

A Study On Franchise Business In Kumbakonam

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Abstract: Franchising represents a distinctive form of business arrangement that facilitates the expansion of a company or brand through a partnership between the franchisor and the franchisee. Under this agreement, the franchisor grants the franchisee the right to operate a business using the franchisor's brand name, established business model and ongoing support, in exchange for a fee or a share of the revenue.

The primary objectives of this research paper are to identify the reasons behind franchisee preference, analyse the factors contributing to franchise success, examine the functioning of the franchise model in Kumbakonam, and uncover challenges faced by franchise businesses. Based on these findings, the study also aims to offer strategic recommendations for enhancing franchise performance. The researcher employed the snowball sampling method, selecting a sample of 70 franchise businesses. Analytical tools such as percentage analysis, chi-square tests, correlation, and weighted average mean were utilized to interpret the data.

The study reveals that intense competition is the most significant challenge faced by franchisees. One of the key recommendations is for franchisors to undertake proactive initiatives to enhance brand visibility and popularity in Kumbakonam. Furthermore, since a minority of franchisees encounter operational difficulties, timely support from franchisors is crucial to ensure their sustained success.

I. INTRODUCTION

Franchising is a unique type of business agreement that enables the company or brand to grow through the Franchiser and the Franchisee. As per the agreement, the franchisor grants the right to operate a business using the franchisor's brand name, business model, and ongoing support to the franchisee in return for a fee or a share of the revenue. A popular example of franchising is McDonald's, where each owner operates a McDonald's outlet, but they use the same branding, menu, and operations as defined by the Franchiser. Franchising ultimately presents a strong chance for both franchisors and franchisees to succeed in their business objectives. It represents a collaboration based on respect, trust,

and common achievement. Entrepreneurs can fulfil their aspirations of becoming business owners and support the development and growth of well-known businesses by franchising. The fees and terms of the contract are crucial aspects of the franchising business that shape the boundaries of the franchisor-franchisee relationship. Several fees, like the Initial Franchise Fee, Royalty Charge, Advertising and Marketing Fees, and Product or Service Fees, were collected from the franchisee.

The objectives of this research paper were to study about socio-economic background of franchisees, to identify the reasons for the preference of franchisees, to analyse the factors influencing the success of the franchise, to examine how the franchise model works in Kumbakonam, and to find out the

problems of the franchise business and to offer valuable suggestions to improve the franchise business. In this study researcher is interested in knowing how far the franchise business in Kumbakonam is functioning and scrutinizes the positive and negative sides of the franchise business. Besides, the scope of the franchise business was also analysed.

II. RESEARCH METHODOLOGY

A descriptive study design was used in this research study. Primary data and secondary data were both collected. Primary data has been collected from the respondents through an interview schedule with the help of well well-framed questionnaire. Through articles, Journals, websites, and magazines, secondary data was collected.

SAMPLING TECHNIQUE AND SAMPLE SIZE

Sampling Frame: The franchisees in Kumbakonam were used as the sampling frame

SAMPLING METHOD

The snowball sampling method has been used to collect primary data. This study started with a few respondents who then suggested others to include, and this process continues, which has expanded the sample size.

SAMPLE SIZE

The data was collected from 70 franchisee business concerns in Kumbakonam

STATISTICAL TOOLS

In this study, the following statistical tools were used:

- ✓ Percentage analysis
- ✓ Chi-Square
- ✓ Correlation
- ✓ Weighted Average Mean

RESEARCH HYPOTHESIS

- ✓ There is no significant association between the investment of franchisees and the profit earned by franchisees.
- ✓ There is no significant association between Age and preferences for franchise business.
- ✓ There is no significant association between the investment of franchisees and the payback period
- ✓ There is no positive association between the category of shop and the investment level of franchise business.
- ✓ There is no positive relationship between the category of shop and the satisfaction level of franchise business.

III. FINDINGS

- ✓ Franchise business is popular among the 35-45 age group.
- ✓ Franchise business was very popular among males,94,7 percent of respondents in this study were male.
- ✓ Among married franchise business was very popular (i.e, 82.91 percent of franchisees in this research were married
- ✓ The franchise business in Kumbakonam was not popular among professionals as well as the illiterate
- ✓ More than one-third franchises were doing business in the Food and Beverage and dairy business.
- ✓ More than half of the franchisees have been doing business for the past 3 and 5 years
- ✓ More than a quarter of respondents in this research study selected this business due to the reputation of the franchisor brand.
- ✓ The hypothesis is framed between Age and the Reasons for preferences for franchise business.
H0: There is no positive relationship between age and the reasons for preference this franchise business.

Pearson correlation

Correlation			
		Age of the respondents	Reasons for the preference for franchise business
Age of the respondents	23 Pearson correlation	1	.274
	Sig. 2 tailed		.022
	N	70	70
Reasons for the preference of franchise business	23 Pearson correlation	.274	1
	Sig. 2 tailed	.022	
	N	70	70

Pearson Correlation is used to test the hypothesis,and it was found that the calculated value is 0.274, which is positive; it showed that the relationship between the age of respondents and the reason for opting franchise business is positively correlated.

- ✓ This research found that businesses have between 2 and 4 employees, and very few franchisees have more than 8 to 10 employees.
- ✓ A significant portion of 67 percent of franchisees' family members in this study were not involved.
- ✓ Nearly 35 percent of franchisee's in this research previous carrier was own business. This shows that franchise business attracts the business people.
- ✓ Exactly 50 percent of respondents in this study were aware of franchise business by themselves.. Friends and social media played a nominal role.

- ✓ Self-motivation was the reason for the majority of businesses to opt franchise business.
- ✓ It is very impressive that 97 percent of respondents have maintained a pleasant relationship
- ✓ More than 90 percent viewed that the support and services provided were very good to the textile franchise business. The franchisor gives continuous advice and suggestions during the slack time of business.
- ✓ The majority of franchisors are not interested to listen towards the ideas of franchisees regularly.
- ✓ Nearly 50 percent of respondents believed that they have a good opportunity in their franchise business.
- ✓ In this research study, the researcher found that one-third of franchisees invest more than Rs.. 20,00,000 and nearly 10 percent of franchisees invested an amount of Rs.. 10,00,000 to 15,00,000.
- ✓ A hypothesis was framed to find out the relationship the category of shop and the investment level of franchise businesses.

H0: There is No positive relationship exists between the category of shop and investment level franchise businesses.

H1: There is positive relationship exists between the category of shop and the investment level of franchise business. **Correlation**

		Age of the respondents	Reasons for the preference of franchise business
Category of shop	22 Pearson correlation	1	.103
	Sig. 2 tailed		.395
	N	70	70
Investment level	Pearson correlation	.103	1
	Sig. 2 tailed	.395	
	N	70	70

The correlation table value is -.103, which was negative, indicating that the relationship between the category of shop and the investment level of franchise business was negatively correlated.

- ✓ Entrepreneurs looking for funding for franchise enterprises mainly rely on a mix of personal savings and loans.
- ✓ A significant portion of respondents (i.e., 43 percent in this study payback period is 2 to 3 years.

HYPOTHESIS

The following hypothesis was formulated between the investment of franchisees and the payback period and chi-square test was used.

H0: There is no significant association between investment of franchisees and payback period

H1: There is a significant association between investment of franchisees and payback period

Chi-square test			
Test	Value	Dr	Asymp sig (2 sided)
Pearson Chi-square	25.340	12	.013
Likelihood ratio	28.778	12	.003
Linear by Linear association	2.843	1	.092
No. of valid cases	70		

The above table shows that the Chi-Square test revealed a positive value of 0.013, which was less than the 0.004 level of significance. So the null hypothesis is rejected. Thus, there was a significant association between investment of franchisees and payback period.

- ✓ Nearly 96 percent of franchisees viewed their business investments were worthy and only 4 percent viewed the same as unworthy
- ✓ More than 95 percent of the respondents viewed that their business interments were worthy
- ✓ This study indicated that a significant portion of the respondents had an entrepreneurial mindset and were highly inclined to consider starting their own business in the future.
- ✓ Nearly 50 percent of the franchisees opined that they were not willing to work with the same franchisor in the future.
- ✓ The reason behind the intention of doing the same business was that they were satisfied with the profit.
- ✓ From this study, it was inferred that 5.51 percent of the franchisees were ready to explore opportunities beyond their current franchising arrangement.
- ✓ A sizable portion of the respondents (i.e., 76 percent recommend this business to others.
- ✓ 44.4 percent in this research study spent between Rs. 50,000 and Rs. 1,00,000 per month for business.
- ✓ One-third of the sample under study earned monthly Rs. 50,000 to Rs. 1 00,00032. It is important to note that a minority (7.1 percent) declared profits of less than Rs.. 10,000 permonth, showing that certain businesses may be faltering or operating on narrower margins.
- ✓ Hypothesis: The researcher analysed the investment level with the profit earned with a hypothesis.

H0: There is no significant association between the investment of franchisees and the profit earned by franchisees.

H1: There is a significant association between the investment of franchisees and the profit earned by franchisees

The chi-squared test was used to test the hypothesis.

Chi-square test			
Test	Value	Dr	Asymp sig (2 sided)
Pearson Chi-square	40.689	16	.009
Likelihood ratio	49.708	16	.005
Linear by Linear association	25.203	1	.027
No. of valid cases	70		

The above Chi-square test revealed a p-value of 0.009, which is less than the 0.005 level of significance, indicating that the null hypothesis is rejected. Thus, this student revealed that there was a significant association between the investment of franchisees and the profit earned by franchisees.

- ✓ The competition is very hectic for franchisees from both other franchisees who do the same business, and also from individual businessmen..
- ✓ According to the data, only a small percentage of samples underwent training sessions and most training programs were of very short duration.
- ✓ In this study, workplace training was more popular than training in a common place.
- ✓ The majority of the respondents (i.e) 85.8 percent reported that they were satisfied with the training offered by the franchisor.
- ✓ From this study, it was found that there was a large financial scope among franchisees and 87 percent have a positive opinion about the same
- ✓ 31 out of 70 were not satisfied with the research and developmental activities carried over by the franchisor. Research and Development activities are a mint for the development and growth of business. However, the franchisor never provided any research-oriented activities.
- ✓ The data in this study revealed that a majority of the respondents (i.e) 70 percent received assistance from the franchisor. However, 30 percent reported receiving no assistance from franchisors in tough times.

Weighted Average Mean

Satisfaction Level of Significant Factors in Franchise

S. No	Factors	WA 1	WA2	WA3	WA4	W A5	Total WA	WAM	Rank
1	Investment	0	0	18	104	190	312	20.8	1
2	Risk	1	10	159	44	0	214	14.27	6
3	Royalty	0	2	36	164	80	282	18.8	2
4	Sales	0	0	42	160	80	282	18.8	3
5	Profit	0	2	51	156	65	274	18.27	4
6	Marketing and advertising	0	22	111	80	10	223	14.87	5

- ✓ The above weighted average mean table showed that among the significant factors

In franchise business, the highest level of satisfaction is associated with investment (Rank 1) among the listed factors. Second rank captured by royalty and sales activities got the third rank, profit captured the 4th rank and marketing and advertising efforts taken 5 th place, and risk held the 6th position.

HYPOTHESIS

H0: There is No positive relationship exists between the category of shop and the satisfaction level of franchise business.

H1: There is positive relationship exists between the category of ship and the satisfaction level of franchise business.

Correlation			
		Category of shop	Satisfaction level of franchise business
Category of shop	Pearson correlation	1	.164
	Sig. 2 tailed		.182
	N	70	70
Investment level	Pearson correlation	.164	1
	Sig. 2 tailed	.182	
	N	70	70

From the above correlation table, it was found that the calculated value is 0.164, which is positive, and so the relationship between the category of shop and the satisfaction level of franchise business is positively correlated.

S. No	Factors	WA 1	WA2	WA3	WA4	W A5	Total WA	WAM	Rank
1	Investment	0	20	150	32	10	212	14.13	4
2	Risk	1	0	84	160	10	254	16.93	1
3	Royalty	0	22	171	8	0	201	13.4	5
4	Sales	0	4	117	92	30	243	16.2	2
5	Profit	0	6	135	64	30	235	15.67	3
6	Marketing and advertising	7	30	111	32	15	195	13	6

Franchisees are likely to perceive risk as the most critical factor so it holds rank one, sales are evidently significant for franchisees, as indicated by the second highest rank. Franchisees also place importance on profitability (rank 3) though slightly less than sales, investment ranks fourth, and royalty fees rank 5, indicating that franchisees may be less concerned about ongoing royalty payments compared to other factors. Marketing and advertising rank the lowest rank 6 implying that franchisees may not prioritize extensive marketing support from the franchisor.

Age with preferences of franchise business

Age	preferences							total
	Higher qualification	Thrust to become entrepreneur	Support from family	Mode rate risk	Reputation of franchise	Average investment	Lower qualification	
Below 25	1	4	0	0	1	0	1	7
26-35	0	9	0	1	5	1	0	16
36-45	1	2	5	4	7	5	0	24
46-55	1	2	1	3	7	5	1	20
Above 55	0	1	1	0	1	0	0	3
Total	3	18	7	8	21	11	2	70

HYPOTHESIS

H0: There is no significant association between age and preferences of franchise businesses.

H1: There is a significant association between age and preferences of franchise business

Chi-square test			
Test	Value	Dr	Asymp sig (2 sided)
Pearson Chi-square	34.837	24	.071
Likelihood ratio	38.032	24	.034
Linear by Linear	5.196	1	.023

association			
No. of valid cases	70		

The above table shows that the Chi-square test revealed a p -value of 0.071 which is greater than the 0.05 level of significance, revealed that the null hypothesis is accepted. Thus there is no significant association between age and preferences of franchise business.

IV. SUGGESTIONS BY FRANCISEES

- ✓ Franchisees think that to increase brand awareness and bring in more customers, the franchisor had to make greater investments in marketing and advertising
- ✓ Franchisees believe that the franchisor ought to assume greater accountability for fostering and assisting the franchisee enterprises, potentially through improved direction materials or instruction.
- ✓ Franchisees recommend that the franchisor grant them greater independence or flexibility in specific areas of the business operations, potentially enabling them to make decisions specific to their local clientele or market.
- ✓ Franchisees advise the franchisor to concentrate on research and development (R&D) to consistently innovate and launch new goods or services in order to draw in new clients and maintain existing ones.
- ✓ Instead of relying on other platforms like Amazon or Flipkart, franchisees advise emphasizing sales through their website, potentially to maintain greater control on product offerings and customer satisfaction.
- ✓ Franchisees advise concentrating on increasing sales within their franchise as opposed to allocating funds to other merchants.
- ✓ Franchisees emphasized the significance of speedy order delivery in order to satisfy customers and meet expectations.
- ✓ In general, male members dominate the business world in this patriarchal society. Women should come out of their shells to learn and do business confidently. The franchiser must give some preference and concession to women.
- ✓ Unmarried people don't prefer franchises due to the unavailability of finance. The Franchiser may give concessions and instalment facilities to attract youngsters.
- ✓ An intense type of Advertisement is required to make the illiterate understand the features, and as far as the professional is concerned direct personal approach is the best option.
- ✓ The franchiser restricts the business of goods and beverages and dairy since it dilutes the profit of the franchisee.
- ✓ Franchise business must be given publicity so that many would understand and enter into this type. The franchisor should take the required action to make it popular in Kumbakonam.

- ✓ The franchisor should make an effort to popularize the franchise among youngsters and fresher's.
- ✓ The franchisor may post some franchise business-oriented video clips, shorts in social media so that many people are aware of the franchise business.
- ✓ Dairy and good business support are needed by the franchisees.
- ✓ The doers only understand the intensity of practical problems in business, and so the franchisor must have changed their strategies to listen to the point of view of franchisees.
- ✓ The ventures typically require substantial initial capital but offer potentially higher returns or established brand recognition.
- ✓ The franchisor must analyse the reason for the unwillingness of the franchisee to work with the same franchisor, and if it is genuine, and if there is any mistake or fault on their side, they should rectify the same
- ✓ Nearly 90 percent of franchisees spent per month Rs. 1,00,000 to above Rs.2,00,000. However the franchisees do not bother about the same since they earn a good profit.
- ✓ Training can be arranged at regular intervals so that the franchisees get the confidence to understand and overcome the problems easily.
- ✓ Training should be arranged in a workplace so that it is beneficial for the franchisees to understand the problems and to overcome them.
- ✓ The franchisor should provide research-oriented activities to help the franchisee tackle business-oriented problems
- ✓ Suggesting active franchisor involvement in supporting the franchisee. Improvement in franchisor-franchisee relationship or support structures. Addressing these gaps could enhance overall franchise satisfaction and performance.
- ✓ The offer that can be provided by the franchisor should be based on the sales attitude, occupation, and income level of the consumer in that area.
- ✓ Franchisors offer flexible marketing support that allows franchisees to customize their marketing efforts based on local needs and preferences. Providing marketing resources and guidance while allowing franchisees autonomy in their marketing strategies can be beneficial

V. CONCLUSION

According to the researcher, the key to long-term success is a strong relationship between franchisors and franchisees. The fact that a sizeable portion of franchisees are profitable highlights how important cooperation and synergy are. These peaceful relationships not only promote trust between people but also lay the groundwork for long-term, steady growth. This highlights how vital it is to develop and preserve strong

relationships inside the franchising ecosystem. Overall, the results show that there is a direct link between the success of franchise businesses as a whole and the calibre of these partnerships. Building these kinds of mutually beneficial relationships should be a top priority for aspiring franchisees, as it is essential to their long-term survival and success.

Finally, it can be concluded that the majority of franchising businesses in Kumbakonam run very successful businesses. The minimum number of franchising businesses is facing struggles in running a successful business. With the suggestions given by the franchisees and the research, it would be helpful to make the franchise successful.

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