

# **New practical framework of financial planning process in developing a new franchise system: An action research study in Malaysia**

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## **Abstract**

*Franchising is the fastest growing method of doing business. In Malaysia in particular, franchising has been aggressively promoted by the government since the early 1990s. However, there is little academic research to guide or regulate industry practices. Thus this research investigates the process of financial planning in developing a new franchise system. This research used action research methodology to develop a new practical framework of financial planning in developing a new franchise system within the Malaysian government department that handles franchise regulation. Three main action research cycles (with two mini-action cycles for each main cycle) were conducted with three new franchise systems seeking to register with the Registrar of Franchise Malaysia (ROF). To triangulate the findings of the action research, the researcher also presented them at a National Franchise Workshop (NFW). These activities showed that the process of financial planning for the new franchise system should comprise 14 elements with specific linkages. These practical frameworks for financial planning in a new franchise system were adopted by the Ministry of Entrepreneur Development Malaysia to be used as guideline in the process of developing a new franchise system and evaluation tools for the franchise registration.*

## **Introduction**

Franchising is the fastest growing method of doing business (Miranda 1995) and has become the most important and popular method of creating new businesses (Justis 1995). Franchises contribute about 10 percent of the world's Gross Domestic Product (GDP) and 14 percent of the world's total retail sales (Mendelsohn 1995; Mendelsohn 1999). Indeed, franchising contributed 49 percent of the United States' total retail sales, and 30 percent of the United Kingdom and Europe (Baucus & Baucus 1997; Mendelsohn 1999; Sherman 1995; Swartz 1995).

Many countries have laws affecting franchising. For example, the United States has pre-contract disclosure documents (Mendelsohn 1999) and France, Spain, Brazil and Mexico have pre-contract disclosure laws. The United Kingdom implemented a Trading Scheme Act in 1996 and Russia has enacted a set of regulation affecting franchising. Italy has recently proposed a bill to regulate franchising (Mendelsohn 1999). Australia has now introduced a Franchising Code of Conduct. In turn, in Malaysia where this research was conducted, the government has promoted the Malaysian's franchise industry aggressively since 1992 (Adzmi 1999) and it has experienced rapid development. The Malaysian Franchise Act 1998 was introduced to protect the franchise industry, and requires registration of every new franchise system.

In general, franchising is an under-researched area that is not well understood and the sector suffers from a lack of reliable information (Dyl 1991; Frazer 1998; Katz & Owen 1992; Welsh 1996). This lack is especially evident in Malaysia (Mohd Ali 1995). The Malaysian Government under the Franchise and Vendor Development Division, Ministry of Entrepreneur Development, Malaysia (Kpun), has offered research grants for conducting research in the franchising area. Some higher education institution and consultants have conducted preliminary studies (Franchise and Vendor Development Division 1999). However, there has been no empirical research about the process of financial planning (confirmed through searches of ABI Inform, EBSCO, Emerald, and Kpun databases). Financial planning is a core part of setting up a franchise because it provides information to a prospective franchiser that he or she needs to make a decision about opening and operating a new franchise system. This research about this financial planning process will reduce the risk of failure by improving the franchise planning process. Hence, the aim of this research is to develop an effective conceptual framework for financial planning in developing a new franchise system. That is, this paper addresses the problem:

*What should the elements of financial planning in developing a new franchise system be?*

This paper has three sections. Firstly, a preliminary framework based on the literature is outlined. Then the methodology of action research is briefly discussed. Finally, a final framework from the action research project is presented.

### **A preliminary framework**

A preliminary framework to guide this research was developed from the literature about the process of financial planning in developing a new franchise system in

developed nations and in Malaysia in particular. Entrepreneurs who want to develop and operate a franchise system in Malaysia must obtain approval from the Registrar of Franchise (Malaysia Franchise Act 1998), as noted above. The new franchiser needs to prepare a financial planning along with other documents (Franchise and Vendor Development Division 1999) for submission with an application form for review by the Registrar of Franchise (Bustaman 1995; Miranda 1995).

### **Financial planning in developing a new franchise system**

A financial planning process in developing a new franchise system requires prospective franchisers to calculate, explain, and summarise the rewarding and forgiving of the venture which involves gross and operating margin, potential profitability and durability, identifies the fixed cost, variable costs and semi-variable costs, the framework to attain the break-even point, positive cash flow, key financial projections, and expected return on investments. The entrepreneur develops various documents in the process such as the income statement and balance sheet of an existing business (if available), pro-forma-cash flow, pro-forma income statement, pro-forma balance sheet, break-even chart and calculation, and financial ratio analysis. Except for Justis and Judd (1998) Mat Hassan (1998) and Abdul (1995), there is a gap in the literature about how the elements should be developed in the financial planning of a new franchise system by the potential franchiser and this research had to establish these new franchise system financial planning elements. As well, it had to identify linkages between the elements because that had not been done in the literature.

We developed a preliminary, very comprehensive list of financial planning elements of a new franchise system from various Western and Malaysian sources, as shown in Figure 1.

Figure 1 emphasises the linkages and the flow of the financial planning process that had to be made explicit in this research:

- In preparing the pro-forma annual balance sheet, it will use the information from the existing balance sheet as an opening balance (line a in figure 1), operating budget (line b in figure 1), capital budget (line c in figure 1), cash flow projection (line d in figure 1), and pro-forma annual income statement.
- The information from the operating budget will be used in preparing the pro-forma annual income statement (line e in figure 1).
- Cash flow projection is also helpful to a franchiser in identifying whether the franchiser needs to source outside financing in developing and operating the franchise system (line f in figure 1).
- The ratios are designed to compare the current business activity (before franchising) using the existing financial statements (line i in figure 1) with the pro-forma financial statements (lines g and h in figure 1).
- The start-up or turnkey costs to open a franchiser's outlet will be used in preparing the capital budget (line j in figure 1).

*Twelve* elements of financial planning and *ten* linkages within financial planning process could be included in the process of developing the new franchise system and they will be used for this research.

The next step was to investigate if those 12 elements and 10 linkages were in fact necessary, feasible or desirable in the real world of Malaysia.

**Table 1**  
**The elements of a new franchise system financial planning**

No	Elements of financial planning in developing franchise system	A	B	C	Total	This research
1	Existing financial statements (statements from the established business)	-	✓	✓	2	✓
2	Identify franchise development costs	✓	-	✓	2	✓
3	Franchise start-up or turnkey cost for the franchiser and franchisee to begin the franchise system	✓	✓	-	2	✓
4	Franchise fees (initial fee, continuing fee, and advertising levy)	✓	✓	✓	3	✓
5	Operating budget (monthly)	-	-	✓	1	✓
6	Capital budget (monthly)	-	✓	-	1	✓
7	Cash flow budget (monthly basis) and cash flow projections statement (yearly basis)	✓	✓	✓	3	✓
8	Pro-forma annual income statement	✓	✓	✓	3	✓
9	Pro-forma annual balance sheet	✓	✓	✓	3	✓
10	Break-even analysis	✓	-	✓	2	✓
11	Financial ratio analysis	✓	-	✓	2	✓
12	Financing	✓	✓	✓	3	✓
	<b>Total</b>	<b>9</b>	<b>8</b>	<b>10</b>		<b>12</b>

*Legend:*

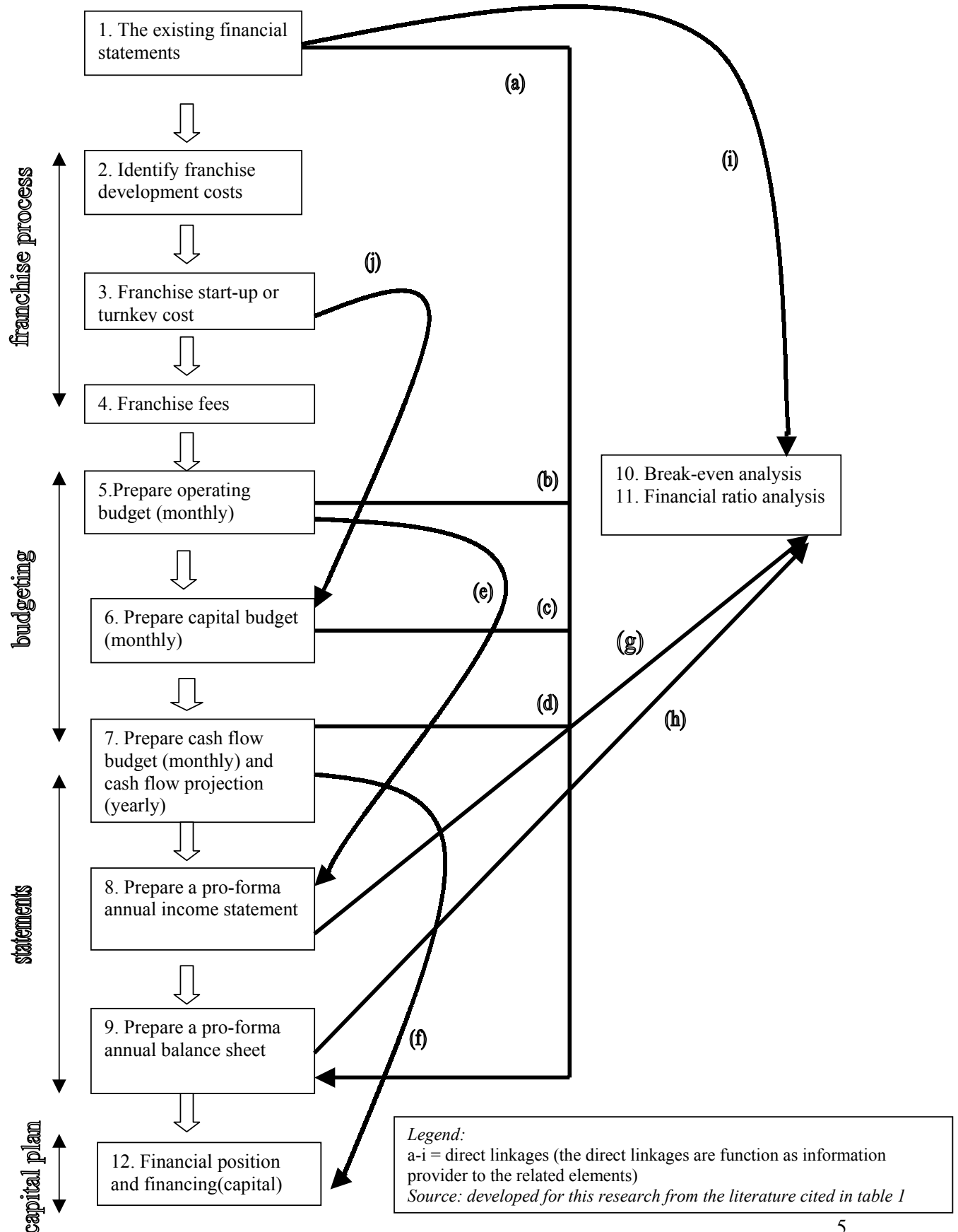
A = Justis & Judd (1998)

B = Abdul (1995)

C = Mat Hassan (1998)

*Source: Developed for this research*

**Figure 1**  
**The flow of the financial planning process in developing a new franchise system, emphasising the linkages between elements**



## Methodology

This research seeks to explore a little-researched area, as noted; the research is necessarily theory building rather than theory-testing. Thus it was appropriate to use a qualitative methodology to obtain a 'window' on the complex processes of financial planning in developing a new franchise system in Malaysia (Carson et al. 2001). Action research was the qualitative method used, mainly for access reasons. For example, case studies of franchisers, franchisees or consultants could not be obtained because the financial matters in a franchise system in Malaysia are complex and deal with confidential elements. Nevertheless, access to three prospective franchisers and their financial plans was eventually obtained through a group of regulators within the Franchise and Vendor Development Division, Ministry of Entrepreneur Development, Malaysia. The research involved the researcher in participative and collaborative research in the best site in Malaysia to investigate the planning processes of the many would-be franchisers who have to apply for registration with the division.

Several researchers have defined action research as mentioned above. A synthesis of these definitions by Altrichter (1990) Bawden & Zuber-Skerritt (2000), Dick (1992), Lewin (1946), Perry & Zuber-Skerritt (1992) and Rapoport (1970) produces my definition of action research for this research that has three core ideas:

- A collaborative group of people works, using a cyclical process methodology that incorporates the process of planning, acting, observing, and reflecting on results generated from a particular body of work.
- Increasing the understanding of the participants in a workgroup (called the policy workgroup) and others within an organisation (at a National Franchise Workshop towards the end of the research project).
- Production of a public report of those experiences (the PhD thesis and guidelines for developing a new franchise system that were adopted by the government department).

The action research process for this research consisted of three stages: reconnaissance, two mini-action research cycles for each of the three firms (cases), and a triangulation workshop as summarised in Figure 2.

### Stage one: Reconnaissance

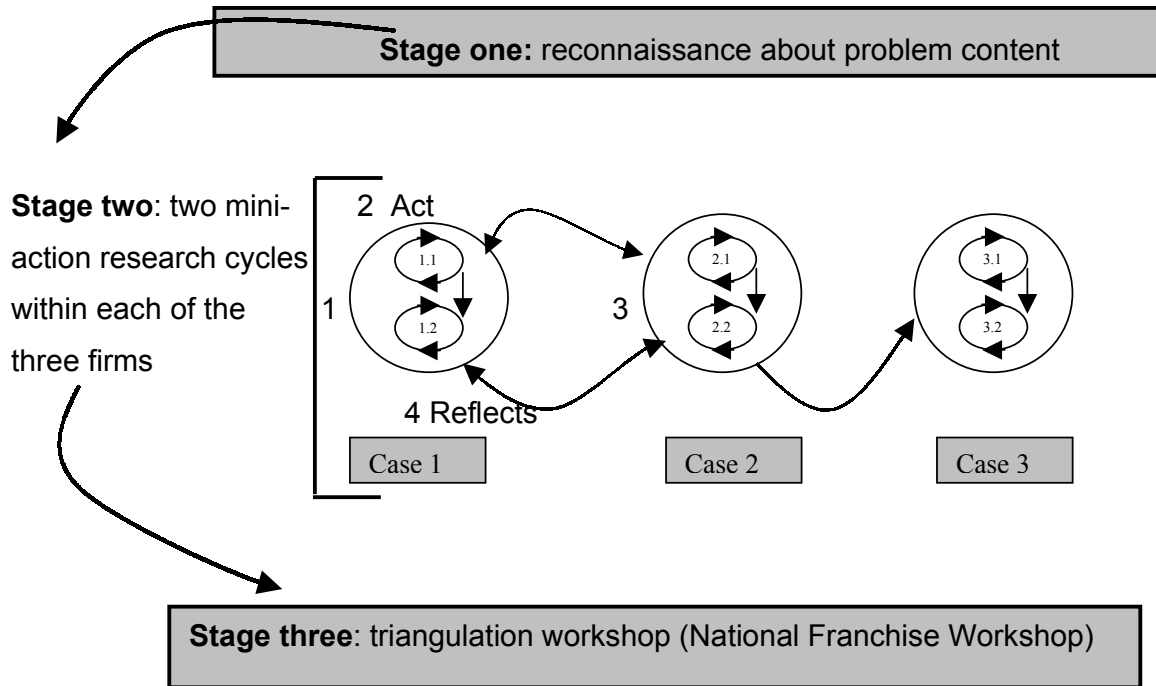
Stage one of reconnaissance consisted of an explanation and fact-finding progression to derive further information about the research topic, and gain a greater understanding of how the franchise system in Malaysia was established, with special reference to the financial planning. This investigation was performed using the following steps:

**Step one: the Franchise and Vendor Development Division, Ministry of Entrepreneur Development, Malaysia was selected for the action research project**

The researcher approached the Ministry about the problem addressed in this action research project. The discussion started immediately after the researcher had been awarded the research grant. The Secretary General of the Ministry agreed to implement the action research project as a tool to solve her problem of how to

establish a new franchise system, especially its financial planning. Indeed, this action research project was expected to produce guidelines on how to develop a new franchise system in Malaysia that complied with the Malaysian Franchise Act 1998.

**Figure 2**  
The procedure of the action research project for this research



*Legend:*

1.1 and 1.2: two mini-action research cycles in case 1

2.1 and 2.2: two mini-action research cycles in case 2

3.1 and 3.2: two mini-action research cycles in case 3

Note: The cycle in each case was a combination of two mini-action research cycles

*Source: Developed for this research*

**Step two: literature review**

The literature review was used to increase the understanding of the process of franchise development, especially with regards to financial planning. Articles, research journals and books were used in this process. The nature of franchising and franchising in Malaysia were considered. Finally, the preliminary theoretical framework of developing a new franchise system in Malaysia was produced.

**Step three: Review of internal and external resources**

The researcher reviewed both internal and external sources (documents and personnel) to ascertain existing knowledge within the Ministry of Entrepreneur Development Malaysia, franchise consulting companies, and other relevant entities (Perbadanan Nasional Berhad, Perbadanan Usahawan Nasional Berhad, and Bank Pembangunan). This was to establish firstly whether a similar project had been

completed and whether experiences from other undertakings/experiences could be extrapolated towards the current project.

#### **Step four: Convergent interviewing**

The convergent interviewing was also used to obtain ideas from people who are experts in the franchise industry. This process of five convergent interviews in Malaysia was used to support the theoretical framework of this research before the second stage of action research project commenced and will be discussed next.

#### **Stage two: Two mini action research cycles for each of the three firms (cases)**

The action research process was used after the theoretical framework and research issues had been determined from the literature review and the convergent interviews. It involved working in a collaborative workgroup with the members in the division soliciting information, input, responses, and seeking assistance to implement the theoretical framework that had previously been defined.

As noted, this action research took place at the Franchise and Vendor Development Division, Ministry of Entrepreneur Development, Malaysia. This department is the authority that handles all the franchising matters in Malaysia, such as monitoring the Franchise Development Programme (FDP) and evaluating franchisers' applications for endorsement by ROF. To begin this second stage of the action research project, the researcher discussed in depth with the head of the Franchise and Vendor Development Division the planning of problem solving activities. Six officers were included in this action research project known as a policy workgroup to work with the researcher. All the officers were currently in charge of the process of monitoring the development and evaluating a new franchise system for the endorsement by the ROF.

During the first introductory meeting of the action research project, all the members of the policy workgroup were briefed by the researcher regarding the aim, mission, processes, and tasks that needed to be carried out in the action research project. During the first meeting the two firms were identified by the policy workgroup to be included in this action research project. The two firms were in the process of developing their business into a franchise system and applications for their endorsement by the ROF had been submitted. The two firms have achieved 50 percent progress in developing the franchise system and they had established a pilot operation for more than two years. Indeed, the two firms had been registered in the Franchise Development Programme (FDP) in the initial stage of developing their franchise system. Two officers were appointed to be directly responsible for each of the firms. The policy workgroup selected the third firm after completing the second main action research cycle.

Three main action research cycles were conducted for the three firms (cases) (Figure 3). The first and second main action research cycles were conducted in four months and the third main action cycle was concluded after the third month, as shown in table 2. Each of the main action research cycles comprised two mini-action cycles in each case, as shown in figure 3. Each of the mini-action research cycles involved

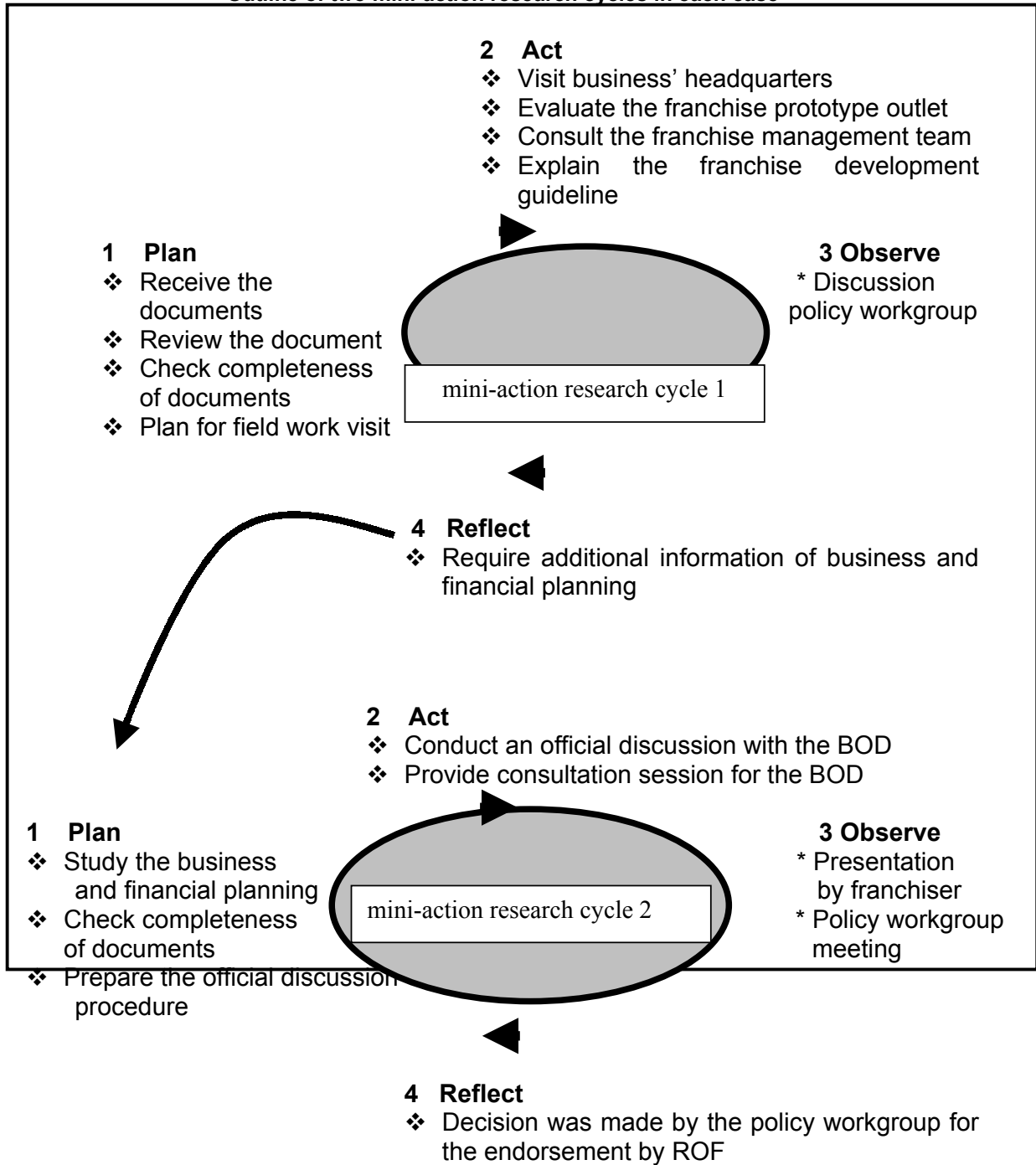
four steps of planning, acting, observing, and reflecting to carry out all the related tasks; these will be discussed next.

#### **Mini-action research cycle 1**

During the 'planning' step in the first mini-action research cycle, four tasks were carried out: receipt of the documents from the firm, review of the document, checking the completeness of the documents, and planning for the field work visit (the 'planning' step of the mini-action research cycle 1 in figure 3). The policy workgroup studied the document and a checklist was produced by the officers in-charge to inform all the other members. That is, a preliminary guideline of franchise development was generated to increase the understanding of the process in developing a new franchise system and was distributed during visits to the firms.

The first mini-action research cycle then continued with the 'act' step. Four tasks were carried out: Visiting the business's headquarters, evaluating the prototype outlet, providing a consultation session to the franchise management team, and explaining the usefulness of the franchise development's guidelines (the 'act' step of the mini-action research cycle 1 in Figure 3). Representatives from the policy workgroup visited the headquarters of the firm and the franchise prototype outlet. As a result a report of the visit was produced to inform the other members. Indeed, the performance of the franchise prototype outlet was analysed by using the previous two years' financial statements as agreed by the policy workgroup. For better understanding, a representative from the firm was invited to attend a consultation session and a full explanation pertaining to the usefulness of the guidelines to improve the process of developing their franchise system was given. An explanation emphasised the financial planning elements that needed to be considered by the firms to improve the business and financial process of developing the new franchise system.

**Figure 3**  
**Outline of two mini-action research cycles in each case**



*Source: developed for this research*

Next, the third step of 'observing' took place with the members of policy workgroup having a discussion to view the development progress of the new franchise system (the 'observe' step of the mini-action research cycle 1 in Figure 3). For this purpose, reports from earlier planning and acting steps were used to help the policy workgroup to make a conclusion. Indeed, the policy workgroup also discussed how to improve

the guidelines of franchise development based on the experience from the previous steps.

The final step of the first mini-action research cycle reflected the conclusion of the 'observing' step (the 'reflecting' step of the mini-action research cycle 1 in Figure 3). The policy workgroup produced an official letter to the firm regarding the additional requirements that needed to be reviewed and submitted for further action. The additional requirements covered the full set of business and financial planning of the new franchise system. The firm was given a period of time to prepare and accomplish the documents required for further implementation of the action research project. This will be discussed next.

**Table 2**  
**Date of policy workgroup core meetings and discussions**

	Mini-action research cycle 1			Mini-action research cycle 2		
	Fashion Goods (Main cycle 1)	Food Products (Main cycle 2)	Domestic Education (Main cycle 3)	Fashion Goods (Main cycle 1)	Food Products (Main cycle 2)	Domestic Education (Main cycle 3)
Planning*	8 Sept. 2000	20 Sept. 2001	30 Nov. 2000	27 Oct. 2000	7 Nov. 2000	11 Jan. 2001
Acting	4 Oct. 2000	9 Oct. 2001	7 Dec. 2000	8 Nov. 2000	13 Nov. 2000	15 Jan. 2001
Observing	11 Oct. 2000	16 Oct. 2000	19 Dec. 2000	17 Nov. 2000	20 Nov. 2000	17 Jan. 2001
Reflecting*	18 Oct. 2000	20 Oct. 2000	22 Dec. 2000	23 Nov. 2000	29 Nov. 2000	5 Feb. 2001

*Legend:*

- \* These meetings and discussions also considered the process of the two main cycles combined, and the 'acting' and 'observing' parts of those combined cycles were done during the 'acting' and 'observing' parts of each mini-cycle.

*Note:*

- The first discussion with the Head of Division was conducted on 22 August, 2000.
- The first introduction meeting with the policy workgroup was conducted on 3 September, 2000.
- The National Franchise Workshop was conducted on 18 January, 2001 for the triangulation process of this research.
- The final presentation and discussion with the Secretary General (also Registrar of Franchise Malaysia) to inform the conclusion of action research project and to handover the franchise development guidelines was conducted on 28 February 2001.

*Source: Developed for this research*

## Mini-action research cycle 2

To begin the mini-action research cycle 2, the 'plan' step was implemented. Three tasks were carried out: study the additional information of business and financial planning, check of the completeness of the documents, and prepare the official discussion procedure (the 'plan' step of the mini-action research cycle 2 in figure 3). Once the information that required by the policy workgroup was received from the firm, a thorough analysis was conducted. A comparison with the guidelines of franchise development was made to ensure the process of business and financial planning in developing a new franchise system was on track. Based on the comparison, a report was produced to inform all the other members. For further investigation, the members of the policy workgroup agreed to conduct an official discussion with the firm. As a result, an official discussion procedure was prepared to be implemented in the 'acting' step.

The mini-action research cycle 2 then continued with the 'acting' step. This step involved two tasks: Conducting an official discussion with the Board of Directors (BOD), and providing a consultation session with them (the 'acting' step of the mini-action research cycle 2 in Figure 3). The policy workgroup made an appointment to meet the entire BOD for the official discussion at the firm's office. Representatives from the policy workgroup with the Head of the Franchise and Vendor Development Division attended this session. In order not to be rigid in the discussion procedure, an official discussion and consultation were conducted in a 'win-win situation' as it could benefit both parties to find a better way of developing a new franchise system. At the end of the session the BOD of the firm was asked to prepare a comprehensive presentation to the ROF and the members of the policy workgroup in a week's time.

Next, the 'observing' step of mini-action research 2 carried two tasks: Attending the presentation by the firm and meeting among the policy workgroup (the 'observing' step of the mini-action research cycle 2 in Figure 3). All the members of the policy workgroup were given notice to attend the presentation by the firm. The ROF (Secretary General of Ministry Entrepreneur Development, Malaysia) was also invited to attend this session. The presentation session was held at the ministry's office and lasted an hour. The firm that was in the process of getting endorsed as a franchise business was asked to justify questions to ensure whether they were ready to implement the franchise system in Malaysia. Then a meeting among the policy workgroup was held to discuss the overall progress of the firm. All the reports from previous steps, including mini-action cycle 1 were considered to decide whether the firm was recommended to be endorsed by the ROF. The policy workgroup also discussed the amendment of the guidelines of franchise development.

Finally, in the 'reflecting' step of mini-action research 2 the policy workgroup produced a report that consisted of the whole progress of the firm in developing a new franchise system (the 'reflecting' step of the mini-action research cycle 2 in Figure 3). In addition, the policy workgroup helped the ROF by sharing advice and opinions in making the endorsement decision. The policy workgroup also produced new amended guidelines of franchise development to be used in the next main action research cycles.

The process of this action research project was continued until the initiating problem was satisfactorily resolved and the exit point from the action research process was then reached. That is, three main action cycles were conducted in the second stage of action research methodology for this research. Then, to ensure the implementation of action research project was continued, a discussion and presentation were conducted with the Secretary General of Ministry Entrepreneur Development (as also Registrar of Franchise) to inform him about the conclusion and findings of the study. Indeed, a complete set of franchise development guidelines was provided to the Secretary General. She responded positively, '.... I am very satisfied with this study and we will continue to use this process for the development and evaluation of a new franchise system. Thank you'.

### **Stage three: A national franchise workshop was used as a triangulation workshop**

Triangulation uses different measures or data collection techniques to examine answers to a particular research question (Bryman & Burgess 1994). The basic idea of the triangulation technique is that measurement improves when diverse indicators are used. Using multiple sources allows the researcher to fill gaps or loopholes that would occur if the researcher relied on only one source (Berg 1989). The triangulation can be used in both data collection and data analysis to check the validity and reliability by verifying information (Burgess 1984). Indeed, triangulation is a commonly used technique to improve the internal validity of research. If the researcher exclusively relies on one method, it may bias or distort the picture that the researcher is investigating (Burns 1994). Moreover, triangulation contributes to the verification and validation of qualitative research by checking out the consistency of findings generated by different data collection methods and checking out the consistency of different data sources within the same method (Burns 1994).

For this action research project, the first of the four types of triangulation was used in this research (Denzin 1978): data, investigator, theory, and methodological triangulations. The data triangulation technique was chosen for this research (Burgess 1984) to provide confirmation of the three main action research cycles conducted by the policy workgroup. The National Franchise Workshop was a platform used by the policy workgroup to present the core findings of its three main action research cycles. The core findings were presented as a paper in the NFW with the title *The effective business and financial planning process in developing a new franchise system*.

Over 100 participants attended this workshop. The participants were people who were directly involved in the franchise industry, such as franchisers, franchisees, bankers, franchise consultants, qualified accountants, lawyers, the President of Malaysian Franchise Association (MFA), the Chief Executive Officer of MFA, representatives from the Ministry of Entrepreneur Development, representatives from PNS, representative from PUNB and representatives from higher education institutions. Thus they represented. The researcher facilitated the workshop and the other members of the policy workgroup acted as observers. The purpose of this session was to allow all the participants to collaborate and contribute feedback to the policy workgroup.

## Methodological Implications

This research has methodological implications. It shows that action research can be anchored in the literature and also change practices in the workplaces. Thus the usefulness of the process running a core action research project within a particular workplace and then doing analytical generalisation from those workplace findings, first developed by Perry and Zuber-Skerritt (1992), has been further established as a way of combining the thematic concerns of a workgroup and theoretical concerns.

The project also shows that action research can be conducted in non-Western cultures. Of course, the high power distance structure of the Ministry had to be carefully investigated, but that culture was not much different from that of similar ministries in the West. Moreover, the collectivist culture of Malaysia helped the project team to work together, and to overcome barriers of face or status. Perhaps one reason why this occurred is that the researcher (the first author) was a Malay of moderate to high status who had studied in western Australia for a year before the project started. This reason could be added to the six, western-based points of acculturation of action research in Marquardt (2001). In brief, this research provides another example of the worldwide power of the action research methodology.

## Findings

Findings from this action research project extended the preliminary framework that has been developed based on the literature, to provide two conclusions. The *findings* of this research added another *two* elements of financial planning to the original twelve elements of developing a new franchise system in table 1.

Firstly, the payback period analysis of the new franchise system must be included in the process of financial planning in developing a new franchise system because it is an element of financial planning that could be used to monitor the financial plans of a new franchise system in Malaysia and it helps a franchiser to forecast the duration of getting the total investment of a new franchise system. Secondly, safety margin analysis must be included too because it is an element of financial planning that could be used to monitor the financial plans of a new franchise system in Malaysia and it can help the franchiser to indicate the level of the franchise operation to continue the business operation in the worst scenario. Using a payback period and safety margin analysis for this purpose were discovered for the first time by this research because of the processes of the action research project. These two additional elements in financial planning in developing a new franchise system had not been considered for financial planning of a new franchise system before and so are contributions of this research.

The second conclusion, the ten linkages in the financial planning process of developing a new franchise system, was not discussed in the literature. This research had included the linkages in the conceptual framework. The findings of this research also confirmed for the first time the use of all ten linkages in the financial planning process of developing a new franchise system. This research discovered using the linkages because of the collaboration between the new franchisers and the members of workgroup in the action research project and the aim to produce a high standard of financial planning.

In summary, 14 elements of financial planning and 10 linkages within the elements of financial planning are to be used in the process of developing a new franchise system in Malaysia. No other research has examined the process of financial planning in developing new franchise systems as precisely or as broadly as this research, especially in Malaysia where only minimal literature exists.

## Conclusion

There is little research about the process of financial planning for a new franchise system in Malaysia. The practical framework developed in this research, the elements of financial planning for a new franchise system have been identified based on the western and Malaysian literature; all the elements of financial planning are considered for use in the financial planning for a new franchise system with two additional elements.

This paper not only contributes to the body of knowledge about the effective framework of financial planning for both a new franchise system and new venture business but it also has implications for policy and practice: it suggests guidelines for franchise evaluation that were adopted by Registrar of Franchise Malaysia (ROF). The guidelines could be used to build franchise guidelines in other developing countries and even in developed countries like Australia and New Zealand. Business consultants in strengthening the process of developing the franchise system could also use the guidelines, and bankers could use this framework in updating the evaluation guidelines of financial planning characteristics for business financing.

The guidelines also provide a platform for comprehensive training, and show existing franchise systems how to improve their financial planning system. Moreover, the paper provides another example of the power of action research methodology. Further research could consider how the findings could be used in other countries, cultures and regulatory contexts.

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