoped to add a franchised degree from Malaysia as well.

5.4.4 Present Status of Franchise Relationship

The below excerpt from the Focus Group transcript underlines the participants' views on the stage of the franchise relationship in this particular case (like all other focus groups in this study, all the participants were given a handout outlining and explaining the various franchise relationship stages):

Participant # 1: Actually if we can not say...early interaction stage, because we already have a ...cooperation already...

Moderator: ...you have a signed agreement already...

Participant # 1: [Yes]...maybe almost two years...yes, almost two years...February, I think, the 2nd ...

Moderator: So you think you're at a...

Participant # 1: If the relation grows then ... [embarrassed laugh]...but because we have...[not grown]...so it is like: in between 'interaction stage' - because you already have agreement - and then you haven't really grown because nothing has started...

The franchisee participants point to their understanding that the franchise relationship has progressed beyond the basic interaction phase of the collaboration but has not managed to enter the 'relationship growth phase' yet for lack of not being able to recruit any cohort of students yet.

5.4.5 Factors for Success or Failure of the Franchise Relationship

Again, there is nothing inherently wrong in the franchise relationship; the franchisee institution is unable to progress with the franchise collaboration arising from the lack of a market for the present 'package' of the programme in its '2+1' mode; the franchisee is convinced that there would be a market if it were a '3+0' programme instead:

Moderator: So [the stage of franchise relationship] is like: in between 'interaction stage' - because you already have agreement - and then you haven't really grown because nothing has started but maybe you could just share – would you know why it's been... seems to be difficult to start, right? Do you know why you haven't started ...?

Participant # 2: Because most of the students want to study only in [this city].

Moderator: Meaning, your relationship is such that they have to go to [the franchisor institution]?

Participant # 1: That means 2 + 1 or 1 + 2 but the students would like to study both in [this city].

5.4.6 Impact of Franchising on Quality of the Academic Programme

This issue was not applicable in the case of this franchisee as the programme had not launched yet.

By virtue of the selection of case studies being 'purposeful' (in that there is the intention of selecting franchisees which represent the various spectrum of the 'franchise relationship'), this particular case study was chosen as a sample and example of a franchisee being in the early interaction stage, thus not encountering any issues related to the quality of the academic programme being franchised.

5.4.7 Strategies for the Future

Apart from expressing a wish to request from the franchisor the permission to offer a complete franchise of all three years of the degree programme, this franchisee also expressed an intention to request for the possibility of an exclusivity clause in the franchise agreement to allow the franchisee sole rights to offer the franchisor's degree programme in the region of the franchisee's site.

However, the franchisee reports that the franchisor has been unwilling to offer a complete franchise of the entire degree programme nor an exclusivity partnership.

There were no other recommendations nor suggestions from this franchisee institution on how else the franchise relationship could be improved in the future.

5.5 Case Study Four: Franchisee D

The institution of Case Study Four started its franchise relationship with this research's franchisor institution in 2004.

5.5.1 Case Description (and Nature and Type of Franchising Arrangement)

The franchise agreement was to franchise the entirety of the franchisor's one-year Foundation Programme to be studied by students at the franchisee's site, before the students embark on their degree programme in the institution of the franchisor.

5.5.2 Report on the Focus Group

The Focus Group for this franchisee case study was conducted on 18th January 2006 at the site of the franchisee institution.

Apart from the moderator, three participants were involved in the Focus Group; there were no students who were available to be involved in the Focus Group as the franchised programme had to be halted and the students that were earlier recruited into the programme were transferred to a different programme (more details below). The three participants were the International Program Director of the Franchisee Institution (Participant #1), a Lecturer of the Franchised Programme in the Franchisee Institution (Participant #2) and the Administrative Assistant of the Franchisee Institution (Participant #3). The researcher was not present at the Focus Group.

The group adhered very closely to the issues presented in the discussion, and many of the points and issues raised were in direct response to questions posed by the moderator.

There was no conflict in the group interaction at all, nor were there any contradictions or disagreements. The three participants contributed equally with no dominant voices arising.

There was a high degree of convergence and agreement on common experiences which all three participants shared.

Much of the interaction and comments centred around the problem of the initial misunderstanding and miscommunication in the early stages of the franchise relationship causing the original agreement to be put on hold. There was also

discussion about the working relationship between the two institutions and the dynamics of some things that were working and some things that could be improved upon.

In summary, there appeared to be a strong positive intention from the franchisee to continue with the franchisor in one form of relationship or another.

5.5.3 Reasons for Franchising

Running its programmes from two campuses offering a well-established Foundation Programme from an Australian university, the franchisee institution found that there was a need to give their students a more economical option for a degree programme especially for students who could not afford the fees to pursue their degree programmes in Australia at all.

Hence, the franchisee institution's intention was to offer the options for students to study for a Foundation Programme (from either Australia or Malaysia) in the franchisee's institutions, and thereafter for the students to transfer over to either country to pursue a degree programme.

5.5.4 Present Status of Franchise Relationship

Below is an excerpt of the Focus Group transcript for Case Study Four:

> **Moderator**: ...in your own words, how would you describe the stage of your relationship now in terms of [this institution] and [the franchisor institution]. In the five stages that we had described. Roughly, where would you say that your... the stage of your relationship is at right now?
> **Participant # 1**: It is confusing, isn't it? Because if we were to roll on to that program we were probably in the relationship growth stage.
> **Moderator**: If you had continued...?
> **Participant # 1**: If we had continued.
> **Moderator**: So, we could say that it was starting on the third.
> **Participant # 1**: Yes starting on the third, but it had to jump to the end...

which indicates that the franchised programme and partnership had not been able to go beyond the 'initial growth stage' (phase three) and had to prematurely jump to the phase of the 'premature dissolution' stage. What this meant was that after having reached an agreement in negotiations and after the signing of a Franchise Contract, the franchise relationship did not have a chance to fully recruit the first cohort of students into the franchised programme, and this failure of the franchise relationship was due to a misunderstanding and thus the franchise relationship ended abruptly and prematurely. More details of this misunderstanding is outlined in the next Section.

5.5.5 Factors for Success or Failure of the Franchise Relationship

From the results of the Focus Group, it arises that there was one specific point of misunderstanding between the franchisee and franchisor on the issue of the actual entry requirement for the franchised Foundation Programme. It was originally thought – or assumed - by the franchisees that students could enrol onto the franchisor's Foundation Programme with a minimum of 3 or 4 credits from O Levels; however, it later arose that the entry requirement was actually 5 credits from O Levels, which the franchisee explained was too high an entry requirement for the local market (especially as other comparable programmes took in less than the stipulated 5 credits as entry requirement – and more especially since one of the other franchised programme run by the franchisee with the Australian university required only 3 credits from the O Levels or equivalent.

After enrolling a handful of students to the franchised programme based on the lower entry requirement, the franchisee realised the error, and arising from that realisation the franchisee had to stop any further recruitment of students immediately. While the miscommunication can be overcome, the appeal and marketability of the programme is now restricted in light of the new requirement, and in contrast to the other existing programmes which have lower entry requirements.

The Focus Group also recorded feedback and input with regards to one other source of weakness in the franchise relationship, and that was the lack of smooth communication between the personnel of the franchisee and franchisor.

Participant # 1: At this point, because...we had offered a foundation program but it didn't work out very well. We didn't have a good start. We can say that we had a bad experience in that sense. But we did have a good experience collaborating and communicating with our partner in Malaysia. And we enjoyed that, but because the issue is not about our relationship, but the issue is something else is just the entry requirement which basically blocked our relationship.... We have to put it to an end. But because we have that good relationship at this point we're looking at other programs that we can put together.

and

Moderator: For the benefit of this focus group research, you could help describe a little bit about the bad experience and then also what else that

Participant # 1: ...the bad experience is that we offered foundation program July 2004 but we had a miscommunication regarding entry requirement. The entry requirement for 'O' level students is 5 credits and it's actually very unrealistic for [this country's] market. We usually...in average, student will get only 3 credits, 4 credits at most, but not 5 credits.... So, what happened is that we had 3 students enrolled in the program and those 3 actually could not be enrolled to the [the franchisor institution]. So we had to stop the program in the middle so they didn't finish the program. They finished one semester but they didn't finish.

Nevertheless, also from the Focus Group, despite the above miscommunication, the franchisee participants believed that the franchise arrangement and the content of the programme are good. The franchisee indicated they would like to explore and discuss the possibility of reviewing the entry requirement as there is much potential for such a programme to be offered in their home country.

5.5.6 Impact of Franchising on Quality of the Academic Programme

The participants of the franchisee institution also highlighted in the Focus Group that the franchisor had not provided sufficient academic support and resources, so much so that the lecturers from the franchisee institution had to come up with their own

resources and teaching materials; furthermore, there was also the matter of inconsistency in terms of the provision of resources, where certain subjects were provided sufficient materials while other subjects had bare minimum.

There were also questions raised in terms of the quality of the lecturers from the franchisor who were found to make spelling errors and typing mistakes when moderating and making comments, thus calling into question the franchise relationship not ensuring a minimum quality and standard for the franchised programme.

5.5.7 Strategies for the Future

The general indication is that the present franchise of the current academic programme may not continue unless the entry requirement is lowered, but instead the franchisee would like to continue some form of partnership with the franchisor with a different agreement for franchising something new and different instead.

5.6 Case Study Five: Franchisee E

Case Study Five began its franchise relationship with the institute franchisor of this research in 2003.

5.6.1 Case Description (and Nature and Type of Franchising Arrangement)

The franchise agreement in this case was to franchise the franchisor's one-year Foundation Programme to the franchisee, as well as the first two years of two three-year degree programmes in Business Administration and in Accounting.

5.6.2 Report on the Focus Group

Unique to this particular Case Study, there were two Focus Groups conducted, seven months apart from each other. The reason for the second Focus Group was to take the opportunity to include in the second Focus Group representatives from the students who had returned to their home country after a stint reading for the Final Year portion

of their degree in Malaysia (this second Focus Group therefore included both staff of the franchisee institution as well as this group of students).

The first Focus Group was conducted on 26th January 2006 at the site of the franchisee institution. Apart from the moderator, there were four participants in this Focus Group: the President of Franchisee Institution (Participant #1), the CEO of the Franchisee Institution (Participant #2), the Coordinator of Franchised Programme in the Franchisee Institution (Participant #3) and one Assistant Director in the Franchisee Institution (Participant #4). The researcher was not present at the Focus Group.

In general, the group adhered to the issues presented for discussion with minimal occasions of side-tracks or going-off-on-tangents. While much of the discussions and comments were raised in direct response to the queries posed by the moderator, there were also many other related issues that came up arising from previous comments or allusions made.

There was generally no statements or comments that gave rise to conflicts, but there appeared to be one participant (Number 3) who was coming out strongly on particular issues – primarily issues surrounding the themes of the lack of adequate support from the franchisor as well as issues with deficiencies in proper communications from the part of the franchisor - while another participant (Number 2) was playing the 'diplomat' and 'mediator' to balance and moderate the views. Despite the presence of Participant Number 1 (who is the President of the franchisee institution), there was no obvious holding back of views from the other participants, since the comments were mainly directed against the franchisor institution anyway (the only influence may have been that the other participants played-up their comments, if at all).

There was one instance where the other participants had to correct and 'update' some of the things that Participant Number 1 was saying (and this was done very subtly and diplomatically), and this probably formed the only slight instance of 'contradictions' found in the discussion.

[**First Focus Group** 26th January 2006]

Participant #1: The response from the [the franchisor institution] has been a little bit weak...through and through. And whenever we have sent a query, you know, regarding any matters we found that they have been very slow in responding. Like, we have an issue at hand...this is with the authorities in Islamabad, our Education Commission... and I've spoken to [the President and VC of the franchisor institution] myself last year when I was there...and even the year before last. I told him we're facing problems with HEC [Higher Education Commission] and if I'm not wrong [the franchisor's Vice President of Business Development] was supposed to send some documents.

Participant #2: Those documents have arrived....

Participant #1: Now they have arrived...? It has taken too long. You see... Sorry, not last year, I spoke to [the President and VC of the franchisor institution] when last I was in Malaysia which was somewhere in ...

Participant Number 4, while part of the founding team that helped in the cementing of the franchise relationship, was the most subdued of the participants. Nevertheless, there was no indication of any participants' viewpoints being silenced nor any particular viewpoint being overly dominant.

At certain points, some anger, unhappiness and frustration at the franchisor was expressed, but there was no need to control or handle the situation as the expressions were verbal and controlled.

The second Focus Group was conducted on the 22nd of August 2006, also at the site of the franchisee institution, with the same moderator as the previous Focus Group.

This was a follow-up Focus Group from the earlier one conducted seven months previously. This subsequent Focus Group sought to track the progress and development of the franchise relationship, as well as – and most importantly – include the students into the Focus Group exercise as well.

Apart from the moderator, there were seven participants in this Focus Group: the CEO of the Franchisee Institution (Participant #1); the Coordinator of Franchised

Programme in the Franchisee Institution (Participant #2) and five of the eight students who had been the pioneer cohort of students who transferred to the franchisor institute (Participants #3 to #7). The researcher was not present at the Focus Group.

The students who participated were the ones who had returned to their home country for their semester holidays while the remaining three students had remained in Malaysia and so were not able to participate.

The participants adhered closely to the issues presented for discussion, and this subsequent Focus Group produced rich descriptions and details of the various experiences of the students, in response to the pointers posed by the moderator.

There appeared to be three distinct groups of alliances formed among the group members this time, with the personnel of the franchisee institution in one group (though clearly not for nor against the other groups at all), and the students being separated into two groups with Participants 3 and 4 on one side while Participants 5, 6 and 7 were together in a slightly separate 'camp', the dividing line being their views on their experiences in the franchised programme.

The group of Participants 3 and 4 were equally vocal, while in the other group of students mainly Participant Number 5 was the more outspoken. The personnel of the franchisee at times represented the views of the students too while at other times laid some responsibility back on the students and represented the institutions instead (this observation being culled from the field notes observed and notated by the facilitator of the Focus Groups).

While all the students had common and shared experiences in relation to their time in the franchisor institution (especially when all the students agreed in their views with regards to their bad experiences with their lecturers and fellow students as well as the less-than-satisfactory services at the franchisor institution), there was also some disagreement and divergence in that experience in terms of the severity and intensity of the experience.

Participants 3 and 4 were more positive of the experience, while Participant 5 was at times provocative and negative - and quite antagonistic – about his entire experience (and if any view were to be said to be dominant, Participant 5's would be considered quite strong). Student Participants 6 and 7 were more subdued but quite obviously equally unhappy through their tone and observed body language during the Focus Group.

Nevertheless – and surprisingly – Participant Number 5 came around near the end of the Focus Group session to a consensus that if the matters are addressed and resolved, he would indeed recommend the programme to others.

The central topic of discussion and debate surrounded the issue of apparent racism and discrimination against these students of their nationality in the franchisor institution. The personnel of the franchisee institution were apparently quite surprised by this revelation as well, and took turns, especially Participant Number 1, to query and question this experience more.

As with the previous Focus Group for this particular franchisee, Participant Number 1 (in the previous Focus Group was Participant Number 2) at times played the role of moderator and mediator to attempt to provide balance and perspective to the situation.

5.6.3 Reasons for Franchising

Case Study Five's own in-house academic programmes – which comprised programmes with pathways for its students to transfer to the US, UK and Australia to complete their degrees - were badly affected post-9/11 with restrictions on most of the citizens from its home country from entering the United States, Australia and the UK, thus forcing Case Study Five to look for alternative destinations for their students.

Hence, the primary reason for entering into the franchise relationship with a franchisor from Malaysia was to provide an alternative education destination with a country that had a close-enough reputation of academic quality while not having any visa restrictions.

5.6.4 Present Status of Franchise Relationship

Having managed to take one cohort of students near to the completion of the franchised programme, Case Study Five would be said to have entered into phase three of the franchise relationship, which is the 'relationship growth stage'.

> **[First Focus Group** 26th January 2006]
> **Moderator**: So since it started about 2, 2½ years ago, at what stage do you feel this relationship is now? You can get some guidelines at the back, you know...
> **Participant #3**: I think the relationship is ideal... the relationship is growth stage right now...

and

> **[First Focus Group** 26th January 2006]
> **Participant #4**: Because after taking the first intake, we've not taken any other intake...so it's almost 2 years since we started
> **Moderator**: And you feel this is a working franchise relationship?
> **Participant #3**: Yeah, it's already a working franchise relationship because we've already sent one batch to [the franchisor institution]... we've sent eight students so far. And, like, we have been interacting with the management as well...and that's why we've come across certain issues with respect to the management and academic as well...

From both the Focus Group sessions, it arises that there is one specific obstacle that has arisen to 'block' the progress of the franchise, and that is the fact that the Ministry of Education of the franchisee's home country had stepped in to stop the franchise arrangement until 'approval' would be given by that same Ministry upon reviewing the programme.

At the time of the two Focus Groups, both franchisor and franchisee were working towards meeting the requirements stipulated by the local Ministry of Education to obtain the necessary approval (with the understanding that the first cohort of students would still be allowed to continue and complete).

The franchisee was asked to stop any further recruitment of more students until approval was received from the Ministry of Education.

The pioneer batch of students had completed the 2-year portion in the franchisee institution already and had transferred to the franchisor institution.

5.6.5 Factors for Success or Failure of the Franchise Relationship

From the Focus Group, while the participants believe that the franchise relationship, general partnership and the content of the programme is good, there were a lot of 'teething' issues and challenges that needed to be addressed especially arising from the arrival of the first cohort of franchisee students to the franchisor institution (issues related to the practical and logistical welcoming of the students – airport pick-up, arrangement for accommodation, orientating students to a new environment, etc. – to matters of dealing with communication, perceived racism, and cultural differences). A large part of the burden and onus of this responsibility lay on the part of the franchisor to offer services and support.

> **[Second Focus Group** 22nd August 2006]
>
> **Participant #2**: This a first experience for us and the first experience for [the franchisor institution], so as we go along we're learning things...and some of the difficulties that Participant Number 3 - she has brought it up because she's the one who actually runs the programme - she's the one who runs the programme. Some of the difficulties is that, you know, [this institute] is a very small college compared to [the franchisor institution]. And at [this institute], we have... the first time had about six students and there was one programme coordinator so each student got individual attention. From the faculty, from the programme coordinator, everything was... you know ...like they were very well taken care of. On all the issues, even the issues which were not... in which... there was no obligation by the college to help them out but we went the extra mile. And the students were expecting something similar and it didn't happen at [the franchisor institution]. And I think...the main... I have suggested that [the franchisor institution] should have a special person designated for either international

students or designated for the franchised students because when they reach over there those students were treated amongst three thousand other students and they didn't get that individual attention. You know, you have to know that students going from [this city] to Kuala Lumpur, there is a change of environment, change of culture, change of attitudes, of people, change of language...everything is there. And on top of that the student does not get the attention that he has received, she has received, for the last two years - and he's expecting that ...so what happens is that, that the student gets this anti-climax. And the student totally gets discouraged. So that is one thing. The individual attention was not there.

From the subsequent Focus Group, the students gave comments and feedback on more details of the 'teething' issues and challenges that needed to be addressed especially arising from their time at the franchisor institution. A majority of the comments were very negative towards the franchisor and led basically to the unspoken conclusion that the franchise relationship was 'not working'.

These were specifically problems to do with the students' experience of what they perceived as 'bias and prejudice' from some of the lecturers in the franchisor institution towards this particular group of students; there was also a mention of how the franchisor institution's personnel appeared to be uncaring and inconsiderate when dealing with these students; and finally that the syllabus of the subjects were pitched at a level that was higher than what the students felt they could cope with (pointing to how the franchise programme was thus not preparing the student well enough).

[**Second Focus Group** 22nd August 2006]

Participant #5: One more thing is that [this country's]s were totally discriminated over there... My School Head told me that if I have any problems "just come to see me", but when I went to see him he said "You [this country] students always got problems..."

Participant #4: Yeah...

Participant #5: He was always telling me something like that; "You [this country] students always got problem..." and one time he was saying that "If you come to see me, I will be very happy that you are coming to see me and I will be helping you..."

Despite the above feedback from the student participants, the personnel of the franchisee institution attempted to give a more balanced perspective in the Focus Group sessions by outlining the possibilities that the 'bias and prejudice' was merely perceived but may not have been accurately identified, that the franchisee students had come from a much smaller institution and felt 'uncared for' in an immense institution that was at least five times larger in size and population, and that the students may not have applied themselves sufficiently to the study of the Final Year programme.

5.6.6 Impact of Franchising on Quality of the Academic Programme

Ironically, the students had much praise for the franchised portion of the academic programme as it was offered in the franchisee's institution, but the students did not appear to cope so well when completing the portion of the programme in the franchisor institution instead. While the student participants raised the spectre of bias and prejudice as contributory factors, it leads the researcher to realise that 'the quality of the academic programme' encompasses more than just the curriculum and teaching, but also the attitudes and assumptions that may carry through not just in the quality control of franchisee institutions but also in the franchisor institution too.

5.6.7 Strategies for the Future

The Focus group participants representing the franchisee unanimously indicated that they would most certainly want to revive and continue the franchise relationship with the Malaysian franchisor once the approval from the franchisee-home-country's Ministry of Education was given to proceed.

In response to the specific question posed to the participants with regards to the franchise relationship: 'Should it continue, and/or is it worth continuing?', the indication was a strong consensus that the franchise relationship should definitely continue, and if not for this obstacle posed by the Ministry of Education, it was generally believed that this franchise relationship would have proceeded on to Stage 4 ("partnership stage") of the five-stage franchise relationship already.

The conclusion of the second Focus Group ended with all the participant agreeing that the franchise relationship and programme should continue, but with most of the students adding the proviso that this is assuming many of the issues they had raised (allegations of uncaring staff at the franchisor institution, staff who were prejudiced and biased, and support services that fell short of expectations) were looked into and resolved.

> [**Second Focus Group** 22nd August 2006]
> **Participant #2:** To conclude, I would just like to say that this programme has been very helpful for the students as far as the academics are concerned, but there are some services that as we can see are serious ones which should be looked into, so that we can have future intake of international students.
> **Participant #1:** Would you recommend – you know, assuming we work out the difficulties...hopefully, the difficulties that we talked about – would you recommend this programme to anybody in the future, anybody that you know. If a student comes in to see you today, "I'm getting admission in 2+1 [the franchisee institution]-[the franchisor institution] collaboration" would you recommend them...?
> **Participant #4:** If the difficulties are sort out, then I would...

5.7 Case Study Six: Franchisee H

Case Study Six began its franchise relationship in 2005 with the signing of a Memorandum of Agreement.

5.7.1 Case Description

The franchise agreement was for the franchisee institution to franchise a one-year English Programme from the franchisor, and as part of the franchise agreement for the franchisor to also send five teachers from the franchisor – selected and trained by the franchisor institution - to the franchisee for a period of time to teach at the franchisee institution.

The original agreement stipulated that the five teachers would teach at the franchisee institution for at least one year together with, as well as to provide training for, the other English teachers already employed by the franchisee institution.

In addition, one of the five teachers to be sent to the franchisee will be the Head of English Department for that one year with one of the existing teachers from the franchisee to be trained to take over thereafter.

It was agreed that the arrangement of sending the teachers would continue into the second year with either the same five teachers or a different group of teachers (or both).

The franchised programme began in September 2005, and at the time of the Focus Group the franchised programme had just completed its pioneer year.

5.7.2 Report on the Focus Group

The Focus Group for Case Study Six was conducted on 14th September 2006 at the site of the franchisee institution.

Apart from the moderator, there were ten participants in this Focus Group: the Dean of Academic Studies of the Franchisee Institution, the Head of English Department in the Franchisee Institution, two teachers of the franchised programme, one marketing personnel and four students from various levels of the franchised English Programme.

The participants – the teachers and students - were selected by the franchisee institution based on the researcher's request for a fair representation of staff and students involved in the franchise programme and for the group to comprise no more than ten persons.

The personnel who participated were given reference numbers during the Focus Group, but their role in the franchisee institution are as follows for the purposes of analysis and understanding post-Focus Group:

- Participant #1 – Dean of Academic Studies of the Franchisee Institution
- Participant #2 – Head of English Department in the Franchisee Institution
- Participant #3 - Teacher in Franchisee Institution
- Participant #4 - Student in Franchisee Institution
- Participant #5 - Student in Franchisee Institution
- Participant #6 - Teacher in Franchisee Institution
- Participant #7 – Marketing Personnel
- Participant #8 - Student in Franchisee Institution
- Participant #9 - Student in Franchisee Institution
- Participant #10 - Student in Franchisee Institution

In general, the participants adhered closely to the issues presented and raised for discussion under the facilitation of the moderator.

While there was a sense of formality in the responses of some of the participants (e.g. their contribution felt 'rehearsed' and sometimes seemed like a little speech which ended with the formal 'thank you', almost with a small expectation for applause at the end of it), most of the first half of the Focus Group was reasonably spontaneous and interactive.

There was some lively debate and discussion surrounding one issue of whether English classes should be 'streamed' according to the students' ability or not (i.e. better students all in one class while weaker students all in a separate class), with some of the students standing quite firm in their position/'convictions' and in disagreement with one another.

There were also descriptions of the students' experience and opinions of the various teachers sent over from the franchisor institution, and the staff also contributed in describing their own experiences and encounters with the franchisor teachers too.

Participant Two's views (who is the Head of the English Department of the franchisee institution) were slightly more dominant than the others, but all the other participants

also contributed equally – and as suggested earlier, some waited their turn before answering the question at hand in a slightly more formal manner.

The second half of the Focus Group changed tones when Participant One (the Dean of the franchisee institution) 'stepped in' to air her views (where previously all contributions were in English, this change was also signaled by lengthy monologues translated from the Mandarin to English with the help of Participant Two).

While this strayed away from the Focus Group mode, the moderator allowed it for several reasons: it was to respect the Asian practice of allowing the 'elders' and people-in-position to have their say uninterrupted, to not jeopardize the franchise relationship in any way but disallowing what was obviously a pre-meditated and prepared portion of the exercise on the part of the franchisee, and to make use of the comments from Participant One which proved to be 'rich' and useful data.

5.7.3 Reasons for Franchising

In the words of the Dean of the franchisee institution, who participated in the Focus Group as well, the franchisee institution chose to franchise primarily to allow the franchisee institution an 'international' identity, in this case to franchise an English Language programme from the franchisor institution. Secondarily, the franchisee also sought to learn from the 'expertise' of the franchisor in the teaching of English to foreign students, and hence the arrangement for lecturers from the franchisor institution to be placed in the franchisee institution to train the franchisee's lecturers.

The below is an excerpt of the Focus Group where Participant One is the Dean (the quoted portion is verbatim as translated by the franchisee's Head of the English Department):

> **Participant #1**: Our college established three years before...it is a new college...from the name we can know... 'international' – [this city] International Economic College – so we should let 'international'... it is easy, it is obvious, obviously to show to people that 'international' that means we can get English, Japanese, or other language to get abroad. And so, we will

try, we think, we got...we are new, and we want this special, 'international' this is special programme to let our students to become international persons also...and we are trying to get the new way or the model from the outside.... At this moment we are talking, it's very I think it's very friendly, and very cooperative, very well, we have this idea, so our college think we will try to get the help from [the franchisor institution] to our college and improve our students' English very well. For example, before our students go to the abroad, we...most of the students can't speak out, can't use the fluent English, but after they go to abroad, going abroad, they find they got the very good environment to speak, and just for a short time their English improve quickly, you know...so according to think, we get the useful things from your college – and probably from other college and other countries or universities as well also – but this is the first time for us to get the whole model from the [the franchisor institution], use their textbook, use their teacher, use their idea...everything. So we think that's what we proposed of this cooperation programme.

5.7.4 Present Status of Franchise Relationship

As noted, the franchised programme was well underway in having completed its first year at the time of the Focus Group.

From the Focus Group, it was revealed that after having run the franchised programme for its first year, there was a decision to 'modify' the format of the franchised programme (with a move to change the text book used by the franchisor, to adopt supplementary materials and segregate the students into different classes according to the English proficiency) without reference to the franchisor.

These decisions to make changes arose from the franchisee institution's perception that the franchised programme was not producing the results that the franchisee had hoped and expected to see.

The franchisee had also taken steps, arising from the apparent inaction/inability on the part of the franchisor in not being able to send teachers, to employ their own native-

speaker teachers for the second year (in contradiction to the franchise agreement which had outlined the expectation that the franchisor was supposed to appoint and send these teachers).

The franchisee had also, at the time of this Focus Group, proceeded to 'promote' the 'local' HoD-in-training to now be the confirmed Head of English Department.

The franchisee institution indicated their plan to continue to recruit and enrol students into the 'franchised' English programme in its modified form (where the syllabi/content remains as per the original franchised version but the format of teaching and textbook has been changed).

As such, the franchise relationship, albeit in a modified form, was in a 'relationship growth phase'.

5.7.5 Factors for Success or Failure of the Franchise Relationship

From the Focus Group, while the participants believe that the franchise relationship, general partnership and the content of the programme is good, there were a few aspects of the franchise programme which they found dissatisfying and impractical.

On the whole, the franchisee appeared to be positive about the idea of having the franchisor teachers come over to teach with them and train them, but certain individual teachers who were sent by the franchisor did not work out well (for example, there was an initial Head of English sent for two months to help set things up and thereafter another HoD was sent for the long term; the latter individual did not work out so well despite the fact that the individual was a native Canadian speaker of English – all evidence pointed to him as a reasonably good teacher but not a good administrator and trainer).

Other points of dissatisfaction appeared to stem from the assessment that certain characteristics of the franchised programme were neither suitable nor appropriate for the local context of the franchisee institution (for example, it was mentioned that insufficient or no training was provided by the franchisor for the local teachers to

know how to use the textbooks which were 'western' in context and many of the local teachers did not know how to bridge the cultural assumptions made in the text book, hence the franchisee's move to change the text books to ones they were more familiar with).

5.7.6 Impact of Franchising on Quality of the Academic Programme

This was a very unique situation where the franchisee had of their own accord made decisions to change aspects of the franchised programme without reference to the franchisor themselves.

5.7.7 Strategies for the Future

The indication from this Focus Group seems to be that the franchisee institution is keen to maintain the franchise relationship and collaboration, and to continue to depend on the franchisor to provide guidance and training in some measure. There was also a clear indication that the franchisee institution wishes to give their students the opportunity to transfer to study at the franchisor institution in the long-term.

5.8 Case Study Seven: Franchisee F

Case Study Seven's franchise relationship spanned from 2002.

5.8.1 Case Description (and Nature and Type of Franchising Arrangement)

The original franchise proposal and discussion was for the franchisee to offer the franchisor's 3-year degree programmes in its entirety at the franchisee institution's site when the franchisor gains the right to confer its own degree programme (which would be moderated by a UK University).

However, the Ministry of Education in the franchisee's country made it clear that the franchisee institution was not allowed to run any programme above the Diploma level and also not to run any programme by an external institution, and at that juncture the discussions and plans were shelved.

This Case Study was selected as an example of an institution that had stalled at the first exploratory phase (called the 'pre-relationship stage'; see Section 2.4.3) of a potential franchise relationship.

5.8.2 Report on the Interview

This was not a Focus Group because there was no team of staff who were involved in the running of any franchised programme; instead, it was one individual who was involved in the initial discussion and exploration of the potential for a franchise relationship. The interview was conducted on 17th February 2006.

It was a simple and short interview conducted by a moderator. The researcher was not present at the Interview.

As mentioned in Section 5.1 above, there were two case studies in this research which did not have sufficient participants in the institutions to participate in a Focus Group, and thus the researcher had no alternative but to have the moderator interview the sole personnel who was involved in the franchise negotiations (in both the case studies this one and the next one 5.9) the other personnel who were involved in the early stages of the discussions had already left the institutions). The interviews of these two case studies are worth including in this study to showcase the reasons why the franchise initiatives did not progress.

5.8.3 Reasons for Franchising

The potential-franchisee institution had wished to allow its students to complete an entire 'overseas degree' within its own institution without the students having to actually travel overseas. Hence, the exploration for a '3+0' franchise mode where the franchisor's three-year degree programme is franchised entirely to the franchisee.

The primary objectives of this exploration was cost-saving for the students and an obvious market advantage to the franchisee institution.

5.8.4 Present Status of Franchise Relationship

The franchise relationship did not have a chance to develop and thus skipped from exploratory phase to the final 'relationship-end' phase of the franchise relationship five-stage continuum (where the 'relationship-end' phase in this case is more an instance where the franchise relationship had prematurely ended without having even reached relationship growth stage or partnership stage, thus this stage is more aptly labelled the 'premature dissolution' phase which differentiates itself from the 'relationship end stage' of other franchise relationships).

In the exploratory phase, personnel from the franchisor institution had made a site visit to the franchisee institution to gauge the suitability of franchising to the latter. This was part of the 'due diligence' exercise conducted by the franchisor institution to every potential franchisee institution.

The visit comprised of an academic audit where the lecturers of the franchisee institution were interviewed and their qualifications were noted, the franchisee's infra-structure and facilities were made note of (e.g. whether computer labs, library and other facilities were adequate), examination papers were looked at, etc.

However, despite all the ground work and preparations done to pave the way for a franchise relationship, it later surfaced that the Ministry of Education had give instruction for the initiative to be halted. The following excerpt describes:

> **Interviewee**: So this collaboration that we were developing with [the franchisor institution] can be therefore looked at two levels. At the first level, at the level of the board of the technical school trust fund as well as the then chairman, there was a very profound commitment - because they were fully aware of the demands of the students and they were fully aware of all the groundwork that had been covered - and if I remember even the then chairman had even been to the University of East London to have further discussions so there was a commitment by the technical school management trust fund to go ahead... and acting under the directive of the

then chairman, of course, at that level and higher we also push a little bit forward.

But then, when we came to the second aspect of apprising the Ministry of Education, when the Minister of Education was apprised of this, there was a directive that was given to stop this school and not to proceed further and the reason that was given... it was mainly policy orientation of the then government, the then Ministry of Education. So, given that it was a policy coming from the Ministry and the trust fund operated with the ministry, we had to abide by this policy.

5.8.5 Factors for Success or Failure of the Franchise Relationship

This question was not applicable to this Case Study, as the franchise relationship never materialised.

As explained and elaborated upon in Section 2.4.3, this Case Study set out to select cases that represented franchisees in different stages of relationship to the franchisor, and therefore by necessity this particular case study - which represents a franchisee that had not matured beyond a preliminary exploratory stage of franchising – would not have reached a phase that enabled it to either succeed or fail.

The reason for the franchising collaboration to not materialise at all is as explained in the previous Section 5.8.4 above, owing to the local Ministry of Education policy as it related to the franchisee institution in particular.

5.8.6 Impact of Franchising on Quality of the Academic Programme

Likewise, as with Section 5.8.5 above, this question was also not applicable to this Case Study, as the franchise relationship never materialised.

5.8.7 Strategies for the Future

This question was also not applicable to this Case Study, as the franchise relationship never materialised.

5.9 Case Study Eight: Franchisee G

Case Study Eight signed a Franchise Memorandum of Agreement in 2002.

5.9.1 Case Description (and Nature and Type of Franchising Arrangement)

The original proposal and discussion was for the franchisee to offer 3-year degree programmes in its entirety at the franchisee institution when the franchisor gains the right to confer its own degree programme (which would be moderated by a UK University).

However, a combination of factors placed the initiative on hold: the need for application for approvals from the local Ministry of Education in the franchisee's country (which was apparently going to be very difficult to obtain); the UK University's reluctance to proceed in the tripartite collaboration; and the franchisee's no-confidence in the market demand for the franchised Malaysian qualification (even with the UK University partnership).

5.9.2 Report on the Interview

This was not a Focus Group because there was no team of staff who were involved in the running of any franchised programme; instead, it was one individual – the Group CEO of the company of which Case Study Eight was one subsidiary institution - who was involved in the initial discussion and exploration of the potential for a franchise relationship.

The initial exploration to look into the potential of franchising from the franchisor institution involved a team from the franchisee institution as well, but according to the interviewee all the members of the team had left the company already.

It was a simple and short interview conducted by a moderator on 24th April 2006. The researcher was not present at the Interview.

As with the Case Study in Section 5.8 above, this is one of two case studies in this research which did not have sufficient participants in the institutions to participate in a Focus Group, and thus the researcher had no alternative but to interview the sole personnel who was involved in the franchise negotiations; the other personnel who were involved in the early stages of the discussions had already left the institution. The interviews of these two case studies are worth including in this study to showcase the reasons why the franchise initiatives did not progress.

5.9.3 Reasons for Franchising

Case Study Eight sought to explore the opportunity to offer a more economical full degree programme (economical in that it did not require the students to travel overseas but instead the students could complete the entire overseas degree qualification in their home country) which would carry the 'moderated by' imprimatur of a well-known highly-recognised UK university - hence the attraction of a degree from Malaysia but carrying the endorsement of a UK university.

5.9.4 Present Status of Franchise Relationship

The franchise relationship did not have a chance to develop and thus skipped to the final 'relationship-end' phase of the franchise relationship five-stage continuum.

In the exploratory phase, personnel from the franchisor institution as well as the UK university had made a site visit to the franchisee institution to gauge the suitability of franchising to the latter. This was part of the 'due diligence' exercise conducted by the franchisor institution to every potential franchisee institution.

The visit comprised of an academic audit where the lecturers of the franchisee institution were interviewed and their qualifications were noted, the franchisee's

infra-structure and facilities were made note of (e.g. whether computer labs, library and other facilities were adequate), examination papers were looked at, etc.

However, despite all the ground work and preparations done to pave the way for a franchise relationship, several factors arose that blocked the franchise relationship from developing, as outlined in the following sub-section.

5.9.5 Factors for Success or Failure of the Franchise Relationship

The apparent potential for franchising did not materialise due to the following obstacles:

a. Perceived lack of branding power of the franchisor institution's name (as well as the origin of the institution from Malaysia);
b. Difficulty in obtaining approval from the local Ministry of Education of Case Study Eight's home country; and
c. The UK university's lack of follow-up action caused an indefinite delay in the exploration of the potential.

The following excerpt describes and elaborates on the above points:

> **Interviewee:** But I think the main problem was that in [this country's] market, you are not really looking at awards given out by private institutions in the region. Okay...this is very clear. For example, let's say you are a [citizen of this country's] student, they would not be prepared to accept a degree offered by a Malaysian private institution. This is the way we are looking at this, as you know, we are looking at institutions that are recognized internationally. So, although [the franchisor institution] was linked to overseas institutions, students would be prepared to accept an award by an overseas institution direct, but not [the franchisor institution] or a combined one. Of course, the direct one has certain advantages and certain disadvantages...but the [the franchisor institution] one would be probably in a sense, they are more involved and easier to implement and less conditions imposed. So this part...it was difficult to get through.

Now, we try to work with them to link up with the University of East London... I visited the Vice Chancellors, and it was generally agreed that it could be done. And they even brought the UeL rep to come to take a look, and the person who was supposed to work closely with them came here to have a look... But after that, they said they would arrange for an inspection, but the inspection never materialized.

5.9.6 Impact of Franchising on Quality of the Academic Programme

This question was not applicable to this Case Study, as the franchise relationship never materialised.

With reference to Section 2.4.3, this Case Study set out to select cases that represented franchisees in different stages of relationship to the franchisor, and therefore by necessity this particular case study - which represents a franchisee that had not matured beyond a preliminary exploratory stage of franchising – would not have reached a phase that enabled it to actually offer the academic programmes that were intended to be franchised.

5.9.7 Strategies for the Future

While the interviewee expressed some glimmer of continued hope in being able to still somehow find a way to advance the perceived potential of a franchise relationship with the franchisor, the final admission was that there was no future for the relationship.

5.10 Summary of Results and Conclusion

From the above results, there are several points of summary which can be made:

1. Several of the case studies are in more than one of five of the phases/stages outlined in relationship marketing literature (for example, several of the case studies were 'stagnant' in stage two of the relationship for an extended period of inactive time, and this long phase of inactivity causes the same franchisee to enter stager five

as well). Arising form this, there are at least two examples for each of the stages except stage four of partnership.

2. Therefore, this study will work towards analysing, isolating and identifying the factors that have contributed to the predominance of franchisees' inability to enter stage four. Thus the problem of the franchise relationships is distilled to be one of relationships unable to proceed to full growth and partnership.

3. Previously, the factors that contribute towards the success or failure of a franchise relationship could only be instinctively guessed at – are primarily cross-cultural issues, communication problems.

The deeper analysis of the above results will be outlined and described in the next chapter to look for themes and trends.

TABLE 5.1 SUMMARY OF FOCUS GROUP RESULTS

	RQ 1 "Why be a franchisee?"	**RQ 2** "What is status of franchise relationship?"	**RQ 3** "What factors contribute to the status of relationship?"	**RQ 4** "What is the impact on academic quality?"	**RQ 5** "Is the franchise worth continuing, and why?"
Case Study 01	To allow the students of the franchisee institution to use the franchisor's Foundation Programme as a pathway to other universities in Australia and the UK	Reached "relationship growth stage" (stage 3) but now prematurely reached "relationship end" (stage 5) with no further recruitments	Miscommunication on number of subjects for students to take and misunderstanding of transferability of franchisor's programme	Minimal academic support by franchisor and a disjuncture between content of Malaysian programme and relevance in Indonesian context	The franchisee indicated they would still like to continue with franchisor by exploring and discussing other forms of collaboration instead
Case Study 02	To offer a suite of franchised programmes from various countries to give their institution a breadth of choices of programmes	Have not been able to recruit any students because "there is no market" for the '2+1' mode	The franchise relationship was unable to proceed any further as franchisor did not franchise entire degree to franchisee	This question was not applicable in the case of this franchisee as the programme had not launched yet.	The franchisees hope to continue a franchise relationship with the franchisor with a '3+0' mode instead
Case Study 03	To offer a suite of franchised programmes from various countries to give their institution a breadth of choices of programmes	Has progressed beyond basic 'interaction phase' but has not managed to enter the 'relationship growth phase'	The franchise relationship was unable to proceed any further as franchisor did not franchise entire degree to franchisee	This question was not applicable in the case of this franchisee as the programme had not launched yet.	Franchisee expressed intention to request for exclusivity clause in the franchise agreement to be more successful
Case Study 04	To give their students a more economical option for a degree programme to Malaysia instead of just the existing path to Australia	Had not been able to go beyond the 'initial growth stage' (phase three) and now 'premature dissolution' stage	There was one specific point of misunderstanding on the entry requirement for the franchised Foundation Programme	Franchisor's academic support was insufficient & inconsistent; quality of franchisor's lecturers were suspect	Franchisee would still like to continue with franchisor by exploring and discussing other forms of collaboration instead
Case Study 05	To provide alternative destination to a country that had academic quality while not having as many visa restrictions as US and UK (post 9/11)	Has entered into phase three of the franchise relationship, which is the 'relationship growth stage'	The general partnership and content of the programme is good, but a lot of 'teething' problems to be addressed	Students happy with franchised portion in franchisee's institution, but did not cope so well at franchisor institution	a strong consensus that the franchise relationship should definitely continue and will be successful
Case Study 06	To give franchisee institution an 'international' identity, and to learn from the franchisor's 'expertise' in teaching English to foreign students	The franchised programme was well underway in having completed its first year at the time of the Focus Group	The general partnership and content of the programme is good, but a few issues and problems to be resolved	A unique situation where franchisee made decisions to change parts of the franchised programme without consultation	Franchisee institution keen to maintain franchise relationship and to continue depending on franchisor to provide guidance
Case Study 07	The potential-franchisee institution had wished to allow its students to complete an entire 'overseas degree' within its own institution	The franchise relationship did not have a chance to develop; skipped from 'exploratory' to 'relationship-end' phase	This question was not applicable to this Case Study, as the franchise relationship never materialised	This question was not applicable to this Case Study, as the franchise relationship never materialised	This question was not applicable to this Case Study, as the franchise relationship could not proceed anyway
Case Study 08	The potential-franchisee institution had wished to allow its students to complete an entire 'overseas degree' within its own institution	The franchise relationship did not have a chance to develop; skipped from 'exploratory' to 'relationship-end' phase	The franchise relationship could not progress due to difficulty in marketing and recruitment	This question was not applicable to this Case Study, as the franchise relationship never materialised	Franchisee hopes for a way to go ahead with a franchise relationship but admitted there was no possibility of that

Table 5.2 Commonalities and Disparities Among Franchisees (From Focus Group Data)

Research Question	Similarities/Commonalities Between Focus Groups	Differences/Disparities Between Focus Groups
1 "Why be a franchisee?"	To use franchised programme to attract more students to the franchisee institution (franchised programme as additional and/or cheaper option)	No disparity noted
2 "What is status of franchise relationship?"	Either has not gone beyond 'exploratory stage' (Stage 1, 2 cases) or not gone beyond 'interaction phase' (Stage 2, 2 cases) or prematurely dissolved (2 cases); i.e. none have reached 'partnership phase' (Stage 4).	Two cases have potential to possibly reach Stage 4 but no clear indication of this at the time of the Focus Group.
3 "What factors contribute to status of relationship?"	Two cases failed out of lack of proper communication; two other cases were due to unsuitability of the franchise mode and/or lack of support from franchisor; two others were potentially progressing but with issues.	One case could not materialize arising from governmental restrictions, and another did not materialize because of lack of branding of the franchisor's programme in franchisee country.
4 "What is the impact on academic quality?"	This question was not applicable to four cases (either franchise never materialized or has stopped). Two other cases identified lack of franchisor support having negative impact on quality of academic.	One case had students doing well in franchisee portion but not in franchisor section; another had the franchisee modify the franchisor content without consultation with franchisor.
5 "Is the franchise worth continuing, and why?"	7 cases expressed wish or intention to continue with franchisor in one form or collaboration or another	One case was not applicable as governmental restrictions did not allow for franchise to proceed.

CHAPTER SIX
CROSS CASE ANALYSIS OF DATA

6.1 Introduction

In this research, data has been collected from various franchisees, and this can be considered a study involving multiple comparative case studies. In this instance, there would be two stages of analysis involved: the within-case analysis and the cross-case analysis.

For the former which was done in the previous Chapter, each case would naturally be treated as an independent comprehensive case in and of itself. Once an analysis of each case has been completed, then a cross-case analysis would begin.

In this particular chapter, the cross case analysis will compare and contrast each of the individual case studies together with the objective of generating and isolating patterns and motifs.

6.1.1 The Analysis of Major Themes

The next section of this research study will attempt to produce a summary description of the data, especially in terms of identifying and isolating themes and trends – through the process of noting which factors are mentioned most often throughout the different focus groups (and supported by some excerpted direct quotations from the transcriptions) – that will ultimately seek to capture recurring patterns. Any conclusion – leading to recommendations and proposals - will be drawn from an analysis of the text/transcription as a whole.

For easy reference and comparison as well as to ensure consistency, this Chapter will follow the pattern of heading titles used in the previous Chapter (i.e. the five headings of "Reason for Franchising", "Present Status of Franchise Relationship", "Factors for Success or Failure of the Franchise Relationship", "Impact of Franchising on Quality of the Academic Programme" and "Strategies for the Future") and these headings are also in line with the research problem and questions laid out in Chapter One.

In approaching this task, this researcher also made sure to keep in mind the following three factors as part of the analysis of the focus group transcripts:

> (a) whether an issue only comes up in one or a few groups; (b) whether issues are raised, or returned to, in spontaneous discussion by group members or only comes up in response to questions posed by the moderator; and (c) whether group members find an issue both important and interesting, merely one but not the other, or neither" (Kidd and Parshall 2000, p. 301)

6.1.2 A Cross Analysis of the Franchisee Institutions and Franchised Programmes

A description of the eight franchisee institutions can be found in Section 2.4.2 as well as summarised in Table 2.1

In summary, the institutions are from a range of those owned by national corporations to those founded-owned-and-run by a husband-and-wife team, with student populations of as low as zero to a few hundred to those that have close to 2,000 students.

None of the franchisee institutions have award-granting powers, but several of the franchisees offer the franchise of a full degree programme in their institution. The programmes franchised from the franchisor range from a Foundation Programme or a one-year English Proficiency Programme at one end of the spectrum to the first two-years of a degree programme at the other end.

6.2 Reasons for Franchising

This section highlights the reasons given by both the franchisor and franchisee institutions on why they have chosen to franchise.

6.2.1 For the Franchisor

The website of the franchisor institution has a section that outlines and describes its franchising initiatives, including its reason and rational for franchising. The statement

goes: "[The university] franchises its programmes to several franchisee institutions around the world, thus allowing greater access for many more students and wider options for students to complete [the university's] degree programmes from various locations globally."

The statement above falls in line with the wider literature that points to some main reasons for franchising being the broadening of boundaries and borders (to allow greater scope of branding of the institution's name) as well as to increase recruitment of a greater number of students than those who would otherwise not have become students of the university.

6.2.2 For the Franchisees

When analysing the various responses to the reasons why the eight franchisees chose to franchise, three themes emerged common to most of the franchisees, while three other reasons emerged as a pattern among some of the franchisees.

All eight franchisee institutions seek to provide international options and pathways for their students (either for the students to complete an international degree in their own country or to have the franchised portion of the academic programme provide a pathway of completing their degree programme overseas). In other words, one of the main and primary reasons for franchising the academic programme(s) was to provide a more economically affordable option for students who would otherwise not be able to afford to go overseas (either entirely or partly) to obtain that overseas qualification.

Seven of the eight franchisee institutions noted that they already had other international programmes (i.e. other franchise programmes that allowed students to proceed on to either the USA, UK or Australia mainly), and franchising from this research's franchisor institution was to increase the options by adding one more country to the selection, especially when this particular franchisor institution would give an even cheaper option compared to other countries such as the USA, UK or Australia.

Thirdly, one other main reason for franchising was to give the franchisee "an international reputation" as well as to gain a "market advantage" for the franchisee institution (even leading one of the franchisees to seek a level of 'exclusivity' as a franchisee in the wider region which the franchisee was located in).

A fourth trend that emerged was that a few of the franchisee institutions also made mention of the attraction of franchising from a franchisor institution in Malaysia which offered degree programmes which were moderated by a UK university.

Unique among all the franchisee institutions, one institution in particular also clearly stated that their reason for franchising from an institution in Malaysia was because the previous preferences of students pursuing further degrees in the USA, UK or even Australia was restricted or even closed arising from the post-9/11 backlash. This meant that the students from this franchisee institution's country were unable to obtain study visas to these other countries but had no restrictions to enter Malaysia instead.

Related to this aspect of the attraction to franchise from a Malaysian-institution-franchisor was the attraction of the context of a country that was a liberal, modern Islamic country for the franchisees which came from Pakistan and Indonesia in particular.

Sixth and finally, there was an indication from one of the other franchisees that their reason for franchising from this study's franchisor was because of the perceived level of expertise in the offering of the academic programmes which the franchisee sought to adopt and learn from (one clear example of this point was demonstrated by one of the participants in the Focus Group from Case Study Six as highlighted in Section 5.7.3 above, where the franchisee sought to learn from the 'expertise' of the franchisor in the teaching of English to foreign students, and hence the arrangement for lecturers from the franchisor institution to be placed in the franchisee institution to train the franchisee's lecturers).

6.3 Present Status of Franchise Relationship

The various franchisees encompassed a whole range and spectrum of relationship levels in their franchise collaboration. However, one common trend or pattern among all of the franchise relationships of this research is that despite the oldest franchise being five years already (and the youngest franchise relationship being no less than two years), none of the franchise relationships have succeeded in reaching Stage Four at all, i.e. none of the franchise relationships have succeeded in recruiting beyond the first cohort of students to the franchised programme.

Following on from the five-stage franchise relationship outlined in Section 2.4.3, of the eight franchisees, half of them had all reached Stage Five (relationship end or 'premature dissolution') abruptly without having reached or achieved Stage Four at all (two of the ones which had reached Stage Five had reached the end of the franchise relationship without even moving beyond Stage One – these are Case Studies 7 and 8, while the other two had not succeeded in going beyond the recruitment of exactly one cohort of students only, i.e. Case Studies 1 and 4).

Of the four franchisees which have reached Stage Five, all of the franchisees had specifically stated in the Focus Groups that they would still very much like to pursue a collaboration with the franchisor – if there was a way to do so despite whatever reasons that may have led the franchise relationship to come to an end - as they had felt a trust and commitment to the franchisor and its visions of growth.

Of the other four franchisees, two were 'stuck' in Stage Three and two others were unable to progress beyond Stage One of the relationship phase. Case Studies 2 and 3 had reached an agreement to franchise only the first two years of a degree programme but had reached the realisation that the market they were targeting would only sign up for the programme if the entire course could be conducted and completed in the franchisees' home country. Case Studies 5 and 6 had not managed to move beyond the recruitment of one cohort of students in the franchise programme (one because of the programme being 'halted' in the progression of the collaboration by the lack of formal approval from the franchisee country's Ministry of Education, and one because the franchised programme was not entirely suitable for the franchisee's teachers and

students, and thus the curriculum of the franchised programme was modified, resulting in the revamped curriculum becoming very different, to the extent that it was beyond recognition from the original franchised programme.

In summary, the above reveals a common pattern where each of the franchisees has not been successful in growing and expanding the franchise beyond recruiting one cohort of students only at most (and the cause of this can be attributed to various different reasons, as outlined in the next section below).

6.4 Factors for Success or Failure of the Franchise Relationship

Through all the focus group sessions, all eight franchisees consistently expressed firstly their happiness with the level of trust and cooperation in the overall franchise relationship, secondly their willingness to continue in some form of collaboration and partnership with the franchisor despite the lack of real success in the current franchising endeavour, and thirdly their satisfaction with the content of the franchised academic programme.

The above three points appear to highlight the 'trustworthiness' of the franchisor as well as the reliability of the franchisor's academic programmes, and these factors seem to enhance the franchisor's strengths and advantages – and all of this despite the fact that there were serious problems highlighted.

In other words, what was unique and worth noting was that despite problems and weaknesses on the part of the franchisor, the franchisees still expressed in the Focus Group a willingness to continue to franchise from the franchisor.

One example of this is found in a response from a participant from Case Study Four, a franchisee institution that describes their experience with the franchisor institution as being a 'bad experience' because of a serious instance of miscommunication, *nevertheless* the franchisee institution still felt that they would like to continue to find a way to collaborate with the same franchisor.

From the responses of the franchisees, there was a level of confidence and trust which was developed in the relationship between the personnel of the franchisor and franchisees (examples of these are found in the responses excerpted in Sections 5.2.7, 5.5.7 and 5.6.7.

Excerpt from Focus Group for Case Study Four

> **Participant # 1 (Franchisee International Programme Director)**: At this point, because...we had offered a foundation program but it didn't work out very well. We didn't have a good start. We can say that we had a bad experience in that sense. But we did have a good experience collaborating and communicating with our partner in Malaysia. And we enjoyed that, but because the issue is not about our relationship, but the issue is something else is just the entry requirement which basically blocked our relationship.... We have to put it to an end. But because we have that good relationship at this point we're looking at other programs that we can put together.

However, there were just as many if not more input and feedback pointing to the factors that contributed to the lack of success in the franchise relationships as well (and in this study, the 'lack of success' or 'failure' – as described in Section 1.4 and Appendix A – is, as defined in this research, when the franchisee is unable to recruit any students into the franchise programme, or is unable to recruit beyond the first pioneer cohort of students into the franchising programme, thus leading the franchise relationship to prematurely end).

The factors which are said to be contributory to the lack of success of the franchising relationship – as reported through the focus groups of this study - are broken into five main identified issues below. Following the five main factors, there is an additional subsection which gathers some minor points together to also indicate a miscellaneous group of factors which also possibly contribute to the reason why none of the franchisees studied in this research have reached Stage Four of a franchise relationship (Stage Four being the 'growth' or 'partnership' stage of a franchise

relationship indicating that the collaboration has successfully recruited students from cohort 4 and beyond).

The main identifiable contributing factors to the lack of success of the franchise relationship are (in order of most common to least common): (1) the preponderant occurrence of miscommunication between the franchisor and franchisee parties relating to a number of issues; (2) the apparent lack of support from the franchisor to the franchisee on several matters of importance; (3) the unsuitability of the franchised academic programme – the 'lack of fit-for-purpose' of the academic programme – in the context of the country and community of the franchisee institution; (4) the difficulty of gaining the approval of the relevant governmental authorities from the countries of the franchisees and/or the restrictive policies in the franchisee's countries' Ministry of Education governing the franchising of education programmes; (5) the lack of sufficient 'branding' and 'brand-name recall' of the franchisor institution's 'product' (i.e. the degrees from the franchisor institution) thus leading to lack of recruiting power for the franchisees to attract students to the franchise programme(s).

6.4.1 Issue and Theme of Miscommunications

This issue – manifesting itself either as misunderstandings, or as slow responses to requests, or even non-response - is the topic that appears most frequently, urgently and prominently through a majority of the focus group responses, most glaringly from the responses of Focus Groups for Case Study One and Four.

This trend manifests itself most regularly in the form of what could be best surmised as either careless communications (to give benefit of doubt) or an abrupt about-face in terms of an earlier decision (either because of a change in policy, and earlier decision overturned or lack of consistency in practice and procedure); secondarily, the miscommunication appears also in the form of non-communication as information do not appear to be passed on or passed down appropriately from the franchisor to the relevant franchisee personnel to act upon. There is also the third related level of miscommunication which may take the form of either a non-response or very slow replies on the part of the franchisor to requests made by the franchisee.

More specifically, the Focus Group for Case Study One recorded two main instances of miscommunication: one was miscommunication about the number of subjects students at the franchisee institution are supposed to take for the franchised programme, and secondly was a miscommunication about the pathways open to students who complete the franchised Foundation Programme (an earlier impression given by the franchisor to the franchisee was that the franchisor's Foundation Programme would allow students entry to many different universities overseas (e.g. Australia or UK) but subsequently it was revealed that the franchisor's Foundation Programme appeared to allow a pathway only to the franchisor institution.

In the first instance, it was revealed that the problem is primarily in miscommunication in terms of the nature of the product (in reality, it is a programme that has a total of 11 subjects which need to be completed and it allows students to transfer to the franchisor institution mainly upon successful completion, compared with what was originally conveyed which was that the programme only requires students to complete 8 modules and it allows successful students to use it as a passport to enter other institutions in foreign countries).

Excerpt from Focus Group for Case Study One

> **Franchisee's Marketing Manager**: Okay – in [the franchisor institution] programme as we know, we can have a Foundation here, and after Foundation Year we can get Year One all over the world. After two or three years, we realise we cannot register our students to all over the world, just go ...must go to [the franchisor institution].
> **Moderator**: Oh, only go to [the franchisor institution], so...
> **Franchisee's Marketing Manager**: This is one problem...one of our problem, because maybe communication not so clear with the staff.
> **Moderator**: Communication of what you think you should be getting is not clear...

Another excerpt from Focus Group for Case Study One

Franchisee Lecturer: Maybe, this is about...we have sometimes...we have problem...about...like number 2 said...about communication. Our communication...like...when I visit last time to [the franchisor institution], our communication is very bad. They said like that...we also say like that...so we don't know ...what's the problem...because now on, we communicate...by e-mail and also by FedEx to send the entry-ment or some information, this is the first... The second is....

Moderator: But help me understand that...so that we understand what you are saying: you're saying [the franchisor institution] says something, you don't understand what they're saying, or you understand but you don't agree, or what?

Franchisee Lecturer: No, we just agree...but ...I mean.. I mean...our communication...Our communication, maybe...have to improve....

Moderator: So that I can understand. Communication meaning you were saying [the franchisor institution] said this and you said this or you said it but you don't understand or... If I speak German you don't understand me because I speak German, right? But if I speak English you can understand English but I may say "11 subjects" then tomorrow I call you "no, no: 8 subjects" then next week I said "no, 5 subjects"....communication in that sense....

Franchisee Lecturer: I mean like this... We have a problem about the result: we need to know clearly maybe about the mid-test...we have to know this week...so we e-mail, and then...we have to wait so long...maybe two weeks or one month...

Moderator: Okay...so communication is a bit slow...a bit slow...okay

Franchisee Lecturer: ...also sometimes no answer...

Moderator: Okay, that's important: that helps us to understand... when you say 'communication' you are saying sometimes it's a bit slow and sometimes no answer? So we say 'yes', 'no' or what...thank you that's important.

The Focus Group for Case Study Four revealed two levels of miscommunication or misunderstanding: firstly, there was the misunderstanding between the franchisee and franchisor on the issue of the actual entry requirement for the franchised programme, and secondly there was also the apparent lack of smooth communication between the personnel of the franchisee and franchisor.

The miscommunication about the entry requirement for the franchised programme gave rise to the inability of being able to properly recruit the students for the programme. The Focus Group also pointed to the day-to-day lack of quick response from the Malaysian franchisor, especially in comparison to the Australian franchisor that this franchisee had experience with as well.

Excerpt from Focus Group for Case Study Four

> **International Program Director of Franchisee Institution**: So, the bad experience is that we offered foundation program July 2004 but we had a miscommunication regarding entry requirement. The entry requirement for 'O' level students is 5 credits and it's actually very unrealistic for [this country's] market. We usually...in average, student will get only 3 credits, 4 credits at most, but not 5 credits. And the entry requirement for the 'O' level is much higher than the entry requirement for the high school SMU requirement. So it doesn't make sense for us to have that gap at the requirement and because the market is actually 50% coming from 'O' level, 50% coming from SMU, we didn't see that viable to do the foundation program - the Malaysian foundation program – anymore, after that happened. So, what happened is that we had 3 students enrolled in the program and those 3 actually could not be enrolled to the [the franchisor institution]. So we had to stop the program in the middle so they didn't finish the program. They finished one semester but they didn't finish.

Another excerpt from Focus Group for Case Study Four

> **Franchisee Lecturer**: Even at that time ... that Participant No 3 had experienced, had problems...we feel that even though after we had submitted the proposed exams questions ... nothing happened.
> **Moderator**: Oh, I see...
> **Franchisee Lecturer**: Nothing happens for a while.
> **Moderator**: A long time...?
> **Franchisee Lecturer**: A long time, and then when it's close to the exams time, then they said "you need to revise this this this." And then...

Other Focus Groups pointed to problems with regards to a lack of response from the franchisor to inquiries and requests being made by the franchisee (Case Study Two); to a 'mid-stream' change of direction in terms of discussion of what is to be franchised to the franchisee which may be either a case of miscommunication or a change-of-mind (Case Study Three); and one other Focus Group revealed numerous examples of instances of miscommunication, leading to the un-preparedness on the part of the franchisor to receive the flight arrivals of the students from the franchisee's country as one example (Focus Group for Case Study Five).

Excerpt from Focus Group for Case Study Five

> **Moderator**: That is very stressful then... for a student who has paid and gone there. So...it's miscommunication...which creates...
> **Coordinator of Franchised Programme in the Franchisee Institution**: They were not able to access the basic facility for the period of one month initially. That was very discouraging for the students....

The Interview for Case Study Eight explained that there were instances of a lack of follow-up and quick response from the part of the franchisor to requests from the franchisee.

Excerpt from Interview for Case Study Eight

> **CEO of Franchisee**: Now, we try to work with them to link up with the University of East London... I visited the Vice Chancellors, and it was generally agreed that it could be done. And they even brought the UeL rep to come to take a look, and the person who was supposed to work closely with them came here to have a look... But after that, they said they would arrange for an inspection, but the inspection never materialized.
>
> **Interviewer**: So, actually, there was some follow-up, except that it didn't happen...
>
> **CEO of Franchisee**: Yeah...didn't happen. So, as a result, it was difficult...and since you can't do we just let the agreement subsist...

At some level, the franchisor appears to have experienced difficulties in properly communicating information to the franchisees, but what is worse is that there appears to be an inherent problem whereby the miscommunication affects very fundamental and core issues that impact the very nature of the franchised programme.

This issue raises another fundamental problem which is that the franchisor appears to not have elaborated on the core and fundamental issues clearly enough in the Memorandum of Agreement at the onset, or that the franchisor changed the terms and conditions but did not communicate this effectively to the franchisee (Case Study One appears to be an example of the former while Case Study Four appears to be an instance of the latter).

A final excerpt from Focus Group for Case Study One

> **Moderator**: So somehow I get this idea that communication is like the biggest problem, that's what you seem to say. Do you have any suggestion on what ...how to ...see if you can identify a problem...is there anything you can do or [the franchisor institution] can do to ...improve?

Franchisee Lecturer: I think we work ...bad communication, but [this institute] just want to have a partner who is like a direct intake, one partner who like, you say, we must explain to each other like our student say why they cannot go to Year One why they can go to Year One...and communication if our student can take everything on the date, we'll call...marketing that side already promised us to if we can send student today we just send e-mail and ask ...after our students go to [the franchisor institution] and ask the marketing side regarding from your e-mail we can take everything...but the man say "how come you can't take everything...you are already send us the e-mail why cannot take everything..."?

Participant #1: There is still miscommunication...

From the output and outcome of the Focus Groups in this research, there is no indication that the communication problems arise from any pre-existing problems nor from any ill-intent to confuse or obfuscate on the part of any of the parties.

With the inclusion of additional triangulated data into the dissertation (including more specific details from the franchise contracts, e-mail communications, minutes of meetings and internal franchisor memos, etc.) as well as more details of the relationship creation process and description of each of the franchise relationships (e.g. more elaboration upon the exploration, negotiation and disclosure stages of the development of franchise relationships), there is greater ability to identify if the communication problems in the franchise relationships are pre- or post-contract.

The data and findings point to both parties – franchisees and franchisor - being sincere in wanting the franchise relationship to work (e.g. despite the difficulties and challenges, franchisees as a majority expressed a willingness to pursue the relationship with the franchisor institution to find various modes of more successful collaborations; see page 244 below), hence this is indicative of the parties not wanting to intentionally mis-communicate. The parties were clear in their intent on making the partnership work.

The data and findings also strongly support the fact that because there was substantial pre-contract negotiations and discussions leading up to the formal agreement (see page 41*ff*), there were sufficient opportunities for the potential franchise partners to give feedback, raise queries, address uncertainties, anticipate problems and circumnavigate complications in such ways as to negate - or at least minimize - any possibility of pre-existing communication problems being present prior to signing of contract.

As such, this research can only work on the assumption that the parties were forthright and honest at disclosure stage without any intentional obfuscation.

It will be suggested later in this study that the problem of miscommunication "arises not just from simple miscommunication or non-communication of facts and figures, but also very likely is linked to the lack of proper description or detail in the roles and responsibilities of each partner, thus leading to unspoken expectations or assumptions being made..." (pp. 263-264).

It will thus be the recommendation of this study later that if the franchisor institution wishes to improve the communication between franchisee and franchisor institutions, the issue of the construction and content of the Franchise Agreement would need to be reviewed (see page 243).

6.4.2 Lack of Support from Franchisor

The second most frequent theme that arose from the Focus Groups which contributed to the lack of success of the franchises was the short supply of adequate support provided by the franchisor towards the franchisees. The support referred to by the franchisees often meant one of two (or both) types of support, mainly support in terms of marketing/recruitment support, as well as support in the form of academic resources and training accompanied by manuals and materials for the teachers/lecturers of the franchisees in relation to the franchised programmes' syllabus.

On a more micro level, there was also an indication from students from one of the franchisees (Case Study Five) that there was also a lack of support from the lecturers in the franchisor institution in extending help and understanding to problems which the students were facing when they were studying at the franchisor institution for their final year degree programme component.

As an example of the first and second type of support which was lacking, the Focus Group for Case Study One highlighted the lack of marketing support from the franchisor for the purpose of promoting and recruiting in the other surrounding regions of the franchisee's country, as well as the lack of academic support (the Focus Group participants pointed out to the lack of any franchise package or training manual, and some lecturers did not receive any notes to help them in the teaching of the franchised programme's subjects at all).

Excerpt from Focus Group for Case Study One

> **Participant #4 (Franchisee Lecturer)**: Yeah... We have like this....We need the support from [the franchisor institution] if we want to promote the [the franchisor institution] programmes to the other islands...
>
> **Participant #6 (Franchisee Lecturer)**: ...From what I've seen, there was no [the franchisor institution] specific teaching materials available for any other courses. I only taught two programs but there is no [the franchisor institution] specific materials there is only one text book, one general text book, and it was just like the education system in Indonesia, here is your book, go and study, right? So as a lecturer in foundation, I give the student his book: "okay go do it".

Another excerpt from Focus Group for Case Study One

> **Participant #4 (Franchisee Lecturer)**: As I know Malaysia [a 'competitor' institution in Malaysia] is brave to make the press release, advertise in the newspaper, but [the franchisor institution], never. So they create the image of [a 'competitor' institution in Malaysia] in

[this city] is very big, very good. [a 'competitor' institution in Malaysia]: people know. But [the franchisor institution]: huh, where's [the franchisor institution]? I don't know. That's the problem. One. Two: Sometimes, we asked [the franchisor institution] to support the marketing but ...

Participant #3 (Franchisee Marketing Manager): ...I mean, [this institute] and maybe [the franchisor institution] ...we haven't got one step in contract in the franchise [the franchisor institution] must do this and another don't have. In the beginning we just applied...

Participant #1 (Franchisee Lecturer): So, what I know is so far like this: for the marketing release, service has been done to promote directly or indirectly about [the franchisor institution] is always from [this institute,] not really support from [the franchisor institution]. What we seen like [a 'competitor' institution in Malaysia] College, okay: in the newspaper they publish an article, even a very big one. We cannot put that way because it cost a lot and no support from [the franchisor institution] financially. So, we cannot compete with that.

Like the Focus Group for Case Study One above, the Focus Group for Case Study Two also noted the lack of any proper franchise package from the franchisor nor was there any support in product training from the franchisor. It was also pointed out that there was the problem of a lack of follow-up in instances where a personnel from the franchisor has left the franchisor organisation – and this would be a personnel quite intimately involved in the operations of the franchise relationship - and no one had taken the pains to ensure the replacement personnel is fully briefed.

Excerpt from Focus Group for Case Study Two

Participant # 2 (Managing Director of Franchisee Institution): Usually when people doing franchise they get a full training and get handout, complete guidelines, run things according to their quality even if they are not there the quality still runs, for example, McDonalds, KFC, they don't have the quality control from United States to station at every outlet but their quality is the same, every of

their products. So they made a system, a better system to match the standard quality, [the franchisor institution] should do that also, they make out a standard requirement, giving out guidelines so we can follow.

The Focus Group for Case Study Three pointed out to the lack of marketing support and insufficient information provided on the franchisor; there was a call for the marketing team from the franchisor to support and to train the franchisee more, but that invitation had apparently went unheeded.

The Focus Group for Case Study Four outlined the ways there had been a lack of support in the area of the on-line course materials as well as last minute unclear calls for exam script changes; this group also noted the lack of a proper franchising package on the part of the franchisor.

Excerpt from Focus Group for Case Study Four

Participant # 2 (Franchisee Lecturer): ...What I thought with the franchise programme, we get the materials, the notes... What happened last year the lecturers prepared their own content based on the syllabus ... so there is actually no ....no...

Participant # 1 (Programme Director for Franchisee Programme): It's actually not fully...packaged.

Moderator: You would have preferred more... then that would be more helpful.

Participant # 1 (Programme Director for Franchisee Programme): Yeah...because for some subjects there are details... I mean, there're even power points, presentations and things like that... even assignments. But for some courses we didn't see that.

Moderator: I see...so it was inconsistent. Some subject more, some subject less. So in cases like that when they was less, you mentioned that your own lecturers then supplemented it, they added on their own.

Participant # 1 (Programme Director for Franchisee Programme): Yeah... We have only one week two weeks of preparation. We have a

short time. But what I remember we also ... we...you know... there was a change in the syllabus from the franchisor. So the franchisor gave us a complete document - the DAD - include the syllabus. But that syllabus is not exactly the same as the one in the package.

Another excerpt from Focus Group for Case Study Four

Participant # 1 (Programme Director for Franchisee Programme): Maybe more of the package of the courses. This is franchise, not moderation, not validation. So we were hoping maybe like even a CD for each of the subject. That would be great. We can give that out to the lecturers as well. Sometimes we can't depend on the password. Sometimes we got it later, we got the email late so the lecturers themselves had a problem preparing the class because we're depending on that. If we had like a PD (a complete package) – CD for each of the course.

Moderator: I think that it's a good point.

Participant # 1 (Programme Director for Franchisee Programme): That's what we had with the other partner.

Participant # 2 (Franchisee Lecturer): We can have guidelines, course contents, maintenance, samples.

Moderator: Maybe samples of exam papers.

Participant # 1 (Programme Director for Franchisee Programme): I like bound in one file that can be sent from franchisor to us so that we can really deliver the education exactly the same standard as in Malaysia.

Focus Group of Case Study Five described the lack of quick and adequate response to various matters and tasks, especially those related to providing care for the international students who are studying in the franchisor's institution (these international students were originally from the franchisee institution, now continuing the final component of the franchised programme).

As with Case Studies One and Two, the Focus Group of Case Study Six participants pointed to the lack of academic support to train the franchisee's teachers to teach the franchised programme (similarly, it was noted that this took the form of a lack of training and information, more specifically in this case training on how best to use the text books recommended in the franchised programme); participants also noted that there was no support from the franchisor for marketing initiatives as well.

Excerpt from Focus Group of Case Study Six

> **Participant #6 (Franchisee Teacher)**: And for me, I think the textbook is maybe...I mean, the first book, "Interactions" for Year One students, I think maybe that book is very easy for English majors, but for non-English majors, maybe...all the materials, all the language points in that book, were learnt by them in their previous school, so they have no interest to study it...
> But I think the next book, "Interactions" for Year Two students: I think that book is okay for non-English majors.... We can learn a lot in that book.
>
> In my teaching, I think the book is in some aspects the text books are very very useful for us. But the problem is no one tell us, tell our teachers, how make full use of it...
> **Participant #6 (Franchisee Teacher)**: We just have reference book, not enough; they are all answers for the essays, but no cultural background to the material and content. So, in our school we just use for it our textbooks and our Chinese teachers teach it in our traditional way...so I think it is a waste of material....
> **Participant #2 (Franchisee Head of English)**: So maybe some training courses are needed....
> **Participant #6 (Franchisee Teacher)**: We don't know in [the franchisor institution], how teachers use the book...,
> **Moderator**: So, so far, [the franchisor institution] has not provided any training? Has [the franchisor institution] given any training to the teachers?

Participant #2 and #6: No...

Another Excerpt from Focus Group of Case Study Six

> **Participant #2 (Franchisee Head of English)**: But the problem for this... I think the good thing at the same time [the franchisor institution] send foreign teacher to take charge of the whole department with this job; when he organise all of the programme and all of the meeting, everybody should speak English, so get our teacher to improve their speaking skills.
>
> But, the problem is...our teacher, she mentioned: when she taught this textbook...before they taught the textbook, nobody trained them, nobody to say: 'this book, should have some preparation or aim, to get the which level, and which part should get the what skill, and to get the students to learn what you can teach to the students from this textbook.

In the Interview for Case Study Eight, the interviewee hints at the point that the franchisor may not be focussed enough and not paying sufficient attention to the franchisee, thus leading to the lack of adequate support for the franchisees.

Excerpt from Interview of Case Study Eight

> **Interviewee (Franchisee CEO)**: And I think they are expanding very very fast, they are growing very very well...so probably I feel that we may not be important enough...
>
> I think this is very clear: they have got other priorities, and they may not consider us as important enough... to put enough time to grow the relationship further...
>
> **Interviewer**: So you feel currently the relationship is a bit inactive, dormant...?
>
> **Interviewee**: Dormant, yes... We are still keeping in touch ...
>
> **Interviewer**: But you are open to growing it if you think sufficient energies and resources are put into it...

Interviewee: Definitely... In fact, I was...I'm only last week or the week before last when I knew he was not coming and you would in his place... In fact, I was thinking, well, when he comes, maybe we can take the opportunity to talk and explore possibilities and so on...

6.4.3 The Franchised Programme is Not Suitable/Suited for What the Local Market Wants/Needs

The third dominant theme that emerged from an analysis of the Focus Groups with respect to factors that contribute to the inability of the franchises to progress successfully is the factor of how the franchised programmes do not appear to be 'fit for purposes' in the context of the franchisee's market and country. This theme encompasses the factors where there appears to be a disjuncture in the marketability, relevance and cultural suitability of the franchised product to the franchisee's context.

More specifically, the various types of 'un-fit' or unsuitability involve (i) the way the syllabus and curriculum of the franchised programme does not 'culturally' match the background the franchisee students come from (i.e. in Case Study One, the cultural and academic assumptions of the franchisor's franchised programme does not help the students from the franchisee to succeed easily, and in Case Study Six the 'cultural references' of the text book are not easily grasped nor understood by the teachers and students of the franchisee institution; see excerpt below for example, (ii) the mode of franchise does not encourage local students to enrol for the programme (i.e. for Case Study Two and Three, a "2+1" arrangement where a student will need to spend one year in the franchisor institution does not encourage local students who are working and prefer evening classes and to complete the entire degree locally to register); (iii) the stipulated entry requirement for the franchised programme does not encourage local students to enrol for the programme in the franchisee's locale (viz. Case Study Four involves a franchisee which also offers similar franchise programmes with an Australian franchisor institution that carries a less stringent entry requirement compared to the Malaysian franchisor); (iv) the syllabus of the subjects were pitched at a level that was higher than what the students felt they could cope with (as is the case from the input of students participating in the Focus Group for Case Study Five); and (v) the franchisor institution was not well known in the franchisee's locale.

For the first example, a participant from the Focus Group for Case Study One points to how unsuitable the franchise programme is for the local market of the franchisee because of the type of subjects being taught, the non-transferability to other overseas institutions, as well as the education philosophy adopted within the franchisor syllabus (what is described as 'spoon-feeding').

Excerpt from Focus Group for Case Study One

> **Participant #6 (Franchisee Lecturer)**: It is very difficult to sell a freezer to an Eskimo. The Foundation Program as it was before is not really catering for the market.
>
> **Participant #1 (Franchisee Lecturer)**: Students come here to [this institute] to do Foundation they will ask about the cost of doing here. So far, we feel that Singapore is commonly questioned by the students, but when we explained about Malaysia the advantage and other things...
>
> I still feel that - like Participant 2 - said that we can't really sell this programme – yeah, like Participant 6 - we can't really sell this programme because of certain limitations...okay? One: maybe the students don't want to go to Malaysia so the foundational is limited preparing students to study in [the franchisor institution] Malaysia that the market become smaller. No. 2, we're not still very... we cannot really guarantee that the students take foundation class they can use what they have study here in other universities outside [the franchisor institution] and then it happened already so some students already take foundation but when they applied to other universities like [a 'competitor' institution in Malaysia] they get rejected. No. 3, it seem that like as I mentioned earlier, students who are smart they can directly go to year one in Malaysia and without find any problems ok; then the foundation are only for students who are very slow and which is very hard for [this institute] to make them become good students. It takes time.

For Case Study Six, the occasion was the use of English Language textbooks (for the teaching of the language) recommended by the franchisor to the franchisee, but the textbooks were British and Australian books which the lecturers in the franchisee-country were unable to relate to in terms of the cultural references.

Excerpt from Focus Group for Case Study Six

> **Participant #6**: We just have reference book, not enough; they are all answers for the essays, but no cultural background to the material and content. So, in our school we just use for it our textbooks and our Chinese teachers teach it in our traditional way...so I think it is a waste of material....

As an example of the second type of 'mismatch', the participants from Focus Group for Case Study Two explain why the franchised programme under the '2+1' mode is not suitable to the market because the general public of the franchisee's region prefer total '3+0':

Excerpt from Focus Group for Case Study Two

> **Participant # 1 (Franchisee Academic Director)**: This one is our second franchise programme. Our first one is with a university in America, that one is for the *Bachelor of Business Administration* programme. But that one is a full completion in [this city]. With [the franchisor institution], we're doing a 2 + 1 programme for Bachelor of Computer Science.
>
> **Moderator**: How does that programme do? The first one?
>
> **Participant # 2 (Franchisee Managing Director)**: The first one is doing okay because it actually match with the situation in [this city].
>
> **Moderator**: Match with the needs of what students want here?
>
> **Participant # 2**: Yeah - it's what students want, because they can finish 2 ½ years without going to America.
>
> **Moderator**: In other words students can do 2 ½ years of study here. What do they get in the end?

Participant # 2: A bachelor degree...

Participant # 1: When we say 2½ years, it's because we don't work by semesters. Like in overseas, they have winter and summer holidays, but one year here we do three terms. So basically six terms, which is equivalent to overseas three years.

Participant # 2: The problem...is having people going abroad on the 3rd year would be lots of problems for some people. They prefer to be able to finish it 3 years in [this city] or prefer go all the way to Malaysia for 3 years.

Like the participants in Focus Group for Case Study Two, the Focus Group for Case Study Three also echo the same opinion on why the franchised programme under the '2+1' mode is not suitable to the market because the general public of the franchisee's region prefer total '3+0'.

Excerpt from Focus Group for Case Study Three

Moderator: ...you haven't really grown because nothing has started but maybe you could just share – would you know why it's been... seems to be difficult to start, right? Do you know why you haven't started – cannot find students...?

Participant # 2 (Franchisee Administrative Assistant): Because most of the students want to study only in [this city].

The third example of the unsuitability of the franchise programme is where the entry requirement to the franchise programme of study appears to be higher than the entry requirement of other franchised programmes offered in the same franchisee institution. As outlined earlier in Section 6.4.1 above, Case Study Four had the complication of having had the entry requirement of the franchised programme 'change' and become unsuitable arising from lack of proper briefing or clarification from the franchisor; this mis-match made the programme non-viable in the local market altogether.

Excerpt from Focus Group for Case Study Four

> **Participant # 1 (Franchisee International Programme Director)**: We usually...in average, student will get only 3 credits, 4 credits at most, but not 5 credits. And the entry requirement for the 'O' level is much higher than the entry requirement for the high school SMU requirement. So it doesn't make sense for us to have that gap at the requirement and because the market is actually 50% coming from 'O' level, 50% coming from SMU, we didn't see that viable to do the foundation program - the Malaysian foundation program – anymore, after that happened.

The fourth example of the 'unsuitability' of the franchised programme is the disturbing high rate of failures exhibited by the students from the franchisee of Case Study Five, where the students themselves describe that the syllabus of study is much too difficult.

The fifth and final example of a mismatch is what is explored for Case Study Eight, where there was no 'fit' of the franchised programme and the franchisee because of the branding issue (i.e. the franchisor is not well known – not a 'household name' - enough), which is a theme to be explored in greater detail in the following Section 6.4.4.

Excerpt from Interview for Case Study Eight

> **Interviewee (Franchisee CEO)**: ...I think there were certain problems which were actually initially anticipated...but I think [the franchisor] felt that despite everything they could still go on. But I think the main problem was that in [this country's] market, you are not really looking at awards given out by private institutions in the region. Okay...this is very clear. For example, let's say you are a [citizen of this country's] student, they would not be prepared to accept a degree offered by a Malaysian private institution. This is the way we are looking at this, as you know, we are looking at institutions that are

recognized internationally. So, although [the franchisor institution] was linked to overseas institutions, students would be prepared to accept an award by an overseas institution direct, but not [the franchisor institution] or a combined one.

6.4.4 Lack of Branding of Franchisor Institution

One other clear thread that ran through some of the Focus Groups of this study that revealed a weakness in the franchising initiatives of the franchisor institution – hence contributing to the lack of success of the franchising endeavours – and that is the theme of the franchisor's weak presence in the 'market' in terms of being a 'branded' and known name.

This theme came out most clearly and strongly in the Focus Group for Case Study One and in the Interview for Case Study Eight. For Case Study One, it was vividly pointed out that there are other Malaysian franchisor institutions that are more well known than the franchisor institution of this study, and these other franchisor institutions also have a presence in the country of Case Study One.

The participants from Focus Group for Case Study One shared their strong impression of the general lack of knowledge and awareness, among the masses and the market, of the franchisor institution's presence and identity.

Excerpt from Focus Group for Case Study One

> **Participant #1 (Franchisee Lecturer):** Even in Malaysia is like that, I don't know. Because people when they go to Malaysia, I've got some students who go to college there, I asked them, in Malaysia they asked some people "where is [the franchisor institution]", even not many people in Malaysia know about [the franchisor institution], so [the franchisor institution] is not really popular enough in Malaysia.

It is interesting to note that even the participants from the Focus Group for Case Study Two – participants being representatives of the franchisee itself – do not have the

most updated information about the franchisor institution, casting doubt on the knowledge even the general public may have on the franchisor.

Excerpt from Focus Group for Case Study Two

> **Participant # 1 (Franchisee's Academic Director)**: Actually I doesn't [*sic*] know that [the franchisor institution] can issue their own computer science degree....
> **Moderator**: Oh, you're not aware of that....
> **Participant # 1**: Yeah, I'm not aware. Because last time that's why they told me we need to send our students there so that because they have an agreement with UEL, East London... That's why our students cannot have full foundation here.
> **Moderator:** But now, they ...
> **Participant # 1:** But if they are allowed to issue their own Bachelor of Computer Science and they want us to do a 3 + 0 degree, there is quite a potential...

The discussion recorded from Focus Group for Case Study Three also indicate that the participants – like Case Study One too - agree that the franchisor is not very well known yet in the country and the region (in comparison with one other specifically-named Malaysian institution's presence in the same country of the franchisee).

Excerpt from Focus Group for Case Study Three

> **Moderator**: ...do you think there are any other possible reasons why students don't want [the franchisor institution]?
> **Participant # 2 (Franchisee Administrative Assistant)**: Maybe they do not ... to get more, ...[the franchisor institution] not famous....[laughter]
> **Moderator**: Not famous. Oh, okay, okay.... So, so...they... One possible reason is [the franchisor institution] not known yet?
> **Participant # 1 (Franchisee Principal) & Participant #2** [simultaneously/in unison]: Not known yet...in [this city]....

Moderator: So [another institution in Malaysia] is more well known because students have gone there before...

Participant # 1: [Yes...have gone there before...]

The discourse from Focus Group for Case Study Four reveal that the participants believe that the franchise programme and the franchisor could become better known and better branded if the marketing personnel from the franchisor were to be present to support the marketing and recruitment endeavours in the local country.

It is made clear from the Focus Group for case Study Five that the franchised programme is marketed and sold based on the strength of the franchisee's identity in the local region and not on the franchisor's identity at all. The franchisor is not well known nor well branded, and the franchisee has to rely on its own branding. The other attraction that made the franchising programme reasonably attractive was not so much the identity of the franchisor institution but the country which the franchisor institution comes from, i.e. Malaysia.

Excerpt from Focus Group for Case Study Five

Participant #2 (CEO of Franchisee): Locally, you know [this franchisee institute] has a very strong reputation in the market, we've been here conducting chartered accountancy, certified accountancy, professional accountancy courses for the last eleven years so in that we've made a reputation. And that made it easier for the students to accept even though [the franchisor institute] was not that well known but [this institute] made it easier for students to accept that [the franchisor institute]...

Moderator: They came through [this institute]...

Participant #2: Yeah, because it came through [this institute] it would be a recognized, authentic university because [this institute] would not bring in a university which was...dubious...I mean, it's not a run by night operation. It is an authentic university which is chartered by the government of Malaysia and it has a genuine programme. And academically strong. So...yeah, yes...

The interviewee of Case Study Eight clearly expressed the opinion that there is a strong lack of branding power and presence of the franchisor institution's name in the international education 'industry', which contributed to the lack of success of the franchisor's programmes in the franchisee's country.

With deeper analysis of the transcript, it would appear that from the perspective of the interviewee in Case Study Eight, one of the biggest factors that hindered the success of the franchisor in the country is the franchisor's lack of brand name internationally.

Excerpt from Interview for Case Study Eight

> **Interviewee (CEO of Franchisee)**: The programme must be in demand. I think that is not a problem. I think we have identified some of these programmes that are in demand. Bachelor of Business, Information Technology, Masters programmes...all these things. It is in demand and can compete.
>
> I think...of course, the main thing here is the parchment or the degree...that is critical. Just like anybody: you want to go for a degree, you must have that. And I think we...as I told [the VP Academic of the franchisor] and everybody else, it is difficult for us to accept...I mean, the market does not want it. It is difficult to sell, I would say...
>
> **Interviewee**: I think we might as well be very frank about this whole thing. You see, when we work with [the franchisor institution], I think the people are fantastic...okay? They are fantastic. The main thing is...[the franchisor institution]. [the franchisor institution]...whatever you call it, it is a Malay word, it may have a fantastic meaning, whatever it is...but unless you are well-known word throughout the world...
>
> **Interviewer**: It has no brand name yet...
>
> **Interviewee**: ...how do you get a local market...how do you get the regional market to accept '[the franchisor institution]'... How do you get people to accept that? How do people get to have enough confidence and believe that whatever I get will be internationally

recognized, that I can get a good job...not only in [this country] but in their home countries if they come from overseas...
That part is extremely important. That is very very critical.
Interviewer: And that was the critical factor that...
Interviewee: I feel that...that's the main...

Another excerpt from Interview for Case Study Eight

Interviewee: No, I would put it this way: the [citizens of this country] and also the market, they want a foreign degree...a foreign degree...but not a Malaysian degree...I don't know about Malaysian government institution, but private institution not that generally accepted yet...I would say...
And I would say that, the only thing is that, it is difficult to sell...
I've not seen anybody in [this country] who has been successful in selling a Malaysian degree... I also have been approached by other institutions, given to me, even better terms than [the franchisor institution]...but I said, "No, I can't". Because...what is it worth? Because, outside...if I get this piece of paper, if I go somewhere, how do I...?

6.4.5 Non-Recognition by Government Authorities

A fifth and final common thread that runs through three of the Case Studies – that blocks the franchise relationship from being able to proceed successfully – is the matter of the government authorities of the franchisee country not granting recognition nor approvals for the franchise programme to proceed.

In almost all franchising endeavours, there is the need to ensure that the local authorities and Ministry of Education that governs the country of the franchisees will grant their approvals for the franchising programmes to be conducted in the franchisee country. In three of the case studies, the franchisee institutions had encountered non-approvals from their local Ministry of Education.

Unlike the other four earlier factors above, there appears to be nothing much the franchisor institution is able to do in resolving this matter except to write on behalf of the franchisee to appeal to the relevant authorities for reconsideration. For all three cases, the reasons for rejection differ: for Case Study Five, the official reasons for the rejection as given by the local Ministry of Education is the apparent lack of proper facilities and infrastructure of the franchisee institution; for Case Study Seven, the reason given was stated as being the fact that the regulations governing the education of that country does not allow for the franchisee institution to offer franchised degree programmes; for Case Study Eight, it was the general comment that the particular government's Ministry of Education is difficult to convince to allow and approve a franchise programme from Malaysia.

Excerpt from Focus Group for Case Study Five

> **Participant #2 (Franchisee Principal)**: I think it's still at the...I think the programme is still at the initial phases, because we need to get approvals from local regulatory authorities... so that's why even though the agreement has been signed for the last 2 years, but we haven't been able to fully launch it...because of the local approval from the local regulatory bodies. We have to get their approvals before we can effectively launch the programmes.
>
> **Participant #4 (Franchisee Assistant Director)**: I think we just need to have the clearance from the local authorities. Without the local clearance, we can't proceed further.

Excerpt from Interview for Case Study Seven

> **Interviewer**: So, we see that a lot of work was done, the teams came from there, the course mapping was done, audit was done, academic, facilities, everything was...in a way that, a lot of groundwork was done in the initial stage ... and then what actually had happened that stops everything, in a way?
>
> **Interviewee (Manager of Franchisee Institution)**: I think it's important to know that the functioning of the [this institute]. [this

institute] itself is an umbrella organization which operates and produces technical school management trust fund. And the trust fund itself is under the Ministry of Education...and Human Resources. Now, the trust fund is made up of board members, members of the board and a chairman, and the whole policy decision according to our functioning, our system of functioning, all policy decisions are... need to have the approval of the board of the trust fund, but given that we also collaborated with the Ministry of Education, we need to appraise the Ministry of Education, it case there are some objections, particularly when it concerns major orientation, major decisions.

So this collaboration that we were developing with [the franchisor institution] can be therefore looked at at two levels. At the first level, at the level of the board of the technical school trust fund as well as the then chairman, there was a very profound commitment - because they were fully aware of the demands of the students and they were fully aware of all the groundwork that had been covered - and if I remember even the then chairman had even been to the University of East London to have further discussions so there was a commitment by the technical school management trust fund to go ahead... and acting under the directive of the then chairman, of course, at that level and higher we also push a little bit forward.

But then, when we came to the second aspect of apprising the Ministry of Education, when the Minister of Education was apprised of this, there was a directive that was given to stop this school and not to proceed further and the reason that was given... it was mainly policy orientation of the then government, the then Ministry of Education. So, given that it was a policy coming from the Ministry and the trust fund operated with the ministry, we had to abide by this policy.

6.5 Impact of Franchising on Quality of the Academic Programme

For most of the Focus Groups and Interviews, this question was not relevant as half (i.e. four) of the case study franchisee institutions of this research had not yet begun – or had not yet had the opportunity to begin - to offer the franchised academic

programme (mostly because of there not being enough students registered for the programme).

Of the other four Case Studies, the related issues discussed in connection to this theme often returned to the matter of the franchisor not providing enough support and training to the franchisee's teachers for them to teach the materials and syllabus well; the lack of resources – for example, training manuals, textbooks, sample exam papers - extended to the franchisee to ensure that the quality of the franchised academic programme is on par with that offered at the franchisor institution; the inefficiency of the personnel at the franchisor's side to assist in ensuring exam papers and other information are communicated in a timely manner to the franchisee; and for one institution the shortage of qualified lecturers able to be sent from the franchisor institution to help teach at the franchisee institution for one term. All of the above factors contributed towards an inability on the part of the franchisee to be able to ensure that the quality of the franchised academic programmes offered at the franchisee's site could be comparable or equal to the quality of the same programme offered at the franchisor institution.

Apart from the unmet responsibilities of the franchisor above which impacted the quality of the franchised programme offered, on the part of the franchisees several factors have contributed towards the inability of meeting the equivalent standards set by the franchisor for the offering of the franchised programme.

One example is where one of the franchisees had taken it upon themselves to change the recommended textbooks and method of teaching of the franchised programme without reference to the franchisor, giving the reason and justification that the franchised programme needed to be 'localised' and 'contextualised' to suit the needs of the franchisee country's students.

Another factor is the difference in resources, infrastructure and facilities available on the part of the franchisees. From the visits to the franchisee's sites and the feedback from the Focus Group sessions, it was noted that none of the franchisees have purpose-built campuses or buildings for their institutions, and most of the franchisees do not have the basic services required for a full-fledged campus (for example, there

are no 'student services', sports facilities, extra-curricular activities, Student Government, on-campus clinic, etc.) which exist at the franchisor institution's campus.

Finally, the qualifications, work experience and training of the lecturers on the part of the franchisees quite regularly do not meet the same standards as that of the franchisor institution's academic staff, and this – by admission of some of the franchisees themselves through the Focus Groups – would have affected and impacted the quality of the franchisee academic programme.

6.6 Is The Franchise Effective and Worthwhile? Strategies for the Future

There were five major areas of challenges and weaknesses which were revealed in the different Focus Groups (issues and themes that may not have come out otherwise and thus not revealed systematically to the franchisor institution) and addressing these issues would likely help the franchise initiatives achieve a higher level of success.

Besides identifying the actions that need to be taken for these five issues (improve the level of communication between franchisor and franchisee, the need for the franchisor to commit to giving more support, training and resources to the franchisee, the franchisor doing a closer market survey to enable a better matching of programme to context, the need for the franchisor to embark on a branding exercise as well as the franchisor continuing to find ways to please or appease the local Ministry of Education), the next few Sections will outline various other suggestions contributed by participants of the Focus Groups wishing to give ideas that may help improve franchising for the future (the following Sections will outline some of the similar problems explored above but then proceed to look at suggestions to overcome the issues).

6.6.1 Relationship Between Personnel of Franchisor and Franchisee Institutions

This section centres around the theme that the participants of the Focus Groups raised with regards to the interpersonal relationship and communication among the personnel of the franchisee with the people of the franchisor.

In the Focus Group of Case Study One, one of the participants brought up the positive and good relationship created by one particular personnel from the franchisor institution who was very helpful.

However, in contrast, the Focus Group of Case Study Three mentioned that there had been too many changes of personnel at the franchisor institution's side, which had not allowed for continuity and long-term growth of the relationship between the personnel of both the franchisor and franchisee.

The participants of the Focus Group for Case Study Four described what would be generally categorised as a good relationship but also admit that there have been challenges in dealing with certain individuals at the franchisor institution and that the lack of direct link between the lecturers of both institutions had hindered and hampered the efficiency of the relationship.

The participants in the Focus Group for Case Study Five had generally positive comments and feedback about their relationship with the personnel from the franchisor institution, but the franchisee participants also expressed disappointment with the lack of training provided, as well as dissatisfaction with the unsatisfactory state of communication and follow-up on the part of the franchisor.

The Focus Group for Case Study Six expressed their general happiness at the good relationship between franchisor and franchisee personnel, but pointed also to the problems with personnel who were sent from the franchisor to the franchisee institution for an attachment posting there to help teach (the problems being mainly attributed to the cultural differences between one particular franchisor staff who was Canadian with the rest of the franchisee personnel in the foreign country.

In the context of the above, in several instances the participants from the various Focus Groups consistently and separately raised the need for the franchisor to assign dedicated staff (one or more) to help be the coordinator of the franchise programmes to allow there to be more focus and attention being paid to the franchise programme as well as to care for the franchisees (although some of the Focus Groups felt that this move is irrelevant in the light of high turnover of staff).

The below are excerpts of the various suggestions.

Excerpt from Focus Group of Case Study Three

> **Moderator**: You are trying to be partner together. Is there anyone in [the franchisor institution] you think you can talk to about all these issues? Is there anyone in [the franchisor institution] or maybe my first question will be: in [the franchisor institution], do you communicate with one person or is it many different people?
> **Participant # 1**: Many people.
> **Moderator**: Does it help if you communicate just with one or do you ... in your opinion...?
> **Participant # 1**: Actually only one people... his communication...is not...is unconvenient... not convenient.
> **Moderator**: Maybe I'm also wondering you know: is there confusion if you talk to five different people and five different people tell you five different things.
> **Participant # 1**: Better if we discuss is with one person so we can know about the situation.
> **Moderator**: So it's better to talk to one person.?
> **Participant # 1**: One person.

Excerpt from Focus Group of Case Study Five

> **Participant #2**: Like I said, I think there has to be a separate department, a separate team, maybe initially just two people, but a

separate team which deals with franchisee programme, or franchise programmes, exclusively. Because what happened like in our organization, participant no. 3 is exclusively looking after that programme so whatever she wants she gets it from us. She is at my door, she's knocking on Mr. Shehzad's mobile, she said, "I want you to sign this", "I want this from you because I want to put it through", right... because it's her job to look after that particular programme so she doesn't miss anything. And she makes other people work to get her job done. And I think over there it's not the same, I think there is no designated individual whose exclusive job it is to look after this issue.

I think it will make some things easier. It will make ... you see the actual hard work starts after the contract has been signed. Before the contact is signed it's all meetings and nice food and touch negotiations, that's the easy part. The difficult part starts once you go beyond the dotted line. And through the experience we have actually learned how the franchising arrangement works so there are some things that you know we will do much quicker as people increase because...just because we have gone through it once... And there are certain things that we will take care of and be more vigilant about like for example the approvals from the local regulating authorities, just because of our past experience so that is something that we have learned that the local regulating authorities must be told completely before the programme is launched and that is very important. The other thing that we have learned from this is that we would try to include within the contract that there has to be a designated individual who will be exclusively and solely responsible...

Participant #3: ...basically I would make sure that the designated individual right make sure that everything is done in a proper way and my main point basically I would like – everything is fine with [the franchisor institution] there's no problem as such ...

While generally positive, there were examples and instances where the relationship between the personnel of the franchisor institution and franchisee institutions needed

to be worked upon and improved. There were suggestions in some instances for the franchisor to appoint dedicated personnel to coordinate specific franchise relationships.

As a summary, the Focus Groups raised the issue of the relationship of the personnel of the franchisor and franchisee institutions as an important factor in helping to improve the overall franchise collaboration between institutions.

6.6.2 Cultural Issues

There emerged two specific contexts when the participants of the Focus Groups refer to cultural issues in relation to the franchise relationship: one context refers to the different 'culture' of teaching and learning between the institution of the franchisor and the institution of the franchisee (especially as experienced by the students – and teachers – from the franchisee institution attempting to teach/learn from the adopted syllabus of the franchisor institution). This first context is especially highlighted by Focus Groups of Case Studies One, Five, Six and Seven, with one clear example being that the students from the franchisee institution of Case Study Five especially who did not feel they were as prepared for independent learning and research work compared to students who had been with the franchisor institution all the time.

In other words, the franchised programme appears to be not entirely suitable for the local students of the franchisee in terms of what they want and need (i.e. in terms of content that is not culturally sensitive or specific to their needs). This is similar to the examples outlined in Section 6.4.3 above, where Case Study Six had the following feedback (the occasion was the use of English Language textbooks - for the teaching of the language - recommended by the franchisor to the franchisee, but the textbooks were British and Australian books which the lecturers in the franchisee-country were unable to relate to in terms of the cultural references):

Excerpt from Focus Group for Case Study Six

> **Participant #6**: We just have reference book, not enough; they are all answers for the essays, but no cultural background to the material and

content. So, in our school we just use for it our textbooks and our Chinese teachers teach it in our traditional way...so I think it is a waste of material....

The second context in which the cultural issue is raised is with regards to students who transfer from the franchisee institution/country to the franchisor institution/country, and encounter 'culture shock' with regards to the differences of cultures between the two countries as well as the difference of cultures between the two institutions (for example, Focus Group Case Study Five highlights the acculturation process the students from the franchisee had to acclimatize to when transferring to an institution which was much larger than what they were used to, which had a larger student population, hence the feeling by the franchisee students that they were not receiving as much personal attention as they were used to before). One uglier aspect of this cultural clash was the raised spectre and suspicion of incidences of prejudice and racism against a particular nationality of students from the franchisee as described in the Focus Group of Case Study Five

The first of the excerpts below with this theme comes from Focus Group of Case Study One, where the issue is more towards the first context of the difference between the content of the franchisor syllabus and how it 'clashes' and does not meet the need of the local franchisee context (in terms of teaching and learning with more emphasis on 'spoon-feeeding' on the part of the franchisee, the inability of the franchisor curriculum to adequately prepare the franchisee students for tertiary-level independent thinking, etc.).

Excerpt from Focus Group of Case Study One

Participant #6: There is one thing...there is one issue in foundation that ..that is not addressed at all.
Apart from what is good...good is the basic concept to help minimise the culture shock that students here from going on...
Now even Indonesians going to Malaysia there will be a culture shock...so...

There are a number of...okay, there are two levels of information that are missing from the present curriculum of the Foundation franchise outside of Malaysia.

Number one is, when Indonesians go to Malaysia there is a small but significant culture shock: there is a lack of information. So there should be one course on the Foundation... should be ways and means in Malaysia, the history of Malaysia, the culture of Malaysia...

Part of the cultural theme also revolves and surrounds the matter of language difference, specifically in that the franchisor syllabus is entirely in English aimed at tertiary level university degree programme pitch while the students from the franchisee institutions may not have the grasp of the language to be able to cope sufficiently well with that.

Excerpt from Focus Group of Case Study Three

Moderator: Do you think language might be a problem in franchise programme because in [this country]...of course, most people speak [the native language]... English they can speak, but maybe not so strong. Some better, some not so good.... So, if they run a franchise programme, might language be a possible difficulty?

Participant # 2: Some... some...

Participant # 1: If we use [the native] language, have one advantage point. If we use English language, have one advantage and one disadvantage point. For example, if we use [the local] language, we can get more students...more outsider...

Also in connection to the cultural issue and problem, the excerpt of the Focus Group below describes quite clearly the initial problems faced by students of the franchisee of one country transferring to another country where the franchisor is situated (where the students experience what is commonly described as 'culture shock').

Excerpt from Focus Group of Case Study Five

Participant #3: The experience .... The experience is a very positive experience, I personally feel that like a ....is a positive step towards the growth of the education industry globally, right? But certainly there are certain issues which are attached to it, right? Academically, I've personally found that it's a very positive sign towards the growth of [this institute] as well as towards the growth of [the franchisor institution] as well. But there're certain issue which are...with respect to the service.

Moderator: Could you elaborate on the specific issues that have arisen from the students or from your own perspective... what are some of the things that have worked well, what are some of the things that need to be worked on, and so on...

Participant #3: You see, when we're talking about the franchise arrangement, I think the international students they are very sensitive towards some to these service issues right? Because they are moving from one country to another country, they are leaving their hometown, at a very young age, and right? ... they are moving towards some other place, right. First of all, the environment is strange to them, so we should try to bring them to a certain level of comfort. And now the scenario of the education industry is different. Everyone is service oriented. If they're paying you some thing, they want service. If their parents are willing to pay they want service.

Moderator: So what is it that [the franchisor institution] is maybe lacking in service in providing, what service is it?

Participant # 3: I think in a franchise arrangement, the student counselling should be very strong. You should try to bring the international students to a certain level of comfort before they start their studies.

Excerpt from Focus Group of Case Study Five [Second Focus Group]

Participant #4: Students were also unwilling to help...

Participant #1: I'm sorry...?

Moderator: Students were...? Okay now, let's talk about that. That's an interesting thought. Because you ask your lecturers, and you felt, in your perception, the lecturers could have been more helpful; now you have brought up that your fellow students from Malaysia or other countries did not help...

Participant #4 : Yeah...

Moderator: Did you feel the same thing...?

Participant #4: Yeah, there was jealousy between them, competition...discrimination between [this country's]s and...

Moderator: Okay, let's try to see what would be the proper way to view.... Would you term it jealousy, competition, er...

Participant #4: Discrimination...

Participant #1: Discrimination...how...?

Moderator: Yeah, maybe you could explain a bit about discrimination...

Participant #1: Like what.... Example, give an example....

Participant #4: Like ...in one of our courses...in how to do our assignments, there was a student she misguided me...and later I found out...

Moderator: So you felt that she purposely misguided you?

Participant #4: Yeah...

Another excerpt from Focus Group of Case Study Five

Participant #5: One more thing is that [this country's]s were totally discriminated over there... My School Head told me that if I have any problems "just come to see me", but when I went to see him he said "You [this country] students always got problems..."

Participant #4: Yeah...

Participant #5: He was always telling me something like that; "You [this country] students always got problem..." and one time he was saying that "If you come to see me, I will be very happy that you are coming to see me and I will be helping you..."

> **Participant #6**: And some of the other students in [the franchisor institution] over there from other programmes they also told us the teachers they don't give fair marks for [this country's]s...

The Focus Group for Case Study Six centres on the case of the franchisee – quite obviously from a non-English speaking country – franchising an English Programme from the franchisor, but where the teachers from the franchisee admit to an inability to fully grasp and grapple with the cultural references in the English books and lessons employed by the franchisor.

The interviewee from Case Study Eight mentions the need for the franchisor's programmes (curriculum/syllabus) and marketing efforts to fit into the needs and environment of the franchisee country.

Excerpt from Interview of Case Study Eight

> **Interviewee**: The main thing here is this: [this country's] institutions must be run according to the needs and taking into consideration the environment of [this country]. You cannot run an institution from [this country in] Malaysia, or you put in your method of management in Malaysia to [this country's] institution. And that's the way I would look at it. And you must also bear in mind... I feel that part of failed because of their insistence in imposing or using the Malaysian management system and Malaysian management to run [this country's] institutions. And in many instances, could be remote control as well. When you go overseas, you must look at their environment, their system, everything else. You cannot say, "okay, I'm successful...here, therefore, I will be successful everywhere I go." It doesn't work.

6.6.3 Comparison with Other Malaysian Institutions

As a counter reference to the lack of a strong branding presence and knowledge of the franchisor institution, one of the other patterns and motifs that emerged from the

Focus Groups is the prevalence of comparison with other Malaysian franchisor institutions. Some examples of the pattern and trend of making comparisons to other franchisor institutions (some in direct comparison with franchisor institutions from the same country as the franchisor being studied in this research – and this former is the more common and frequent occurrence - and other comparisons are made to franchisors from other countries too) is excerpted below.

The Focus Group of Case Study One mentions one other Malaysian institution being more well known and popular than the franchisor of this study (and the comparison is with one specific franchisor institution in Malaysia) as well as a brief mention of an institution in Australia as well.

The Focus Group of Case Study Two mentions that the present franchise model is similar to one other existing different Malaysian franchisor in the area. The Focus Group of Case Study Three mentions and makes comparison to another Malaysian institution being more well-known and 'famous' in the same city.

The recommendation from Case Study Three participants is:

Excerpt from Focus Group of Case Study Three

> **Moderator**: What can you do to make this programme grow? This franchise with [the franchisor institution], is they anything you can do? What do you think you can do?
> **Participant # 2**: I think maybe we acknowledge the campus more.
> **Moderator**: When you say "acknowledge the campus more", to understand what do you mean?
> **Participant # 2**: Introduce.
> **Moderator**: Introduce! Ah, introduce the campus, [the franchisor institution] campus. How do you introduce a campus? Do you...?
> **Participant # 2**: I have said that earlier when we
> **Moderator**: ...show them pictures...?

Participant # 2: ...when we showed the brochure, we have explained that we have affiliated with the [the franchisor institution] campus, so when they want to study here or [the franchisor institution]...

Moderator: Do you have other materials like video, VCD or any thing? Do you have anything like these to show the students?

Participant # 2: No. We do not.

Moderator: Would that be useful? In your opinion, as a student. As a marketing also right?

Participant # 2: Ah, yes...

Moderator: Would that be useful to have pictures, video or any thing?

Participant # 2: Yes, yes but that we do not have...

Moderator: You do not have...? So...so...

Participant # 2: We just have the...our...

Moderator: ...paper...

Moderator: So if [the franchisor institution] sends you more materials, that can be useful to promote [the franchisor institution]. They can at least see a picture.

Participant # 2: See the picture, see the environment, study plan...

6.6.4 Fees and Pricing

For this theme, there were references made in many of the Focus Groups to how pricing may or may not be a factor in the success of the franchising relationship.

The fees and pricing here refer to the fees being charged by the franchisor to the franchisee, which will ultimately translate to fees charged to the students in most instances.

The Focus Group of Case Study One raised this matter only in relation to there being some students who would enrol for the franchise programme if they were unable to get a scholarship to study in better universities or even overseas. The irony of the situation is that the franchised programmes are not that economically accessible either except for the factor that the students studying in a franchised programme locally would save on paying for living expenses if they were studying overseas instead, so in

that light the franchised programme is viewed as an economically viable option for students instead of studying overseas completely.

The Focus Group of Case Study Two pointed to fees and pricing being an issue insofar as the main market for the franchised programme is primarily the working adults wanting to study evenings (and thus the most potential market is for students who need to earn a living and save aside enough to undertake evening classes for themselves).

The Focus Group of Case Study Three is very similar in its context to the circumstances of Case Study Two above.

Excerpt from Focus Group of Case Study Three

> **Participant # 1**: The overseas fee is too high and also about the franchise fee is too high. So if the franchise fee is too high, we need to increase our tuition fee.
> **Moderator**: Okay...to understand overseas fees: so what you mean is that, if it is 2+1, two years here is "local fees", of course, and one year is to Malaysia, that is "overseas fees"? So...that is too high...
> **Participant # 1**: And also in [this city] it's too high because we must pay to [the franchisor institution]...
> **Moderator**: ...franchise fee...
> **Participant # 1**: ... the amount...is...we plus it to our course, so, we count it to the students
> **Moderator**: ...tuition fees, of course...yes, you must factor in to the tuitions fees...so it becomes quite high...

The Focus Group of Case Study Four has the collaboration with the franchisor under study here as an alternative option to a different partnership the franchisee has with an Australian university (thus the fees issue is relevant and pertinent as one of the reasons why this present franchise is an alternative, i.e. it is primarily because the fees are lower than the fees of the franchised Australian programme).

Excerpt from Focus Group of Case Study Four

> **Participant # 1:** Because we see that there is actually a market for [this country's] students going to Malaysia because of the pricing of the education in Malaysia is almost the same as in education in [this country], and of course students prefer to go abroad even though it is Malaysia, next door But it's still considered international experience right? We see that market and the program we're looking at is a degree program – is a credit transfer or account spending program from our own degree program to [the franchisor institution] degree.

For Case Study Four, therefore, franchising from the franchisor institution in Malaysia is thus considered the more economical option, raising the comparison that the franchised programme from the Malaysian franchisor is comparable in terms of fees to the fees of the franchisee's country.

The other Focus Groups had not expressed any problem or issue with the matter of fees and pricing, and one interviewee even mentioned that pricing is not a factor for consideration for them.

Excerpt from Interview of Case Study Eight

> **Interviewee:** I am trying to identify all these areas. I have identified three.
> The fourth is really the programme. The programme must be in demand. I think that is not a problem. I think we have identified some of these programmes that are in demand. Bachelor of Business, Information Technology, Masters programmes...all these things. It is in demand and can compete.
> Price-wise, I think, also not a problem...
> **Interviewer:** So, it was okay...the pricing could afford also...

From the non-Focus Group data, i.e. the franchise contract in particular, it is revealed that the franchisor has opted to adopt a 'royalty payment' model where franchisees

pay the franchisor for every student enrolled in the franchised programme (see Section 2.4.2). This option has the advantage for the franchisees as it builds-in the motivation factor for the franchisor to contribute towards the success of the franchise collaboration.

In addition, the franchisor appear to have done a comparison and benchmarking of franchising fees – as well as an analysis of the franchisor's position and ability to extend the necessary support services - to arrive at their franchise fees, which furthermore is a guideline and is thus negotiable on a case-by-case basis with potential franchisees.

Arising from the above, the franchisees do not appear to raise any issues against the model of franchise payment in the Focus Groups, but only with the amount of the franchise fee itself. Two franchisees (Case Study Two and Three) indicate that the franchise fees is too high based on their market segment of students, while all the other franchisees (especially for those which pay the same franchise fees as Case Study Two and Three, which would be Case Studies One, Four and Five) have either no problems with the franchisee fees or in the case of Case Studies One and Four in fact indicate that the franchise fees are a cheaper option compared to the other options presented to the students.

It would be worth noting here too for comparison that Case Studies Two and Three are from Medan, Indonesia; while Case Study One is Batam Island, Indonesia; and Case Study Four is Jakarta, Indonesia. So of four franchisees from Indonesia, two had raised issues about the franchise fee being too high, while two have indicated clearly that the franchise option is more economical for their students. Taken on a by-country analysis, the data cancel each other out, but that would be too simplistic; taken on a by-city basis, it is instructive that the two franchisees from Medan have, unbidden, given the same feedback about franchise fees.

6.6.5 Franchise of full degree vs. part of the degree only

One other minor theme that emerged from some of the Focus Groups is the intention of the franchisee to want to franchise the full degree programme from the franchisor

but have been unable to do so and can only franchise the first two years of a three year degree programme only.

The prospect of being able to franchise the entire degree programme is one anticipated solution to the lack of success for franchisees, whereby the full franchised degree offered at the franchisee's site would allow working adults to study in the evenings and weekends towards completing their degree without having to go overseas.

6.6.6 Recommendation for exclusivity in representation

One particular Focus Group had asked for exclusivity in their representation of the franchisor institution.

Excerpt from Focus Group for Case Study Two

> **Moderator:** Okay...you seem to be a bit worried that if [the franchisor institution] come and promote with you maybe some students will say, "I don't need [this college]..."
> **Participant # 1**: Yeah...might as well go straight there...
> Moderator: Then that is not fair to you as the franchisee...
> **Participant # 1**: Yeah...
> Moderator: You help [the franchisor institution] to come in here...
> **Participant # 1**: Yeah...how can the franchise ....
> **Participant # 2**: In some exhibitions we meet some other agents promoting [the franchisor institution].
> **Participant # 1**: Some of the agents promoting, so...students get confused, "which one is [the franchisor institution]...? Which one is...?"
> **Moderator**: That's a good point. But so, you're saying that: some exhibitions where [the franchisor institution] had with other agents, then there is [this college] here promoting [the franchisor institution]...through [this college]. So you have students wondering: got two..."Which one is the real one?"

6.6.7 Recommendation for offer of scholarships from franchisor

The same Focus Group as above had also made mention and request for the franchisor to give scholarships to the students from the franchisee institution.

Excerpt from Focus Group of Case Study Two

> **Participant # 1**: Doing a promotional programme. Another thing that I'm thinking is maybe giving, sponsor's scholarships to the students.
> Moderator: Doing the promotion together. That would help because the franchisor is here.
> **Participant # 1**: During the promotion, we're promoting [the franchisor institution] but at the same time in order for this franchise to grow we have to basically not force but give incentive for the students to actually start the programme here. Study here first then go to [the franchisor institution].
> **Moderator**: Find ways to promote like you said, the student see and they said "I want to join..."
> **Participant # 1**: Yes, I want to join. [the franchisor institution] is a good university.

6.6.8 Intention to Continue in Franchise

As mentioned earlier in Section 6.4, six of the eight franchisee Case Studies of this research consistently expressed firstly a level of trust and cooperation in the overall franchise relationship, and secondly they described their willingness to continue in some form of collaboration and partnership with the franchisor despite the lack of real success in the current franchising endeavour.

The following are excerpts from the various Focus Groups that centre around their response to the question of whether the franchise relationship is worth pursuing and continuing.

Six of the franchisees' responses were reasonably positive about their intentions in the long run to continue the franchise relationship despite the difficulties currently faced in that same relationship.

The majority of responses centred around the reason that the relationship was still worth continuing, partly based on the strength of the quality of the franchised programme even though the system needed much improvement, and partly also based on the trust that the relationship has engendered despite all the negative points raised.

Excerpt from Focus Group for Case Study One

> **Moderator**: Do you think the programme, if there is no communication problem, do you think this franchise programme can work?
> **Participant #3**: Of course...
> **Moderator**: Do you think this franchise should continue...? Is it worth continuing? What do you think among yourselves?
> Participant #3: I think... yes, we think...we know various [the franchisor institution] programmes is good... It is ...communication...that's why we agreed we just early initial steps...just to know...together we develop...just in communication... We hope we still continue but maybe some problem is cultural factor....
> **Participant #4:** Yeah, actually we're happy with this program because maybe the other institution has no program like this. That's why I think this program can continue our franchising but have need to improve on many things.

Excerpt from Focus Group for Case Study Three

> **Moderator**: So it makes you a bit hesitant to continue. You want to continue, it makes you a bit more hesitant to visit them. Any other general comment that you feel that you like to share about this programme?
> **Participant# 2**: This is ... it can work in [this city] if we really introduce this programme to the students.

Excerpt from Focus Group for Case Study Four

Participant #2: The curriculum was excellent. The curriculum, basically we are given quite a little copies of what to cover. But unfortunately we didn't because we don't have enough time to give extra student time.
Moderator: Right. Okay. And if I understand correctly, you're also saying that if there was a way to overcome the problem of the entry requirement for the foundation that is something you still very much like to revive.
Participant #1: Yes, yes. Definitely.

Excerpt from Focus Group for Case Study Five

Participant #3: You see, our experiences are quite similar so basically I would make sure that the designated individual right make sure that everything is done in a proper way and my main point basically I would like – everything is fine with [the franchisor institution] there's no problem as such but like the issue that we have discussed so far I think we should emphasize on them. Like the service issues and the delivery issues and all these things. Otherwise I don't see any other problems in the arrangement.

Participant #1: Yeah...you see, as far as moving forward about this programme is concerned, I think it is our responsibility in [this city], if we have to promote this programme, which we have been doing. [this institute] is capable of promoting this programme and given a lot of strength to this programme. The only thing at this point of time this seems to be, to me, a very good programme. It's a relationship between the two countries, [this country] and Malaysia it's a unique type of relationship considering the fact that the both two Muslim countries, No. 1. No. 2, there are cultural similarities as well, in Malaysia you get the Asian culture, the sub-continental culture, as well as the far-east and south-east asias cultures. The other thing is the

cost: cost per student is much less to go over to study and spend time one year in Kuala Lumpur as compared to going to UK or US or Australia or Canada. So that is also a positive thing. As far as the programme's authenticities is concerned, we have seen students coming to us, our first batch is already gone as we have been discussing, unfortunately we have not been able to take students in 2005 but we have a lot of queries in fact we have admitted two students which we have to refund the fees because of the approval thing. So I see a lot of potential in the programme. What our goals were...and still are... is that we need to promote this programme not only in [this city], we wanted to take this programme to other major cities in [this country] and or Islamabad. And we were also planning two years ago that we talked with the people at [the franchisor institution] in Malaysia that we would be interested in taking this programme to Dubai as well, as a joint-venture between [the franchisor institution] and [this institute]. If they are interested they can give us their franchise to Dubai and not to someone else. Or any other country or any other part of the world which we think that this programme is ...can do well. As far as [this country] is concerned, there are not many South-East Asian programmes in the country. We are the first ones I believe and before us there have been some programmes from Australia ... And I believe that this is going to work.

Excerpt from Focus Group for Case Study Six

Moderator: So the question I have for the group, for example, is: "do you all think it is worth continuing with [the franchisor institution]?" I mean, is it something you think is useful to continue?

Participant #6: Yes, because I think ...if we can cooperate on this relationship, we can attract many students to come here, and also we have the chance to go to the abroad...

Participant #1: In sum, in my opinion, I don't think the whole cooperation is a failure. I don't think so.... And...but I think that is the start of cooperation, just the start...because we communicate together, we accumulate the experience, we want to improve our cooperation...

Excerpt from Interview for Case Study Seven

Interviewee: I think that given that so much ground had been covered in what was going to be a partnership between [this institute] and [the franchisor institution], I think already there is a lot of common commonality, a lot of common ground, in terms of, for example, people that we have met, the relationship that we already have, in terms of the programs as well, the matching has been done, in terms of facilities that we are giving, that are to be offered to our students for the top-up degree programs.... so I think that it will be very much to our advantage if ever there was more flexibility in the policy to again restart again with [the franchisor institution]. And I would be very interested in that...

Excerpt from Interview for Case Study Eight

Interviewer: So you would be keen to continue if [the franchisor institution] is keen to continue...

Interviewee: I should think so...we can reopen the discussion if they think they are interested...because now all have changed, I have changed, and now one of the...we have moved to this building...we are more visible, we are more compact...

6.7 Cross Case Summary

From the preceding sections, there emerged the following patterns arising from the cross case analyses.

6.7.1 Reasons for Franchising

All eight franchisee institutions seek to provide international options and pathways for their students (either for the students to complete an international degree in their own country or to have the franchised portion of the academic programme provide a pathway of completing their degree programme overseas).

Franchising was also to increase the options of destination countries which students could choose to do a programme from.

Thirdly, franchising was to give the franchisee "an international reputation" as well as to gain a "market advantage" to the franchisee institution.

A fourth trend that emerged was that a few of the franchisee institutions also made mention of the attraction of franchising from a franchisor institution in Malaysia which offered degree programmes which were moderated by a UK university.

Franchising from an institution in Malaysia was also because the previous preferences of students pursuing further degrees in the USA, UK or even Australia was restricted or even closed arising from the post-9/11 backlash. Franchise from a Malaysian-institution-franchisor held the attraction of a country that was a liberal, modern Islamic country for the franchisees which came from similar backgrounds.

There was an indication from one of the other franchisees that their reason for franchising from this study's franchisor was because of the perceived level of expertise in the offering of the academic programmes which the franchisee sought to adopt and learn from.

6.7.2 Present Status of Franchise Relationship

One common trend or pattern among all of the franchise relationships of this research is that none of the franchise relationships have succeeded in reaching Stage Four at all, i.e. none of the franchise relationships have succeeded in recruiting beyond the first cohort of students to the franchised programme.

Half of them had all reached Stage Five (relationship end or 'premature dissolution') abruptly without having reached or achieved Stage Four at all (two of the ones which had reached Stage Five had reached the end of the franchise relationship without even moving beyond Stage One).

6.7.3 Factors for Success or Failure of the Franchise Relationship

The following were five common problematic issues that arose as factors that caused the franchises to not succeed.

1. Issue and Theme of Miscommunications

This theme emerged in seven of the eight case studies in this research, from which four showed that this was a major problem in the partnership that it caused the collaboration to literally grind to a halt (e.g. Case Study 01 could not proceed as there was a miscommunication and misunderstanding about the pathways opened up to a student after completing the franchise programme and Case Study 04 could not proceed because of a miscommunication about the entry requirement to the franchised programme).

2. Lack of Support from Franchisor

This factor came up in six of the eight case studies, pointing to lack of support from the franchisor institution in various different aspects (for example, Case Studies 01, 04, 05 and o6 described how personnel in the franchisor institution did not provide the administrative support in day-to-day management of the franchised programme, and Case Studies 02 and 03 expressed the lack of support and understanding from the franchisor of the market forces in their region to help recruit more student).

3. The Franchised Programme is Not Suitable/Suited for What the Local Market Wants/Needs

This specific issue cropped up in four of the case studies (for example, where participants of the Focus group for Case Study 01 expressed the irrelevance and unsuitability of the franchised programme for their students while Case Studies 02 and 03 explained that the mode of the franchised programme is not marketable in their area; Case Study 07 clarified that the franchised programmes were not in demand at all).

4. Lack of Branding of Franchisor Institution

Part of the reason for the earlier point is related to this present issue where the franchisor was perceived to be relatively unknown in the world as a provider of higher education, and thus there was greater difficulty in making the franchised programmes 'marketable' to the wider world (this was expressed by five of the case studies).

5. Non-Recognition by Government Authorities

A fifth and final common thread that runs through three of the Case Studies – that blocks the franchise relationship from being able to proceed successfully – is the matter of the government authorities of the franchisee country not granting recognition nor approvals for the franchise programme to proceed.

6.7.4 Impact of Franchising on Quality of the Academic Programme

As mentioned earlier, this question was not relevant as half (i.e. four) of the case study franchisee institutions of this research had not yet begun – or had not yet had the opportunity to begin - to offer the franchised academic programme.

Of the other four Case Studies, the related issues discussed in connection to this theme often returned to the matter of the franchisor not providing enough support and training to the franchisee's teachers for them to teach the materials and syllabus well; the lack of resources – for example, training manuals, textbooks, sample exam papers

- extended to the franchisee to ensure that the quality of the franchised academic programme is on par with that offered at the franchisor institution; the inefficiency of the personnel at the franchisor's side to assist in ensuring exam papers and other information are communicated in a timely manner to the franchisee; and for one institution the shortage of qualified lecturers able to be sent from the franchisor institution to help teach at the franchisee institution for one term.

Other factors that impacted the quality of the academic programmes of the franchises were: where one of the franchisees changed the recommended textbooks and method of teaching of the franchised programme without reference to the franchisor; the difference in resources, infrastructure and facilities available on the part of the franchisees; and the qualifications, work experience and training of the lecturers on the part of the franchisees which quite regularly do not meet the same standards as that of the franchisor institution's academic staff.

6.7.5 Is The Franchise Effective and Worthwhile? Strategies for the Future

1. Relationship Between Personnel of Franchisor and Franchisee Institutions

This was a proverbial mixed bag of responses, ranging from positive feedback of good relationships with the personnel of the franchisor institution in general (thus giving rise to the high rate of response to wanting to see the relationship between the franchisor and franchisee continue despite problems) to more specific complaints about certain individual unsupportive staff of the franchisor institution in particular (and in four cases there was a general happiness with some staff and at the same time unhappiness with other staff).

2. Cultural Issues

This was a major issue for one case study in particular, where students involved in the franchised programme claim to have been subject to discrimination from the personnel and students of the franchisor institution.

3. Comparison with Other Malaysian Institutions

As a counter reference to the lack of a strong branding presence and knowledge of the franchisor institution, one of the other patterns and motifs that emerged from the Focus Groups is the prevalence of comparison with other Malaysian franchisor institutions. Some of these comments made in direct comparison with franchisor institutions from the same country as the franchisor being studied in this research – and this former is the more common and frequent occurrence - and other comparisons are made to franchisors from other countries too.

4. Fees and Pricing

For this theme, there were references made in some of the Focus Groups to how pricing may or may not be a factor in the success of the franchising relationship. There was cross referencing to non-Focus-Group-data in this section to re-view the model of franchise payment to be made from franchisee to franchisor and it showed a franchise payment model that was advantageous to the franchisees.

As for the quantum of the franchise fees itself, it appeared that two of the franchisees noted that they felt the franchisee fees were too high, but two other franchisees from the same country paying the same franchise fees gave feedback that the franchise fees were economical.

5. Franchise of full degree vs. part of the degree only

One other minor theme that emerged from some of the Focus Groups is the intention of the franchisee to want to franchise the full degree programme from the franchisor but have been unable to do so and can only franchise the first two years of a three year degree programme only.

6. Recommendation for exclusivity in representation

One particular Focus Group had asked for exclusivity in their representation of the franchisor institution.

7. Recommendation for offer of scholarships from franchisor

The same Focus Group as above had also made mention and request for the franchisor to give scholarships to the students from the franchisee institution.

In summary, despite the deep and rich differences that make each case unique – size of institution, country of operation and historical origin, organisational structure, stages of relationship with franchisor – common themes have been revealed among the cases. This shows common trends and patterns which the franchisor will need to address if it is to attempt making its franchising initiatives more successful.

6.8 Conclusion

The analysis in this chapter has isolated and identified several themes and trends which have emerged out of the focus groups. These motifs give an indication of some of the common factors which contribute towards the deterioration of the franchise relationships studied above.

The following chapter will draw some preliminary summative conclusions arrived at from the findings and analysis of this present chapter; the next chapter will also compare the findings of this chapter with other studies in franchising; and Chapter Seven will also provide suggestions and recommendations for the future of franchising of education vis-à-vis the specific issues raised by the Focus Groups.

Chapter Seven will end with looking at the implications of the findings for theory, policy and practice, and end this study with an exploration of potential future areas of further research relevant to the franchising of education.

CHAPTER SEVEN
DISCUSSION, IMPLICATIONS AND CONCLUSIONS

7.1 Introduction

Arising from the previous chapter that analysed the research findings of the Focus Groups, the following Sections 7.2 to 7.6 are a summary of the findings and analysis from the Focus Groups (according to the Research Questions outlined in Section 1.4) as well as a discussion in relation to and comparison with other studies.

The findings and analysis outlined below find agreement with other research on failed and failing franchises (e.g. Heffernan and Poole 2004; Hoy and Stanworth 2003; Kirby and Watson 1999). Apart from a direct comparison with one other similar study done among institutions of higher education in Australia (Heffernan and Poole 2004), other comparisons made below are to studies across other industries.

Section 7.7 will summarise the core research problem, while Section 7.8 will provide suggestions and recommendations for the future of franchising of education vis-à-vis the specific issues raised by the Focus Groups.

This chapter will also delve into the implications of the findings for theory, policy and practice. The final Section of this Chapter will explore future areas of further research following from this present study.

As an initial statement to introduce this section of the study, while this research has considered the issue and matter of "failure", it is useful to take stock that the real need of any study of this nature is "not to define failure definitively, but rather to view the process comprehensively" (Holmberg and Morgan 2003, p. 403).

Blair and Lafontaine (2005) point out that there are "many ways in which franchisor and franchisee needs diverge" (p. 2):

> These divergent interests create conflict between the franchisor and franchisees, conflict that undermines the value that cooperation creates. For continued success, this conflict must be minimised. We believe that clearly laying out the sources of conflict is a good first step toward that goal (p. 2)

Sections 7.2 to 7.6 below will highlight some of the themes and salient points of the findings from this study with other research to look at solutions for continued success.

7.2 Research Question One

"Why do education institutions / universities in Malaysia franchise their programmes? And why do institutions outside of Malaysia wish to franchise Malaysian academic degree programmes?"

As noted, the franchisor institution describes the reasons for its franchising initiatives as part of a strategy for allowing greater access for many more students and wider options for students to complete the university's degree programmes from various locations globally.

As for the franchisee institutions, one of the main reasons found among all the franchisee institutions as to why they wanted to franchise was because the franchisee institutions sought to provide more choices and options for their students to obtain a more 'international' pathway to gaining a degree programme.

Furthermore, related to the above is the preference of the franchisee institutions to provide more economically affordable options for students to gain an overseas degree (by reading for that degree within their home country) where these same students would otherwise not be able to afford to go overseas to obtain that same overseas qualification. Hence, a franchised degree programme, in this case from Malaysia, would help to provide that option.

Other main reasons for franchisees outside of Malaysia to franchise from a Malaysian franchisor institution included giving the franchisee "an international reputation" as well as to gain a "market advantage"; in addition, a few of the franchisee institutions also made mention of the attraction of franchising from a franchisor institution in

Malaysia which offered degree programmes moderated by a UK university; furthermore, one franchisee institution in particular also clearly stated that their reason for franchising from an institution in Malaysia was because of restrictions imposed post-9/11 where it was harder to get access to other countries; finally, there was an indication from one of the other franchisees that their reason for franchising from this study's franchisor was because of the perceived level of expertise in the offering of the academic programmes by the franchisor institution.

The above fits with the main body of literature surrounding the issue of 'reasons for franchising' as explored in the Literature Review (Chapter 3) of this study, especially Section 3.4.1. As a summary of the salient points highlighted in that earlier Section, it was pointed out that the reasons for franchising could be distilled to three main categories of motivations: organisational advantages, developments in the socio-economic environment and the role of interested third parties.

According to the literature of similar prior research studies, the reason to franchise arises firstly – as a top priority - from the desire of franchisee institutions to develop and diversify their income and recruitment sources (put in another way, to develop and achieve greater international market access); other reasons for entering into the franchising of education were so as to create an elitist image in the franchisee institution, as well as to pursue offensive or defensive competitive advantages in the global market. All of these reasons are reflected in and correspond to the responses by the Focus Groups of this study in one form or another.

Other possible and potential reasons for universities to enter into a franchising relationship, as outlined in the literature review, include the need to close the gaps in the organization's technical or market knowledge; to develop economies of scale in production or other functional areas; to share dealer and distribution networks; and to concentrate energies in competition against mutual rivals. These too are reasons echoed by the franchisee institutions of this research study through the Focus Groups.

Not so obviously gleaned from the Focus Groups are the reasons related to the 'resource scarcity' theory (companies adopt franchising as a method of growth, as the

selling of franchises is a means of raising capital) and to the 'agency' theory (as opposed to owning, franchising allows for an avoidance of agency-related problems).

While the literature review pointed out to how a company or business may prefer to become a franchisee rather than an independent business because of the belief and perception that a franchise offers both the advantages of a large and a small business as well as statistically reduces the possibility of business failure, these reasons were not articulated so obviously in the Focus Groups, though it would be quite naturally applicable and true to the franchisee case studies of this research.

In addition to the above, the literature review also made mention of the following factors that encourage an institution to be the franchisee: capital needs, market competition, monitoring costs, and the need to reach minimum efficient scale. Taking into account how 'new' and 'immature' the majority of the franchisee institutions are, these last four reasons for wanting to franchise would be quite naturally relevant and applicable to the franchisees as well.

7.3 Research Question Two

"What is the present status of franchising of academic programmes at the franchisor-franchisee institutions? What patterns of development and growth emerge from the current franchising relationships, and what new insights can be gained from these patterns (an assessment of the categories of the different stages of the franchise relationships, and how well the franchise relationships are 'performing')?"

Half of the franchisee institutions had reached a stage where their franchise relationship had 'prematurely dissolved' or 'unexpectedly discontinued' abruptly without having reached or achieved any stage of growth or development at all. Of the other half of the franchisee institutions, they were 'stuck' in a stage where no further recruitment of students was possible either because of non-approval by the local governing Ministry of Education, or because they could not find enough of a 'market' of students to sustain the running of the franchised programme (so, although the

franchise relationship has not dissolved yet, there appeared to be little possibility of proceeding forward until and unless circumstances changed).

Of the four franchisees which had reached a 'premature' end, all of these franchisees had specifically stated in the Focus Groups that they would still very much like to pursue a collaboration with the franchisor – if there was a way to do so despite whatever reasons that may have led the franchise relationship to come to an end - as they had felt a trust, commitment and confidence towards the franchisor institution and its visions of growth.

The main comparison to other studies for this section is Heffernan and Poole (2004) which also defined and categorised franchisee institutions according to the various levels and status of relationship between franchisor and franchisee.

However, the main difference and departure from the Heffernan and Poole (2004) description of the five-fold levels of relationship between franchisor and franchisee (as described in Section 2.4.3 of this study) is that the earlier Heffernan and Poole 2004 study did not have a relationship category that took into account the above-mentioned 'prematurely terminated' – or failed – franchise collaborations (i.e. the franchise relationship had failed to achieve either a relationship growth stage or a matured partnership stage).

This should be noted also as a reflection of how failure of franchises (see 3.4.2) has not been previously considered as an option or reality in certain circles, and to a certain extent even downplayed or ignored the high rate of franchise failure in the light of promoting the view of franchising as the most promising business model that has the highest potential for success. This also calls for a broader redefinition of franchise failure to include more than just closure of the firm/institution.

This present study introduced a new category of relationship descriptor, which is the stage of 'premature dissolution' (which differentiates itself from the regular or routine 'relationship end stage' where a franchise relationship may have successfully grown and matured over several fruitful years before coming to an end) and this descriptor is used specially for franchise relationships which ended abruptly – either through

external circumstances or internal disagreements - without having had the opportunity to mature and develop. In this study, premature dissolution/termination appears to be a common and consistent situation among all the franchisees covered in this research.

From the literature review of this study, one common theme that emerges is that the biggest challenge in trying to ensure the success of any international education collaboration – be it franchising, twinning, credit transfer, etc. – is the challenge of developing and maintaining effective relationships between partners. This challenge is reflected in the franchisee institution case studies of this present research, where most of the franchisee institutions studied have been unable to arrive at a successful development and maintenance of a fruitful franchise relationship and the primary reason given is because of a breakdown in the communication, i.e. relationship, between the partners.

7.4 Research Question Three

"What are the factors influencing the success or failure of the franchising of the particular academic programmes (e.g. institutional factors; cultural factors; individual factors; infrastructure factors)?"

Through all the focus group sessions, all eight franchisees consistently expressed firstly their happiness with the level of trust and cooperation in the overall franchise relationship, secondly their willingness to continue in some form of collaboration and partnership with the franchisor despite the lack of real success in the current franchising endeavour, and thirdly their satisfaction with the content of the franchised academic programme.

The above three points appear to highlight the 'trustworthiness' of the franchisor as well as the reliability of the franchisor's academic programmes, and these factors seem to enhance the franchisor's strengths and advantages.

From the previous chapter, it was found that the main identifiable contributing factors to the lack of success of the franchise relationship are (1) the regular occurrence of

miscommunication between the franchisor and franchisee parties relating to a number of issues; (2) the apparent lack of support from the franchisor to the franchisee on several matters of importance; (3) the unsuitability of the franchised academic programme – the 'lack of fit-for-purpose' of the academic programme – in the context of the country and community of the franchisee institution; (4) the lack of sufficient 'branding' and 'brand-name recall' of the franchisor institution's 'product' (i.e. the degrees from the franchisor institution) thus leading to lack of recruiting power for the franchisees to attract students to the franchise programme(s); and (5) the difficulty of gaining the approval of the relevant governmental authorities from the countries of the franchisees and/or the restrictive policies in the franchisee's countries' Ministry of Education governing the franchising of education programmes.

The following sub-sections are some comparisons with other research on failed and failing franchises vis-à-vis the above five salient identifiable contributing factors to the lack of success of the franchise relationships of the franchisor and franchisees of this present study.

7.4.1 The Lack of Proper Communications

In relation to the problem of the absence of proper and effective communications between parties of the franchisor and franchisee, Heffernan and Poole (2004, p. 86) point to the consistency with the large majority of body of contemporary research where the findings and agreements are that the absence of trust, commitment, and effective communication ultimately leads to deterioration for offshore education partnerships, particularly at their early interaction stage. Frazer and Winzar's 2005 study finds agreement with this assessment: franchisees responded that "the level of communication between the two parties [franchisor and franchisee] was felt to be lacking (particularly in quality)..." (p. 1537).

Morgan and Hunt (1994) point out that "a major precursor of trust is communication", which "can be defined broadly as the formal as well as informal sharing of meaningful and timely information between firms". There is also the emphasis not just on sufficient communication, but also on *timely* communication to inculcate "trust by assisting in resolving disputes and aligning perceptions and expectations" (p. 25).

The lack of effective communication also includes wrong information being given, whether carelessly or purposely. It has also been observed and recorded that this is not uncommon among some franchisors nor is it necessarily accidental neither innocent: "...research shows that franchisors withhold information in order to gain an advantage" (Lafontaine 1992).

Chiou and Yang's 2004 study was based on a sample from a convenience store franchise system in Taiwan, and the results of their research showed that "communication is very important in reinforcing franchisees' trust and overall satisfaction with the franchise system" (p. 19). The study went on to point out that among all the different relationship-building activities, communication is one of the key and core elements in establishing and keeping good channel relationships. Furthermore, Chiou and Yang point to several practical articles on franchise management which stress that communication is the road to solid franchise relationships, where communication can not only establish mutual trust but can also reduce conflicts in franchisor–franchisee relationships.

7.4.2 Lack of Support from the Franchisor

In comparing with the other literature on franchising among universities for academic programmes (e.g. Heffernan and Poole 2004), one of the major and most common flaws mentioned in these studies of various franchise relationships is the lack of internal commitment (particularly on the part of the franchisor).

As was noted earlier in 3.4.2, Knight 1986 (p. 15) concluded in an empirical study that "lack of franchisor support" scored the highest percentage in terms of common problems in franchising:

> [c]ommon problems listed by franchisees include lack of franchisor support (37%), fees (20%), advertising (14%), and purchasing (10%). Suggestions for improvement included better communications with the franchisor (17%) and franchise associations (10%).

This lack of support may take the form of either the leadership and top-management of the franchisor institution being less than enthusiastic with the choice of franchisee options (whether it is the choice/choosing of the franchisee institutions, or of the selection of "business model", etc.) or it could take the manifestation of the lower-rung administrative staff not feeling any 'ownership' of the project and thus no compulsion to ensure that it is successful, or finally the problem may also be attributed to an original staff involved intimately in the project leaving the franchisor institution thus causing the collaboration to suffer for lack of a personnel able to understand the intricacies of the relationship.

Heffernan and Poole (2004) reached similar findings among the literature on offshore education partnerships, where often "one or both partners fail to provide the resources, support, or commitment" (p. 78) necessary to sustain the franchise relationship.

Furthermore, Heffernan and Poole (2004) also found that, over a longer period of observation, many of the contributing reasons to a deterioration of the collaborative relationship between two institutions are not immediately noticeable. These factors and variables will cause a weakening and worsening effect on the partnership only later in the life cycle of the collaboration. One of these factors includes "the level of internal commitment shown by the Australian university" (p. 87).

As a follow through from 7.4.1 where it was noted that there have been instances where "franchisors withhold information in order to gain an advantage" (Lafontaine 1992), Dant and Schul (1992) found in their study that in the relationship between the dominant franchisor and less-dominant franchisee, there is a tendency for franchisors to resort and rely on "low risk strategies" in their interaction with franchisees; such "low risk strategies" (which amounts to minimal information exchange, i.e. minimal "sharing information about needs, utility structures, values, and/or priorities") could easily manifest itself as low internal commitment from franchisor to franchisee (Dant and Schul 1992, p. 38).

Fundamentally, the issue and matter of the lack of support from the franchisor can manifest itself in the form of the motivation of the parties in coming to the agreement,

as well as in the guise of control and coercion; Kirby and Watson (1999, p. 348) found agreement in their study when they described that "the franchisors interviewed cited the motivational aspect of the franchising contract as important."

Jambulingam and Nevin (1999) argue that

> franchisees who perceive the relationship with franchisors to be cooperative, are more satisfied with their franchised business decision, and behave less opportunistically, and are likely to contribute to the success of a franchisor and the franchising system (p. 366).

7.4.3 The Franchised Programme's Non-Suitability for the Local Market

Both the papers of Jambulingam and Nevin (1999) and Kirby and Watson (1999) suggested that often some of the complications that scuttle a franchise relationship may arise from "a lack of selectivity in the recruitment of franchisees in the early stages of the franchise, when the desire for the franchisees' capital may have dominated other considerations...." (Kirby and Watson 1999, p. 348). From this research, the same could be suggested vice versa where there could equally be the occurrence of a shortcoming in selectivity of the franchisor on the part of the franchisee, where we see instances and examples in this research of the franchisor's 'product' being unsuitable and non-matching to the needs of the franchisee's 'customers'.

7.4.4 Lack of Branding of the Franchisor Institution

Falbe and Walsh (1998) explain that because a franchise system needs to be competitive in the market, that competitive advantage of a franchise system is "not only...an important source for attracting new franchisees but also...an important element for maintaining franchisees' loyalty in the franchise system".

Two years later, Quinn and Doherty (2000) had conducted a study that showed that one of the key factors influencing the success of a franchise relationship was "the presence of a strong, well-defined brand" (p. 368).

> It can be concluded that where a defined concept and brand are present, coercive sources of power, as advocated by agency theory, can explain power and control in the international retail franchise relationship. Conversely, where such conditions are not present, support activities, that is predominantly non-coercive sources of power, as promoted by the marketing channels literature, provide the only source of control (p. 368).

One other suggestion about the brand of the franchisor's product and name – in this case, more for the sustaining of a strong brand name - carries with it the assumption that "[m]onitoring is usually needed to ensure high inter-franchisee consistency, the essence of any strong franchised brand at all stages of development." (Hoy and Stanworth 2003, p. 198).

Chiou and Yang (2004) go on to postulate that any competitive advantages of the franchise relationship will likely "come from brand name" (p. 19) among other factors.

Weaven (2004), in his study on multiple unit franchising arrangements, explains that the perceptions of the franchisee towards the franchisor – including the franchisor's brand name and drawing power - play a crucial and critical part in influencing the success or failure of the franchise relationship (which is in large measure dependent on the measure of contribution and cooperation from the franchisor). A later study by Frazer and Weaven (2007) confirmed this where their research revealed that

> less experienced franchisors in smaller networks find difficulty in recruiting and managing multiple unit franchisees due to limitations imposed by insufficient market positioning, reputation and brand value (p. 120).

7.5 Research Question Four

"What is the impact of franchising on the issues of quality and profit of the institution (an evaluation of the managerial issues, academic qualities and financial aspects of the franchise agreements and arrangements)?"

Arising from the fact that most of the franchisee institutions in this study had not even reached the stage of having any intake of student, this research question was neither relevant nor applicable.

For four of the franchisee institutions – half of the case studies - which had managed to recruit and begin one cohort of students in the franchised programme (franchisees from Batam, Jakarta, Karachi and Guangzhoa, to be specific), any impact on the quality of the franchised programme was strongly linked to the lack of proper training and support by the franchisor to the franchisee, the shortage of qualified lecturers in the franchisee institution sufficiently able and trained to offer the programme, and the lack of allocation of sufficient resources for the smooth running of the franchised programme.

Daniel (2007) argues that "[m]any developing countries currently lack quality-assurance mechanisms, and where they do exist...they are not always properly equipped to cope with diversifying types of provisions" (p. 8). The recommendation in this case is for governments to build "strong frameworks for regulation, quality assurance, and accreditation that cover all higher education provision" (p. 8).

7.6 Research Question Five

"Do the participants believe that the franchising is worth continuing? Why, or why not? If yes, what types of strategies can be adopted by franchisors of academic programme to make it more successful?"

In general, all the franchisees indicate that they would be keen to continue some form of franchise partnership with the franchisor. Within the model of relationship marketing, "relationship commitment is central to relationship marketing" (Morgan and Hunt 1994, p. 23). Morgan and Hunt continue to highlight "trust as existing when one party has confidence in an exchange partner's reliability and integrity" (p. 23). Some of the franchisees elaborate on this desire to continue arising from having shared values with the franchisor institution (which Morgan and Hunt explain could arise from "the extent to which partners have beliefs in common about what behaviours, goals, and policies are important or unimportant, appropriate or inappropriate, and right or wrong (p. 25)).

This fits in well with Hirschman's 1970 seminal book entitled *Exit, Voice and Loyalty* which postulated that members of an organization, whether a business, a nation or any other form of human grouping, have essentially two possible responses when they perceive that the organization is demonstrating a decrease in quality or benefit to the member: they can 'exit' (withdraw from the relationship); or, they can 'voice' (attempt to repair or improve the relationship through communication of the complaint, grievance or proposal for change). Hirschman (1973) reiterated this in a later essay:

> In the large portion of my book which was an essay in persuasion on behalf of voice I argued that voice can and should complement and occasionally supersede exit as a recuperation mechanism when business firms, public services, and other organizations deteriorate (p. 8).

In relation to this research, the franchisees fall into the category of those which choose to give 'voice' to the situation, and "[i]n such situations, the contribution of voice can clearly be of the greatest importance, simply because the information it supplies is rich and detailed as compared to the bareness and blankness of silent exit" (p. 13).

Following on from the above, several suggestions came from the Focus Groups that were contributed by the participants wishing to share ideas that may help improve franchising for the future, and some of these suggestions included: improving the relationship between the personnel from the franchisor and representatives of the franchisee institutions; the need for more sensitivity between the parties and students with regards to cultural issues (differences in customs and culture, reducing any suspicion of favouritism or prejudice, addressing language barriers, etc.); looking into and possibly improving tuition fees and pricing for some – if not all – of the academic programmes being franchised; the freedom for the franchisee in asking for exclusivity in representation in a particular region or geography; and the recommendation for offer of scholarships from franchisor.

7.6.1 Relationship with Personnel of the Franchisor Institution

Hoy and Stanworth (2003) clearly and strongly state that "[m]aintaining a harmonious franchisor-franchisee relationship is a major determinant of franchise system growth and success, though one of the most difficult and frustrating challenges in franchising (p. 198).

As found in Heffernan and Poole (2004, p. 79), in 2002 the Australian Universities Quality Agency highlighted the importance of relationship as a key factor in University of Southern Queensland's success as an Australian franchising university, stating that "[t]here is no doubt about the goodwill present on both sides to continue progressing these relationships in a constructive and positive manner."

In the same Heffernan and Poole 2004 study among the Australian universities in their franchising with institutions from other countries, the comment on some of the reasons for the failed franchises was because of "a mismatch between the Australian university and the overseas education provider" on what they would agree to be the essential goals, objectives and vision for the relationship, thus leading to a deterioration and potential termination in the franchise relationship (p. 86).

Kirby and Watson's 1999 study highlights in their paper – when commenting on the most common and problematic areas businesses find themselves confronting in franchise relationships - that "[i]n particular, the business indicated that they had experienced difficulty...managing the franchisee/franchisor relationship" (Kirby and Watson 1999, p. 348).

7.6.2 Franchise Fees and Termination Costs

Bacus, Bacus, and Human (1993) elucidated that franchise fees are determined by comparison and benchmarking within and across the relevant industry. Apart from the industry practice, it was also noted by Sen (1993) that other factors which need to be taken into consideration for the calculation of the franchise fee include the nature and context of the industry, range of support services which the franchisor institution may be able to provide, the status and position of the franchisor in comparison with its

immediate competitors, among others. Elango and Fried (1997) summarised that "royalty payments provided the necessary incentives for franchisors to act in the best interest of the franchising system", and furthermore that "franchisors who charge higher royalties also invest more in the franchising system".

In this study, the franchisor has chosen to use a contract that requires its franchisees to pay the franchisor for every student enrolled in the franchised programme. It has also been noted in this research that the franchisor invests and contributes towards training the staff of the franchisee institution, sending personnel over to the franchisee institutions to assist in promotion and recruitment (including roadshows, 'open day' counselling sessions, talks, etc.), as well as giving out the relevant course materials (curriculum, syllabi, course notes, textbooks for teachers, etc.) to the franchisee as part of the franchise system.

As quoted earlier in Section 3.4.2, Quinn and Doherty (2000) argue that:

> Given the geographical and cultural distance factors...supporting and maintaining an international franchise network is considered particularly difficult and subsequently the cost of providing franchise support is usually higher in an international as opposed to a domestic setting (p. 361).

Taking the above into consideration, it is natural to expect that any franchisor which embarks on an international franchising connection will incur high investment and costs in seeking to make the franchise relationships work.

While the above points to a clear motivation on the part of the franchisor to recoup the investment put into every franchise collaboration, its reverse is also equally true in that franchisees do not appear to have any financial commitment to ensure that they do not allow the franchise relationship to deteriorate. This raises the potential need for the franchisor to review and revise its franchise contract vis-à-vis the franchise fee model.

It is worth noting at this juncture that the literature points quite heavily to the pattern that whether a franchisee decides to continue with a franchising relationship or not often hinges on the franchise fees the franchisor chooses to charge, as well as how it is charged. Frazer and Winzar (2005) describe one of the findings of their recent research, whereby:

> The franchisee interpretation of franchise fees contrasted directly with the franchisor attitude. Although a few franchisees felt the fees were fair, many believed they were a burden, which contributed to their poor returns. One franchisee was rather bitter that he had been told there were no ongoing franchise fees but later discovered that a flat monthly administrative fee was charged: 'Call me stupid, but I'd call that a franchise fee!' " (p. 1537).

The other factor which a franchise's partners need to consider (and as written by Morgan and Hunt 1994) is something most collaborators appear to dismiss or forget (and the same is true in this study where none of the franchise participants appear to have taken this into consideration at all), which is the high cost of termination:

> Termination costs are, therefore, all expected losses from termination and result from the perceived lack of comparable potential alternative partners, relationship dissolution expenses, and/or substantial switching costs. These expected termination costs lead to an ongoing relationship being viewed as important, thus generating commitment to the relationship. [p. 24]

The flip side of this same coin is that "partners can have ongoing disputes about goals but continue to cooperate because both parties' relationship termination costs are high" (p. 26).

> Therefore, we posit that firms that receive superior benefits from their partnership—relative to other options—on such dimensions as product profitability, customer satisfaction, and product performance, will be committed to the relationship. ... (p. 25).

In conclusion, the franchisor and the franchisees should look deeper into the matter of the impact of the franchise fees (both in terms of how much and also how it is charged). The data in this study is inconclusive (for example, of the four Indonesian franchisees, two have indicated that the franchise fees were too high, and two have stated the opposite that the franchise fees were economically viable in comparison with franchising with or studying in other countries); all the franchisees in this study adopt the same mode of payment of fees, and no control or comparison was therefore possible.

7.7 Recommendations and Applications

Arising from the responses of the participants in the Focus Groups, this portion of the chapter will outline some of the proposals and recommendations as provided while also simultaneously making other suggestions adopted as best practice in the literature and in other institutions.

For the franchisor institution under the study of this research, the following recommendations and applications are suggested as ways for the franchisor and its franchisees (both present and potential) to improve and grow their franchise relationships.

7.7.1 Recommendations for the Problem of Lack of Proper Communication

This weakness arises not just from simple miscommunication or non-communication of facts and figures, but also very likely is linked to the lack of proper description or detail in the roles and responsibilities of each partner, thus leading to unspoken expectations or assumptions being made.

This study recommends that the franchisees and the franchisor adopt measures and strategies to create a 'standard operating procedure' or protocol that clearly outlines and describes the responsibilities involved in the franchise partnerships between the partner institutions. This protocol will allow each side of the partnership to be clear in the identification and expectation of each other's roles.

This appears to be the deeper underlying weakness of the franchise relationships in this study, going beyond the mere misunderstanding of information.

Naturally, the assurance of proper formal clear communication in all instances would be paramount in smoothening the progress and process of the franchise relationship. This would include and encompass the dissemination of information pertaining to change in course structure, curriculum, calendar and fees, etc.

Further, a weakness in this area is likely to be reflective of the level of low commitment among the personnel involved in maintaining the franchising, and as such a related move would be to review the training, appraisal and reward system of staff involved in the international projects at the franchisor and franchisee institutions. This will be explored deeper in 7.8.2 below.

In light of the above, the recommendation arising from this section is for the development of a protocol for the clear description and delineation of the responsibilities and expectations of the partners in the franchise relationship to provide the basis for smooth communication.

7.7.2 Recommendations for the Problem of Lack of Support from Franchisor

As noted earlier in 3.4.2, Frazer and Winzar's 2005 study noted that most franchisees "rated the level and type of franchisor support services quite low, often commenting that they had been promised or expected more assistance" (p. 1537).

This 'lack of support' goes deep to the root where there is the perception of a lack of 'ownership' in the collaboration on the part of the franchisor. This is especially true when there may be a change of personnel who are responsible for the franchise relationship, thus leading to a situation where it is not so much that the franchisor-institution is not committed to supporting the franchise relationship, rather the case where the new personnel is insufficiently informed about or inclined towards the project.

It has been pointed out that a majority of franchise relationships are often initiated and driven by middle or upper middle management of the franchisor institution. The person who is the driving force behind the project may at a later juncture be moved on to other responsibilities and projects and the original franchise initiative would be passed on to a junior personnel. Poole (2000) describes:

> Somewhat tongue-in-cheek, Booth (1997, p. 5) suggests 'Booth's Law' of university strategic alliances, which is that 'the success of an international alliance is inversely proportional to the seniority at which it is negotiated'.

The level of internal commitment on the part of the franchisor will impact the success of the relationship to a great extent, and to ensure that this commitment is secure, some measures could be taken, including: top/upper management's full support, unreserved enthusiasm and complete follow-up is guaranteed; top management also secures the involvement, participation and commitment of all relevant support services (including the Student Affairs, Library, Residential Hall Team, etc.); and everyone involved is kept informed of the future progress.

So the lack of support involved here is not simplistically because the franchisor does not have sufficient resources, but is just as likely (if not more likely) because the liaison personnel from the franchisor has not got the sufficient internal commitment to, and/or training for, the project.

Following on from this, franchising institutions need to systematically and carefully review the incentive and reward system – for example, criteria for promotion of staff - to encourage involvement in franchise projects and activities (for example, for lecturers to be prepared to mark and/or moderate assignments and exams from the franchisee institution, for administrators to coordinate registration of students from the franchisee institution under the franchisor database, etc.).

The recommendation from this section is for any franchise relationship to necessarily begin with the complete and total commitment of the top management of the franchisor to ensure that any allocation of resources towards the success of the franchise project is assured. This commitment of resources needs to be channelled to areas including the training of personnel and a robust reward structure for personnel who are involved with the work of international projects.

7.7.3 Recommendations for the Problem of Unsuitability of Franchise Programme in the Local Franchisee's Country

The occurrences of 'mismatch' between the franchisor's academic programme and the needs of the franchisee's market is not necessarily only caused by a lack of context-specific and culture-sensitive acumen, but just as easily resulting from a lack of

proper due diligence having been conducted on both the parts of the franchisor and franchisee.

This problem also "...perhaps illustrate the need for specialist advice in the early stages of the franchise process..." (Kirby and Watson 1999, p. 348), or better still for there to be a procedure that ensures full and formal background check and due diligence conducted prior to entering into a franchise partnership.

This will certainly assist in ensuring that there is proper market research conducted to ascertain that the most appropriate and relevant academic programmes are offered for franchise. This procedure will also ensure that franchisor and franchisee institutions develop priorities in their allocation of resources and implementing the proper and necessary measures to ensure success.

The consequence of the above is the recommendation to incorporate pre-partnership guidelines and procedures for all franchise relationships, including the setting-out of a series of questions which partner-universities should ask during this developmental phase of the franchise relationship (both for the franchisor as well as the franchisee). Any protocol of this nature will need to also have a team conduct market research, due diligence and audit of the potential market and viability of the proposed franchise programme (including considerations of fees to be charged, location of franchisee, whether the franchise is to be for the entire degree programme or only part, and whether there will be exclusivity of the franchising agreement with one franchisee only per country/region (e.g. a master franchise to allow multiple franchise units) or several franchisees, etc.).

7.7.4 Recommendations for the Problem of the Lack of Brand Power of the Franchisor's 'Name'

The procedures and protocol proposed from the immediate Section 7.5.3 above need to include this consideration: a study of the 'name recognition' and 'drawing power' of the franchisor in the country of the franchisee, before a franchise is confirmed. If a franchisor's name is not the equivalent of a 'house-hold name' yet, there is certainly potential for marketing and promoting it in the new country, but even that needs to be

scrutinised carefully so that franchisor and franchisee enter into the franchise relationship knowing exactly how the 'advertising and publicity' will unroll.

As highlighted earlier in this study too, many franchisors and franchisees appear to have jumped onto the 'franchising bandwagon' without sufficient pre-knowledge and without enough experience to know what to expect, often going in on the assumption that franchising would be a simple strategy to make a 'quick buck'. For example, some franchisees only belatedly realise the lack of drawing power in the franchise brand that they have bought into, or belatedly realising also the "lack of security in their franchises" (Hunt 1977). There was insufficient due diligence and screening conducted on the franchise prior to entering the relationship.

Similar to the recommendations outlined in Section 7.5.3, this section further proposes to also include the need for both franchisor and franchisee to draw up a marketing blueprint for the strategy of raising the profile of the franchisor and the franchised programme in the region where the franchisee is going to offer the 'product'.

7.7.5 Recommendations for the Problem of Cultural Issues and 'Clashes'

Although not widespread, there was one clear instance where students from one particular franchisee institution encountered what they described as cross cultural clashes and possibilities of bias and discrimination (Case Study 5). There were also two Case Studies that highlighted the equivalent of 'culture shock' in the reaction of the staff and students to the content of the curriculum and textbooks, where staff and students were unable to recognise some of the underlying cultural references and icons.

To address this issue adequately, it would be necessary therefore for the franchisor institution's Academic Council/Senate/Board equivalent to be robust and flexible in adapting the curriculum to the cultural nuances of the target country/culture when franchising their programmes. This may include revising references, examples, illustrations and case studies in textbooks at the very basic level, but it may also

include the need to adapt entire modules to be relevant to the countries laws, codes and contexts.

Furthermore, the franchisor institution needs to have an 'international student policy' for the institution to implement measures to meet the needs of all international students studying on its campus or at its franchisee campuses. For its own main local campus(es), the institutions must incorporate 'best practice' in its internationalisation / transnational policies to facilitate learning for international students (including language instructions, cross-cultural awareness, choices of food offered on campus, recognising and accommodating cultural and religious practices, etc.).

7.7.6 Other Recommendations

Gallagher (2002) had pointed to the "ambivalence within the industry about future prospects for commercial presence or hybrid modes involving partnering offshore for the delivery of Australian education content", when taking into consideration the whole host and list of difficulties encountered by both franchisors and franchisees, where such difficulties could include:

> conditions attached to establishment, equity and ownership; limits on student numbers and prices; problems with recognition of qualifications; difficulties finding reliable partners and associated risks to quality and reputation; ...pilfering of IP, constraints on income repatriation and the lead times that can be involved before an operating surplus is generated (Gallagher 2002).

Following from the above, as a general conclusion to this section on 'Recommendations', the franchisor needs to also strategise on how to approach the many challenges faced by franchisors as listed in Gallagher 2002; this study recommends to include in the list a review and reassessment of its franchise contract and the franchise fees contained therein, both in terms of how much and how it is charged (following from 7.6.2 above). This is not to indicate that the present model of franchise fees is wrong, but instead to recommend that deeper analysis could be done to study what impact this has on this franchise system.

7.8 Implications

This section seeks to synthesise the study's findings and discussions into concrete implications and applications at various levels of organisation and management, and highlight the contributions of the study to theory, management and policy-making.

7.8.1 Theoretical Implications

This research study essentially contributes firstly towards the body of literature on franchising in that it focuses on the specific field of the franchising of academic programmes, which has not received sufficient attention in the body of franchising literature. This research shows that while there are many commonalities between the franchising of education with the franchising of any other 'product', there are also very specific and unique characteristics and challenges to the franchising of academic programmes, for example the greater difficulty of ensuring uniformity and quality of the franchised 'product' when offered by a franchisee institution of higher education.

In addition, this research contributes to the body of knowledge and study on the success rates of franchising in general. It continues to be a staple assumption and research 'conclusion' that franchising is an easily successful business model and any and every newcomer to an industry or business cannot go wrong if they franchise. This study shows the reality of the difficulties and challenges of franchising, highlighting how many franchisors come unprepared for the costs and commitments required to succeed at franchising, untrained for the challenges of managing franchises well, and uncertain how to strategise to turn a failing franchise around.

Thirdly, this research contributes to confirm the various studies of franchising in terms of what motivates businesses to franchise, what are the key ingredients to make a franchise relationship successful, as well as how applicable scarcity theory and agency theory are to franchising. For example, referring back to Sections 3.4.1 and 7.2, this research adds/confirms factors and data for what motivates institutions of higher education to franchise (including, for example, the "the desire of universities to develop and diversify their income and recruitment sources", to gain competitive advantages in the global market, as well as to obtain greater access to recruit many

more students and wider options for students to complete the university's degree programmes from various locations globally).

More specifically, this research looks at the franchising of education in one of the pioneer countries of the world which introduced the innovative terms and concepts of 'twinning' and '3+0' in the world of higher education, ushering in the '3+0' franchise concept where a franchisor university could offer its degree programmes through a franchisee institution in another country. This research however does not look at Malaysia in the traditional role of franchisee, but instead seeks to study one of a handful of institutions (see Table 1) in Malaysia which is branching out to be the franchisor institution to franchisees outside of Malaysia. As such, this study contributes towards research of Malaysian institutions – in this case, specifically a private institution of higher education - as the franchisors of academic programmes.

This research also adds one finer element to the five-stage 'marketing relationship' model as used in Heffernan and Poole's 2004 study. In that earlier model – which breaks up the five stages to awareness, exploration, expansion, commitment, dissolution – there was no recognition given to the possibility of a collaborative relationship 'skipping' certain in-between stages and instead prematurely end without having even reached relationship growth stage or partnership stage. This study thus introduced a new category where there is the stage of 'premature dissolution' which differentiates itself from the 'relationship end stage' described above (where 'premature dissolution' is for franchisees which ended abruptly without any opportunity to mature and develop). This is a unique feature of this study not covered in most other literature.

7.8.2 Managerial and Institutional Implications

On the managerial and practical level, this study places the onus on managers and officers to be more aware of the implications and costs of a decision to franchise. In 'counting the cost', this study highlights to managers – both of the franchisor and franchisee perspectives – what is involved in managing a franchise relationship (including the risks of failure).

Through a better and more astute understanding of franchising motivations, managers would be better prepared to provide and cater to making the franchise relationship with the partner a smoother and more successful venture. This could also include training for and by managers towards the development of international business competencies.

Managers can also find themselves more knowledgeable about the type of support which they can expect from both parties, as well as the responsibilities and expectations on both sides of the partnership.

Managers will also be faced with the need to systematically and carefully provide a reward system to encourage involvement in franchise projects and activities (for example, for lecturers to be prepared to mark and/or moderate assignments and exams from the franchisee institution, for administrators to coordinate registration of students from the franchisee institution under the franchisor database, etc.). This could and should include incentives through staff appraisals (thus including a segment in evaluation instruments for international activity involvement) and rewards under promotions criteria.

In connection to the above, managers will also need to navigate through the dynamics of often requiring certain academic lecturers to travel often to the countries in which there are franchisees. Staff are often reluctant and uncomfortable about how much more work franchising impinges on their daily teaching schedule, and managers need to balance that delicately.

In addition, managers often finds that there is a cluster of popular academic programmes which often gets franchised more than others (for example, Management degrees are oftentimes more popular than Music degrees for franchising), and managers need to juggle the greater demands on one Faculty as opposed to another Faculty in international activities.

There is also a need for the franchisor to not be condescending nor 'dictatorial' towards the franchisees, but mutually respectful and treating the relationship as of between equals. Weaven (2004, p. 44) supports this in his comment that "[t]he role of

coercive power and franchisor control has been studied...and franchisee satisfaction has been measured as a function of their role in the decision-making processes of the system."

Apart from the above, there is also the need for managers and institutions to look into issues of improving the mode of communication with franchisees. As highlighted in Section 7.5.1, managers need to design communication protocols and procedures to ensure there is a two-way flow of information between the franchisee and franchisor institutions (so that any new developments or changes on the part of the franchisor - change in academic policies, curriculum, fees, university calendar, etc. - is disseminated clearly and carefully to all relevant parties and personnel).

7.8.3 Policy and National Implications

There is currently no regulation nor law governing specifically the franchising of education in Malaysia. The franchising of education from Malaysia, as exhibited by this one study, appears to be *ad hoc* and informal to the extent that there is no real protection on either side against failures and discontinuations. Part of the challenge is geographical and jurisdictional because franchising often involves cross boundaries.

Universities, institutions of higher education, quality assurance bodies and governmental-level Ministries of Education need to know how to regulate and govern the approval of franchised programmes, the selection criteria of overseas partners, and how to protect either parties from unscrupulous operators or naïve collaborators.

Once clearer, the government bodies could provide more training of 'How-To' for institutions which intend to franchise their programmes, including a checklist and cost-calculation of the investment and resources required for successful management of franchises.

The Malaysian Ministry of Higher Education and Ministry of Industry and Trade should also initiate more concrete assistance to university franchisors and franchisors-to-be in paving the way for government-to-government agreements where academic qualifications offered by Malaysian institutions would be recognised by overseas

countries. This would pave the way for Malaysian institutions to franchise their degrees overseas in a more confident and assured way. This is part of an overall and explicit need for the Malaysian Ministry of Education to have stronger focus on international policy development.

Furthermore, regulatory bodies and quality assurance agencies need to continually monitor the quality of the academic programmes being franchised, coming up with more stringent and relevant policies and mechanisms which assure that the franchisors are being responsible in franchisee selection, provision of training and control of curriculum. It is here that Daniel (2007)'s advice is best adopted, of "building strong frameworks for regulation, quality assurance, and accreditation that cover all higher education provision" (p. 8).

7.9 Future Research Opportunities in Franchising of Education

Carey (1995) expounds that "[n]o one study can explore all the interesting and important aspects of an issue, and few studies will be *the* definitive work" (Carey 1995, p. 487). Byers and Wilcox (1991, p. 75) echo the same belief that "[i]n many of the research examples presented, the findings are not regarded as definitive, only provocative and suggestive of further research inquiry". This present research study is no different, and below are suggestions of what areas future research could embark upon as a follow-up to this present work.

7.9.1 International Franchising

The literature recognizes that

> in international markets, franchise relations are influenced by the extent to which the overseas franchise system can be transferred into the local market in terms of product acceptance, suitable local presentation and transferable support services (Connell 1999).

The question for Malaysian private institutions of higher education is how the above accepted wisdom will limit or allow franchising of academic programmes to the far ends of the globe.

The problem lies in the fact that

> [i]t has been argued that in order to operate successfully in diverse markets, *adaptation* is required. However, franchise formats target global segments and are characterised by a high degree of *standardisation* (Quinn 1999, p. 345; emphasis mine).

One could research the various models of franchise relationships between foreign universities and the institutions in Malaysia – both public and private institutions - to explore the rate of 'success' or 'failure' of the franchising of academic degree programme in Malaysia as a whole.

7.9.2 'Internal' and 'External' Parties to the Franchise Relationship

One aspect that could be explored and researched upon more is the dynamic relationship between each of the partner institutions of education which are in a franchise relationship (what could be termed the 'internal' relationship), as well as between the institutions and the education authorities and bodies (the 'external' relationships), which, in the case of Malaysia, would be both the Ministry of Education as well as the appointed watch-body called the Malaysian Quality Agency.

A study of the above would look into how the partnering education institutions (and this applies whether the Malaysian private institutions of higher education are franchisees or franchisors) will operate in relationship to the relevant government ministry vis-à-vis the interpretation of government policies, the ability (or lack thereof) to influence government education policies, and the formation of an association of private colleges and universities to have a voice with the regulating bodies.

Furthermore, there is also the introduction of another factor in the external relationships that has not been explored before but merits study, which is where a franchisor (i.e. overseas university) enters into numerous franchising relationships with different private colleges in the same country (i.e. Malaysia) to offer its degree programmes (similar or otherwise).

7.9.3 Motives to Continue or Discontinue Franchise Partnerships

This research agrees with the recommendations of Blair and Fontaine (2005) who suggest that "[m]uch more work is needed on franchisors' motives to discontinue franchising and on the effect this has on their franchisees" (Blair and Lafontaine 2005, p. 38; footnote 41), and how this may or may not apply to the franchising of education.

In relation to this, there are also the related factors and dynamics of how pricing and fees affect franchising of education and more research could certainly be conducted to explore franchise fees of academic programmes. There is also room for researching the nature of franchise contracts for franchising between institutions of higher education.

Finally, all of the above will have interconnections and will be inter-related to other future research in various other specific areas related to the franchising of education / academic programmes, like the following next two points.

7.9.4 Franchisor and Franchisee Selection Criteria for Franchising of Academic Programmes

One other area which this study was unable to delve into deeper is the processed and criteria for selection of franchisees, as well as how franchisees should go about selecting the right franchisor (see Jambulingam and Nevin 1999).

This is related also to the potential of looking at research into procedures for exploration and disclosure when it comes to franchising among institutions of education.

7.10 Summary and Conclusion

It has been noted that "franchising entails a symbiotic relationship between what are, in reality, legally independently owned businesses" (Blair and Lafontaine 2005, p.

291), and both franchisors and franchisees can only succeed when the partnership as a whole succeeds (the franchisee will succeed when it can leverage on the franchisor's system, and the franchisor's profits depend on and derive from the successes of its franchisee(s). Morgan and Hunt (1994) summarise it by saying that

> relationship commitment and trust develop when firms attend to relationships by (1) providing resources, opportunities, and benefits that are superior to the offerings of alternative partners; (2) maintaining high standards of corporate values and allying oneself with exchange partners having similar values; (3) communicating valuable information, including expectations, market intelligence, and evaluations of the partner's performance; and (4) avoiding malevolently taking advantage of their exchange partners (p. 34).

Any relationship of such mutual inter-dependence hinges and depends very much on the coincidence of compatibility, and any difference can give rise to clashes and conflicts.

This study has shown that while franchising has a lot of potential, it is also fraught with difficulties and challenges, not least of which is the problem of misconception of what franchising can and cannot do. Just as one small example, "[t]raditionally, franchisors have advertised franchises as opportunities for individuals to 'be your own boss'. In reality, a franchise is not at all the same as an independent small business ownership" (Blair and Lafontaine 2005, p. 292).

In this particular case study of one franchisor institution of higher education in Malaysia, there is a pattern that matches the trend of "the magnitude and number of failures" which "is higher at institutions operating at earlier points on the international learning and experience curve" (Heffernan and Poole 2004, p. 79). For the franchisor institution of this study, franchising had not allowed it to achieve the kinds of returns expected.

> Offshore programs usually incur start-up costs and may not return profits for some years; programs may attract sufficient students for only two or three years before the market in that location is exhausted; and currency fluctuations can erode profits from student fees (Heffernan and Poole 2004, p. 79)

In other words, franchising is not a guarantee of success for either franchisors of franchisees. But this research has also confirmed what the levels and nature of involvement and commitment are required to make the franchising of education work better.

APPENDIX A

Glossary of Franchising Definitions and Terminology

1. Franchise

In short, "the key feature of the franchise system is that the ownership of the brand and the modus operandi for the delivery of the product are retained by the franchisor, and execution is a franchisee responsibility" (Spinelli Jr., Rosenberg and Birley 2004, p. 2).

2. Business Format Franchising / Product Franchising

Franchising is sometimes also referred to as *business format franchising* or *product franchising*. McDonald's is one example of business format franchising, while auto dealerships would be fitting examples of the product franchise.

Business format franchising, also known as "second generation franchising" (Goncalves and Duarte 1994), is characterized by the establishment of

> an ongoing business relationship between franchisor and franchisee. This includes the product, service and trademark, as well as the entire business concept itself - a marketing strategy and plan, operating manuals and standards, quality control, and a continuing process of assistance and guidance.

Under *business format franchising*, the way the product is delivered is as important to the brand as the actual product itself ("for example, golden arches and red-roofed buildings for McDonald's" (Spinelli Jr., Rosenberg and Birley 2004; p. 2)).

In contrast, in a *product franchise*, the actual product – and not the way it is presented or delivered – is the focus. A variation of the product (or trade name) franchising is the processing or manufacturing license, which is essentially an extension of the product franchising in that it allows for the dealer/distributor to be trained in the making and manufacturing of the product (even including whatever 'secret ingredients' or 'formula' that is uniquely associated to that product) by the supplier-

franchisor. Like product franchising, this variation does not normally grant the franchisor rights to influence the nature of the franchisee operations.

In either case, the manufacturer/retailer's decision to franchise is quite obviously derived from its desire to distribute its trademarked product or service concept more broadly, not just locally but also regionally and globally.

3. Multiple Unit Franchising

A subset characteristic of the business format franchising is multiple unit franchising, where franchisees have the option to expand and hold more than one unit of the franchised product's outlet (usually within a defined geographical area, i.e. a country or a region).

Multiple unit franchising also gives rise to evolutions of this form of franchising, thus giving birth to models of master franchising, where franchisees are given license to open, own and operate their own network of franchised units (as well as the option in most cases for the franchisee to appoint and recruit further franchisees or sub-franchisees). Another by-product and spin-off of this evolution is the emergence of area representation arrangements, which in essence allows 'agents' to represent franchisors in recruiting franchisees; the agents do not themselves run a franchised operation nor do they have any legal powers to sign contracts with franchisees; they merely recruit and earn some form of 'commission' for successful recruits.

The advantages to multiple unit franchising and/or master franchising is that it increases the efficient expansion of the franchise through reliable franchisees, cuts down on the need to conduct multiple training sessions, and allows for deeper market penetration and pre-empts the competition. There are disadvantages as well to this model, mainly to the franchisor: the franchisor may lose overall control over how the product will expand within the geographical location if exclusivity has been given to the master franchisee; the franchisor may suffer if any of the sub-franchisees is under-performing but the franchisor cannot terminate as it was not part of the original legal contract; and the franchisor may also lose out if the master franchisee does not

conduct the business well and ends up spoiling the brand of the product (even possibly to the point of becoming insolvent or being involved in legal tussles).

4. Franchise of Education/Academic Programmes

core definition

Franchise programmes are study units of one higher education institution adopted by and taught at another institution, although the students formally obtain their qualification from the originating institution.

explanatory context

Franchise programmes may be offered within the same country, for example a college of higher education may offer its students a programme from a neighbouring university. Franchise programmes may be offered 'off-shore', that is, a university may make arrangements for its programmes to be made available to students in an other country through the intermediary of an overseas based college or university,

In either circumstance, the award gained by the students taking the franchise programme is a named award of the originating institution, which has the responsibility for ensuring the quality and standard of the education leading to the award.

Higher Education Funding Council for England (HEFCE)'s (2003) definition of franchise implies arrangements that do not cross national borders:

> A franchise or indirect-funding arrangement is usually one in which a student is attributed to an HEI for funding purposes but the course is wholly or partly delivered in an FE college. Occasionally, an HEI franchises provision to another HEI (for example, a university to a college of higher education).

sources

Higher Education Funding Council for England (HEFCE), 2003, *About us: Glossary* http://www.hefce.ac.uk/glossary/glossary.htm Updated 3 January 2003.

Citation reference: Harvey, L., 2004, *Analytic Quality Glossary*, Quality Research International, http://www.qualityresearchinternational.com/glossary/

5. Resource Scarcity

At its most basic and earliest form, this theory is based on the premise that a supplier of goods or services will consider franchising as a way of seeking and securing more capital - Caves and Murphy 1976; Hunt 1973; Oxenfeldt and Kelly 1968; Oxenfeldt and Thompson 1969 - at a lower cost through recruiting or enlisting franchisees (and this is considered to be at a lower cost compared to if the supplier were to attempt obtaining capital from other sources for investments).

Apart from it being considered a way to obtain capital at a lower cost, franchisors are also at an 'advantage' of some measure if the franchise contract that is entered into have the provision for franchise fee (or sometimes referred to as *royalty*) that is not dependent as a percentage of the profitability of the franchisee; naturally, this could be seen as an incentive to the franchisee too to become more profitable but not have to pay any more royalty than the contractual 'minimum'.

Despite arguments to the contrary seeking to refute and debunk this theory, more recent research has continued to uphold the premise, confirming "the desire to acquire managerial capital as a motivational incentive to commit to franchising" (Weaven 2004, 72).

Nevertheless it is worth digressing a little to uncover some of the arguments against the 'resource scarcity' theory. The argument was that the weaknesses to the previous pro-resource-scarcity studies were two-fold: one was that even if valid this theory is outmoded now with the advent and availability of even lower sources of income and capital; and another is the contradictory evidence that suggests that some supplier-companies seek to franchise even when the company has better access to a greater capital market (Brickley, Dark and Weisbach 1991; Lafontaine and Kaufmann 1994). As such, it was alternatively suggested that franchising is embarked upon as a way to resolve agency-related issues instead.

To date, it is still firmly believed that resource acquisition and capital investment, especially in the initial phases of a franchisor's company life, would "promote rapid market access, risk reduction, capital cost reduction and benefits commensurate with highly motivated owner operators" (Weaven 2004, p. 72), and this emphases on capital acquisition – with its mirror effect of factor of resource scarcity - has led companies to franchise (Dant 1995; Lafontaine 1992).

6. Agency Theory

This theory is offered as a counter-foil to the earlier theory of franchises being motivated by the mindset of gaining capital through expansion.

Basically, agency theory can be defined – within the context of franchising specifically - as franchisors (or within this theory it would be more appropriate for the franchisor to be referred to as *the principal*) appointing the franchisee(s) (in this case, *the agent*) as the representative agents of the franchise unit, and the franchisee-agent will therefore have the authority to make decisions for the franchise unit that would benefit the whole network of franchisor-and-franchisee.

This model is compared and contrasted with the hypothetical case of the franchisor-principal choosing not to franchise but instead appoint employees as managers of the company-owned business-units. Firstly, it has often been the assumption that employees-as-managers would not be as motivated and perform so well as the franchisee-manager (particularly because within the franchising model the franchisee's incentives and rewards is closely tied up with the unit's performance), and hence the preference for franchising as the better option. Secondly, in relation to this, franchisor-principals are also relieved from the burden of having to ensure that they select the best employee-as-managers (if the selection is wrongly made, the mistake would be costly), and instead need to merely and carefully appoint franchisees who will ultimately prove to be very self-motivated, self-directed and driven as they have themselves put in an investment of their own and where their profits are tied to their own performance.

Nevertheless, there are inefficiencies related to this model and method. Firstly, some franchisees may unfortunately latch on to 'free riding' upon the brand name of the franchise as well as upon the success and work poured in by other franchisees to establish the brand name even more. Secondly, franchisees may also choose to set the amount of their investment in the franchise to a minimum total and this could result in inaction and inactivity on the part of the franchisee that would potentially hamper and harm the franchisor (and whatever future plans the franchisor may have that would involve additional investment on the part of the franchisee).

Nevertheless, in a nutshell, instead of a drive to obtain more capital through expansion via franchises, it is suggested that companies elect to franchise more because of the potential for franchisee's higher motivation and greater performance incentives (Caves and Murphy 1976; Krueger 1991).

It should be noted that this researcher believes it should not have to be an 'either-or' proposition for these two theories of motivation, but that motivation could sometimes be attributed to both under different circumstances.

7. Minimising Risk Theory

Apart from the above two theories seeking to explain the motivation to franchise (one theory expounding on franchisors being driven to franchise because of restricted resources and another theory suggesting that franchising is a way to avoid the problem of inefficiencies), one further theory puts forward the suggestion that franchisors franchise as a way to reduce risks (Combs and Castrogiocanni 1991).

The premise of this proposal is that franchisors will franchise as a way of avoiding taking all the risks of expanding into uncharted territories and locations. However, there is limited evidence and support for this theory in terms of empirical studies at this moment.

Ultimately, "[r]esearchers have been mainly concerned with utilising resource scarcity theory, agency theory, transaction cost economics, or some hybrid mix of these theories in explaining an individual's motivation to franchise" (Weaven 2001, p. 88).

8. Franchise Failure

The 'lack of success' or 'failure' of a franchise is, as defined in this research, when the franchisee is unable to recruit any students into the franchise programme, or is unable to recruit beyond the first pioneer cohort of students into the franchising programme, thus leading the franchise relationship to prematurely end).

Other measures of franchise failure could include discontinuations, "(1) contract terminations by franchisors, franchisees, and by mutual agreement; (2) non-renewals by franchisors, franchisees, and by mutual agreement; (3) the number of franchised units repurchased by the company" (Blair and Lafontaine 2005, p. 45).

APPENDIX B

RECRUITMENT

Letter of Invitation

Date:

Dear _____,

You are warmly invited to participate in a research study conducted according to the details outlined below:

Research Title: "Franchising of Academic Programmes from a Private University in Malaysia: A Case Study"

Researcher's name: CHIN Peng Kit, B.A (Hons), M.A.
Vice President, Academic
UCSI (University College Sedaya International)
Contact Number: 6 03 9101 2507; E-mail: kitchin@ucsi.edu.my

Interviewer's name: Stephen John LEE
Registrar
Malaysia University of Science and Technology
Contact Number: 6 03 7880 1777; E-mail: stephen@must.edu.my

Supervisor's name: Assoc. Prof. Dr. Ananda Kumar Palaniappan
Faculty of Education, University of Malaya,
50603 Kuala Lumpur, MALAYSIA
Tel: 6 037967 5046; Email: anandak@um.edu.my

This research study is to explore and analyse the performance of the franchise relationships between UCSI (University College Sedaya International as the franchisor) and various franchisees.

Your participation in this study, which is on a totally voluntary basis, will involve taking part in interviews and discussion groups (specifically called 'focus groups') to interact with other people who are also involved in the franchise relationship being researched. The interviews and focus groups will be conducted by the above-named interviewer who is not a personnel of either the franchisor nor the franchisee, but a completely independent person outside of the franchise relationship.

The above is done to ensure a non-biased data-collection process, and the independent interviewer will remove all indications of your identity from the transcripts which will be used in my analysis (in other words, when I analyse the information and data collected, I will not know who the information was collected from).

Naturally, this invitation is made to you because of your own direct involvement in the franchise initiatives (either directly with UCSI or its franchisees) and your participation will thus be valuable to this research.

However, please be assured that your participation is strictly voluntary, and there will be no effect on your employment status at UCSI (if you are a UCSI staff) by your decision whether

or not to participate; furthermore, you may withdraw from the research at any time without affecting your position in the workplace in any way at all.

All the information collected as part of the study (the interviews and discussions will be audio-taped) will remain strictly private and confidential and your identity will be kept anonymous in the publication of the research, i.e. all records containing personal information will remain confidential and no information which could lead to identification of your participation will be released.

All information collected as part of the study will be retained for seven years and will be stored by the University of South Australia. This information will be made accessible only to the University of South Australia for verification purposes.

Please note that I am also including in this Information Sheet the name and telephone number of the Executive Officer of the ethics committee of the University of South Australia, and you are most welcome to discuss any ethical concerns about the project or answer questions about the rights of participants.

At the end of the research exercise when the study is published, you will be provided with a copy of the final research report or summary of the research findings.

The researcher will also be happy to reimburse any costs incurred in the participation of this research (e.g. for travelling expenses, for any inconvenience or any other out-of-pocket expenses, etc.).

Once again, thank you for your time in reading the information contained above.

If you are agreeable to participating in the research study described in this Information Sheet, I welcome you to fill in the attached Consent Form and return it to the interviewer.

Should you wish to contact someone for further information or clarification, please do not hesitate to contact either the undersigned, or Stephen John Lee who will be the independent interviewer for this research study.

Thank you for your consideration.

Sincerely,

Kit Chin
UniSA Student Number: 100025134

APPENDIX C

INFORMATION SHEET

UNIVERSITY OF SOUTH AUSTRALIA
International Graduate School of Management

Participant Information Sheet
for the Research Study entitled
"Franchising of Academic Programmes from a Private University in Malaysia: A Case Study"

Researcher's name: CHIN Peng Kit, B.A (Hons), M.A.
Vice President, Academic
UCSI (University College Sedaya International)
Contact Number: 6 03 9101 2507; E-mail: kitchin@ucsi.edu.my

Interviewer's name: Stephen John LEE
Registrar
Malaysia University of Science and Technology
Contact Number: 6 03 7880 1777; E-mail: stephen@must.edu.my

Supervisor's name: Assoc. Prof. Dr. Ananda Kumar Palaniappan
Faculty of Education, University of Malaya,
50603 Kuala Lumpur, MALAYSIA
Tel: 6 037967 5046; Email: anandak@um.edu.my

Dear participant,

Thank you for your time in reading this Information Sheet.

You are warmly invited to participate in a research study conducted according to the details in the heading of this Information Sheet.

This research study is to explore and analyse the performance of the franchise relationships between UCSI (University College Sedaya International as the franchisor) and various franchisees.

Your participation in this study, which is on a totally voluntary basis, will involve taking part in interviews and discussion groups (specifically called 'focus groups') to interact with other people who are also involved in the franchise relationship being researched. The interviews and focus groups will be conducted by the above-named interviewer who is not a personnel of either the franchisor nor the franchisee, but a completely independent person outside of the franchise relationship.

The above is done to ensure a non-biased data-collection process, and the independent interviewer will remove all indications of your identity from the transcripts which will be used in my analysis (in other words, when I analyse the information and data collected, I will not know who the information was collected from.

Naturally, this invitation is made to you because of your own direct involvement in the franchise initiatives (either directly with UCSI or its franchisees) and your participation will thus be valuable to this research.

However, please be assured that your participation is strictly voluntary, and there will be no effect on your employment status at UCSI (if you are a UCSI staff) by your decision whether or not to participate; furthermore, you may withdraw from the research at any time without affecting your position in the workplace in any way at all.

All the information collected as part of the study (the interviews and discussions will be audio-taped) will remain strictly private and confidential and your identity will be kept anonymous in the publication of the research, i.e. all records containing personal information will remain confidential and no information which could lead to identification of your participation will be released.

All information collected as part of the study will be retained for seven years and will be stored by the University of South Australia. This information will be made accessible only to the University of South Australia for verification purposes.

Please note that I am also including in this Information Sheet the name and telephone number of the Executive Officer of the ethics committee of the University of South Australia, and you are most welcome to discuss any ethical concerns about the project or answer questions about the rights of participants.

At the end of the research exercise when the study is published, you will be provided with a copy of the final research report or summary of the research findings.

The researcher will also be happy to reimburse any costs incurred in the participation of this research (e.g. for travelling expenses, for any inconvenience or any other out-of-pocket expenses, etc.).

Kit Chin
UniSA Student Number: 100025134

APPENDIX D

CONSENT FORM

CONSENT FORM

for the Research Study entitled
"Franchising of Academic Programmes from a Private University in Malaysia: A Case Study"

Researcher's name: CHIN Peng Kit, B.A (Hons), M.A.
Vice President, Academic
UCSI (University College Sedaya International)
Contact Number: 6 03 9101 2507; E-mail: kitchin@ucsi.edu.my

Interviewer's name: Stephen John LEE
Registrar
Malaysia University of Science and Technology
Contact Number: 6 03 7880 1777; E-mail: stephen@must.edu.my

Supervisor's name: Assoc. Prof. Dr. Ananda Kumar Palaniappan
Faculty of Education, University of Malaya,
50603 Kuala Lumpur, MALAYSIA
Tel: 6 037967 5046; Email: anandak@um.edu.my

- I have read the Participant Information Sheet and the nature and purpose of the research project has been explained to me. I understand and agree to take part.
- I understand the purpose of the research project and my involvement in it.
- I understand that I may withdraw from the research project at any stage and that this will not affect my status now or in the future.
- I understand that while information gained during the study may be published, I will not be identified and my personal results will remain confidential.
- I understand that the tape will be kept by the University of South Australia and can only be accessed by the University only.
- I understand that I will be audiotaped during the interview.

Name of participant.....

Signed.....**Date**.....

I have provided information about the research to the research participant and believe that he/she understands what is involved.

Researcher's signature and date.....

APPENDIX E

CONSENT FORM

FOR USE WHEN TAPED MATERIALS ARE TO BE RETAINED

for the Research Study entitled

"Franchising of Academic Programmes from a Private University in Malaysia: A Case Study"

Researcher's name: CHIN Peng Kit, B.A (Hons), M.A.
Vice President, Academic
UCSI (University College Sedaya International)
Contact Number: 6 03 9101 2507; E-mail: kitchin@ucsi.edu.my

Interviewer's name: Stephen John LEE
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Contact Number: 6 03 7880 1777; E-mail: stephen@must.edu.my

Supervisor's name: Assoc. Prof. Dr. Ananda Kumar Palaniappan
Faculty of Education, University of Malaya,
50603 Kuala Lumpur, MALAYSIA
Tel: 6 037967 5046; Email: anandak@um.edu.my

- I have read the Participant Information Sheet, and the nature and the purpose of the research project has been explained to me. I understand and agree to take part.
- I understand that I may not directly benefit from taking part in the project.
- I understand that I can withdraw from the study at any stage and that this will not affect my status now or in the future.
- I confirm that I am over 18 years of age.
- I understand that I will be audiotaped during the study
- I understand that the tape will be kept by the University of South Australia and can only be accessed by the University only.

Name of participant .....

Signed .....

Dated .....

I have explained the study to subject and consider that he/she understands what is involved.

Researcher's signature and date .....

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