



**UNIVERSITI TEKNOLOGI MARA**

**A STUDY ON FRANCHISING:**

**KEY REASONS/FACTORS WHY BUMIPUTERA  
ENTREPRENEURS LACK INTEREST IN FRANCHISING  
BUSINESS IN KOTA KINABALU**

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## ABSTRACT

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The franchising business model has since come of age in Malaysia. Nowadays it has not only gained popularity but as one of the preferred ways of doing business grow stronger everyday. There is a great opportunity for the entrepreneurs, particularly the bumiputera entrepreneurs in Kota Kinabalu, to take up the franchise business. Franchise is today considered one of the preferred ways to grow, expand and sustain a business. With the right ingredient and a well-engineered system, a business can grow faster than anyone can imagine, crossing the national and even the international boundaries.

As revealed in the study, the bumiputera entrepreneurs in Kota Kinabalu are interested to take-up the franchise if they were given the opportunity and request the government to provide the supports and assistances. The key reasons why the bumiputera entrepreneurs not interested to do franchise business are due to financial constraints as the capital is very big to start franchise business, the business is controlled by the franchisor, less profit because the franchisee has to pay royalty to the franchisor and less freedom to sell other products other franchisors' products.

The main strategies reckoned and recommended by the respondents are no royalty fees for the first year, no promotion fees to be charged, 100% or full funding/loan be given to interested bumiputera entrepreneurs, incubation system, one-stop training centre in Kota Kinabalu, provide free premise, to form monitoring body, and proper supervision. It is hoped that the government and its relevant agencies to consider these recommendations and assist the bumiputera entrepreneurs in Kota Kinabalu to start the franchise business.

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