VETERANS INITIATIVES IN FRANCHISING FRAMEWORK: AN ANALYSIS OF FRANCHISORS COMPANIES

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Author’s Biography

The author worked in the industry for more than 15 years before joining academia. She holds two bachelor’s degrees, LL. B(Hons) and BSc in Culinary Arts Management. After completing her Master in Gastronomy, she earned her PhD in Hospitality Management from Iowa State University, U.S. Her main interests in research include food business management, food tourism, food regulatory and policy frameworks, food fraud and terrorism, food franchising as well as food commercialization.
Research Highlights
Every year thousands of military veterans were discharged honorably in Malaysia. The government has been helping those veterans to get their feet back into civilian economy. A number of relocation programmes are introduced as part of the efforts. Previous studies show that franchising system is a successful route to start a new life changing experience for many people. Veterans, geared with discipline and broad military training experiences, are a good fit for franchising system. This paper presents findings from a content analysis of United States’ top 50 franchisors voted as the best companies for their veteran initiatives. Based on the findings, a franchising framework for veteran initiatives is based on three core components: financial incentives, corporate support and training. This study contributes a practical implication by providing a fundamental direction for the franchise industry in Malaysia to model their own veterans initiatives frameworks.

Graphical Abstract

Fig. 1. An illustration of proposed franchising framework for veterans in Malaysia

Research Objectives
Historically, franchising began to flourish in the U.S. after the World War II. The return of thousands of military veterans was the turning point for U.S. economy. This is because the franchising growth depends heavily on human capital. As a matter of fact, those veterans were struggling to survive outside the military system after being discharged from active duty. U.S. Bureau of Statistics (2012) reports that more than 370,000 veterans are unemployed. Malaysia experiences similar concerns relating to the re-employment of
veterans. Malaysian Government has made a call to the private sectors to recruit the veterans in order to assist them to start their new civilian life. At present, franchise companies in Malaysia do not offer any special incentive for the veterans to participate in their franchising system. This study used agency theory to balance the interests vested in both franchisors and franchisees. In this agency theory, franchisors and franchisees should share the similar objectives throughout their business cycle, that is to gain profit through principal-agent relationship (Lafontaine, 1992). Both principal-agent also responsible to share the business risks. This study aims to analyze the focus components of veteran initiatives from the U.S. franchisors companies and to propose a franchise framework for Malaysian franchising industry with the intention to recruit veterans as their franchisees.

**Methodology**

In the effort to develop a franchising framework for veterans initiatives in Malaysia, it is important to obtain evidences from the existing franchising industry which have adapted and practiced veterans initiatives. Therefore, examining the corporate data from top 50 franchisors companies is the appropriate method to identify the core components of the veterans initiatives. Text analysis from the information provided by the franchisors companies were used to understand the framework of veterans initiatives (Boreus & Bergstrom, 2017). Two phases of data collection were performed from websites of International Franchise Association and Military Times Best. During the first stage, a total of 593 franchisors registered in VetFran category, were extracted online from the IFA website. In the next stage, the data available from IFA website was triangulated with data from Military Times Best website. Each franchisor company was given an identifier for easy reference and to maintain anonymity of the data, started with VetFran01 and ended with VetFran50, representing all 50 franchisors companies listed in the Military Times Best. A coding process of the data was performed to single out the keywords for each component of the framework and later formed a pattern of themes (Saldana, 2012).

**Results**

Based on the content analysis of the 50 franchisors companies, a total of 18 companies were involved in home building, repair and maintenance services. Six franchisors operated restaurants and food retails which includes fast food and ethnic-themed restaurants. Only four companies carried out landscaping services and health or beauty services respectively. The rest were in other business concepts such as automotive, signage making, retailing, B2B services, real estate management, travel, moving services, art and photography, computer hardware, cleaning services, vending and consulting. It appears that veterans preferred to buy a franchising concept of home construction and maintenance services compared to others. All franchisors companies provided financial incentives for the veterans who were interested to buy their franchising system. As the financial incentives offered were varied, the most comfortable rate for discount was between 10 to 15 percent of the initial fees. For company support, the main components appeared from the analysis were initial and on-going support provided for the franchisees. This study also found that each franchisor company has designed their own support models in line with their business concepts. With regard to training, the findings showed that all franchisors companies required their franchisees to attend for training prior to outlets opening. Most of franchisors companies also conducted their initial training sessions through webinars or e-training.
Conclusion

It can be concluded that financial incentives could become one of the deciding factors for the veterans to choose a particular franchisor over the others. The findings from this current study, particularly on the training and support components, is supported by a previous study investigating two franchise brands which revealed the significance of start-up package offered by the franchisors to their potential franchisees. This package may include a series of continuous training and effective support system in ensuring the confidence of the franchisees to survive in the business (Leslie & McNeill, 2010). This mutual trust is one of the essences in principal-agent relationship.

References


