

Franchise Business Development: An Advantage to Muslim Youth Entrepreneurs

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Abstract

Franchising is a form of organized business and available with complete package. It is developed based on the demand from the franchisees to the franchisors as well as the response from the consumer. Every year, franchise businesses gain confidence and able to diversify their products in the market. Hence, it has become a major platform for entrepreneurs to achieve success based on compliance with certain rules. Each package available becomes a backbone in offering benefits to entrepreneurs throughout the franchise agreement contract. Therefore, this study will describe the advantages of the franchise business to Muslim youth who are involved as entrepreneurs through completed packages. The methodology of this study used qualitative methods through library research which involved a number of books, journals and seminar proceedings. The findings show that the franchise business which has been proven for its effectiveness has successfully provided its own advantages to Muslim youth entrepreneurs especially in Malaysia in raising the religious-economic status as well as individual and country economic status. This study suggests that franchise business is at a good level and enhanced from time to time in encouraging the involvement of Muslim youths entrepreneur in Malaysia.

Keywords: Franchise, Business, Muslim youth.

Article Information:

This paper was first presented at the First International Conference on Management and Social Sciences (ICMSS 2019), organised by the School of Human Resource Development and Psychology, Universiti Teknologi Malaysia, Johor Bahru, Johor, Malaysia, on 27 April 2019.

Published after peer review: November 2019.

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Introduction

The franchise system is a long-established business branch of the local community and has brought together a number of entrepreneurs who are competitive. It is evidenced by the increase in number of franchise companies each year with no focus on food business alone. Furthermore, various franchise companies have not dropped out as a recipient of respect for business efforts and strategies implemented globally. No wonder if the system introduced by the western nation succeeded in attracting Muslim youths in Malaysia who want to seriously engage in the franchise business and further expand the brand of the company used. Not only that, it is even able to correct some of the notion that Muslim youth entrepreneurs are mandatory and behind in business governance despite the majority of franchise companies entrepreneurs are non-Muslims. In line with that, researchers will rationalize the elements or aspects contained in the franchise business that are able to provide benefits to Muslim youth entrepreneurs in Malaysia.

Franchise System and Youth In Malaysia

This space focuses on franchising business so that this research is more direct and understandable. It encompasses the introduction, start-up and foundation history of a business that is practicing this franchise system. Then, the researchers briefly elaborate on the term Muslim youth and Malaysia. All of the above can be seen as follows:

Introduction to Franchise

Prior to the deep discussion stage, the researcher would like to first describe the definition of franchise based on a number of opinions covering the essentials in building the franchise business system. The franchise is its own consent given by the ethics and the specific amount of the allowance by the owner of the company to the franchisee to market a product or service (Dictionaries Dictionary, 2010). Martin Mendelsohn defines the franchise as an agreement between the franchisor and the franchisee in running the business. The role of the franchisor is to provide supervision and guidance to the franchisor involved, while the franchisee's duty is to provide a paid-in investment at a certain cost level and obtain permission to use the brand, type and variety of franchise systems under franchisor ownership (Martin, 1995).

The franchise also translates as a marketplace of products through extensive sales based on brands involving the sale of goods or service provision from franchise operators to end customers. In addition, the franchisor has the right to allow the franchisee to carry out the business concerned regardless of individual or company pursuant to rules, systems and regulations in mutually agreed agreements between them within the prescribed time and place (Richard, 1976: 42).

In addition, a franchise is a partnership between franchisors who owns a franchise product by providing appropriate systems within the franchise business and buyers or franchisees known as acting as a fund-raising provider, providing human resources such as employees and

continuous efforts to business operations based on the length of time tied together (Paul 1978: 21).

Through a defined understanding, franchises can be concluded as a systematic business bond involving capital producers, company owners, franchisors and franchisees in accordance with mutually agreed contractual agreements based on specific procedures and periods. Each of them plays a big role in the success of this business in order to achieve mutual satisfaction and profitability.

Franchise History in Malaysia

The franchise business system was pioneered by the power of the United States in the 1850s and began to be realized by most of the world's population between the 1950s and 1960s. The main objective was introduced the ability to distribute goods through certain marketing from one area or company to another (Juarjir, 1995: t.h). The system was first discovered through the first product marketing of Singer (Sewing Machine Company) founded by Isaac Singer in the 1850s Singer is a businessman and businessman in the field of wood carving by producing woodcarving machines before introducing widely sewing machines), the sewing machine introduced to the public at that time by using this franchise business system (Katherine, 1998: th).

The franchise business has begun to attract attention by investors in expanding their respective businesses. It was evidenced by the decision by General Motors Industry, an automobile company and design in manufacturing selecting this franchise method to start business in 1897. It was followed by Coca-Cola beverage company by John Styth Pemberton who is still active in this industry until to this day with its own marketing way. Not only that, the system also attracted entrepreneurs who had the same dream of developing businesses such as A & W fast food restaurants by the pioneer A & W Root Bear in 1919 and the establishment of modern restaurants by Howard Deering Johnson in 1935 with marketing strategies and regulatory decisions that are tailored to the company's mission and vision towards a group of trained branches, even though using the same logo, product type and name to continue to the second generation franchise system (Iswi, 2011: 68).

The progress made at the time provided confidence for existing investors and new entrepreneurs in venturing into the franchised system of businesses to start providing special spaces in strategic areas for visitors visiting their outlets, especially food and beverage based businesses. Including the McDonald's restaurant in 1953 after a few revolutions in offering their sales products (2018), and protracted until the establishment of new companies around the world is no exception in Southeast Asia including Indonesia, Thailand and Malaysia. The growth of the franchise business began to grow rapidly in the 1990s even though it was still widely monopolized by western franchise companies like Kentucky Fried Chicken, Pizza Hut and Dunkin Donuts. Not concentrated on food companies only, but these engage expand to franchise business services such as tourism, education and entertainment (D. Tod Donovan, 2006).

Basic Business Franchise

Everything to be developed should start from a solid foundation so that the goals can be successfully managed. In fact, the franchise industry has its own business base compared to other businesses that usually rely solely on the owner's decision privately. According to the preliminary book of Abdul Azizi (1999), the foundation of franchise business development begins with the attitude of taking into account every available strength, opportunity and risk that will be faced in the future, having capital requirements for business development process involving good infrastructure and continuous service, has a name that is registered with its own identity and differs from the existing brand in the marketplace as an alert to avoid confusion during the marketing process.

Never missed the appointment of a skilled management team, especially in finance and promotional matters, easy communicating, able to perform tasks according to company needs and is believed to carry out such a business, plan and set up operational plans from the

beginning so clearly understood to those involved, provide training and explanation schemes to develop franchise business operations in accordance with the resolution of the franchisor to franchisees based on parallel molds, supervising each franchise under the owner of the master franchise and conducting regular visits to the quality of business operations in the escort.

Not only that, even file management is the most important medium that drives a business venture, ranging from body-law statements, agreements to effective financial controls that can be thoroughly scrutinized between those directly involved in the business. Additionally, each franchisor has the right to choose a franchise line that will navigate every franchise business branch including background, qualification, exhibit interest and efficiency along with the selection of a particular business location at the planned interview session. Furthermore, the need to conduct transparent research into the franchise business should also be taken seriously as a result of achieving the aspiration of being a developed and competitive nation with another example country.

Muslim Youth

Muslim Youth Integrity is a backup of three different words and is expected in one term. In order to be clearly understood, the researcher describes the definition of these three words and in the interest of understanding the scope of the study. Youth intended are individuals aged 15 to 40 years old (Kuala Lumpur, 2015). It is categorized into youth who are still in school, secondly the youth in higher learning institutions i.e. school leavers, then those who are employed with employment opportunities in gaining experience i.e. the early youth group of employment, after which the youth industry with the draft of improvement in the related and final area of the veteran youth between the ages of 30-40 years with the aim of improving the quality of life and strengthening family institution.

But there is a difference between age limits defined as youth according to certain countries. For example, Brunei and Australia between the ages of 15 and 25, Thailand and New Zealand are 15 to 24 years old and Singapore from 15 to 29 years old (United Nation, 1999). The gap on display reveals the age difference of the youth category and without specific calculations to represent it for the whole world. The age limit of this category is not a gauge in preserving a job and a type of responsibility but rather a sense of individual and community awareness to achieve excellence and self-transformation. Obviously here, youth not only serves as a continuation of previous generations but youth must be wise in arranging the steps and arrangements today to ensure a prosperous survival.

The definition of the Muslims comes from the word of the Islamic world, which means the followers of the holy religion of Islam. Islam is the holy religion of God that goes beyond the thinking, the offspring and the circulation of the times of Allah Taala. It is also a miracle that must be maintained and obeyed in every worship and amar maaruf nahi mungkar for the sake of the world's welfare. In general, Muslims encompass all the ummah who profess Islam that is revealed to all the prophets. If it is specifically interpreted, it is composed of ummah who embraced Islam which was revealed to Prophet Muhammad s.a.w (Syarif Hidayatullah, 1992). The perfect Muslim is characterized by the appreciation of the meaning of Faith in the Rukun Iman, Islam through the ruling of the Islamic Rule and Jurisprudence involving the gestures in the hope of redha Allah Taala with full-heartedness.

Malaysia is a country located in Southeast Asia and has 14 states. Malaysia adopts a constitutional monarchy system headed by the Yang di-Pertuan Agong and uses parliamentary democracy such as the electoral process as details of the system and administrative structure. The population of the country's population in 2016 from the Department of Statistics Malaysia published on 22 July 2016 recorded 31.7 million people. If the amount is detailed, it shows that 16.4 million men and women are 15.3 million. This amount saw an increase of 0.5 million compared to 31.2 million persons in the previous year (Jab. Malaysia Statistics, 2016).

Malaysian society belongs to a very lucky group of people. In addition to good geographical and country climate factors throughout



the year, Malaysians are also enlivened by the diversity of religions such as Islam, Buddhism and Christianity, nations such as Malay, Chinese and Indian, political and socio-cultural (Fred R, 1987). This makes Malaysia a unique and exciting country around the world. Although there are differences in the diversity of views, the Malaysian society is constantly in contact with each other in managing the daily world of education such as education, employment, industry and society whether formal or otherwise. Hence, this is a factor of national harmony and as a framework for the formation of civilized Malaysians based on the well-being of all.

Methodology

In the research world, the results of the study are determined by the method and design of the study, while the design of the study is determined by the purpose of the study. This study uses a qualitative method that involves a method of study aimed to understand in depth the phenomenon of research questions. This study also illustrates the advantages found in the franchise business system of entrepreneurs among Muslim youth in Malaysia.

Findings

This section describes the research findings obtained by researchers through various sources to achieve the research goal. Therefore, the researcher divided the findings into the appropriate aspects so that the reader can be identified and systematically identified. The aspect of the advantages of the franchise system to entrepreneurs comprising Muslim youth in Malaysia is as follows:

Aspects of Guidance

The guidance scheme in business is a desirable effort to realize from the very beginning of a company. It contains the main elements and is certified by the authoritative body so that the developed business can follow well-defined rules. The franchise system appears as a business package that assigns every registered franchisee to undergo training sessions and guidance either staged or otherwise. The session was designed by a company owner or franchisee operated by an experienced and trained group within a company.

The importance of this coaching and training sessions will help more entrepreneurs to run businesses well organized and believed that every basic space within the franchise is guided effectively. Thus, entrepreneurs do not have to seek training sessions from outside forces other than franchise companies and thereby guarantee the desired quality of time, save on production costs and conduct business in line with the company's requirements. Each training and training sessions that are used as a driving force for franchise entrepreneurs are different according to company principles, product types and their respective business targets (Hassan, 2007).

Aspects of Assistance and Marketing Tasks

Integration of joint ventures in the franchise system makes businesses that practice this way continue to be believed and able to generate income to those involved. The priority involved the relationship between the franchisor and the franchisee at a time and the agreed rules. To date, the assistance aspect in this system involves the process of franchise registration so that businesses are developed to meet targeted goals. The registration process refers to the company's opening, trademark use license and the sale of the product type.

Then, it has become the duty of the franchisor to arrange the distribution of business resources to a network of registered franchises. This is necessary through good research so that the business can run smoothly, maintain the purity of the product and conform to the ethics of a franchise company. In addition, the franchise system also helps entrepreneurs who are under a finance-related company such as loan application and franchise account coordination action. This is a step in helping to manage the source of income and expenditure so as not to overpay the production to things that are not a priority as a waste.

In addition, the system implemented under the Franchise Act (Amendment 2012) does not exclude the guidance of business

operations either by the sale of goods or the supply of services. Despite different operating techniques according to the type of product sales, it does not preclude the provision of appropriate implementation modules and inspection operations in line with the mission and vision of the franchise. Business owners will meet the demand of the franchisee in relation to the source of sales according to the prescribed schedule or current requirements. Instead, the business system has witnessed the research of products as well as the promotion and promotion of franchises by the owner of the company representing the whole network. The owner of the company reserves the right to define the forms and procedures of product promotion depending on product type factors, timing feasibility such as the festive seasons and also the conduit.

With the marketing and promotional techniques supervised by the franchisor effectively, a large number of local communities will be aware of the presence of marketed products and successfully form consumer groups in stages throughout the franchise branch (Gruber, 2004). Franchisee can also focus on employee appointments and manage their daily business without allocating a certain amount of time to think about research action as well as product promotion throughout the business.

The Disciplinary and Law Compliance Aspects

The emphasis of the franchise system is not only around the quality of the product being marketed, but also includes aspects of career discipline from superiors to subordinates in a company. Like many other industries, franchises need to rely on compliance with laws and self-reliance applied from the beginning of engagement in developing this business. Referring to the Franchise Act 1998 (amendment of 2012), there are types of offenses outlined and appropriate fines.

Understanding franchise travel, it is like working with teams including franchisors, franchisees and suppliers who need to build on good and close relationships. In order to create a harmonious and business-oriented environment, each of the parties involved is a priority in maintaining discipline and striving to avoid the ruin of a franchise (Eko Wibowo, 2007). As such, the developed system manages the discipline of the individual and consequently shows entrepreneurs out there that the franchise system is an emotive system.

The discipline sensitivity of the franchise system leads to the establishment of time, the turnover of the task and time, the compliance of the company's guidelines, the form of marketing of the company's requirements, the uniformity of the staff's clothing and other tasks. For example, uniformity of staff clothing or franchise employees symbolizes the discipline of retail and indirectly being an ambassador to the marketing of franchise products according to their respective companies. The public in the vicinity will be aware of and recognize the identity of the franchise and thus increase the number of visitors to the outlet. All of these elements are firmly established as business development agents that stand not only for one part, but also refer to each franchise engagement (Gillian C., 1999). Failure to conform to the ethics that has been reported will negatively affect the current or future business dealings. Hence, it educates Muslim youths who are involved in this franchise system to comply with the law and always display superior discipline to ensure the benefit of all the participating parties.

Financial and Financing Aspects

The strong factor of every entrepreneur in business involvement is a good readiness and financial management. The financial level scale plays a big role in the pattern of transactions that the public wants to offer. Entrepreneurs will have broad powers to define business planning with a large capital base and vice versa (Rohaizat, 2002).

However, there are many financial channels available to entrepreneurs who want to engage in this field with determination but lack capital either by way of loan or fund raising. It is reflected in the form of loans by recognized banks in the country such as CIMB Bank Berhad and Maybank Berhad under the franchise financing scheme (SPF) in collaboration with the Ministry of Domestic Trade and Consumer Affairs and the Credit Guarantee Corporation (CGC) provided that determined. Among the eligibility requirements is the



wholly-owned or locally-owned business, has been registered under the Companies Commission of Malaysia and the lending rate does not exceed RM7.5 million (KPDNHEP Official Portal, 2018). Hence, this assistance is able to pave the way for Muslim youth in Malaysia who aspire to engage in franchise companies in any kind of product marketing, thereby giving advantage to existing entrepreneurs to further develop the franchise business at their desired level.

In addition, every company has provided ethics and forms of payment involving registration, purchase of products and related royalties beginning from the beginning of the franchise agreement. Franchisee or franchisee, in particular, must follow the prescribed ethics to avoid any payment-related issues and to affect the relationship between the parties involved (G. Frank & Ralph, 1985). Problems can arise as the reluctance or negligence of the parties between them is prolonged and it is difficult for the franchise process to proceed properly. Hence, franchise entrepreneurs comprising Muslim youths will not face a great deal of interest in obtaining financial loans for the franchise business for those in need. Additionally, the creation of a business account was also specially designed by the franchise owner of the company to all networks to facilitate the financial system systematically and the task of all parties was not interrupted within the prescribed period. These identifiable privileges help Muslim youth entrepreneurs achieve their goals in the franchise business successfully.

Conclusion

This study focuses on identifying the advantages of a long-established franchise business in Malaysia to entrepreneurs involved in Muslim youth. Muslim youths are a group of people who are in middle age and have the consistency of the power to act well in a job. Therefore, this study finds the advantages of franchise business developed now to the Muslim youth entrepreneurs through several aspects of guidance, assistance and marketing tasks, discipline and compliance with laws, and finance and payment. In addition to the same research focus, this study can be extended to the emphasis of the problems arising in the franchise business set up by Muslim youth in Malaysia and its efforts to overcome it. This is because of the identification of the problems that arise with its recovery efforts to improve the development of the franchise business from all aspects and bring progress to the country and society through this industry system.

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