



**THE CHALLENGES OF FRANCHISING IN MALAYSIA:  
FOOD AND BEVERAGES INDUSTRY**

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**JULY 2013**

## **DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION  
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UNIVERSITI TEKNOLOGI MARA  
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### **“DECLARATION OF ORIGINAL WORK”**

We, **NOR FARAHIDAH BINTI JAAFAR**, (I/C Number: **890815-01-6124**)  
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Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being currently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts has been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: 1 July 2011

## LETTER OF SUBMISSION

1 July 2013

The Head of Program  
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Dear Madam,

### SUBMISSION OF PROJECT PAPER

Attached is the project paper titled **“THE CHALLENGES OF FRANCHISING IN MALAYSIA: FOOD AND BEVERAGES INDUSTRY”** to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi MARA.

Thank you

Yours sincerely,

.....

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## **ABSTRACT**

Franchising sector in Malaysia has growing significantly for the last ten years. From the perspective of agency theory, franchising is a unique way of doing business where a principal (franchisor) receives a specified amount of fee or royalty from an agent (franchisee) who uses the franchisor's business model and trademark to sell products and services by sharing profits with the owner of the idea or concept. However, there have many challenges that always affect the franchisor performance or motivation to enter into global market. This study was conduct to identify the challenges of franchising in Malaysia which are increasing cost, government regulatory and cultural differences. There have three objectives in this study. Firstly, to identify the level of challenges faced by the franchising in Malaysia. Secondly is to verify the significant relationship between the challenges factors of franchising in Malaysia. Thirdly is to determine the most significant challenges of franchising in Malaysia. This research has been answered by 136 respondents through questionnaire. Instead of it, the Statistical Package for the Social Science (SPSS) version 21 has been used to summarize the data. Based on this research, the result indicates that the government regulatory is the most challenges franchising in Malaysia. However, the others challenges which are increase of cost and cultural differences also effect the challenges although least and can be taken into consideration.