

**MEASURING AND MANAGING FRANCHISEE SATISFACTION:
A STUDY OF ACADEMIC FRANCHISING**

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ABSTRACT

Franchisee satisfaction is crucial to franchise management, and it is considered to be a central variable for the franchise network's long-term survival. While an abundance of research exists on the topic of franchising, none has been directed toward measuring franchisee satisfaction within an academic setting, and this despite the increasingly large number of tertiary institutions offering programs on franchise arrangement. Although there were initiatives to develop a new measuring instrument of satisfaction for the franchise industry, such generic scale was not suited to the unique nature of academic franchising. Therefore, this study attempts to explore different approaches of franchisee satisfaction within an academic setting, develop and validate a new measuring instrument, examine the key factors and their influence on performance and intention to remain in the network, and eventually manage the franchise network for long-term continuity. This study was conducted in Malaysia over a sample of 68 respondents representing 19 franchised colleges within MARA University of Technology's (UiTM) network. The findings suggest five dimensions of franchisee satisfaction namely social interaction, service support, financing, assurance and competence. Hence, UiTM should be able to ascertain the level of services provided, and to determine which dimensions need improvement. Knowing the strengths and weaknesses of these dimensions and their relative influence may result in better allocation of resources so as to provide a better service to the franchised colleges. This study has also sought to contribute further to the growing literature on franchising by advancing a new 23-item measuring instrument, which is specifically tailored for

1.2 Objectives of the Study

This study aims to develop and validate a new measuring instrument of franchisee satisfaction within an academic setting, examine the influence on performance and intention to remain in the franchise network, and ultimately enhance the survival and success of the network. In particular, the study attempts to:

- i) explore different approaches of satisfaction construct and examine the relationship with franchisee satisfaction;
- ii) provide evidence from the literature on the most suitable approach of franchisee satisfaction and its measurement;
- iii) re-adapt existing measuring scale of franchisee satisfaction into a new instrument specific to academic setting;
- iv) perform empirical testing on the reliability and validity of the new scale;
- v) identify key factors of franchisee satisfaction, and eventually determine the most important ones;
- vi) measure the satisfaction level of UiTM's franchised colleges and examine the influence on performance and intention to remain in the franchise network, and
- vii) propose some improvements on the basis of research findings to the existing academic franchise arrangement at UiTM to ensure continuity of the network.

1.3 Scope of the Study

This study aims to measure satisfaction level among franchised colleges within the UiTM network, and subsequently examine the implications on the performance and intention to remain in the franchise network. Thus, the target population comprises of all the nineteen UiTM's franchised colleges in Malaysia. Data had been collected for the period between October and December 2005, and the sampling procedure used for the study was census.

1.4 Significance of the Study

Franchisee satisfaction is critical to a franchise network's long-term survival and success. Research literature reveals the positive influence of franchisee satisfaction on performance, organizational commitment, franchiser relations, and intention to remain. Instead of working in isolation, these constructs were substantially interrelated (Morrison 1997), and it is suggested that strengthening performance, franchiser relations, organizational commitment, and franchisee's intention to remain in the franchise business are objectives that can be obtained together, rather than managed separately. Therefore, findings from this study could form the basis for improving operations, developing innovative franchise policies, securing more equitable cooperative agreements, funding franchisee support programs, and