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Foreword

Alhamdulillah. Firstly, I would like to express my thanks and congratulations to the Editorial Board of *Esteem Academic Journal* of Universiti Teknologi MARA (UiTM), Pulau Pinang for their diligent work in helping to produce this second issue of volume 5. I also would like to thank the reviewers for the excellent vetting of the manuscripts. A special thanks to University Publication Centre (UPENA) of UiTM for giving us this precious opportunity to publish twice this year. In this bilingual science & technology and social sciences issue, similar to the first issue we managed to invite more reviewers from our university as well as other universities in Malaysia. In the near future, we will approach and invite more international reviewers to be in the Editorial Board in order to internationalize our journal. Again, this current issue remarks a new height of the journal standard.

In this issue, we have compiled another 15 interesting articles. The first article is entitled “Service Employees’ Acceptance of Hotel Front Office Systems: A Test of Technology Acceptance Model” written by Mohamad Abdullah Hemdi. The author makes an attempt to investigate the relationship between information system quality, perceived ease of use, perceived ease of usefulness and attitude towards use by adopting an extended technology acceptance model (TAM). This article also presents theoretical and practical contributions for hotel managers and hotel information system (HIS) practitioners in order to increase frontlines acceptance of HFOS. The second article by Ng Set Foong, Low Heng Chin and Quah Soon Hoe proposed a new estimator as an alternative of the Ordinary Least Squares Estimator for linear regression model. This new estimator is shown to have a reduction in mean squared error compared to the mean squared errors of the special case of Liu-type estimator and the Ordinary Least Square Estimator under certain conditions.

Shaira Ismail in her article studies the elements of business strategy for surviving in the franchising industry. The author concluded that the firm’s competitive advantages need to be explored and defined as a blueprint for business strategic planning. The extremely important factors contributing to a company’s competitive advantage are in relations to customers and products. The fourth article by Mah Boon Yih is primarily concerned about how the learner’s existing linguistic knowledge influences the course of English language development among Chinese ESL learners.

The use of English language presented in the form of written work from the samples of 12 students has manifested itself the impact of their L1 (Chinese) transfer in their second language acquisition.

The fifth article by Che Khairil Izam Che Ibrahim et al. surveyed the awareness on analyzing major determinants of goals and benefits in international construction market. Findings indicate that as Malaysian construction firms go international, determination of a firm's basic goals and long term benefits is a really important aspect in exploring international construction projects. Zulkifli Dahalan and Wahairi Mahmud in their article entitled "Pengurusan Perubahan Menurut Perspektif Islam" discuss how managing changes can strengthen an organization, in a way that is in accordance to Islam. Leaders play important role since the success of an organization depends on the leaders' ability to manage the changes.

Rahimin Affandi Abd Rahim et al. focused on the review of the development of Islamic science and technology framework in public universities. The authors concluded that the process and move in developing Islamic science and technology framework in universities is still a distant away from reaching its target. The eighth article by Hoe Foo Terng, Cheun Heng Huat and Ho Wee Chee looks into the problems and difficulties in learning phrases and sentences in Mandarin language among non-Mandarin spoken students as well as the causing factors and the strategies to overcome the problems. The results show that students always make Mandarin grammar mistakes due to the influence of their mother tongue language, mistakes by opposing the logical, chronological or time, or carelessness.

The article entitled "The Influences of Gender, Courses and Speaking English at Home on Factors Contributing to Poor Spoken English" by Cheang Eng Kwong highlights the factors that contribute to the poor proficiency of spoken English among the diploma students in UiTM Pulau Pinang. The results of the study concluded that both internal and external factors have resulted in the poor use of spoken English among the students. The tenth article by Che Haslina Abdullah et al. is a result of a research on the students' perception on lecturers teaching Islamic Studies course. The results indicated a high percentage of students agree that the Islamic Studies lecturers have higher credibility.

The eleventh article by Roshaimizam Suhaimi and Jasni Sulung entitled "Konsep Asas Ilmu Perubatan Islam Menurut Ibn Sina" emphasizes on Ibn Sina's contributions in medical or medicine knowledge as well as the everlasting Islamic medical knowledge that is still being used until today although his name has not been properly recognized and acknowledged

by the West. Zulkifli Dahalan's article entitled "Pendidikan Islam dalam Pembelajaran Prasekolah: Kajian Terhadap Kurikulum Pengajaran Beberapa Prasekolah Terpilih" concentrates on the Islamic learning process and curriculum in selected kindergarten or preschool. The authors monitor the total learning hours for Islamic Studies course and other courses and suggested Islamic Studies course to be as a part of the preschool curriculum.

The article entitled "Peranan Pensyarah dalam Penambahbaikan Kualiti Pengajaran di UiTM" by Peridah Bahari and Fatimah Bahari discusses the role of lecturers in the development of higher learning as well as to enhance the quality of teaching. The fourteenth article discusses the conflict between Islamic civilization and Western civilization. The authors, Mohd. Hapiz Mahaiyadin and Khaliff Mu'ammam A. Harris suggested that the Islamic civilization could coexist with the Western if the West is able to understand Islam and the Muslim society. However, the full understanding is difficult to achieve since Islam civilization is concerned about revealing the truth while the Western civilization is about concealing the truth. The last article entitled "Kedudukan Para Nabi, Malaikat, Jin dan Iblis Menurut Pemikiran Islam" written by Halipah Hamzah looks into the position of *nabi*, *malaikat*, *jin* and *iblis* from an Islamic point of view.

Mohd Aminudin Murad

Chief Editor

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The Sustainable Competitive Advantage: Elements of Business Strategy for Surviving in the Franchising Industry

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ABSTRACT

Competitive position is a firm's position relative to its competition in the market. Firms should identify its strengths to build on and weaknesses to overcome when formulating strategies for competitive advantage. Firms should seek out the best example or practice in the industry to improve and assess where they stand on overall performance and benchmark their position in the industry. The aim of this research is to identify the factors and business strategies contributing to the firms' competitive advantage in order to secure and sustain itself in the franchise business. A set of questionnaire was developed and distributed to the selected franchisees. The survey results showed that the extremely important factors contributing to a company's competitive advantage are related to customers and products aspects. A business sustainable competitive advantage (SCA) is a combination of elements of the business strategies such as satisfying customers needs, franchisor and franchisee relationships, capitalizing on organizational resources, business location, marketing and promotional activities, product management, maintaining high quality of products and services, business management system and so forth. On the other hand, skills, business know-how, self-confidence and capability would also give an implication to the entrepreneurs' decision making. A look at the discussion above indicates mainly on the business sustainable factors and competitive advantage.

Keywords: *competitive advantage, business strategies and franchising industries*

Introduction

There's a question to explore on organizational survival and sustainable contributing factors to succeed in the franchise; a consideration towards achieving business goals and satisfying the business short term and long-term liability. There is a strong relationship between achieving the business performance goals and maintaining organizational success and lasting survival in the industry. In this context, the "Competitive Advantages" should be determined and distinguished, as they are the benchmarking criteria of business success. The application of those factors in managing business will ensure the continued existence of the enterprise over certain time period with acceptable business profits. This study explores the comparative and competitive advantages as the determinants of the survival and success of a business.

Problem Statement

The government of Malaysia has provided all the necessary help to Malaysian entrepreneurs. The Malaysian entrepreneurs however, are seemingly lacking in certain qualities and traits and this has contributed to a high failing rates amongst them in the business. It is therefore crucial to examine some of the important and critical factors that determine the success or failure of the Malaysian franchising business.

Objectives

The objectives of the study are:

- i. To identify the factors contributing to the firm's competitive advantages that are essential for successful in business and its sustainability in the franchise industry.
- ii. To identify the business management activities and strategies executed by the franchisees in maintaining the business competitiveness.

Significance of Project

It is hoped that this study could benefit the following people:

- i. The government – It is hoped that this study could contribute to decision making and hopefully there will be more effective government action programs to help speed up the increase in the number of entrepreneurs in franchise industry in the future.
- ii. To the entrepreneurs – It is hoped that they will change their attitudes toward business and could grab the opportunities given to them in franchise industry so that they will become successful businessmen/entrepreneurs in the future.

Scope of the Research Project

The unit analysis of this study is on entrepreneurs or franchisees and the main objective is to analyze their business activities and strategies in relation to factors contributing to their competitive advantage in the franchise industry.

Literature Review

Competitive Advantage

Most of the research done earlier is on a firm's sources for its sustained competitive advantage (Porter, 1985; Rumelt, 1984). A single organizing framework has been used since 1960's to structure much of these research (Andrews, 1971; Ansoff, 1965; Hofer & Schendel, 1978). The summarized framework in Figure 1 explains how the firms obtain their sustained competitive advantages by implementing strategies that exploit their internal strengths and by proactively responding to environmental opportunities, while counteracting external threats and avoiding internal weaknesses.

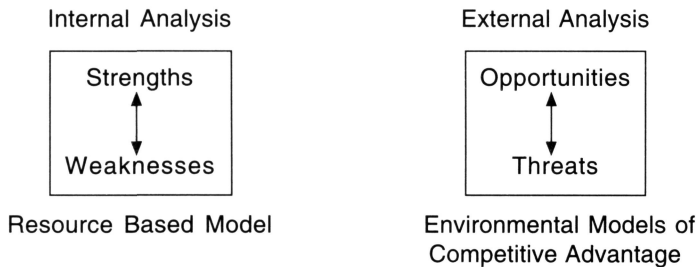


Figure 1: The Relationship between Traditional “Strength-Weaknesses-Opportunities-Threats” Analysis, the Resource Based Model, and Models of Industry Attractiveness

The previous literatures had stressed on both internal analyses of organizational strengths and weaknesses and external analyses of opportunities and threats but recently work has tended to focus primarily on analyzing a firm's opportunities and threats in its competitive environment (Lamb, 1984). Research done by Porter and his colleagues (Caves & Porter, 1977; Porter, 1980, 1985) has attempted to describe the environmental conditions that favor high levels of firm performance. Porter's (1980) "five forces model," for example, describes the attributes of an attractive industry and thus suggests that opportunities will be greater, and threats less, in these kinds of industries.

Firm resources are classified into three categories: physical capital resources (Williamson, 1975), human capital resources (Becker, 1964), and organizational capital resources (Tomer, 1987). Amongst the physical capital resources are physical technology used in a firm, a firm's plant and equipment, its geographic location, and its access to raw materials. Human capital resources include training, experience, judgment, intelligence, relationships, and insight of individual managers and workers in a firm. Organizational capital resources include a firm's formal reporting structure, its formal and informal planning, controlling, and coordinating systems, as well as informal relations among groups within a firm and between a firm and those in its environment. Firm resources are identified as one of those attributes of a firm's physical, human, and organizational capital which improves organizational efficiency and effectiveness (Wernerfelt, 1984).

Wernerfelt (1984), Dierickx and Cool (1989), and Prahalad and Hamel (1990) looked into a firm's internal competencies. In these studies, a competitive advantage is rooted inside a firm, in assets that are valuable and inimitable. A firm's capabilities or competencies and management's abilities to marshal these assets to produce superior performance determine its competitive advantage (Grant, 1991). In these perspectives, theorists have noted but left somewhat vague the role of a firm's links to its external environment.

A firm is said to have a competitive advantage when it is implementing a value creating strategy which is not simultaneously being implemented or easily copied by any current or potential competitors. and when these other firms are unable to duplicate the benefits of this strategy.

Baumol, Panzar, and Willig (1982) claimed that a firm's competition is assumed to include not only all of its current competitors, but also potential competitors poised to enter an industry at some future date. Thus, a firm that enjoys a competitive advantage or a sustained competitive

advantage is implementing a strategy not simultaneously being implemented by any of its current or potential competitors (Barney & Turk, 1989).

The definition of sustained competitive advantage is simply a competitive advantage that lasts for a long period of calendar time (Jacobsen, 1988; Porter, 1985). Whether or not a competitive advantage is sustained depends upon the possibility of competitive duplication. Following Lippman and Rumelt (1982), and Rumelt (1984), a competitive advantage is sustained only if it continues to exist after efforts to duplicate that advantage have ceased. In this sense, the definition of sustained competitive advantage is an equilibrium definition (Hirshleifer, 1982). The inability of current and potential competitors to duplicate that strategy creates a competitive advantage sustained but it does not imply that it will “last forever.” It only suggests that it will not be competed away through the duplication efforts of other firms.

John and Richard (2009) claimed that businesses become successful because they possess some advantages. The two most prominent sources of competitive advantage can be found in the business's cost structure and its ability to differentiate the business from competitors.

A sustainable competitive advantage (SCA) is an element or a combination of elements of the business strategies that provide a meaningful advantage over both existing and future competitors (David, 2008). The following figure illustrates the elements contributing to SCA.

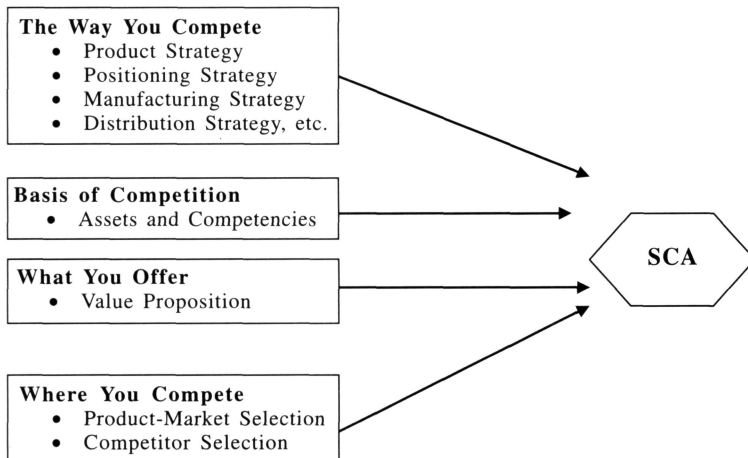


Figure 2: The Sustainable Competitive Advantage (SCA)

It should be substantial enough to make a difference. The way company competes depending on its functional strategies and content. It means that any advantages need to be supported and enhanced over time particularly those pertaining to superiority in product or service quality, technological applications, product innovation and so forth. A strategy needs to be valued by the markets and supported by assets and competencies comprising of physical capital resources, human resources and organizational capital resources that are not easily copied or neutralized by competitors. The most common SCAs are quality reputation, customer support and brand name. An effective SCA should be visible to customers and provide or enhance a valued proposition through a brand and strategy positioning. Finally, an important determinant for SCA is the target product market. It must ensure that it works in the marketplace by analyzing the competitor's business strategies.

Franchising

Justis, Robert and Judd (1989) defined franchising as a business opportunity by which the owner (producer or distributor) of a service or a trademarked product grants exclusive rights to an individual for the local distribution and/or sale of the service or product, and in return receives a payment or royalty and conformance to quality standards. The individual or business granting the business rights is called franchiser and the individual or business granted the right to operate in accordance with the chosen method to produce or sell the product or service is called franchisee.

Stanworth (1991) defined franchising as a system of distribution which, when carried on in an ethical manner brings identifiable benefits to the franchisees and franchisers as well as to the consumers of the goods or services offered. Franchising could also be defined as a license granted by the franchiser to a franchisee to operate a particular business using the franchiser's name where the franchiser provides assistance to the franchisee, exercises continuing control and receives periodical financial considerations from the franchisee for the services provided.

Franchising is a type of business arrangement in which one party (the franchiser) grants a license to another individual, partnership or company (the franchisee), which gives the right to trade under the trade mark and business name of franchiser. Franchisees are provided with the details of the franchiser's trade secrets and any other necessary information systems through training programs and detailed operations manual with continuing advice and support on a predetermined basis for

a specific period of time (Clarke, 1997). Rubin (1978) emphasized that the franchiser's control over the franchisees's activities may extend over products sold, price, hours of operations, conditions of plant, inventory, insurance, personnel and accounting and auditing.

Hoffman and Prebles described the franchising business format as a form of "business cloning". A properly managed franchising would benefit both parties, franchiser and franchisee, as claimed by Dant and Nasr (1998) as franchising is a business relationship whereby a franchiser depends on the franchisee to undertake some actions on the franchiser's behalf.

In conclusion, my definition of franchising is a business-relationship between the franchiser and franchisee which is bound to an agreement on business terms and conditions as agreed upon between both parties.

Who is an Entrepreneur?

The word 'entrepreneur' has been defined by Stoner (1982), as a person who can perceive the opportunities in business and is able to gather the manpower, materials and capital that are needed to produce new goods or services.

The entrepreneur, according to Knight (1967), is the economic functionary who undertakes such responsibility of uncertainty, which by its very nature, cannot be insured, or capitalized, or salaried to. Casson (2003) has extended this notion to characterize entrepreneurs as decision makers who improve solutions to problem, which cannot be solved by routine alone.

"An entrepreneur is a person who undertakes to do a job" (Cantillon, 1755). Another definition is given by Smith (1776) - an entrepreneur is a person who acts as agent in transforming demand into supply. The entrepreneur acts as an economic agent who transforms resources into products and services according to Menger (1871) and thus an entrepreneur transforms and gives added value to a business. Schumpeter (1934) described an entrepreneur as an innovator. The economy moves through leaps and bounds and the prime mover is the entrepreneur through the process of creative destruction.

The word "entrepreneur" according to Hodgetts (1981) is a French word, which means the organizer or manager of a venture. It also refers to people who have founded or developed a business of their own that has become a highly successful and profitable organization because of their ingenuity and business skills. He further says that the entrepreneur

is the driving force behind the business. He is the one who determines what to produce and to whom it should be sold.

Research Method

The objectives of this survey are to identify factors contributing to the firm's competitive advantages and to determine the business management activities and strategies executed by the franchisees in maintaining the business competitiveness. A five-point-Likert-type-scale was used for all items in different sections. A questionnaire was developed based on the literature. The questionnaires were distributed to nearly 50 franchisees companies and 70% of the questionnaires were returned to us.

A reliability test was performed to determine the instruments reliability. The reliability of the test instrument in this research was tested by using Cronbach's Alpha. Cronbach's Alpha is considered the most appropriate statistical test for reliability. Cronbach's coefficient alpha is a measure of squared correlation between observed scores and true scores. Nunnally (1978) has suggested that the generally accepted standard for reliability estimates is above 0.70. The higher the score, the more reliable the instruments used in data collection. In the case of this survey, the questionnaire was validated using content validity and construct validity. On content validity, experts on the subject were consulted to ensure that questions were properly phrased. The data from the survey were analyzed using Statistical Package for the Social Sciences (SPSS) software version 11.5.

Based on a series of examinations of scale and item reliabilities, the results of the assessment of these factors indicate high reliability for the scales with Cronbach's ranging from 0.72 to 0.948. Each of the items used to construct the scales contributes at a significant level to its assigned scale. Since the computed values are more than 0.7 it indicates that the instruments are reliable and significant

Face to face interviews were also conducted to obtain personal views and opinions of business strategic planning in the aspects of physical, human and organizational capital resources amongst the franchisees. The data was also obtained through the observation method particularly on the business daily operations, physical business outlets and others.

Findings

Competitive advantage is the crucial factors in ensuring a business' long survival in the competitive market. Having a competitive advantage means that the business possesses special or unique skills, knowledge or competencies, which cannot be emulated or imitated by the competitors. The findings reveal that 58.2% of respondents indicated it is an "extremely contributing" factors followed by 35.3% indicated it as "very contribute". Half of the respondents classified the factors as crucial in ensuring the business survival. In the meantime 23.5% perceived it as "somewhat contribute" factor, and 0% for both "not very contribute" and "not at all contribute".

By analyzing the data according to its degree of contribution towards the business competitive advantage, the highest degree of business strategies (ranking from 'extremely contributes' and 'very contribute') is as follows:

Table 1: Factors Contributing to the Firm's Competitive Advantage

No.	Business strategies	Contribution percentage
1.	Satisfying customer's needs i.e. meeting quality standards of products/services produced, having a good relation with customers, having good customer service management and others.	100%
2.	Good relationships with franchiser	100%
3.	High quality (zero defects) of products/services	94.1%
4.	Product innovation/uniqueness and competitive products/services	87.5%
5.	Brand identity/branding strategies	83.5%
6.	Products/Services differentiation	78.6%
7.	Reasonable price/good pricing strategies	77.6%
8.	Effective promotional activities/strategies	76.8%
9.	High image management (good workplace/office/outlet presentation)	75.8%
10.	Competent workforce (Good training and staff development)	71.6%
11.	Strategic location	68%
12.	High capital and investment	65%
13.	High cost saving, good financial performance and business growth	60%
14.	Effective business control management system; measurement and correction of performance (organizational and operational control)	57.1%
15.	Establish a well developed and comprehensive business strategic planning and marketing plan	54.1%

Based on the interview conducted on the aspect of business management activities and strategies, most of the respondents (91.6%) responded positively on the crucial task to proactively analyze the high rapid changes of market environments to grasp the ideas of developing highly unique products or to grab the business opportunities. Entrepreneurs must be more careful in considering the competition aspects by aggressively carrying out the “environmental scanning” as the aspect is considered a significant factor followed by marketing planning (91.1%), brand identity (88.2%), promotional strategies (79.5%), reasonable price (73.5%), pricing strategies (50%), supply chain management (41%), product/service differentiation (38.2%), marketing and retailing mixes (38.2%), analyze competitors activities (32.4%), customer research (26.5%) and relationship marketing (17.6%).

In terms of organizational aspects, all of the entrepreneurs agreed on the importance of executing a proper and effective business evaluation/ business control plan and maintaining quality standard. The other aspects examined were having a business strategic planning (97.1%), zero product/ service defect and control management system (85.3%), well-trained workforce and product innovation (79.4%), capital and investment (76.5%), image management (70.6%), cost saving (64.7%), and application of high technology (52.9%). A percentage of 75% entrepreneurs was concerned with the overall performance of the business. In this situation, they would analyze the business performance as a whole, for instance, on the overall sales and profits that they have gained for a certain period of time. They perceived that maintaining profitability and the ability to satisfy the liabilities as one of their competitive advantages. In the feedback given through open-ended questions, 94.7% of the franchisees specified and short-listed their short term and long-term goals.

Conclusion and Recommendations

As a conclusion, the firm’s competitive advantages need to be explored and defined as a blueprint for business strategic planning. Businesses should capitalize their business advantages to penetrate and most importantly lead the market. Businesses should create a unique product or service differentiation and develop special skills, traits or talents other competitors cannot copy, imitate or even explore, as these are the critical success factors for business survival.

The extremely important factors contributing to a company's competitive advantage are in relations to customers and products aspects. Most of the respondents stipulated on the importance of maintaining a high degree of relationships with the customers. Satisfying customers' needs and maximizing customers' satisfactions can be achieved through competitive offers of high quality, speciality or uniqueness of products/services. Product/service differentiation provides a good strategy for the business to compete with the competitors in the market. The business also need to concentrate on the quality of the product as it offers competitive advantage in terms of cost saving, having reasonable and competitive price, building up a good image on the product, creating brand identity and increasing the customers' loyalty. In addition, maintaining a harmonious and excellent relationship with franchiser is the most important factor for franchises to remain competitive in the market.

In addition, the ability to gather and organize information and to learn from the business market interactions with the key competitors in the environment is also essential. Satisfying customer needs is the critical element in selling activities. In order to provide excellent services, the business should ensure that the products/services produced are of high quality. By looking at the findings, the competitive advantage of a firm is on the customer and product aspects.

The companies should emphasize customer-driven strategies, because in a dynamic market it is customer orientation that is certainly to be successful. The current and rapid changes in the market and unmet needs of customers' force influence strategies initiated by companies. Every strategy needs to have a value intention that is meaningful and relevant to customers, and is able to satisfy their needs and wants. Strategy formulation must consider the cost and feasibility of generating or maintaining assets or competencies that will provide the basis for a sustainable competitive advantage.

Last but not least, creating and maintaining the "core competencies" by capitalizing the companies' "competitive advantage" would lead to business long survival. Business should continuously conduct an environmental scanning to analyze the market potential and business prospects by exploiting their internal strengths and counteracting external threats. To achieve a sustainable competitive advantage, a strategy should exploit organizational assets and competencies and neutralize weaknesses.

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